2022
ANNUAL REPORT

LUMINA GROUP LIMITED
瑩嵐集團有限公司

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

Contents

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
(resigned on 30 September 2021)
Ms. Woo Ka Yee
(appointed on 30 September 2021)

COMPLIANCE OFFICER

Mr. Fok Hau Fai

AUTHORISED REPRESENTATIVES

Mr. Fok Hau Fai
Mr. Wong Chi Wai
(resigned on 30 September 2021)
Ms. Woo Ka Yee
(appointed on 30 September 2021)

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 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
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

1162

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of Directors (the "Directors") of Lumina Group Limited (the "Company") and together with its subsidiaries, (the "Group"), I am pleased to present the audited annual results of the Group for the year ended 31 March 2022.

REVIEW

The financial year ended 31 March 2022 was a challenging year. The Group continuously experienced a delay in the commencement and work progress of some projects due to the outbreak of the coronavirus "COVID-19" (the "COVID-19"). Notwithstanding the situation, we strive to minimise the adverse impact of the pandemic and achieve progress on certain newly awarded large projects during the year.

The total revenue of the Group increased by approximately HK$20.7 million or 35.9% from approximately HK$57.6 million for the year ended 31 March 2021 to approximately HK$78.3 million for the year ended 31 March 2022. The Group's profit for the year increased by approximately HK$1.1 million or 220.0% from a loss of approximately HK$0.5 million for the year ended 31 March 2021 to a profit of approximately HK$0.6 million for the year ended 31 March 2022. The improvement in the performance for the year was primarily due to the net effect of (i) the increase in revenue and gross profit; (ii) the increase in administrative expenses; and (iii) the decrease in other income, as the Group did not recognise any COVID-19 related government subsidies during the current year.

The outbreak of the COVID-19 keeps affecting our business. Some companies initially planned for business expansion, adjourned their relocation plans in response to the highly unpredictable market environment. Since our business is highly concentrated on fire safety system installation, especially to those alteration and addition works on the existing buildings. Not only the renovations of both the public and the private sectors are being affected, but also the whole property investment and construction business in Hong Kong has slowed down. These lead to postponement and delay of our construction projects. Some projects are behind the planned schedules, and the main construction sites have not been ready for our main construction works, which have affected our revenue for the year.

FORWARD

Looking ahead, the construction business in Hong Kong will continue to be challenging. However, the Group is positive about the Hong Kong fire safety market in the second half of the year and is expected to receive more tender opportunities. Currently, except the benchmark project for the Jockey Club One Health Tower of the City University of Hong Kong with contract sum over HK$31 million, there are two projects on hands of a contract sum of over HK$20 million each. One is the project on The West Kowloon Cultural District Authority and one is the Proposed Residential Development on Stanley. For the year ended 31 March 2022, our unrecognized revenue on hands is more than HK$80 million in total.

Since the development of the COVID-19 is still uncertain, the Group is in the process of assessing the impacts of the COVID-19 to the Group's performance for the next financial year and will continue to closely monitor the situation and the development of the COVID-19 and take appropriate measures when necessary. Overall, the Group expects the recovery of the Hong Kong economy will stimulate the construction market. The Group will grasp such opportunity in order to expand the revenue base and achieve long-term growth.

APPRECIATION

Lastly, on behalf of the Board, I wish to express my deepest gratitude to our Shareholders, investors and business partners for their continuous trust and support, especially during the time of the COVID-19 outbreak for the year ended 31 March 2022. I would also like to express our sincere appreciation to the Board of Directors, management team and staff for their commitment, contribution and dedication and wish all of us good time and health in the coming year.

Fok Hau Fai
Chairman and Chief Executive Officer
Hong Kong, 30 June 2022

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is an established fire safety service provider in Hong Kong, focusing on installation and maintenance of fire safety system. 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.

Although the adverse impact of the COVID-19 epidemic has caused the temporary suspension of the coordination and construction works, which led to delays in schedule of on-going projects of the Group, the Group experienced an increase in revenue and gross profit margin for the year ended 31 March 2022 when compared with those for the year ended 31 March 2021. Such increase is mainly due to (i) more customers' quotation requests for fire safety installation services for existing buildings due to the signs of economic recovery from the outbreak of the COVID-19; and (ii) commencement of some newly awarded large projects during the year.

As the COVID-19 pandemic has continuously clouded the global economy, there are more companies, which initially planned for business expansion, adjourned their relocation plans in response to the highly unpredictable market environment. Under these economic uncertainties, the keen competition in the construction market continues as a result of the prolonged delay in the tendering process for works. Such severe competition in the market had led to a drop in the number of open tenders and drove down contract prices, which caused negative impact on our contract revenue. All these factors put the Group under greater pressure in winning new contracts and maintaining the gross profit. Moreover, some projects are behind the planned schedules, and the main construction sites have not been ready to our main construction works. It also affected our revenue generated for the year.

Looking forward, the Group is much positive about the Hong Kong fire safety market than the first half year. Recently, the Group receives an increasing level of tender opportunities in Hong Kong and the tender sum is also higher than those of the prior years. In view of the keen competition in the market and economic uncertainty, the Group will continue to strengthen its market position, delivers more values to the customers and optimises productivity and efficiency.

To look positively, as the Group has successfully transferred its listing from the GEM to the Main Board of the Stock Exchange on 20 April 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 31 March 2022. 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.

FINANCIAL REVIEW

Revenue

Revenue increased from approximately HK$57.6 million for the year ended 31 March 2021 to approximately HK$78.3 million for the year ended 31 March 2022, representing an increase of approximately 35.9%. Such increase was mainly attributable to the increase in the number of new contracts for fire safety system installation during the year.

	2022 **HK$'000**	2021 HK$'000
Type of services		
– Fire safety system installation	**67,734**	42,276
– Fire safety system repair and maintenance	**10,526**	15,332
	78,260	57,608

Direct Costs

Direct costs increased from approximately HK$42.5 million for the year ended 31 March 2021 to approximately HK$55.3 million for the year ended 31 March 2022, representing an increase of approximately 30.1%. Such increase is in line with the increase in revenue during the year.

Gross Profit

Gross profit increased from approximately HK$15.1 million for the year ended 31 March 2021 to approximately HK$23.0 million for the year ended 31 March 2022, representing an increase of approximately 52.3%. The overall gross profit margin increased from approximately 26.3% for the year ended 31 March 2021 to approximately 29.4% for the year ended 31 March 2022. Such increase is mainly attributable to the increase in the gross profit margin of new projects as a result of economic recovery from the outbreak of the COVID-19.

Other Income

Other income decreased from approximately HK$2.5 million for the year ended 31 March 2021 to approximately HK$0.4 million for the year ended 31 March 2022, representing a decrease of approximately 84.0%. Such decrease is mainly due to the absence of subsidy from the Hong Kong Government under the Employment Support Scheme during the year.

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$2.4 million for the year ended 31 March 2022 (2021: HK$1.5 million). We estimated the amount of lifetime expected credit loss (the "ECL") of the trade receivables and contract assets based on provision matrix through grouping of various debtors that had similar loss pattern, and after considering the internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables and contract assets, except for those trade receivables and contract assets that are credit-impaired or significant to the Group which will be assessed their ECL individually.

Administrative Expenses

Administrative expenses increased from approximately HK$15.5 million for the year ended 31 March 2021 to approximately HK$18.0 million for the year ended 31 March 2022, representing an increase of approximately 16.1%. Such increase is mainly attributable to the increase in administrative staff costs which include Directors' emoluments.

Other Expenses

Other expenses of approximately HK$0.7 million for the year ended 31 March 2021 were the professional service fees incurred in respect of the application for the Transfer of Listing. No such expense is noted for the year ended 31 March 2022.

Finance Cost
Upon the adoption of the HKFRS 16 on 1 April 2019, the lease liability is initially measured at the present value of the lease payment that is not paid on 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$47,000 was recognised for the year ended 31 March 2022 (2021: HK$76,000).

Income Tax Expense/Credit
Income tax expense increased from approximately HK$0.4 million of income tax credit for the year ended 31 March 2021 to approximately HK$0.3 million of income tax expense for the year ended 31 March 2022, representing an increase of approximately 175.0%. Such increase is mainly attributable to the increase in taxable profit.

Profit/Loss and Total Comprehensive Income/Expenses for the Year
Profit and total comprehensive income for the year was approximately HK$0.6 million, which has increased from a loss of approximately HK$0.5 million for the year ended 31 March 2021 to a profit of approximately HK$0.6 million for the year ended 31 March 2022, representing an increase of approximately 220.0%. Such increase is mainly attributable to the net effect of (i) the increase in revenue and gross profit; (ii) the increase in administrative expenses; and (iii) the decrease in other income for the year ended 31 March 2022.

LIQUIDITY AND FINANCIAL RESOURCES
The Group maintained a sound financial position during the year ended 31 March 2022. As at 31 March 2022, the Group had cash and cash equivalents of approximately HK$67.5 million (31 March 2021: HK$72.1 million) and pledged bank balances of approximately HK$4.2 million (31 March 2021: HK$1.5 million).

The current ratio as at 31 March 2022 was approximately 16.2 times (31 March 2021: 17.6 times).

GEARING RATIO
As at 31 March 2022, the Group has no interest-bearing bank and other borrowings (31 March 2021: Nil).

TREASURY POLICY
The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2022. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS
As at 31 March 2022, the Group pledged to a bank its bank deposits of approximately HK$4.2 million (31 March 2021: HK$1.5 million) as collateral to secure bank facilities granted to the Group. Except for these pledging of deposits, the Group did not create any charges on its assets.

FOREIGN EXCHANGE EXPOSURE
All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong Dollars which is the functional currency of all the group entities. For the year ended 31 March 2022, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

CAPITAL STRUCTURE
The listing of the shares of the Company has 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 31 March 2022, 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 COMMITMENT

As at 31 March 2022, the Group did not have any capital commitment (31 March 2021: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not hold any significant investments in equity interest in any other companies. Save as disclosed in the sections headed “Comparison between business objectives with actual business progress” and “Use of proceeds” of this annual report, the Group had no definite future plans for acquisition of material investments and capital assets as at 31 March 2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were neither significant investments held as at 31 March 2022 nor acquisitions and disposals of subsidiaries during the year ended 31 March 2022.

EVENT AFTER THE REPORTING PERIOD

There is no significant event which has taken place subsequent to the end of the year ended 31 March 2022.

CONTINGENT LIABILITIES

As at 31 March 2022, performance guarantees of approximately HK$4.2 million (31 March 2021: HK$1.5 million) were given by a bank in favour of the Group’s customers as security for the due performance and observance of our obligations under the contracts entered into between us and our customers. If we fail to provide satisfactory performance to our customers to whom performance guarantee have been given, the customers may demand the bank to pay to them a sum not more than the amount of the relevant performance guarantee. We will become liable to compensate the bank accordingly. The performance guarantee will be released upon completion of the contract works. Our Directors opined that it is unlikely that a claim will be made against the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed a total of 42 employees (31 March 2021: 40 employees). The staff costs, including Directors’ emoluments, of the Group were approximately HK$19.8 million for the year ended 31 March 2022 (2021: HK$17.4 million).

The Group recognises its 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 (with reference to market norms and individual employee’s performance, qualification and experience) is offered to the employees. On top of basic salaries, bonuses may be paid with reference to the Group’s performance as well as individual’s performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group’s performance as well as individual’s contribution.

