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LUMINA GROUP LIMITED

瑩嵐集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8470)

2019 FIRST QUARTERLY RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Lumina Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) announces the unaudited quarterly results of the Group for the three months ended 30 June 2019. This announcement, containing the full text of the 2019 first quarterly report of the Company (the “**2019 First Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to preliminary announcement of quarterly results. Printed version of the 2019 First Quarterly Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course.

By Order of the Board

Lumina Group Limited

Fok Hau Fai

Chairman and Chief Executive Officer

Hong Kong, 9 August 2019

As at the date of this announcement, the Board comprises (i) two Executive Directors, namely Mr. Fok Hau Fai and Mr. Sung Sing Yan; and (ii) three Independent Non-executive Directors, namely Mr. Hung Kin Sang, Mr. Lee Yin Sing and Mr. Wan Chun Kwan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.lumina.com.hk.

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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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.*

FIRST QUARTERLY 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 ended 30 June 2019 (the “**Relevant Period**”), together with the unaudited comparative figures for the corresponding period in 2018 as follows:

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

For the three months ended 30 June 2019

	Notes	Three months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	27,515	24,429
Direct costs		(18,329)	(17,010)
Gross profit		9,186	7,419
Bank interest income		175	124
Administrative expenses		(2,637)	(2,971)
Other expenses		(520)	–
Finance cost	5	(5)	–
Profit before taxation		6,199	4,572
Income tax expense	6	(908)	(717)
Profit and total comprehensive income for the period attributable to owners of the Company		5,291	3,855
Earnings per share			
Basic (HK cents)	8	0.88	0.64

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2019

	Issued share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	6,000	53,663	921	36,028	96,612
Profit and total comprehensive income for the period	-	-	-	3,855	3,855
At 30 June 2018 (unaudited)	6,000	53,663	921	39,883	100,467
At 1 April 2019 (audited)	6,000	53,663	921	60,119	120,703
Profit and total comprehensive income for the period	-	-	-	5,291	5,291
At 30 June 2019 (unaudited)	6,000	53,663	921	65,410	125,994

Note: The other reserve represents (a) the difference between the share capital of Kin Ying Contracting Limited (“**KY Contracting**”) and Kin Ying F.S. Engineering Limited (“**KY Engineering**”) and the shares of Golden Second Limited (“**Golden Second**”) issued pursuant to a group reorganisation in preparation for the listing of the Company’s shares; (b) on 24 June 2016, Team Vantage Limited (“**Team Vantage**”), an independent third party and a limited company incorporated in the Republic of Seychelles, entered into a sale and purchase agreement with Mr. Fok Hau Fai (“**Mr. Fok**”), the controlling shareholder of the Group, pursuant to which Mr. Fok transferred 50 shares of Golden Second to Team Vantage at the consideration of HK\$5,000,000. Following the completion of the share transfer, Golden Second was owned as to 95.0% by Mr. Fok and 5.0% by Team Vantage; and (c) on 30 September 2016, the Company acquired the entire issued share capital of Golden Second from Mr. Fok and Team Vantage in consideration of the allotment and issue 94 shares to Foxfire Limited (“**Foxfire**”) (at the direction of Mr. Fok), the immediate and ultimate holding company of the Company, and 5 shares to Team Vantage. Upon the completion of transfer, Golden Second became a wholly-owned subsidiary of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 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 (the “Shares”) have been listed on the GEM of the Stock Exchange on 25 October 2017. 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 of the Company is located at 1/F., R&T Centre, No 81-83 Larch Street, Tai Kok Tsui, Kowloon, Hong Kong.

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.

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.

4. REVENUE

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 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Type of Services:		
– Fire safety system installation	26,498	21,212
– Fire safety system repair and maintenance	1,017	3,217
	27,515	24,429

5. FINANCE COST

	Three months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest expense on lease liability	5	–

6. INCOME TAX EXPENSE

	Three months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Hong Kong Profits Tax – current tax	908	717

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

7. DIVIDEND

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

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	Three months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit and total comprehensive income for the period)	5,291	3,855
	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

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

BUSINESS REVIEW AND OUTLOOK

The Group is an established fire safety services provider in Hong Kong, focusing on buildings 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.

