



2023

INTERIM REPORT



LUMINA GROUP LIMITED
螢嵐集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1162





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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

Ms. Woo Ka Yee

COMPLIANCE OFFICER

Mr. Fok Hau Fai

AUTHORISED REPRESENTATIVES

Mr. Fok Hau Fai

Ms. Woo Ka Yee

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Hung Kin Sang *(Chairman)*

Mr. Fok Hau Fai

One member of the senior management

AUDITOR

Moore CPA Limited (formerly known
as Moore Stephens CPA Limited)

Registered Public Interest Entity Auditors

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

Ocorian Trust (Cayman) Limited

Windward 3,

Regatta Office Park

P.O. Box 1350

Grand Cayman, KY1-1108

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

Nanyang Commercial Bank, Limited

WEBSITE ADDRESS

www.lumina.com.hk

STOCK CODE

1162

INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated financial results of Lumina Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023, together with the unaudited comparative figures for the corresponding periods in 2022, as follows:

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

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	27,258	44,342
Direct costs		(24,777)	(34,009)
Gross Profit		2,481	10,333
Other income	5	715	753
Impairment losses under expected credit loss model, net of reversal		(29)	(18)
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)		59	(398)
Administrative expenses		(11,385)	(12,068)
Finance costs		(128)	(49)
Loss before tax	6	(8,287)	(1,447)
Income tax credit	7	-	35
Loss for the period		(8,287)	(1,412)
Other comprehensive loss			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operation		(157)	-
Other comprehensive loss for the period		(157)	-
Total comprehensive loss for the period		(8,444)	(1,412)

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

For the six months ended 30 September 2023

	Note	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss attributable to:			
Owners of the Company		(7,042)	(1,412)
Non-controlling interests		(1,245)	-
		(8,287)	(1,412)
Total comprehensive loss attributable to:			
Owners of the Company		(7,122)	(1,412)
Non-controlling interests		(1,322)	-
		(8,444)	(1,412)
Loss per share attributable to owners of the Company			
Basic (HK cents)	8	(1.17)	(0.24)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Non-current assets			
Property and equipment	10	374	509
Right-of-use assets	10	5,810	959
Deferred tax assets		388	388
Deposits and prepayments		6,367	4,404
		12,939	6,260
Current assets			
Financial assets at fair value through profit or loss	11	2,688	2,611
Trade receivables	12	9,123	8,516
Deposits, other receivables and prepayments		1,220	976
Contract assets		49,448	49,443
Tax recoverable		4,390	4,390
Pledged bank deposits		4,981	4,188
Cash and cash equivalents		31,189	48,299
		103,039	118,423
Current liabilities			
Trade payables	13	4,089	8,205
Other payables and accrued charges		1,412	1,924
Lease liabilities		2,486	889
		7,987	11,018
Net current assets		95,052	107,405
Total assets less current liabilities		107,991	113,665
Non-current liabilities			
Lease liabilities		2,868	98
Net assets		105,123	113,567
Capital and reserves			
Share capital	14	6,000	6,000
Reserves		99,123	107,567
Total equity		105,123	113,567

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserve	Exchange reserve	Accumulated profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023 (audited)	6,000	53,663	921	-	52,983	113,567	-	113,567
Loss for the period	-	-	-	-	(7,042)	(7,042)	(1,245)	(8,287)
Other comprehensive loss for the period	-	-	-	(80)	-	(80)	(77)	(157)
Total comprehensive loss for the period	-	-	-	(80)	(7,042)	(7,122)	(1,322)	(8,444)
At 30 September 2023 (unaudited)	6,000	53,663*	921*	(80)*	45,941*	106,445	(1,322)*	105,123
At 1 April 2022 (audited)	6,000	53,663	921	-	77,402	137,986	-	137,986
Loss and total comprehensive loss for the period	-	-	-	-	(1,412)	(1,412)	-	(1,412)
At 30 September 2022 (unaudited)	6,000	53,663	921	-	75,990	136,574	-	136,574

* These reserve accounts comprise the consolidated reserves of HK\$99,123,000 (31 March 2023: HK\$107,567,000) in the consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash used in operating activities	(13,374)	(13,641)
Net cash used in investing activities	(1,573)	(31)
Net cash used in financing activities	(2,006)	(639)
Net decrease in cash and cash equivalents	(16,953)	(14,311)
Cash and cash equivalents at beginning of the period	48,299	67,513
Effect on foreign exchange rate changes, net	(157)	-
Cash and cash equivalents at end of the period, represented by bank balances	31,189	53,202

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 July 2016. Its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 25 October 2017 and were transferred from GEM to the Main Board of the Stock Exchange on 20 April 2020. The addresses of the Company’s registered office and the principal place of business are disclosed in the Corporate Information section of the interim report.