The Group has complied with the applicable labour laws and regulations. The Directors confirmed that the Group has neither experienced any significant problems with our employees or disruption to its operations due to labour disputes nor has experienced any difficulties in retaining experienced staff or skilled personnel for the year ended 31 March 2022. Thus, our Directors consider that the Group has maintained good relationship with its employees.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is susceptible to material risks associated with the Group's business, including but not limited to the following:

i. the Group's revenue is mainly derived from projects which are not recurring in nature and a significant decrease in the number of its projects would affect its operations and financial results;

ii. the Group's historical growth rate, revenue and profit margin may not be indicative of its future growth rate, revenue and profit margin;

iii. the Group's cash flows may deteriorate due to potential difference in time between receipt of progress payments from its customers, and payments to its subcontractors and suppliers;

iv. the Group may be exposed to delays and/or defaults of progress payments and/or retention monies by its customers;

v. the Group may not be able to maintain or increase its success rate in obtaining projects tendered and quoted;

vi. failure to retain suitably qualified staff may affect the Group's registration as a fire service installation contractor, and disrupt the Group's business;

vii. the Group may be unable to attract and/or retain employees with the requisite skills, expertise and experience which may adversely affect its operations, business growth and financial results;

viii. the Group relies on its subcontractors, who are independent third parties, to complete its contract works and there is no assurance that its subcontractors will always follow strictly all of the Group's instructions. Any delay or defects in their works may adversely affect the Group's operations and financial results;

ix. the Group depends on its suppliers for fire equipment and related accessories, and any shortage or delay in supply, or deterioration in quality, of the same could materially and adversely affect its operations, and the Group may not be able to identify an alternative source of stable supply with acceptable quality and price in a timely manner; and

x. the Group's customers may cancel certain contract works by variation orders resulting in the reduction of the total contract sum of that project.

For further details, please refer to the section headed "Risk Factors" of the prospectus of the Company dated 29 September 2017 (the "Prospectus").

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws in Hong Kong, including primarily those in relation to air pollution control, noise control, water pollution control and waste disposal control. During the year ended 31 March 2022, the Group did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries during the year ended 31 March 2022.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

Customers

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

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

During the year ended 31 March 2022, the Directors consider that the Group has not relied on any single customer. The Group has had business relationship with most of the top 5 customers ranging from 1 year to over 7 years and is being invited to tender or quote from time to time.

Suppliers and Sub-contractors

During the year ended 31 March 2022, the Group (i) purchased materials and equipment from suppliers and (ii) arrange sub-contractors to perform the construction works on a project basis.

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

The Group maintains an internal list of approved suppliers and sub-contractors for each categories of building works and materials and the list is updated on a continuous basis. The Group generally maintains multiple suppliers and sub-contractors for products and services to avoid over-reliance on a few suppliers and sub-contractors. We did not experience any material difficulties in sourcing materials from suppliers or assigning sub-contractors during the year ended 31 March 2022. The Group did not have any significant disputes with any of its top five suppliers and sub-contractors during the year ended 31 March 2022.

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from 25 October 2017 (the "Listing Date") to 31 March 2022 is set out below:

Business objective as stated in the Prospectus	Actual business progress up to 31 March 2022
To capture the market growth in the public sector	• The Group has been promoted from Group I to Group II (on probation) under the 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	• 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 the listing of its shares on the GEM of the Stock Exchange on 25 October 2017 (the"Listing") and has spent HK$27.5 million as initial payments and HK$2.8 million as performance bond during the years.
To provide high quality repair and maintenance services	• 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	• The Group has built up a new computer system for computerising project and document process flow.

USE OF PROCEEDS

An analysis of the planned use of net proceeds from the share offer as stated in the Prospectus (the "Share Offer"), 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 31 March 2022 is set out below:

	Original planned use of net proceeds	Revised use of net proceeds	Actual usage of net proceeds up to 31 March 2022	Unutilised amount of net proceeds up to 31 March 2022
	HK$'million	HK$'million	HK$'million	HK$'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	30.3	–
To provide high quality repair and maintenance services	8.4	5.4	5.4	–
To enhance our information management system	1.5	1.5	1.5	–
To use for working capital	4.0	4.0	4.0	–
	44.0	44.0	44.0	–

The net proceeds from 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 31 March 2022, all the amount out of the net proceeds from the Listing had been used.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

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

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Main Board Listing Rules (the "Listing Rules"). The Board is of the view that for the year ended 31 March 2022, the Company has complied with all applicable code provisions set out in the CG Code except for the deviation from provision C.2.1 of the CG Code.

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 Hau Fai ("Mr. Fok") is currently the Chairman of the Board and the Chief Executive Officer of the Company, responsible for formulating the overall business strategies and overseeing the business and operation of the Group. Considering 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. Besides, with three Independent Non-executive Directors out of a total of five Directors in the Board, there will be sufficient independent voice within the Board to protect the interests of the Company and the Shareholders as a whole. Therefore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of Chairman of the Board and Chief Executive Officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, 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 year ended 31 March 2022.

BOARD OF DIRECTORS

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

The Board is the ultimate decision-making body for all matters material to the Group and discharges its responsibilities on corporate governance either by itself or the Board Committees set out in Code Provision A.2.1 of the CG Code which include the following:

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

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

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

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

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

COMPOSITION OF THE BOARD

As at 31 March 2022, the Board comprises five Directors, including two Executive Directors and three Independent Non-executive Directors (the "INED") as set out below:

Executive Directors

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

Independent Non-executive Directors

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

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

Biographical details of the Directors are set out in "Biographical Details of Directors and Senior Management" on pages 55 to 57 of this annual report.

In compliance with Rule 3.10 of the Listing Rules, the Company has appointed three INEDs representing not less than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each INED an annual confirmation of his independence, and the Company considers all the INEDs to be independent in accordance with Rule 3.13 of the Listing Rules.

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

BOARD DIVERSITY POLICY

The composition of the Board is well balanced with each Director having skills, experience and expertise relevant to the business operations and development of the Group and from a variety of backgrounds. There is diversity of educational background, functional expertise, age and experience. The Company adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board and the factors (including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience) to be considered in determining the composition of the Board so as to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximise the Board's effectiveness. The Company currently expects to include at least one female to the Board by 31 December 2023, subject to availability of appropriate candidate(s) at the relevant time.

Measurable Objectives and Selection

The Board will take opportunity to invite female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board will ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The Board also aspires to having an appropriate proportion of Directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy.

During the year and as at the date of this annual report, the Board comprises five Directors. The following tables illustrate the diversity of the Board Members as of the date of this annual report:

Name of Directors	Age Group 41 to 50	Age Group 51 to 60
Mr. Fok Hau Fai *(Chairman and Chief Executive Officer)*		√
Mr. Sung Sing Yan		√
Mr. Hung Kin Sang	√	
Mr. Lee Yin Sing	√	
Mr. Wan Chun Kwan	√	

Name of Directors	Professional Experience: Industry Experience	Professional Experience: Accounting and Finance	Professional Experience: Sales and Marketing
Mr. Fok Hau Fai *(Chairman and Chief Executive Officer)*	√		
Mr. Sung Sing Yan	√		
Mr. Hung Kin Sang			√
Mr. Lee Yin Sing		√	
Mr. Wan Chun Kwan	√		

Implementation and Monitoring

The Nomination Committee will monitor the implementation of the Board Diversity Policy and report to the Board annually.

BOARD AND GENERAL MEETINGS

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

During the year ended 31 March 2022, 4 Board meetings have been held. The annual general meeting of the Company has been held on 27 August 2021 (the "2021 AGM"). The attendance records of the Directors in attending board meetings and the 2021 AGM is set out below.

Name of Directors	Number of attendance/ number of meetings	Number of attendance/ number of the 2021 AGM
Executive Directors		
Mr. Fok Hau Fai	4/4	1/1
Mr. Sung Sing Yan	4/4	1/1
Independent Non-executive Directors		
Mr. Hung Kin Sang	4/4	1/1
Mr. Lee Yin Sing	4/4	1/1
Mr. Wan Chun Kwan	4/4	1/1

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has signed with each of the Independent Non-executive Director a letter of appointment for a term of three years commencing from 22 September 2020, subject to retirement by rotation and re-election in accordance with the Articles of the Association (the "Articles") and the termination provisions of the letter of appointment. The appointment shall be renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then term of appointment.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

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

The Directors are fully aware of the requirement under the Code Provision C.1.4 of the CG Code regarding the professional development. During the year ended 31 March 2022, all Directors attended a training session regarding the updates of the Listing Rules concerning good corporate governance practices. The Company will, if necessary, provide timely and regular trainings to Directors to ensure that they are kept abreast with the current requirements under the Listing Rules.

DIRECTORS AND OFFICERS' INSURANCE

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

BOARD COMMITTEES

The Board established five Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk and Technical Committee by resolutions of Directors passed on 22 September 2017. The Environmental, Social and Governance Committee had been established by resolutions of Directors passed on 30 March 2022. These Board committees are established for overseeing particular aspects of the Group's affairs and with written terms of reference in compliance with the relevant code provisions of the CG Code, which are available at the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.lumina.com.hk).

Audit Committee

The Company established the Audit Committee on 22 September 2017 with written terms of reference in compliance with Rules 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 material advice in respect of financial reporting; and oversee the internal control and risk management procedures of the Group.

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

For the year ended 31 March 2022, 2 meetings have been held by the Audit Committee. The attendance record of the member in attending Audit Committee Meetings is set out below:

Name of Directors	**Number of attendance/ number of meetings**
Mr. Lee Yin Sing	2/2
Mr. Hung Kin Sang	2/2
Mr. Wan Chun Kwan	2/2

There had been no disagreement between the Board and the Audit Committee for the year ended 31 March 2022.

At the Audit Committee Meetings held during the year ended 31 March 2022, all the members of the Audit Committee have reviewed the unaudited interim financial statements of the Group and the audited annual financial statements of the Group, including the accounting principles and practice adopted by the Group, the Company's compliance with the CG Code and disclosure in this Corporate Governance Report, the effectiveness of the Group's internal control and risk management systems and recommended to the Board for consideration the reappointment of Moore Stephens CPA Limited as the Company's external auditor at the Annual General Meeting.

Remuneration Committee

The Company established the Remuneration Committee on 22 September 2017 with written terms of reference in compliance with Rules 3.25 to 3.27 of the Listing Rules and paragraph E.1 of the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review performance-based remuneration; and ensure none of the Directors determine their own remuneration.

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

The Remuneration Committee should meet at least once a year. For the year ended 31 March 2022, one meeting of the Remuneration Committee was held and has, inter alia, reviewed the remuneration packages for the Directors and senior management and making recommendations to the Board.

The attendance records of the members of the Remuneration Committee in attending Remuneration Committee Meetings is set out below:

Name of Directors	**Number of attendance/ number of meetings**
Mr. Hung Kin Sang	1/1
Mr. Sung Sing Yan	1/1
Mr. Wan Chun Kwan	1/1

Nomination Committee

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

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

The Nomination Committee should meet at least once a year. For the year ended 31 March 2022, one meeting of the Nomination Committee was held and has, inter alia, (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of the INEDs; and (iii) recommended to the Board for consideration the re-appointment of all the retiring Directors at the Annual General Meeting.

The attendance records of the members of the Nomination Committee in attending Nomination Committee Meetings is set out below:

Name of Directors	**Number of attendance/ number of meetings**
Mr. Fok Hau Fai	1/1
Mr. Hung Kin Sang	1/1
Mr. Lee Yin Sing	1/1

BOARD NOMINATION POLICY

The Company has adopted a Board Nomination Policy for the Nomination Committee to consider and make recommendations to Shareholders for election as Directors at general meetings or appoint as Directors to fill casual vacancies.

Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

(1) reputation for integrity;

(2) accomplishment and experience in the business in which the Group is engaged in;

(3) commitment in respect of available time and relevant interest;

(4) diversity in all its aspects, including but not limited to race, gender, age (18 years or above), educational background, professional experience, skills and length of service;

(5) qualifications which include professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(6) the number of existing directorships and other commitments that may demand the attention of the candidate;

(7) requirement for the Board to have Independent Non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rules 3.13 of the Listing Rules;

(8) Board Diversity Policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and

(9) such other perspectives appropriate to the Company's business.

Director Nomination Procedure

Subject to the provisions in the Articles of Association of the Company and the Listing Rules, if the Board recognises the need for an additional Director or a member of the senior management, the following procedure will be followed:

(1) The Nomination Committee and/or Board will identify potential candidates based on the criteria as set out in the selection criteria, possibly with assistance from external agencies and/or advisors;

(2) The Nomination Committee and/or the Company Secretary of the Company will then provide the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Act of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;

(3) The Nomination Committee would then make recommendation to the Board on the proposed candidate(s) and the terms and conditions of the appointment;

(4) The Nomination Committee should ensure that the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;

(5) In the case of the appointment of an Independent Non-executive Director, the Nomination Committee and/or the Board should obtain all information in relation to the proposed Director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time; and

(6) The Board will then deliberate and decide on the appointment based upon the recommendation of the Nomination Committee.