Looking forward, the Directors consider that the future opportunities which the Group faces will be affected by the development of 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 to drive 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.

FINANCIAL REVIEW

Revenue

Revenue increased from approximately HK\$24.4 million for the three months ended 30 June 2018 to approximately HK\$27.5 million for the three months ended 30 June 2019, representing an increase of approximately 12.7%. Such increase was mainly attributable to the revenue generated by new contracts of fire safety system installation.

Direct Costs

Direct costs increased from approximately HK\$17.0 million for the three months ended 30 June 2018 to approximately HK\$18.3 million for the three months ended 30 June 2019, representing an increase of approximately 7.6%. Such increase was mainly attributable to the increase in material and equipment costs resulting from more projects undertaken by the Group during the three months ended 30 June 2019.

Gross Profit

Gross profit increased from approximately HK\$7.4 million for the three months ended 30 June 2018 to approximately HK\$9.2 million for the three months ended 30 June 2019, representing an increase of approximately 24.3%. The overall gross profit margin increased from approximately 30.4% for the three months ended 30 June 2018 to approximately 33.4% for the three months ended 30 June 2019. Such increase was mainly attributable to the increase in gross profit margin of new projects.

Administrative Expenses

Administrative expenses decreased from approximately HK\$3.0 million for the three months ended 30 June 2018 to approximately HK\$2.6 million for the three months ended 30 June 2019, representing a decrease of approximately 13.3%. Such decrease was mainly attributable to the decrease in staff costs incurred during the three months ended 30 June 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\$5,000 was recognised for the three months ended 30 June 2019.

Other Expense

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.

Income Tax Expense

Income tax expense increased from approximately HK\$0.7 million for the three months ended 30 June 2018 to approximately HK\$0.9 million for the three months ended 30 June 2019 representing an increase of approximately 28.6%. Such increase was mainly attributable to the increase in the Group's taxable profit due to increase in overall gross profit and decrease in administrative expenses.

Profit and Total Comprehensive Income for the Period

Profit and total comprehensive income for the period increased from approximately HK\$3.9 million for the three months ended 30 June 2018 to approximately HK\$5.3 million for the three months ended 30 June 2019, representing an increase of approximately 35.9%. Such increase was mainly attributable to the net effect of (i) the increase in gross profit; (ii) the decrease in administrative expenses; and (iii) the increase in other expense.

DISCLOSURE OF INTERESTS

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

As at 30 June 2019, 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 Futures 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 interests 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 Rules 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 positions 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 Shares held/ interested in	Percentage of Shareholding
Mr. Fok	Foxfire	Beneficial owner	1	100%

Save as disclosed above, as at 30 June 2019, none of the Directors nor chief executive of the Company has registered any interest and short position 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 June 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 Divisions 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	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 June 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 debentures of the Company that was required to be recorded in the register of interests 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.

COMPETING INTERESTS

The Directors are not aware of any business or interest of Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any conflicts of interest which any such person has or may have with the Group during the three months ended 30 June 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 June 2019 and up to the date of this report, as notified by CLC and Pulsar respectively, save for the CLC Agreement and the Pulsar Agreement, respectively, neither CLC nor Pulsar, as the compliance adviser of the Company during the respective periods, 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 three months ended 30 June 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.

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 during the three months ended 30 June 2019 and up to the date of this report.

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 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 three months ended 30 June 2019.

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 June 2019.


DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

As at 30 June 2019, none of the Directors or chief executives of the Company held any share options of the company.

AUDIT COMMITTEE

The Company 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 three months ended 30 June 2019 and the effectiveness of internal control system.

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

Hong Kong, 9 August 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.