The Company’s immediate 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 and production of short videos and animation in the People’s Republic of China (“**PRC**” or “**Mainland China**”).

During the period, the Group has expanded its business to engage in the production of short videos and animation business in the PRC. Other than this change, there were no significant changes in the nature of the Group’s principal activities.

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 Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institution of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Hong Kong Companies Ordinance.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s audited consolidated financial statements for the year ended 31 March 2023.

The unaudited condensed consolidated financial statements of the Group have been prepared under the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s Audit Committee.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2023 for the preparation of the Group's unaudited condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the unaudited condensed consolidated financial statements.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will eventually abolish the statutory right of an employer to reduce its long service payment (“**LSP**”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“**MPF**”) scheme (also known as the “**offsetting mechanism**”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the “**Transition Date**”). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. APPLICATION OF AMENDMENTS TO HKFRSs (continued)

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (continued)

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time the interim financial report is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of fire safety system installation and fire safety system repair and maintenance (“**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, or the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs. Revenue is recognised for these services based on the proportion of actual costs incurred relative to the estimated total costs in fulfilling the relevant performance obligations using input method.

The Group’s fire safety system installation services and Repair and Maintenance services include payment schedules which require payments over the contract period once certain specified milestones are reached and upon completion of services. The Group requires certain customers to provide upfront deposits, when the Group receives a deposit before contract commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. REVENUE AND SEGMENT INFORMATION (continued)

A contract asset, net of contract liability related to the same contract, if any, is recognised over the period in which the fire safety system installation services and Repair and Maintenance services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones for fire safety system installation or completion of services for Repair and Maintenance services. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables based on billing. The Group grants credit terms of 0-30 days to its customers from the date of invoices on progress billings of contract.

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 one to two years from the date of completion of the fire safety system installation services performed comply with agreed-upon specifications.

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Type of Services:		
– Fire safety system installation	21,356	39,366
– Repair and Maintenance	5,902	4,976
	27,258	44,342

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. REVENUE AND SEGMENT INFORMATION (continued)

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.

During the six months ended 30 September 2023, the Group has expanded its business to engage in the production of short videos and animation business in the PRC, and hence it represents a new reporting segment of the Group from the view of the CODM.

The Group’s operating and reporting segments are (i) Fire safety system installation services; (ii) Repair and Maintenance services; and (iii) Production of short videos and animation.

	Six months ended 30 September 2023			Consolidated HK\$'000 (Unaudited)
	Fire safety system installation services HK\$'000 (Unaudited)	Repair and maintenance services HK\$'000 (Unaudited)	Production of short videos and animation HK\$'000 (Unaudited)	
Segment revenue	21,356	5,902	-	27,258
Segment profit (loss) excluding impairment losses on trade receivables and contract assets, net of reversal	355	2,126	(2,542)	(61)
Impairment losses on trade receivables and contract assets, net of reversal	-	(29)	-	(29)
Segment profit (loss)	355	2,097	(2,542)	(90)
Other income				715
Change in fair value of financial assets at FVTPL				59
Unallocated administrative expenses				(8,910)
Unallocated finance costs				(61)
Loss before taxation				(8,287)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

	Six months ended 30 September 2022		
	Fire safety system installation services HK\$'000 (Unaudited)	Repair and Maintenance services HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue	39,366	4,976	44,342
Segment profit excluding impairment losses on trade receivables and contract assets, net of reversal	8,639	1,694	10,333
Impairment losses on trade receivables and contract assets, net of reversal	–	(18)	(18)
Segment profit	8,639	1,676	10,315
Other income			753
Change in fair value of financial assets at FVTPL			(398)
Administrative expenses			(12,068)
Finance costs			(49)
Loss before taxation			(1,447)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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. Segment results represents the profit earned by each segment without allocation of other income, change in fair value of financial assets at FVTPL, administrative expenses and finance costs.