Risk and Technical Committee

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

The Risk and Technical Committee should meet at least twice a year. For the year ended 31 March 2022, 2 meetings of the Risk and Technical Committee were held and have, inter alia, reviewed the risk management policies and the related internal control procedure and making recommendations to the Board.

The attendance records of the members of the Risk and Technical Committee in attending Risk and Technical Committee Meetings is set out below:

Name of Directors/senior management	Number of attendance/ number of meetings
Mr. Sung Sing Yan	2/2
Mr. Wan Chun Kwan	2/2
A representative of the senior management	2/2

Environmental, Social and Governance Committee

The Company established the Environmental, Social and Governance Committee on 30 March 2022. The primary duties of the Environmental, Social and Governance Committee are to review and monitor the Group's environmental, social and governance policies and practices. The Environmental, Social and Governance Committee currently consists of three members: one Executive Director, being Mr. Fok Hau Fai, one INED, being Mr. Hung Kin Sang and one representative of the senior management. The chairman of the Environmental, Social and Governance Committee is Mr. Hung Kin Sang.

The Environmental, Social and Governance Committee should meet at least twice a year. For the year ended 31 March 2022, 1 meeting of the Environmental, Social and Governance Committee was held and have, inter alia, reviewed the environmental, social and governance policies and the related internal control procedure and making recommendations to the Board.

The attendance records of the members of the Environmental, Social and Governance Committee in attending Environmental, Social and Governance Committee Meetings is set out below:

Name of Directors/senior management	Number of attendance/ number of meeting
Mr. Fok Hau Fai	1/1
Mr. Hung Kin Sang	1/1
A representative of the senior management	1/1

COMPANY SECRETARY

Ms. Woo Ka Yee was appointed as Company Secretary of the Company on 30 September 2021. Ms. Woo has been informed of the requirements of the Rule 3.29 of the Listing Rules, and she has confirmed that she had attained no less than 15 hours of relevant professional training during the year ended 31 March 2022. Please refer to the section "Biographical Details of Directors and Senior Management" for her biographical information.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognizes its responsibility in evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and in ensuring that the Group establishes and maintains appropriate review on the overall adequacy and effectiveness of the Group's risk management and internal control systems, which cover financial, operational and compliance controls, to safeguard Shareholders' investment and the Group's assets. The Board oversees the overall risk management of the Group and endeavours to identify, and control impact of the identified risks and facilitate implementation of coordinated remedial measures. The principal risks and the relevant measures have been disclosed in the section headed "Principal Risks and Uncertainties" on page 8 of this annual report. The Group's systems of risk management and internal controls are designed to manage, but not eliminate, the risk of failure to achieve business objectives and can only provide reasonable but not absolute, assurance against the risk of material misstatement, fraud or loss.

The Group has implemented an effective internal control system. The Company has engaged an independent internal audit consultant (the "Independent Internal Audit Consultant") performed the internal audit reviews for the Group. The Independent Internal Audit Consultant has recommended an internal audit plan to the management of the Company and the Board, and assisted the Company to review the internal control system on certain selected processes for the year ended 31 March 2022. The management of the Company agreed on the findings and adopted the recommendations accordingly.

The Board reviews the risk management and internal controls annually and has, through the Audit Committee and with the assistance of the management and external auditors, conducted a review of, and is satisfied with the effectiveness and adequacy of the risk management and internal control systems for the year ended 31 March 2022 as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and maintained procedures and internal controls for the handling and dissemination inside information. The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with the Model Code set out in Appendix 10 of the Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the Listing Rules and the Securities and Futures Ordinance will be announced on the respective websites of the Stock Exchange and the Company in due course.

DIVIDEND POLICY

The Company has adopted a Dividend Policy that aims to provide guidelines for the Board to determine whether dividends are to be declared and paid to the shareholders and the level of dividend to be paid. Under the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among others,

(1) the Group's actual and expected financial performance;

(2) the Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(3) retained earnings and distributable reserves of the Company and each of the members of the Group;

(4) the Group's liquidity position;

(5) interest of shareholder;

(6) taxation consideration;

(7) potential effect on creditworthiness;

(8) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(9) any other factors that the Board deems appropriate.

The declaration and payment of dividends by the Company shall remain to be determined at the sole discretion of the Board and is also subject to any restrictions under the Companies Act of the Cayman Islands, the Listing Rules, the laws of Hong Kong and the Company's Memorandum and Articles of Association and any other applicable laws and regulations. The Company does not have any pre-determined dividend distribution ratio. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

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

The Directors acknowledge their responsibility for preparation of the financial statements which give a true and fair of the state of affairs of the Group. In preparing the financial statements for the year ended 31 March 2022, the Directors have applied applicable accounting policies, adopted appropriate accounting standards and prepared the accounts on a going concern basis.

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

The statement of the external auditor about its reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report on pages 66 to 72 of this annual report.

EXTERNAL AUDITOR

Moore Stephens CPA Limited ("Moore") is the external auditor of the Company. The Audit Committee is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, which is subject to the approval by the Board and at the general meetings of the Company by its shareholders. The fee paid or payable in respect of audit services amount to HK$620,000 for the year ended 31 March 2022.

SHAREHOLDERS' RIGHTS

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

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

Procedures for shareholders to send enquiries to the Board

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

Procedures for shareholders to put forward proposals at shareholders' meetings

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

CONSTITUTIONAL DOCUMENTS

There was no change to the Company's constitutional documents since the Listing Date and up to the date of this annual report.

The Stock Exchange of Hong Kong Limited has recently announced various amendments to the Listing Rules to implement the proposals under the "Consultation Conclusion Paper on Listing Regime for Overseas Issuers" published on 19 November 2021.

The amendments to the Listing Rules have already taken effect from 1 January 2022 and include the introduction of one common set of core shareholder protection standards (set out in Appendix 3 to the Listing Rules) that will apply to all listed issuers to provide the same level of protection to all investors. To conform with the core shareholder protection standards, the Directors recommended that the articles of association of the Company be amended. A proposal on amending the articles of association and the adoption of a new articles of association will be put forward at the forthcoming annual general meeting and details of the proposed amendments will be set out in the notice of the forthcoming annual general meeting.

INVESTOR RELATIONS

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

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

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

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

Environmental, Social and Governance Report

REPORT OVERVIEW

This Environmental, Social and Governance Report (the "ESG Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performances of Lumina Group Limited (the "Company"), together with its subsidiaries (the "Group" or "We"), and demonstrates its commitment to sustainability development.

APPROACH TO ESG

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

The Group believes that green and sustainable practices can improve our living quality and protect our ecosystem. We also recognise that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. To follow the key trends and to pursue a successful and sustainable business model, the Group recognises the importance of integrating environmental, social and governance aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

REPORTING PERIOD

This ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 March 2022 (the "Reporting Period" or "2022").

REPORTING FRAMEWORK

This ESG Report has been prepared in compliance with all the applicable provisions as set out in the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") under the Appendix 27 of the Main Board Listing Rules.

REPORTING PRINCIPLES

During the preparation for this ESG Report, the Group has applied the following reporting principles which are stipulated in the ESG Reporting Guide:

Materiality	A materiality assessment has been conducted to identify material issues during the Reporting Period, these material issues formed the focus in the preparation of this ESG Report. The materiality of the issues being identified have been reviewed and confirmed by the ESG Committee. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.
Quantitative	Supplementary notes are added along with the quantitative data disclosed in this ESG Report to explain any standards, methodologies, and source of conversion factors used during the calculation of emissions and energy consumption.
Consistency	The preparation approach of this ESG Report is substantially consistent with that for the previous year, and explanations regarding data with changes in the scope of disclosure and calculation methodologies have been provided.

REPORTING SCOPE AND BOUNDARY

This ESG Report mainly covers the Group's ESG performance of its office in Hong Kong, representing the major revenue generating activities under direct management control which include the provision of fire safety systems installation service, repair and maintenance services on fire safety systems and its sales of fire equipment.

BOARD STATEMENT – THE ESG GOVERNANCE STRUCTURE

Oversight of ESG Issues

The board of directors (the "Board") holds the ultimate responsibility in monitoring the Group's ESG issues which include ESG management approach, strategy, and policies. To better manage the Group's ESG performance and identify potential risks, the Board conducts materiality assessment where necessary with the assistance of the ESG Committee to evaluate and prioritise material ESG-related issues with reference to the opinions of our stakeholders. The Board is responsible for setting up a general direction for the Group's ESG strategies, ensuring the effectiveness in the control of ESG risks and internal control mechanisms.

ESG Committee

The Group has established an ESG Committee (the "Committee"). This Committee comprises core members from Group and is responsible for collecting relevant information from our ESG aspects for preparing ESG Reports. This Committee reports to the Board, and assists in identifying and evaluating the Group's ESG risks and the effectiveness of the internal control mechanisms. This Committee also examines and evaluates our performances in different ESG-related goals and targets such as environment, health and safety, labour standards and product responsibilities. Following the direction set by the Board, the Committee ensures the execution of various ESG-related strategies and policies.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. In order to understand and address their key concerns, the Group has maintained close communication with its key stakeholders who/which include but not limited to the Board, investors and shareholders, customers, employees, suppliers, the community and the public, as well as the regulatory bodies and Government authorities. The Group takes stakeholders' expectations into consideration in formulating its businesses and ESG strategies by utilising diversified engagement methods and communication channels, shown as below:

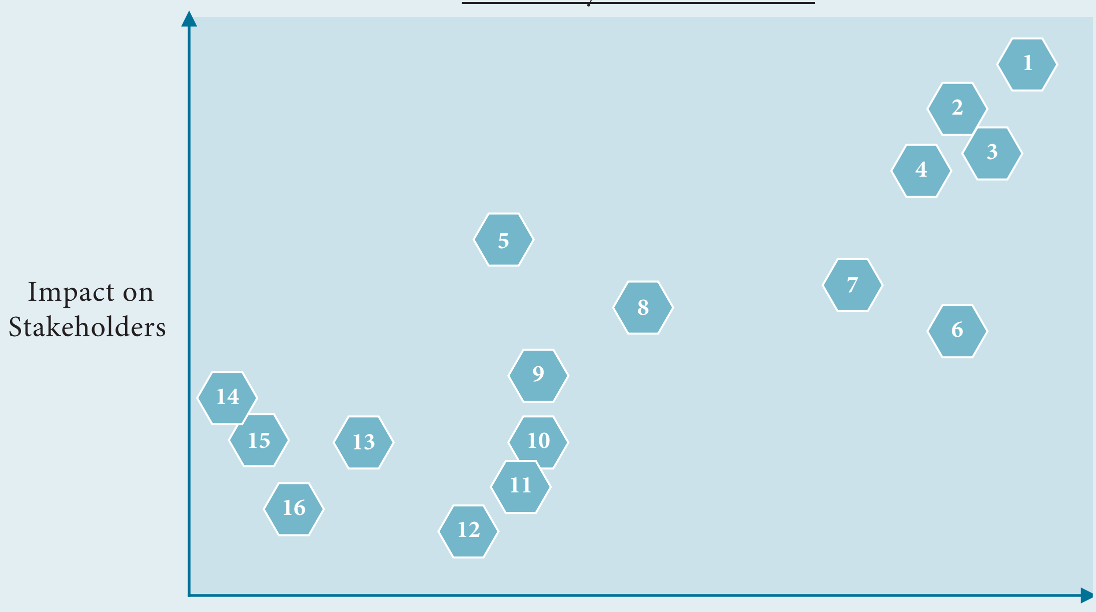
Stakeholders	Communication channels	Expectations
The Board	• Board meetings • Committee meetings • Annual general meeting and extraordinary general meeting • Emails	• Corporate governance • Regulatory compliance • Financial performance • Strategic development
Investors and Shareholders	• Financial reports • Announcements and circulars • Annual general meetings and extraordinary general meetings • Company website	• Corporate governance • Return on investment • Business compliance
Customers	• Hotline for after-sale service • Customer satisfaction survey	• High-quality products and services • Protect customers' right
Employees	• Assessment of work performance • Means for employees to express opinions (e.g. opinion form and suggestion box) • Regular meeting and management communication (e.g. email and telephone) • Intranet • Site visits	• Employees' compensation and benefits • Health and safety work environment • Career development
Suppliers	• Regular assessment of suppliers' performance • Supplier management meetings and events	• Sustainable supply chain • Fair and open tendering • Stable business relationship
Community and the Public	• Community investment plans • ESG reports • Media	• Involvement in communities • Business compliance • Environmental protection awareness
Regulatory Bodies and Government Authorities	• Company Secretary • Compliance Manager • On-site inspections • IT Audit Manager • Project Manager of regulatory bodies • Regulatory newsletters	• Compliance with laws and regulations • Support economic development • Environmental protection • Contribution to society

The Group aims to collaborate with its stakeholders to improve its ESG performance and to create greater value for the wider community on a continuous basis.

MATERIALITY ASSESSMENT

The ESG Committee of the Group has participated in the preparation of this ESG Report by assisting in reviewing the Group's operations and identifying relevant ESG issues and assessing the importance of related matters to the Group's businesses and stakeholders. Based on the material ESG issues identified, a data collection questionnaire has been prepared to collect information from the relevant stakeholders of the Group. In 2022, the result of the assessment is as below.

Materiality Assessment 2022



No.	Material Issues	No.	Material Issues
1	Health and Safety	9	Climate Change
2	Anti-corruption	10	Greenhouse Gas Emissions
3	Protection of Data and Customer Privacy	11	Waste Management
4	Product Responsibility – Customer Service	12	Use of Resources – Energy Efficiency
5	Equal Opportunities and Diversity	13	Employment Practices
6	Supply Chain Management	14	Employee Benefits and Welfare
7	Protection of Intellectual Property Rights	15	Prevention of Child and Forced Labour
8	Development and Training	16	Community Participation

The Group reviewed the results of the materiality assessment and considered that the said result is applicable to the Group. The Group will continue to monitor the Group's business operations and its ESG performances.

Forward-Looking Statements

This ESG Report contains forward-looking statements which are based on the current expectations, estimates, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it and its subsidiaries operate. These forward-looking statements are not guarantees of future performance and are subject to market risk, uncertainties, and factors beyond the control of the Group. Therefore, the actual outcomes and returns may differ materially from the assumptions made and the statements contained in this ESG Report.

FEEDBACK AND CONTACT US

The Group welcomes all feedback and opinions from its stakeholders. Any of the feedback is cherished and incorporated into our operation strategy wherever it sees appropriate and such feedback is considered as the cornerstone for development. If you have any advice or suggestions, you are most welcome to contact us at +852 2116 5252.

A. ENVIRONMENTAL

A1. Emissions

The Group adheres to good environmental management and strives to protect the environment to fulfil its corporate social responsibility. The Group has established a "Green and Sustainability Plan". This plan set out methods and proposals to

(1) Establish and implement effective and efficient environmental friendly measures; and

(2) Ensure proper management and minimise the construction wastes generated during the execution of the Works.

In addition, to minimise the adverse impact caused by our operations, the Group has formulated an "Environment And Waste Management Plan" which governs the Group's procedures relating to environmental management, we have also established an environmental management system in accordance with ISO 14001: 2004 and complies with the standard to ensure environmental friendliness for the design and construction of building works in the following manner:

Protect the environment as an obligation to society.

- Include in our scope of works the measures in pollution control, conservation of the resource and waste reduction by recovery and recycling of used materials as far as practicable.

- Commit to comply with environmental legislation and regulations and other relevant requirements.

- Set out environmental objectives and targets, and review these objectives and targets to strive for continuous improvement.

- Provide training to staff to enhance environmental awareness for continuous improvement.

- Ensure our environmental policy is made available to the public and clearly communicated to all persons working for or on behalf of the Group.

The Group has a designated department to coordinate and implement environmental protection measures and objectives and address environmental issues. We carry out at project sites a series of environmental management measures which cover planning, materials procurement, and various project procedures. Noise, dust, waste, energy, and carbon emissions are keys to environmental management, and we have performed various mitigation measures to ensure that all business activities strictly complied with laws and regulations.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

The Group strictly complies with the relevant laws and regulations in Hong Kong, including but not limited to the Air Pollution Control Ordinance and the Noise Control Ordinance. During the Reporting Period, the Group is not aware of any material non-compliance of environmental laws and regulations relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant adverse impact on the Group.

Air Emissions

The main source of emission is generated from the Group's automobiles exhaust gas. The exhaust gas generated by the Group includes nitrogen oxides ("NOx"), sulphur oxides ("SOx") and particulate matter ("PM"). The Group has formulated relevant policies and implemented the following emission reduction measures with the aim to reduce emissions from the source:

- Reduce in-person meetings by advocating the utilisation of electronic online meetings.
- Take public transport during business trips under normal circumstances.
- Conduct regular vehicle inspections and maintenance to enhance vehicle efficiency.
- Educate the employees to turn off engines for idling vehicles.
- Choose local suppliers and contractors to reduce exhaust gas and GHG emissions resulting from transportation.

During the Reporting Period, the Group's exhaust gas emissions performance was as follows:

Types of exhaust gas	Unit	FY 2022
Nitrogen oxides (NOx)	kg	**32.69**
Sulphur oxides (SOx)	kg	**0.10**
Particular matter (PM)	kg	**3.09**

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

GHG Emissions

The consumption of electricity at the office as well as the consumption of petrol and diesel for the vehicles are the major sources of GHG emissions for the Group.

The Group's GHG emissions performance for the Reporting Period was as follows:

Indicators[1]	Unit	FY2022	FY2021
Direct GHG emissions (Scope 1) – Petrol and diesel consumption	tCO_2e	**17.12**	17.48
Energy indirect GHG emissions (Scope 2) – Electricity consumption	tCO_2e	**32.40**	27.79
Other indirect GHG emissions (Scope 3) – Paper waste disposal	tCO_2e	**8.76**	9.22
Total GHG emissions	tCO_2e	**58.28**	54.49
Total GHG emissions intensity[2]	tCO_2e/employee	**1.39**	1.36

Remarks:

1. GHG emissions data is presented in Tonnes of carbon dioxide equivalent and was in reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the "Sustainability Report 2019" published by the Hong Kong Electric Investments Limited, the "2021 Sustainability Report" published by the CLP Power Hong Kong, and "Global Warming Potential Values" from the IPCC Fifth Assessment Report (AR5), 2014.

2. As of 31 March 2022, the Group had a total of 42 full-time employees (2021: 40 full-time employees). The data is also used for calculating other intensity data.

To ensure the effectiveness of a reduction of the total GHG emission, the Group decided to set a target of reducing the total GHG emission intensity by 2025, using the Reporting Period as the baseline.

In order to achieve this target, the Group has adopted the following measures to mitigate the amount of direct GHG emissions from petrol and diesel consumption in our operations:

- Optimise operational procedure to increase the loading rate and reduce the idling rate of vehicles;
- Perform vehicle and equipment maintenance on a regular basis to prevent inefficient fuel consumption or abnormal operations; and
- Phase-out substandard vehicles, purchase regular diesel oil and gasoline for vehicles, and conduct inspections every year to ensure that the relevant emission standards are met.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

GHG Emissions (continued)

By taking the above measures, employees' awareness of GHG emissions has been improved. Consumption of electricity is accounted as the major source of energy indirect GHG emissions (Scope 2). The Group has implemented measures as described under "Energy Management" in aspect A2 to reduce energy consumption, thereby minimising carbon footprint.

Sewage Discharge

Due to the Group's business nature, we do not consume a significant volume of water in our business activities, and therefore our business activities did not generate a material portion of discharges into water. The majority of the water supply and discharge facilities are provided and managed by the property management company.

Waste Management

The Group adheres to waste management principles and strives to properly manage and dispose of wastes produced by our business activities. The Group has formulated an "Environment and Waste Management plan". This plan helps to minimise potential adverse impacts associated with solid waste, chemical waste, general refuse and wastewater arising from the construction and operation of the Group.

The various waste management options can be categorised in terms of preference from an environmental viewpoint as follows:

- Avoidance and minimisation (i.e. avoiding or not generating waste through changing or improving processes, practices and design).
- Reuse of materials, thus avoiding disposal (generally with only limited reprocessing).
- Recovery and recycling, thus avoiding disposal (although some form of reprocessing is usually unavoidable).
- Treatment and disposal, according to relevant laws, guidelines and good practice.

Our waste management practice has complied with the relevant laws and regulations relating to environmental protection.

Non-hazardous waste

The non-hazardous wastes generated by the Group's operations mainly consist of paper.

Indicators	**Unit**	**2022**	2021
Paper disposal	tonnes	**1.83**	1.92
Paper disposal intensity	tonnes/employee	**0.044**	0.048

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

Non-hazardous waste (continued)

During our business operation, we consumed paper for drawing, printing out monitoring reports with photos and for tendering purposes. The amount of paper disposal has been reduced by about 4% from approximately 1.92 tonnes in 2021 to approximately 1.83 tonnes in 2022. We understand that it is inevitable for our business to consume paper, therefore we continuously monitor the consumption volume of paper and encourage staff to consider the necessity of paper documents before printing. The Group's office has also provided suitable facilities and encouraged our staff to sort and recycle the wastes to achieve the objectives of mitigating wastes, reusing and recycling in its operations. The Group maintains a high standard in waste reduction, educates our employees on the significance of sustainable development and provides relevant support to the employees in order to enhance their skills and knowledge in sustainable development.

The Group decided to set a target of reducing the total non-hazardous waste intensity by 2025, using the Reporting Period as the baseline. In order to achieve this target, our office has implemented the following programs and activities to encourage the employees to participate in waste reduction management:

- Promote green information and electronic communication, such as e-mail and electronic workflows;
- Implement the enterprise resource planning ("ERP") system and encourage a paperless work environment;
- Place "Green Message" reminders on office equipment;
- Utilise used envelopes and double-side printing. Paper for single-side printing will only be adopted when handling official documents and confidential documents; and
- Recommend the use of recycled paper.

Moreover, the procurement and disposal of office stationery serves as another focus of our operational sustainability efforts. The office stationery has great hidden environmental and social impacts arising from its production, use and disposal. We have launched the following measures to reduce its impacts:

- Maximise every stationary lifespan (such as plastic binding ring, paper clip, etc.) by searching for opportunities to reuse and refurbish them internally whenever feasible;
- Purchase reusable stationery whenever possible, such as refillable rollerball pens and correction type paper; and
- Avoid single-use disposable items.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

Hazardous waste

As the Group is providing installation, repair and maintenance of fire services system, it does not directly produce hazardous wastes (such as chemical wastes) during our operation. The Group has established guidelines under the "Environment and Waste Management plan" which details the steps in governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group will use government waste disposal facilities, which complied with the relevant environmental regulations and rules. During the Reporting Period, the Group did not generate significant hazardous waste.

A2. Use of Resources

The Group continues to introduce resource efficiency and eco-friendly measures to the Group's operations and is committed to optimising the use of resources in all of our business operations. During our operation, fuel and electricity are consumed. The Group has established relevant policies and procedures in governing the efficient use of resources to achieve higher energy efficiency and to reduce the unnecessary use of resources.

Energy Consumption

Due to the business nature of the Group, our energy consumption is considered relatively low. As mentioned in A1 - Emissions, the Group has formulated policies and procedures relating to environmental management which includes energy management. Electricity consumption and fuel consumption account for a substantial part of the carbon emission for the Group.

The Group's energy consumption performance is as follows:

Indicators	**Unit**	**FY2022**	FY2021
Direct energy consumption			
Unleaded Petrol	kWh	**20,824**	21,178
Diesel	kWh	**44,387**	45,427
Indirect energy consumption			
Purchased electricity	kWh	**87,580**	75,112
Total energy consumption	kWh	**152,791**	141,717
Total Energy consumption intensity	kWh/employee	**3,638**	3,543

The total energy consumption has slightly increased by 7.8% from approximately 141,717 kWh in 2021 to approximately 152,791 kWh in 2022.

To ensure the reduction of energy consumption, the Group decided to set a target of reducing the total energy consumption intensity by 2025, using the Reporting Period as the baseline.