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 revenue information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered.

Non-current assets

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Hong Kong	1,414	6,260
Mainland China	11,525	–
	12,939	6,260

The non-current assets information above is based on the location of assets.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. OTHER INCOME

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income	544	25
Gain on disposal of property and equipment, net	110	–
Dividend income	61	39
Government grants (note)	–	679
COVID-19-related rent concessions	–	10
	715	753

Note: During the six months ended 30 September 2022, the Group recognised government grants of HK\$679,000 in respect of COVID-19-related subsidies, which relates to Employment Support Scheme provided by the Hong Kong government. In the opinion of the directors of the Company, the Group had fulfilled all conditions attached to the grants.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

6. LOSS BEFORE TAX

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss before tax has been arrived at after charging:		
Staff costs		
Directors' remuneration	2,304	6,225
Other staff costs		
Salaries and other benefits	5,020	4,984
Retirement benefit scheme contributions	223	188
Total staff costs	7,547	11,397
Auditor's remuneration	339	310
Depreciation of property and equipment	135	192
Depreciation of right-of-use assets	1,394	614

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. INCOME TAX CREDIT

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Deferred taxation	–	(35)

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision for Hong Kong profits tax has been made as there is no assessable profit arising in or derived from Hong Kong during the period ended 30 September 2023 (for the six months ended 30 September 2022: Nil).

No provision for PRC corporate income tax has been made as there is no assessable profit arising in or derived from Mainland China during the period ended 30 September 2023 (for the six months ended 30 September 2022: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

8. LOSS PER SHARE

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

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the period attributable to owners of the Company)	(7,042)	(1,412)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	600,000	600,000

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

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: Nil).

10. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2022, the Group acquired property and equipment amounting to approximately HK\$48,000 (for the six months ended 30 September 2023: Nil).

During the six months ended 30 September 2023, the Group incurred approximately HK\$5,455,000 on the addition of right-of-use assets (for the six months ended 30 September 2022: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

11. FINANCIAL ASSETS AT FVTPL

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Financial assets mandatorily measured at FVTPL:		
Equity securities listed in Hong Kong held for trading (note)	2,688	2,611

Note: The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

During the current interim period, no financial assets at FVTPL have been pledged as security (31 March 2023: Nil).

12. 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 net of credit loss allowance presented based on the invoice date at the end of the reporting period:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
0-30 days	1,224	1,021
31-60 days	831	605
61-90 days	852	449
91-180 days	617	1,272
181-365 days	908	2,711
Over 365 days	4,691	2,458
	9,123	8,516

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

13. 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 ageing analysis of trade payables based on the invoice dates or the dates of application of interim payment, as appropriate:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
0-30 days	1,866	5,080
31-60 days	1,329	1,499
Over 60 days	894	1,626
	4,089	8,205

14. SHARE CAPITAL

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

	Number of shares	Amount HK\$'000 (Unaudited)
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 31 March 2023 and 30 September 2023	10,000,000,000	100,000
<i>Issued and fully paid:</i>		
At 31 March 2023 and 30 September 2023	600,000,000	6,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- 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.

As at the period end, the fair value was based on the quoted prices of the respective securities in active markets for identical assets.

16. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the six months ended 30 September 2023 and 2022 are as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries and other benefits	3,260	7,358
Retirement benefit scheme contributions	45	45
	3,305	7,403

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 in Hong Kong. We also provide repair and maintenance services on fire safety systems to satisfy the Fire Services Department's requirements. To supplement our repairs or maintenance services, we also supply fire safety equipment. The Group keeps exploring new business opportunities to diversify its revenue base. During the period, the Group has expanded its business to engage in the production of short videos and animation business in the PRC.

The Group experienced a decrease in revenue for the six months ended 30 September 2023 which is mainly due to some large projects reaching completion stage and the newly awarded large projects have not yet commenced during the current financial period. At the meantime, the COVID-19 pandemic builds up pressure on the labour and resources supply chain, which in turn escalating labour costs and material costs. All these factors, together with keen competition in tendering process, resulted in lower gross profit margin for the six months ended 30 September 2023 when compared with that for the corresponding period in 2022.