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

Energy Consumption (continued)

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

- Encourage the employees to turn off idle equipment, computers and lighting, when not in use or after work hours;
- Monitor the energy usage on a monthly basis, along with investigating of significant variance;
- Utilise natural light whenever possible;
- Adopt power-saving features for office equipment and computers; and
- Support the Energy Saving Charter in 2018 imposed by the Environment Bureau and the Electrical and Mechanical Services Department of The Government of Hong Kong Special Administrative Region, including taking the following measures:
    - Maintain an average indoor temperature between 24-26°C during the summer period;
    - Switch off electrical appliances when not in use; and
    - Procure energy-efficient appliances only upon replacement of old appliances or due to new business needs.

By adopting different energy conservation measures, the Group believes it has set a role model for corporate social responsibility. More importantly, the Group strives to reduce costs by reducing electricity consumption in the workplace in the long run.

Water Consumption

The Group does not consume a significant amount of water in its business activities due to its business nature. At the same time, since the water consumption of the Group's offices is included in the property management fee, the water consumption from our office is therefore not included in this ESG Report. Regardless of limited water consumption, we still promote behavioural changes at the office and encourage water conservation. Pantry and toilets are posted with environmental messages to remind the employees of water conservation, which results in enhancing our employees' awareness of water conservation.

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

Water Consumption (continued)

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

Use of Packaging Materials

Due to the Group's business nature, it does not consume a significant amount of packaging materials, and thus the use of packaging materials is immaterial.

A3. The Environment and Natural Resources

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

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

Environmental Impact of Projects

To control and mitigate the adverse environmental impacts of the projects in our operations, we have formulated a series of procedures to assess the environmental risks of the projects in accordance with the standard of ISO 14001 environmental management system. Moreover, regular internal audits on the effectiveness and level of compliance of environmental management system are carried out annually. The potential environmental risks of the projects include, but are not limited to noise pollution and hazardous waste discharge. Relevant measures to mitigate the corresponding environmental risks of projects have been carried out in accordance with the relevant assessment procedures.

Indoor Air Quality

Indoor air quality in our workplace is regularly monitored and measured. By conducting regular cleaning of the air conditioning system, we managed to maintain good indoor air quality and filter out pollutants, contaminants and dust particles.

A. ENVIRONMENTAL (continued)

A4. Climate Change

The Group is aware of the threat posed by climate change and is actively doing its part by offsetting its carbon footprint. The Group recognises the importance of the identification and mitigation of significant climate-related issues, therefore closely monitors the potential negative impact of climate change on our business and operations and is committed to managing the potential climate-related risks which may adversely impacted the Group's business activities.

In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures, there are two major categories of climate-related risks, physical and transition risks. The Group has implemented risk management exercises in identifying and mitigating climate-related risks.

Physical Risks

The increased frequency and severity of extreme weather events such as typhoons, storms, heavy rains, and extreme cold or heat bring acute and chronic physical risks to the Group's business. The Group's productivity will be reduced under extreme weather events as the safety of our employees is threatened and the power grid or communication infrastructures might be damaged, which will expose the Group to risks associated with non-performance and delayed performance, leading to a direct negative impact on the Group's revenue.

To minimise the potential risks and hazards, the Group has established mitigation plans, which include flexible work arrangements and precautionary measures during bad or extreme weather conditions. The Group will explore emergency plans to further reduce the vulnerability of our installations to extreme weather events to enhance business stability.

Transition Risks

To achieve the global vision of carbon neutrality, the Group expects the evolution of the regulatory, technological and market landscape due to climate change, including the tightening of national policies, the emergence of environmentally related taxes, and the shifting of customer preference to an eco-friendlier resorts operation.

In response to the policy and legal risks as well as the reputation risks, the Group constantly monitors any changes in laws or regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to delayed response.

Besides the abovementioned risks, the Group encounters opportunities in the gradual growth of the market due to global climate change. Climate change is expected to further aggravate fire risk, especially in the summer, where scenarios project an increase in the number of years with high fire danger, an increase in the length of fire season and larger, more intense, and more frequent fires. The Group keeps continuously monitoring the various negative impacts of climate change closely.

B. SOCIAL

B1. Employment

Employees are the largest and most valuable asset of the Group. Our excellence in human resources is our core competitive advantage. We have established relevant policies to fulfil our vision of people-oriented management to realise the full potential of the employees. Human resources managing procedures are formally documented in the Employee Handbook, covering resources planning, performance evaluation, training, recruitment, resignation, transfer, remuneration and welfare, etc. These procedures not only provide a standardised labour employment management, but also safeguard the legitimate interests of every employee. Besides, the Group endeavours to protect the employees' occupational health and safety. The Group strictly complies with the relevant laws and regulations in Hong Kong, including but not limited to the Employment Ordinance. During the Reporting Period, the Group is not aware of any material non-compliance with employment and labour practices related laws and regulations that will have a significant adverse impact on the Group.

Recruitment, Promotion and Remuneration

The Group hires employees through open recruitment. In the recruitment process, it standardises the hiring procedures and recruitment principles, adheres to the hiring principles of morality, knowledge, ability, experience and fitness applicable to job positions as well as the principles of fairness, openness and justice, so as to continuously attract, employ and develop talents with a consistent and flexible personnel policy. Employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. Remuneration packages include holidays, annual leave, medical scheme, mandatory provident fund and discretionary bonus. The promotion of the Group's employees is subject to review annually. The Group has established objective performance indicators for annual performance evaluation. The Supervisor will discuss with the employee in his/her performance in facilitating an effective 2-way communication for advancement. Based on the evaluation result, we offer rewards to the employees in encouraging continuous improvement.

Equal Opportunity and Anti-discrimination

The Group is dedicated to providing equal opportunities in all aspects of employment and maintaining a workplace that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. The Group's Staff Handbook outlines the terms and conditions of employment, the expectation for employees' conducts and behaviours, and employees' rights and benefits. We have established and implemented policies that promote a harmonious and respectful workplace. With the aim of ensuring fair and equal protection for all employees, the Group has zero-tolerance for sexual harassment or abuse in the workplace in any form.

Compensation and Dismissal

The Group actively recruits and attracts talents and provides fair and competitive compensation. Employees' salaries and year-end bonuses are determined based on factors such as qualifications, work performance, performance appraisal results and market trends. In addition, the Group is committed to providing different career development pathways for its employees.

B. SOCIAL (continued)

B1. Employment (continued)

Compensation and Dismissal (continued)

The Group has no tolerance for unfair dismissals and makes sure the dismissal procedure is fair and open. The Group has formulated and stated the procedures and conditions of dismissal and contract termination in the Employee Handbook. There is also a list of handover tasks to ensure the seamless transition of job duties of departing employees.

As of 31 March 2022, the Group's employee size breakdown was as below:

	2022
Total number of employees	**42**
By Gender	
Male	**35**
Female	**7**
By Age	
Below 30	**16**
30-50	**19**
Above 50	**7**
By Geographic Area	
Hong Kong	**42**
By Employment Type	
Full-time	**42**
Part-time	**0**

During the Reporting Period, the Group recorded a turnover rate of 48%. The table below shows the employee turnover rate breakdown by gender, age group and geographical region:

	Employee Turnover rate (%)
Gender	
Male	40%
Female	86%
Age group	
Below 30	100%
30-50	21%
Above 50	0%
Region	
Hong Kong	48%

B. SOCIAL (continued)

B2. Health and Safety

As the core business of the Group is the installation of the fire safety system, providing a safe, effective and congenial work environment for the employees is the Group's foremost concern. To maintain a safe work environment, the Group has established safety policies and relevant procedures for the prevention and remediation of safety accidents in projects. Our occupational health and safety management system has been implemented in compliance with the requirements of ISO 45001 international standards. The Group follows the occupational health and safety guidelines recommended by the Labour Department of the Hong Kong SAR Government and regularly encourages the employees to attend relevant workshops or training courses. The Human Resources Department also takes responsibility for occupational health and safety and relevant promotions and monitoring. The Group strictly complies with the relevant laws and regulations in Hong Kong, which include but not limited to the Occupational Safety and Health Ordinance. During the Reporting Period, the Group is not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant adverse impact on the Group.

No work-related fatalities happened during the past 3 consecutive years.

	Unit	**FY 2022**	FY2021	FY2020
Fatalities due to work	Cases	**0**	0	0

		FY 2022
Work Injury cases	Case(s)	**1**
Lost days due to work injury	Days	**2**
Work Injury Rate	%	**2%**

Note: work injury rate is calculated by no of work related injury case recorded/number of Employee x 100%

Safety Risks of Projects

For the purpose of controlling and mitigating the safety risks of the projects in our operations, we have formulated a series of procedures to assess the environmental risks of the projects in accordance with the standard of ISO 45001 occupational health and safety management system. Moreover, regular internal audits on the effectiveness and the level of compliance of occupational health and safety management system are carried out on an annual basis. The potential safety risks of the projects include, but are not limited to aloft work, etc. Relevant measures to mitigate the corresponding environmental risks of the projects have been carried out in accordance with the relevant assessment procedures. For example, different types of protective equipment are provided in accordance with the conditions of the projects.

B. SOCIAL (continued)

B2. Health and Safety (continued)

Safety Training

Employees should attend the training courses organised by the Group on occupational safety and environmental control. Emergency and evacuation procedures have been established for the employees to respond to major safety accidents timely and orderly. Employees are also free to provide feedback on improving workplace safety.

COVID-19 Preventive Measures

In view of the outbreak of the COVID-19 in early 2020, the Group has taken proactive measures to safeguard the health and safety of its employees and business partners and has complied with public health measures implemented by the Hong Kong SAR Government. The Group is highly conscious of the potential health and safety impacts brought to its staff, and actively encourages staff who are sick to stay at home. Apart from increasing the frequency of sanitisation of its office and worksites to ensure a healthy and safe work environment, precautionary measures such as temperature screening before entering the office and work sites and ensuring sufficient disinfection supplies such as face masks and hand sanitisers are provided.

B3. Development and Training

The Group regards its staff as the most important asset and resource. The Group recognises the valuable contribution its talents made to the continuing success of the Group. The Group is committed to inspiring its human resources toward delivering excellence.

To facilitate the Group's staff in meeting the demands of new buildings and Fire service Installation (FSI) works in existing buildings and premises, our staff have participated in series of technical seminars entitled "FSD Connects with the Construction Industry". Our staff has studied the procedures, implementation, and sharing knowledge on the FSI Acceptance inspection by Fire Service Department (FSD). This promotes our service quality and keeps our employees in pace with the latest industry trends.

It is important for our staff to keep themselves abreast of the emerging technologies and new equipment in fire services installation and engineering. The Group encouraged the senior management to attend the "Seminar on the Latest Regulatory Updates for Quality Corporate Governance for Registered Subcontractors" held by the Construction Industry Council during the Reporting Period. The seminar allowed our staff to exchange the latest ideas and technologies updates in the market.

On-the-job Training Provided by External Consultant Engineer

The Group has hired an external consultant engineer with over 30-years' experience, who is a member of the Society of Fire Protection Engineer, to conduct training for our in-house staff. Weekly fire services knowledge and theory classes are held by the consultant engineer to strengthen our employees' professional technical skills and to help them keep up with the latest updates and knowledge of the modern technology in fire services installation. The consultant engineer also reviews the design drawings and drawings of our projects and provides technical support to our site installation work. With the support of this well-experienced consultant engineer, we have trained up skilful and professional engineers for the Group with the aim of providing better service to our customers.

B. SOCIAL (continued)

B3. Development and Training (continued)

Subsidy on Continuous Learning

Continuous learning is important for our staff. Staff who possesses enriching knowledge is a valuable asset to the Group. We, therefore, encourage our staff to take job-related or industry-related courses for continuous learning. We support them by providing school fee subsidies and allowing flexible working hours to facilitate learning.

During the Reporting Period, the Group has achieved an 83% overall training rate and a total training hour of 53 hours. The table below shows the employee training data by gender and employee category:

	Percentage of employees trained (%)	**Average training hours (hours)**
Gender		
Male	86%	1.06
Female	71%	2.29
Employee Category		
Senior Management	100%	2.83
Supervisor	133%	2.00
General Staff	76%	0.91

Note: Employee training rate is calculated by number of employees trained during the Reporting Year/number of employees as of 31 March, 2022. Number of employees trained included employees left the company during the Reporting Year.

B4. Labour Standards

Prevention of Child Labour or Forced Labour

The Group respects human rights and strictly prohibits the use of child labour or forced labour in our operations. We have taken the following measures to avoid child and forced labour.