Since early 2023, the Hong Kong SAR Government adjusted its measures to relax the anti-pandemic policy, while the speed of economic recovery is still slow. Not only the labour and supply chain strain, high inflation rate and substantial increment on the interest rate also pose challenges to the construction industry in Hong Kong.

The Directors consider that the year ahead would be full of opportunities and challenges. It is still a challenging year for the Group due to the continued outbreak of the COVID-19 and tense political issues around the world. It is hoped that the hardship as a result of the outbreak of the COVID-19 will be relieved and the economy of Hong Kong will be back to a healthy state gradually. In view of the keen competition in the market and economic uncertainties, the Group will continue to strengthen its market position, delivers more values to the customers; and at the same time, optimises our productivity and efficiency.

To look positively, as the Group had successfully transferred its listing from the GEM to the Main Board of the Stock Exchange since 2020, the Directors trust that the transfer of listing to the Main Board not only demonstrates the recognition of the professional expertise and experience of the Group, it also lays a solid foundation for the Group in receiving more projects from sizeable institutions in both the private and the public sectors. The Group remains in a healthy and sound liquidity position as at 30 September 2023. Our Management will keep a close eye on the development of the COVID-19 pandemic and will actively manage its impact on the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately HK\$44.3 million for the six months ended 30 September 2022 to approximately HK\$27.3 million for the six months ended 30 September 2023, representing a decrease of approximately 38.4%. Such decrease is mainly attributable to some large projects reaching completion stage and the newly awarded large projects have not yet commenced during the six months ended 30 September 2023.

Direct Costs

Direct costs decreased from approximately HK\$34.0 million for the six months ended 30 September 2022 to approximately HK\$24.8 million for the six months ended 30 September 2023, representing a decrease of approximately 27.1%. Such decrease is in line with the decrease in revenue during the six months ended 30 September 2023.

Gross Profit

Gross profit decreased from approximately HK\$10.3 million for the six months ended 30 September 2022 to approximately HK\$2.5 million for the six months ended 30 September 2023, representing a decrease of approximately 75.7%. The overall gross profit margin decreased from approximately 23.3% for the six months ended 30 September 2022 to approximately 9.1% for the six months ended 30 September 2023. Such decrease is mainly attributable to the labour and resources supply chain strain, which in turn escalating direct costs under the COVID-19 pandemic.

Other Income

Other income of the Group decreased from approximately HK\$0.8 million for the six months ended 30 September 2022 to approximately HK\$0.7 million for the six months ended 30 September 2023. The decrease is mainly due to the net effect of increase in bank interest income from time deposits and absence of a subsidy from the Hong Kong Government under the Employment Support Scheme during the current reporting period.

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\$29,000 for the six months ended 30 September 2023 (for the six months ended 30 September 2022: HK\$18,000). The Group identifies trade receivables and contract assets that are credit impaired or significant to the Group and assesses their expected credit loss (the "ECL") individually. We estimate that the amount of lifetime ECL of the remaining trade receivables and the 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 the respective trade receivables and contract assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Administrative expenses decreased from approximately HK\$12.1 million for the six months ended 30 September 2022 to approximately HK\$11.4 million for the six months ended 30 September 2023, representing a decrease of approximately 5.8%.

Finance Cost

Upon the 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\$128,000 has been recognised for the six months ended 30 September 2023 (for the six months ended 30 September 2022: HK\$49,000).

Income Tax Credit

Income tax credit decreased from approximately HK\$35,000 for the six months ended 30 September 2022 to nil for the six months ended 30 September 2023, representing a decrease of approximately 100%. Such decrease is mainly attributable to the decrease in taxable profit.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company for the current reporting period was approximately HK\$7.0 million, an increase of approximately 400.0% from a loss of approximately HK\$1.4 million for the six months ended 30 September 2022. Such increase is mainly attributable to the effect of the decrease in revenue outweigh the effect of the decrease in direct costs which results in lower gross profit.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the six months ended 30 September 2023. As at 30 September 2023, the Group had cash and cash equivalents of approximately HK\$31.2 million (31 March 2023: approximately HK\$48.3 million) and pledged bank deposits of approximately HK\$5.0 million (31 March 2023: approximately HK\$4.2 million). The current ratio (calculated by dividing current assets by current liabilities) at 30 September 2023 was approximately 12.9 times (31 March 2023: approximately 10.7 times).