Prevention of child labour	During the recruitment process, the Human Resources Department will verify the applicant's identity documents to ensure that they have reached the minimum age (18 years old or above) for employment.
Prohibition of forced labour	The Group specifies overtime compensation provisions in the Employee Handbook. The Group carefully monitors the employee working time and working schedule to ensure they work voluntarily and freely.

In case any child or forced labour is discovered, the Group will terminate the employment of the identified child or forced labour immediately. An investigation will be carried out subsequently to find out the reasons and revise the employment management practices whenever possible to plug the loophole.

B. SOCIAL (continued)

B4. Labour Standards (continued)

Prevention of Child Labour or Forced Labour (continued)

During the Reporting Period, the Group is not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group which include but not limited to the Employment Ordinance of Hong Kong.

B5. Supply Chain Management

Supply Chain and Subcontractor Management

In order to ensure that our suppliers and subcontractors have met customers' and our requirements regarding quality, service level and environmental and safety standards, we have formulated a standardised and stringent procedure in selecting suppliers and subcontractors.

Suppliers' and subcontractors' overall performances are considered as the selection criteria for establishing a long-term relationship. Our project directors maintain an approved list of suppliers and subcontractors. Annual assessments on our suppliers and subcontractors are carried out by our project directors and managing director. The assessment will be based on the overall project efficiency and the degree of compliance. The materials purchased from the suppliers and works performed by the subcontractors will be checked and monitored on a regular basis. The Group keeps records of violations or non-compliance of the suppliers and the subcontractors for future assessments. The suppliers or subcontractors may be suspended or removed from the approved list if they fail to fulfil our standards. The termination of supplier relationships may also occur when there is a substantial violation of environmental and labour laws and regulations. The performance of the suppliers is regularly examined.

Fair and Open Tendering

We have also formulated procedures to ensure that the suppliers and subcontractors participate in competitions in an open and fair way. The Group does not give biased or discriminated treatment to the suppliers and the subcontractors. We strictly monitor and prevent all kinds of business bribery. The Group treats all suppliers on an equal footing and ensures that the laid down contract specifications will not create unnecessary obstacles to tenderers. Besides, the Group ensures that all potential tenderers are given the same information for them to prepare their bids. If there is any potential conflict of interest among our employees, they should report to management immediately.

Green Sourcing

The Group is aware of the environmental and social practices of the suppliers, and tries to engage suppliers with responsible acts to the environment and society in view of green sourcing. The Group is committed to selecting environmentally friendly products with competitive prices and good quality, in order to safeguard end-users' health and safety, prevent pollution and use natural resources effectively. The Group requires all departments to consider environmental factors and search for products with higher recycled content, greater durability or greater water and energy efficiency.

B. SOCIAL (continued)

B5. Supply Chain Management (continued)

Green Sourcing (continued)

During the procurement process, the Group prioritises local suppliers and environmentally friendly products and services, hoping to reduce the carbon footprint caused by procurement via local procurement, while supporting local economic development and creating employment opportunities for local communities. The Group's suppliers are 100% located in Hong Kong locally. In addition to environmental factors, the Group will also adopt measures to monitor whether its suppliers or contractors comply with relevant environmental and social laws and regulations or meet other standards in terms of health, safety, forced labour and child labour.

Suppliers Distribution By Geographic Region

Location	**No. of Suppliers**
Hong Kong	**225**
China	**0**
Others	**0**

B6. Product Responsibility

Achieving and maintaining high-quality standards for projects are of utmost importance for the sustainable growth of enterprises. The Group closely monitors our work to ensure we deliver high-quality services to our customers with good satisfaction levels. We welcome our customer's feedback as it is important for us to improve and excel.

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

Quality Assurance

The Group has formulated a Quality Assurance Policy. This Policy is relevant to the Group's goals and the expectation and needs of the customer. To ensure the goals can be achieved, the Group has also established a quality management system in accordance with the requirements of ISO 9001, ISO 45001 and ISO 14001 to develop a sustainable performance-oriented culture to pursue continuous improvement on quality. The Group has formulated an ISO Quality Manual, Under the Manual, process control procedures have been established to ensure that the works meet the contractual specification and the environmental, health and safety requirements. To pursue further improvement, our quality management system is reviewed at least annually by the management.

B. SOCIAL (continued)

B6. Product Responsibility (continued)

Quality Assurance (continued)

To ensure our works comply with the required standards, we normally assign a project coordinator on a full-time basis for each project site to monitor the quality of work done by our staff at the front line. The project team generally makes daily visits to the project sites and is responsible to monitor the quality and the progress of works to ensure that works are completed according to schedule.

During the Reporting Period, the Group is not aware of any cases where products sold or shipped subject to recalls for safety and health reasons, and no major complaints about products and services have been received.

Complaint and Accident Handling

The Group has formulated a Complaint/Accident Handling Procedure in accordance to the ISO 9001, ISO 45001 and ISO 14001 to ensure that any complaints and comments to the Group are effectively handled. The persons in charge of the procedure are responsible to handle any complaints and accidents. After receiving a complaint, the Group will first communicate with the complainant to collect the relevant information and evidences to investigate the complaint or the accident and set the time limit for the reply at the same time. After the investigation, we will inform the complainant of the result of our investigation and carry out corrective actions if any problems are found. No significant complaint cases have been reported during the Reporting Period.

Protection of Consumers' Information and Privacy

In respect of customer personal data and confidential documents, the Group handles them strictly following the guidance of the Office of the Privacy Commissioner for Personal Data of Hong Kong. During the Reporting Period, the Group did not receive any significant complaint regarding the breach of customer's privacy.

Protection of Intellectual Property Rights

Intellectual Property Rights promote innovation and creativity, helping the society to increase its competitiveness and to improve the well-being of humans. The Group respects the Intellectual Property Rights and formulated procedures and guidelines to ensure our operations at all levels in the fight against intellectual property infringement.

Advertising and Labelling

The Group encourages the use of good promotion practices, and prohibits the advertisements to disclose descriptions, claims or illustrations that are untrue. In accordance with the relevant legislation and code of practices, the Group has organised sales and promotion campaigns that are truthful, fair and reasonable, and free of misleading elements for protection of the consumers' interests.

B. SOCIAL (continued)

B7. Anti-corruption

The Group strives to achieve high standards of ethics in our business operations. Fraudulent events such as corruption, bribery and collusion are strictly prohibited. Employees should comply with the rules stated in the Staff Handbook in performing business activities, and they should report to the management if they suspect any professional misconduct.

The Group has zero-tolerance against corruption. The Group has strict internal control systems governing anti-corruption. Regulations have been formulated and all the employees must comply with it, including but not limited to:

- All Directors and employees should avoid conflicts between personal interests and their professional functions;

- Employees shall declare any conflicts of interest to the Group's Human Resources Department;

- Neither the Directors nor the employees shall personally obtain benefits from or provide benefits to the customers, contractors, suppliers or persons with business relations with the Group; and

- Employees are strictly prohibited from using their powers to influence the Group's decisions and actions, or accessing to the Group's assets and information for private or personal benefits.

During the Reporting Period, the Group is not aware of any material non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant negative impact on the Group, including but not limited to the Prevention of Bribery Ordinance of Hong Kong.

There are no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.

Whistle-blowing Mechanism

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

Anti-corruption Training

Anti-corruption-related trainings are conducted annually. During the Reporting Period, all the Directors have received online anti-corruption training and have spent approximately 1 hour by a Zoom meeting. The awareness of the anti-corruption of the Group has been enhanced.

B. SOCIAL (continued)

B8. Community Investment

Community Investment is an essential part of the Group's strategic development. The Group is committed to supporting the community by means of social participation and contribution. The goal is to nurture the corporate culture and practices of a corporate citizen in our daily operations.

Our area of contribution is to support the underprivileged in rehabilitation to improve their quality of life. We also focus to inspire our employees toward social welfare concerns. We believe that through participating in these activities that contribute to the welfare of community, our staff could build positive value and be a socially responsible citizen.

During the Reporting Period, the Group had sponsored 50 children by donating HK$75,000 to the "Po Leung Kuk Child Sponsorship Programme" to show our care and support to the local teenagers. "Child Sponsorship Programme" is a fix-amount donation programme. It aims to develop and enhance the services to be provided children, youth and families, and also to facilitate the children in experiencing the concern and love of the community.

Moreover, the Group donated HK$7,000 to support the Twinklestars Programme, which aims to provide financial and other types of support to students in need in the Mainland China, especially those living in rural areas, to pursue an undergraduate degree at universities in Mainland China.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Emissions – Greenhouse Gas Emission
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions – Waste Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced	Use of Resources – Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical risks, Transitional risks

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Safety Training

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Fair and Open Tendering
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Green Sourcing
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Green Sourcing

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Quality Assurance
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility – Complaint and Accident Handling
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Protection of Consumers' Information and Privacy

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption - Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption - Anti-corruption Training
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. FOK Hau Fai (霍厚輝), aged 51, was appointed as our Director on 7 July 2016 and was redesignated as an Executive Director and appointed as the Chairman, Chief Executive Officer and Compliance Officer of our Company on 3 September 2016. He is the Chairman of the Nomination Committee and a member of the ESG Committee.

Mr. Fok has over 25 years of experience in the fire safety service industry and is the founder of our Group. He is responsible for our overall strategic planning, business development and operational management.

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

Mr. SUNG Sing Yan (宋聖恩), aged 61, was appointed as our Executive Director on 3 September 2016. He is a member of the Remuneration Committee and the Risk and Technical Committee.

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

Independent Non-executive Directors

Mr. HUNG Kin Sang (熊健生), aged 50, was appointed as our Independent Non-executive Director on 22 September 2017. He is the Chairman of the Remuneration Committee and the ESG Committee; and also a member of each of the Audit Committee and the Nomination Committee.

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

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

Biographical Details of Directors and Senior Management

Mr. LEE Yin Sing (李彥昇), aged 42, was appointed as our Independent Non-executive Director on 22 September 2017. He is the Chairman of the Audit Committee and a member of the Nomination Committee.

Mr. Lee has over 12 years of experience in financial control, accounting and corporate governance practices and procedures in Hong Kong and is currently the chief financial officer and company secretary of Greatime International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 844).

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

Mr. WAN Chun Kwan (溫雋軍), aged 46, was appointed as our Independent Non-executive Director on 22 September 2017. He is the Chairman of the Risk and Technical Committee and a member of each of the Audit Committee and Remuneration Committee.

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

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

SENIOR MANAGEMENT

The following are the senior management team of the Group:

Mr. CHEUNG Tsz Wing (張子榮), aged 45, joined our Group in April 2008 and is our assistant project manager.

Mr. Cheung has about 16 years of experience in the engineering industry and is responsible for assisting our Directors on the daily operation of our Repair and Maintenance Department, he is responsible for liaising with customers for work schedule, materials procurement and engagement with subcontractors. He also oversees the safety measure and quality control of our fire safety system installation services.

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

Mr. CHIANG Hsien Kuo (姜先國), aged 45, joined our Group in June 2009 and is our assistant project manager.

Mr. Chiang had over 16 years of experience in the engineering industry and is responsible for assisting our project director on the daily operation of the Group, including preparation of tenders, managing and supervision of our fire safety system installation services.

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

Ms. WOO Ka Yee (胡嘉兒), aged 37, has been the financial controller and the Company Secretary of our Group since September 2021.

Ms. Woo has over 12 years of experience in financial control and accounting practices in Hong Kong and is primarily responsible for the financial reporting, financial planning, internal control and corporate secretarial practices and procedures of our Group.

Ms. Woo obtained a Bachelor's Degree of Business Administration (Honours) in Business Economics from the City University of Hong Kong in July 2009. She has registered as a member of the Hong Kong Institute of Certified Public Accountants since March 2013.

Report of Directors

The Directors are pleased to present their annual report and audited consolidated financial statements for the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of fire safety services in Hong Kong. A list of the subsidiaries of the Company and details of their principal activities are set out in note 34 to the consolidated financial statements of this annual report. There were no significant changes to the Group's principal activities during the year.