GEARING RATIO

As at 30 September 2023, the Group had no interest-bearing bank and other borrowings (31 March 2023: 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 2023. 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 2023, the Group pledged to a bank its bank deposits of approximately HK\$5.0 million (31 March 2023: approximately HK\$4.2 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

At 31 March 2023, all the revenue-generating operations of the Group are transacted in Hong Kong Dollars which is the functional currency of all the group entities. During the six months ended 30 September 2023, the Group has expanded its business to Mainland China. Except for certain right-of-use assets, cash and bank balances, and deposits and prepayments denominated in foreign currency, there is 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 listing of the shares of the Company was successfully transferred from the GEM to the Main Board of the Stock Exchange on 20 April 2020. 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 2023, 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.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had capital commitment amounted to approximately HK\$4,296,000 which was related to the Group's share of the capital commitments made jointly with joint venture partners but not recognised at the end of the reporting period (31 March 2023: HK\$7,257,000).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not hold any significant investments in equity interest in any other companies and had no definite future plans for acquisition of material investments and capital assets as at the date of this Interim Report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were neither significant investments held as at 30 September 2023 nor acquisitions and disposals of subsidiaries during the six months ended 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 September 2023, performance guarantees of approximately HK\$5.0 million (31 March 2023: approximately HK\$4.2 million) have been given by two banks in favour of our customers as security for the due performance and observance of our obligations under contracts entered into between us and our customers. If we fail to provide our customers satisfactory services and meet our obligation under these contracts, the customers may demand the bank to pay them a sum not more than the amount of the relevant performance guarantee. We will then become liable to compensate the bank accordingly. The performance guarantee will be released upon completion of the relevant contract works. Our Directors opined that it is unlikely that a claim will be made against our Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed a total of 38 employees (31 March 2023: 43 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$7.5 million for the six months ended 30 September 2023 (for the six months ended 30 September 2022: approximately HK\$11.4 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 period ended 30 September 2023. Thus, our Directors consider that the Group has maintained good relationship with its employees.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

As at 30 September 2023, the interests and short positions of the Directors and chief executives 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 to 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set up in Appendix 10 of the Listing Rule 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%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 September 2023, none of the Directors nor chief executives 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 the Model Code as set out in Appendix 10 of the 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 2023, the following persons (other than the Directors or chief executives 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 Listing Rules:

Name of Shareholder	Nature of Interest	Number of the		Percentage of Shareholding
		Shares held/ interested in	Long/short position	
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 2023, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 22 September 2017. The principal terms of the Share Option Scheme are set out in Appendix IV to the Prospectus. 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.

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 30 September 2023.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme adopted on 22 September 2017, during the six months ended 30 September 2023, neither the Company nor any of its subsidiaries is 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 2023, 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, and the controlling shareholder of the Company and any of their respective close associates (as defined in the 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 six months ended 30 September 2023.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2023 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 14 of the Main Board Listing Rules, except for the deviation from CG Code provision C.2.1.

Pursuant to Code Provision C.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 is currently both 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 the fact 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 C.2.1 is appropriate in such circumstance.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in the Model Code as set out in Appendix 10 to the Listing Rules (applicable to the Company immediately after the Transfer of Listing), as its code of conduct regarding Directors’ transactions in the securities of the Company. Specific enquiry has been made of all the Directors and all Directors confirmed that they had fully complied with the required standard of dealings and the code of conduct adopted by the Company and there was no event of non-compliance throughout the six months ended 30 September 2023 and up to the date of this report.

AUDIT COMMITTEE

The Company established the Audit Committee on 22 September 2017 with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph D.3 of the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Audit Committee comprises three Independent Non-executive Directors, 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 auditor of the Company, Moore CPA Limited (formerly known as Moore Stephens CPA Limited).

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 September 2023. The Audit Committee is satisfied that the said financial statements have been prepared in accordance with the applicable accounting standards and requirements as well as the Listing Rules and adequate disclosure has been made.

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 2023 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, 30 November 2023

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.