For discussion and analysis of our principal activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), including a fair review of business, discussion of the principal risks and uncertainties facing by the Group, its key relationship with employees, customers, suppliers and subcontractors, an indication of likely future developments in the Group's business and an analysis of the Group's performance during the year using financial key performance indicators, can be found in sections headed "Management Discussion and Analysis" set out on pages 4 to 11 of this annual report and the discussion of its environmental policies and performance, can be found in section headed "Environmental, Social and Governance Report" set out on pages 26 to 54 of this annual report.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

For the year ended 31 March 2022, the Group's operations are carried out in Hong Kong. Hence, the Group must comply with relevant laws and regulations in Hong Kong and the respective places of incorporation of the Company and its subsidiaries. During the year and up to the date of this annual report, the Board is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 73 of this annual report.

The Board did not recommend the payment of final dividend of the Company for the year ended 31 March 2022 to the Shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years, as extracted from the consolidated financial statements and the Prospectus, is set out on page 126 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of the movements during the year ended 31 March 2022 in the property and equipment of the Group are set out in note 13 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of movements during the year ended 31 March 2022 in the share capital of the Company are set out in note 25 to the consolidated financial statements of this annual report.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 22 September 2017. The purpose of the Share Option Scheme is to enable the Group to grant options to the Eligible Persons (as defined in the Prospectus of the Company) as rewards or incentives for their contribution to the Group.

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

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

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

No share option has been granted, exercised, expired, cancelled or lapsed pursuant to the Share Option Scheme since its adoption by the Company and up to 31 March 2022.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 35 to the consolidated financial statements and the consolidated statement of changes in equity on page 75 of this annual report, respectively.

As at 31 March 2022, the Company's reserve available for distribution to the shareholders, calculated in accordance with the Companies Act of the Cayman Islands amounted to approximately HK$68,134,000.

EQUITY LINKED AGREEMENT

Save and except for the Share Option Scheme as disclosed in the paragraph headed "SHARE OPTION SCHEME" above, no equity-linked agreement that (i) will or may result in the Company issuing shares or (ii) requires the Company enter into any agreement that will or may result in the Company issuing shares, was entered into by the Company during the year ended 31 March 2022 or subsisted at the end of the year.

MAJOR CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

In the year under review, the Group's five largest customers accounted for approximately 22.2% (2021: 37.0%) of the Group's total revenue. The Group's largest customer accounted for approximately 5.0% (2021: 10.0%) of the Group's total revenue.

In the year under review, the Group's five largest suppliers accounted for approximately 9.1% (2021: 13.3%) of the Group's total direct costs. The Group's largest supplier accounted for approximately 3.3% (2021: 5.2%) of the Group's total direct costs.

In the year under review, the Group's five largest sub-contractors accounted for approximately 22.5% (2021: 35.5%) of the Group's total direct costs. The Group's largest sub-contractor accounted for approximately 7.9% (2021: 17.2%) of the Group's total direct costs.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers, five largest suppliers or five largest sub-contractors during the year ended 31 March 2022.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2022 are set out in note 26 to the consolidated financial statements of this annual report. Such related party transactions do not fall under the definition of connected transactions or continuing connected transaction under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year, the Group has not entered into any connected transactions or continuing connected transactions that are not exempted under the Listing Rules.

DIRECTORS

The Directors during the year ended 31 March 2022 and up to the date of this annual report were:

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

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

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

Accordingly, Mr. Fok Hau Fai, Mr. Sung Sing Yan, Mr. Hung Kin Sang, Mr. Lee Yin Sing and Mr. Wan Chun Kwan shall retire at the 2022 AGM and, being eligible, offer themselves for re-election.

An annual confirmation of independence pursuant to the requirements under Rule 3.13 the Listing Rules has been received from each of the INEDs.

BIOGRAPHICAL DETAILS OF DIRECTORS AND CHANGES IN INFORMATION OF DIRECTORS

Brief biographical details of the Directors including the changes in the Directors' information subsequent to the date of the Prospectus issued on 29 September 2017 are included in the biographical details are set out on pages 55 to 57 of this annual report.

DIRECTORS' SERVICES CONTRACTS

Each of the Executive Directors has entered into a service agreement with Company for a term of three years commencing from 22 September 2020 and will continue thereafter unless and until (i) the service agreement is terminated by the Company or by the Director or (ii) the Director has not been re-elected as a Director of the Company or (iii) the Director has been removed by shareholders of the Company at any of its general meeting or (iv) the Director is disqualified from acting as a Director of the Company in accordance with the articles of association of the Company. Each INED was appointed under a letter of appointment for a fixed term of three years commencing from 22 September 2020 unless terminated by the Company or the Director in accordance with the terms as set out in the letter of appointment.

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

DISCLOSURE OF INTERESTS

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

As at 31 March 2022, 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 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 Issues (the "Model Code") as set out in Appendix 10 of the 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 Limited ("Foxfire"), a Company which is wholly owned by Mr. Fok. Under the SFO. Mr. Fok is deemed to be interested in all the shares registered in the name of Foxfire.

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

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

Save as disclosed above, as at 31 March 2022, 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 31 March 2022, 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 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 31 March 2022, the Directors were not aware of any other persons or companies who had any interest or short position in the Shares, underlying Shares or debenture of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme adopted on 22 September 2017, during the year ended 31 March 2022, the Company or any of its subsidiaries was not a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

As at 31 March 2022, none of the Directors or chief executives of the Company held any share options of the company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS, CONTRACTS OF SIGNIFICANCE

Save as disclosed in the Prospectus and elsewhere in this annual report, there was no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2022.

CONTROLLING SHAREHOLDERS' INTERESTS

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

EMOLUMENTS OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

EMOLUMENT POLICY

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

COMPETING INTERESTS

The Directors are not aware of any business or interest of Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any conflicts of interests which any such person has or may have with the Group during the year ended 31 March 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 March 2022 and up to date of this annual report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PERMITTED INDEMNITY PROVISIONS

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements for the year ended 31 March 2022 have been audited by Moore Stephens CPA Limited ("Moore"). Moore shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. The re-appointment of Moore has been recommended by the Audit Committee. A resolution for the re-appointment of Moore as Auditor of the Company will be proposed at the AGM.

The Audit Committee has reviewed the audited results of the Group for the year ended 31 March 2022.

CORPORATE GOVERNANCE

Details of the corporate governance of the Company are set out in the section headed "Corporate Governance Report" on pages 12 to 25 of this annual report.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

No contracts concerning management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 March 2022.

NON-COMPETITION UNDERTAKING

The Controlling Shareholders have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 22 September 2017. The Independent Non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the deed of non-competition have been complied with by the Controlling Shareholders and duly enforced since the Listing Date and up to the date of this annual report.

CHARITABLE DONATIONS

During the year ended 31 March 2022, charitable donations of approximately HK$82,000 were made by the Group (2021: HK$202,000).

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

EVENT AFTER THE REPORTING PERIOD

There are no significant events which have taken place subsequent to the end of the year ended 31 March 2022.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Monday, 22 August 2022 to Friday, 26 August 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders of the Company are reminded to ensure all properly executed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on Friday, 19 August 2022.

On behalf of the Board
Lumina Group Limited
Fok Hau Fai
Chairman and Chief Executive Officer

Hong Kong, 30 June 2022

Independent Auditor's Report

Moore Stephens CPA Limited

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大華馬施雲
會計師事務所有限公司

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

OPINION

We have audited the consolidated financial statements of Lumina Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 73 to 125, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue and costs recognition for the fire safety system installation services contracts	
We identified contract revenue and contract costs as a key audit matter due to significant management judgment involved in estimating contract revenue and contract costs. The Group recognised contract revenue and contract costs using the input method, which was to recognise revenue based on the proportion of actual costs incurred relative to the estimated total costs in fulfilling the relevant performance obligations. As set out in notes 3 and 4 to the consolidated financial statements, the management is required to exercise significant judgment and estimates in their assessment of the completeness and accuracy of the total budgeted costs and the progress towards complete satisfaction of the performance obligation on individual contract. The Group estimated total budgeted costs, which mainly comprised estimated subcontracting charges, cost of materials and cost of direct labour. These costs were based on contracts/quotations from time to time provided by the major subcontractors/suppliers/vendors and the experience of the management of the Group, which involved management's best estimates and judgments. The actual outcome of the contract in terms of its total revenue and costs may be different from the estimates and this would affect the revenue and profit to be recognised.	(a) Evaluating the Group's estimation of revenue and profit recognised from the provision of fire safety system installation services, on a sample basis, by: • obtaining and comparing the contract sum and budgeted costs to respective signed contracts and approved budgets; • obtaining an understanding from management and project managers about how the approved budgets were prepared and the progress towards complete satisfaction of the performance obligation was determined with reference to the status of completion of each contract at the end of the reporting period; • discussing with project managers to evaluate the estimated total contract costs and inspected the budget by matching against contracts and/or latest cost quotations provided by major subcontractors/suppliers/vendors, on a sample basis; • assessing the reasonableness of the total estimated contract costs of significant projects by checking against quotations, agreements or other correspondences provided by subcontractors or suppliers, on a sample basis;

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter

Revenue and costs recognition for the fire safety system installation services contracts (continued)

- evaluating the reasonableness of the estimated profit margins of significant projects, on a sample basis, taking into account of the complexity and duration of the projects and margins of similar completed projects;
- examining the accuracy of costs incurred to date and stage of completion by checking the certificates or invoices issued by the subcontractors or suppliers, on a sample basis; and
- checking the existence and valuation of variations to correspondences with customers;
- testing the calculations of contract revenue based on the proportion of actual costs incurred.

(b) Assessing the reliability of the approved budgets by comparing the actual outcome against management's estimation of completed contracts on a sample basis; and

(c) Assessing the appropriateness of the Group's revenue recognition policy under the requirements of HKFRS 15 by inspecting a sample of representative contracts with customers.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables and contract assets	
We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of trade receivables and contract assets to the Group's consolidated financial position and the involvement of subjective judgment and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables and contract assets at the end of the reporting period. As at 31 March 2022, the Group's net trade receivables and contract assets amounting to HK$8,841,000 and HK$57,085,000 respectively. As disclosed in note 29 to the consolidated financial statements, the Group's lifetime ECL on trade receivables and contract assets amounted to HK$2,568,000 and HK$2,970,000 respectively, as at 31 March 2022.	Our procedures in relation to impairment assessment of trade receivables and contract assets included: • Obtaining an understanding of how management estimates the loss allowance for trade receivables and contract assets; • Testing the integrity of information used by management to develop the ECL assessment, including aging analysis of trade receivables as at 31 March 2022, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices; • Evaluating the competence, capabilities and objectivity of the external valuation specialists appointed by management of the Group; • Challenging management's basis and judgment in determining loss allowance on trade receivables and contract assets as at 31 March 2022, including their identification of credit-impaired trade receivables and contract assets and the basis of estimated loss rates applied (with reference to historical default rates and forward-looking information); and • Evaluating the disclosures regarding the impairment assessment of trade receivables and contract assets in the notes to the consolidated financial statements.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Lai Hung Wai
Practising Certificate Number: P06995

Hong Kong, 30 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	5	**78,260**	57,608
Direct costs		**(55,286)**	(42,485)
Gross profit		**22,974**	15,123
Other income	6	**443**	2,540
Impairment losses under expected credit loss model, net of reversal		**(2,408)**	(1,469)
Change in fair value of financial assets at fair value through profit or loss		**(2,077)**	(795)
Administrative expenses		**(18,023)**	(15,494)
Other expenses		**–**	(663)
Finance costs	8	**(47)**	(76)
Profit (loss) before tax	9	**862**	(834)
Income tax (expense) credit	10	**(258)**	351
Profit (loss) and total comprehensive income (expense) for the year		**604**	(483)
Earnings (loss) per share			
Basic (HK cents)	12	**0.10**	(0.08)

Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property and equipment	13	**763**	1,125
Right-of-use assets	14	**2,164**	1,014
Deferred tax assets	18	**388**	351
Deposits	17	**297**	280
		3,612	2,770
Current assets			
Financial assets at fair value through profit or loss	15	**2,533**	7,774
Trade receivables	16	**8,841**	12,231
Deposits, other receivables and prepayments	17	**428**	768
Contract assets	19	**57,085**	44,626
Tax recoverable		**3,670**	3,965
Pledged bank deposits	20	**4,150**	1,541
Cash and cash equivalents	20	**67,513**	72,082
		144,220	142,987
Current liabilities			
Trade payables	21	**6,306**	5,127
Other payables and accrued charges	22	**1,295**	961
Lease liabilities	23	**1,215**	774
Contract liabilities	24	**61**	1,243
		8,877	8,105
Net current assets		**135,343**	134,882
Total assets less current liabilities		**138,955**	137,652
Non-current liabilities			
Lease liabilities	23	**969**	270
Net assets		**137,986**	137,382
Capital and reserves			
Share capital	25	**6,000**	6,000
Reserves		**131,986**	131,382
Total equity		**137,986**	137,382

The consolidated financial statements on pages 73 to 125 were approved and authorised for issue by the Board of Directors on 30 June 2022 and are signed on its behalf by:

Fok Hau Fai
DIRECTOR

Sung Sing Yan
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Attributable to owners of the Company				
	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 (Note)	**Accumulated profits** HK$'000	**Total** HK$'000
At 1 April 2020	6,000	53,663	921	77,281	137,865
Loss and total comprehensive expense for the year	–	–	–	(483)	(483)
At 31 March 2021	6,000	53,663	921	76,798	137,382
Profit and total comprehensive income for the year	**–**	**–**	**–**	**604**	**604**
At 31 March 2022	**6,000**	**53,663**	**921**	**77,402**	**137,986**

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; and (b) difference between the carrying amount of the net assets of Golden Second upon transfer in ownership interest from Mr. Fok Hau Fai ("Mr. Fok") and Team Vantage Limited, an independent third party to the Company, in consideration of the allotment and issuance of 94 shares of the Company to Foxfire Limited ("Foxfire") (at the direction of Mr. Fok), the immediate holding company, pursuant to a group reorganisation in preparation for the listing of the Company's shares.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before tax	**862**	(834)
Adjustments for:		
Depreciation of plant and equipment	**461**	464
Depreciation of right-of-use assets	**1,195**	1,191
Impairment losses under expected credit loss model, net of reversal	**2,408**	1,469
Change in fair value of financial assets at fair value through profit or loss	**2,078**	795
Bank interest income	**(114)**	(546)
COVID-19-related rent concessions	**(48)**	(160)
Finance costs	**47**	76
Operating cash flows before movements in working capital	**6,889**	2,455
Decrease in trade receivables	**2,822**	2,303
Decrease (increase) in deposits and prepayments	**323**	(362)
(Increase) decrease in contract assets	**(14,297)**	3,362
Purchases of financial assets at fair value through profit or loss	**(9,668)**	(22,007)
Proceeds from disposal of financial assets at fair value through profit or loss	**12,831**	13,438
Increase (decrease) in trade payables	**1,179**	(2,892)
Increase (decrease) in other payables and accrued charges	**332**	(3,553)
(Decrease) increase in contract liabilities	**(1,182)**	1,243
Cash used in operations	**(771)**	(6,013)
Income tax paid	**–**	(4,603)
NET CASH USED IN OPERATING ACTIVITIES	**(771)**	(10,616)
INVESTING ACTIVITIES		
Bank interest received	**114**	546
Purchases of property and equipment	**(99)**	(29)
Withdrawal of pledged bank deposits	**49**	1,905
Placement of pledged bank deposits	**(2,658)**	(462)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(2,594)**	1,960
FINANCING ACTIVITIES		
Repayments of lease liabilities	**(1,157)**	(1,020)
Payment of interest expenses	**(47)**	(76)
CASH USED IN FINANCING ACTIVITIES	**(1,204)**	(1,096)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,569)**	(9,752)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**72,082**	81,834
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**67,513**	72,082

1. GENERAL INFORMATION

Lumina Group Limited (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 annual report.

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

The Company is an investment holding company and its subsidiaries are principally engaged in provision of fire safety services in Hong Kong. The Company and its subsidiaries are hereinafter referred to as the Group (the "Group").

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[2]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[3]

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective business combinations/common control combinations for which the acquisition date/combination date is on or after the beginning of the first annual period on or after 1 January 2022.

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

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 "Financial Instruments"("HKFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Repair and maintenance services

Revenue from the provision of repair and maintenance services is recognised when the repair and maintenance services are rendered, which are generally completed within a short period of time.

Property and equipment

Property and equipment are tangible assets that are held for use in production or supply of goods or services, or for administrative purposes and are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of certain office equipment which have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

COVID-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Impairment losses of property and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Impairment losses of property and equipment and right-of-use assets (continued)

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets of financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual part tern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised costs or fair value through other comprehensive income ("FVTOCI") or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the change in fair value of financial assets at FVTPL line item.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits, other receivables, pledged bank deposits and cash and cash equivalents) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. Trade receivables and contract assets are assessed collectively using a provision matrix with appropriate groupings, except for those trade receivables and contract assets that are credit-impaired or significant to the Group would be assessed their ECL individually.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether the credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk. e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have been occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower;

(b) A breach of contract, such as a default or past due event;

(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. trade receivables, other receivables and deposits are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Derecognition of financial assets and financial liabilities

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

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

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

Investment in a subsidiary

Investment in a subsidiary is stated at cost less any accumulated impairment loss.

Employee benefits

Retirement benefits costs

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Borrowing costs

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Taxation

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Significant accounting policies (continued)

Taxation (continued)

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

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

For the purpose of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attribute to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash on hand and monies placed in securities brokers were unrestricted and withdrawable on demand.

Since the monies placed in securities brokers were re-presented from deposits, other receivables and prepayments to cash and cash equivalents at the end of the reporting period, certain relevant comparative information have been re-presented to conform with current year's presentation. These re-presentations have no effect on the consolidated financial statements for both years of 2022 and 2021 of the Group.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Fire safety system installation services contracts

The Group reviews and revises the estimates of contract revenue and contract costs prepared for fire safety system installation services contract of the Group as the contract progresses. Progress towards complete satisfaction of performance obligation of construction contract is measured according to the input method of individual contract, which is measured based on the proportion of actual costs incurred relative to the estimated total costs in fulfilling the relevant performance obligations. Contract assets or liabilities are determined based on contract costs incurred, progress billings, any foreseeable losses and recognised profit which is also dependent on estimation of contract costs. The recognition of contract revenue and contract assets or liabilities requires significant management judgment and involves estimation uncertainty. Estimated contract costs of individual contract are supported by contract budget which was prepared by the management of the Group on the basis of estimated subcontracting charges, cost of materials and cost of direct labour based on quotations provided by subcontractors, suppliers or vendors as well as the experience of the management. In order to ensure that the total estimated contract costs are accurate and up-to-date such that contract revenue can be estimated reliably, management reviews the contract budget, costs incurred to date and costs to completion regularly.

For the purpose of updating the contract budget, the management may request for updated quotations from the subcontractors, suppliers or vendors. Recognition of variations and claims also requires estimation and judgment by the management. Notwithstanding that the management regularly reviews and revises the estimates of contract costs for the construction contracts as the contracts progress, the actual contract costs and gross profit margin may be higher or lower than the estimations and that will affect the revenue and gross profit recognised.

The contract revenue generated from fire safety system installation services contracts amounted to HK$67,734,000 (2021: HK$42,276,000) was recognised in the profit or loss during the year ended 31 March 2022. The carrying amounts of contract assets from fire safety system installation services, before allowance for credit losses, were HK$56,649,000 (2021: HK$41,905,000) as at 31 March 2022.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment assessment under ECL model on trade receivables and contract assets

The management of the Group estimates the amount of lifetime ECL of the trade receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables and contract assets, except for those trade receivables and contract assets that are credit-impaired or significant to the Group would be assessed their ECL individually.

The contract assets relate to unbilled revenue and retention receivables, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical observed default rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and the unemployment rate in Hong Kong in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as default if the counterparty fails to make contractual payments within 90 days when they past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The assessment of credit risk of trade receivables and contract assets involves high degree of estimation uncertainty and the provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables, contract assets and their ECL provision are disclosed in notes 16, 19 and 29, respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment assessment under ECL model on trade receivables and contract assets (continued)

The carrying amounts of trade receivables and contract assets were HK$8,841,000 (2021: HK$12,231,000), net of ECL of HK$2,568,000 (2021: HK$2,000,000), and HK$57,085,000 (2021: HK$44,626,000), net of ECL of HK$2,970,000 (2021: HK$1,130,000), respectively, as at 31 March 2022.

Estimated impairment of property and equipment and right-of-use assets

Property and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing whether an event has occurred or any indicators that may affect the recoverable amount of the assets. In estimating the value in use, the net present value of future cash flows are estimated based upon the continued use of the asset as key assumptions applied in cash flow projections and use of appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 March 2022, the carrying amounts of property and equipment and right-of-use assets subject to impairment assessment were HK$763,000 and HK$2,164,000 (2021: HK$1,125,000 and HK$1,014,000) respectively, no impairment loss on property and equipment and right-of-use assets for the year ended 31 March 2022 and 31 March 2021.

5. REVENUE AND SEGMENT INFORMATION

Revenue

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 new 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.

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.

5. REVENUE AND SEGMENT INFORMATION (continued)

Revenue (continued)

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.

(i) Disaggregation of revenue from contracts with customers

	2022 HK$'000	2021 HK$'000
Type of services		
– Fire safety system installation	**67,734**	42,276
– Repair and Maintenance	**10,526**	15,332
	78,260	57,608

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers:

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2022 and 2021 and the expected timing of recognising revenue are as follows:

As at 31 March 2022

	Fire safety system installation services HK$'000	**Repair and Maintenance services HK$'000**
Within one year	**60,159**	**1,528**
More than one year but not more than two years	**17,040**	**297**
More than two years but not more than three years	**3,826**	**–**
	81,025	**1,825**

As at 31 March 2021

	Fire safety system installation services HK$'000	Repair and Maintenance services HK$'000
Within one year	60,830	402
More than one year but not more than two years	31,849	363
More than two years but not more than three years	12,339	330
	105,018	1,095

5. 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.

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

Segment results

Year ended 31 March 2022

	Fire safety system installation services HK$'000	**Repair and Maintenance services HK$'000**	**Consolidated HK$'000**
Segment revenue	**67,734**	**10,526**	**78,260**
Segment results	**17,548**	**3,018**	**20,566**
Other income			**443**
Change in fair value of financial assets at FVTPL			**(2,077)**
Administrative expenses			**(18,023)**
Other expenses			**–**
Finance costs			**(47)**
Profit before tax			**862**

Year ended 31 March 2021

	Fire safety system installation services HK$'000	Repair and Maintenance services HK$'000	Consolidated HK$'000
Segment revenue	42,276	15,332	57,608
Segment results	12,477	1,177	13,654
Other income			2,540
Change in fair value of financial assets at FVTPL			(795)
Administrative expenses			(15,494)
Other expenses			(663)
Finance costs			(76)
Loss before tax			(834)

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

Segment results (continued)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of other income, change in fair value of financial assets at FVTPL, administrative expenses, other 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.

Other segment information

Year ended 31 March 2022

	Fire safety system installation services HK$'000	**Repair and Maintenance services HK$'000**	**Segment total HK$'000**	**Unallocated HK$'000**	**Consolidated HK$'000**
Amounts included in the measure of segment profit or segment assets:					
Depreciation of property and equipment	**–**	**–**	**–**	**461**	**461**
Depreciation of right-of-use assets	**–**	**–**	**–**	**1,195**	**1,195**
Impairment loss allowance of trade receivables and contract assets, net of reversal	**2,020**	**388**	**2,408**	**–**	**2,408**

Year ended 31 March 2021

	Fire safety system installation services HK$'000	Repair and Maintenance services HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or segment assets:					
Depreciation of property and equipment	–	–	–	464	464
Depreciation of right-of-use assets	–	–	–	1,191	1,191
Impairment loss allowance of trade receivables and contract assets, net of reversal	1,224	245	1,469	–	1,469

5. REVENUE AND SEGMENT INFORMATION (continued)

Geographical information

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

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2022 **HK$'000**	2021 HK$'000
Customer A	**N/A***	5,781

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

6. OTHER INCOME

	2022 **HK$'000**	2021 HK$'000
Government grants (note)	**35**	1,834
COVID-19-related rent concessions (note 14)	**48**	160
Bank interest income	**114**	546
Insurance claimed	**217**	–
Dividend income	**29**	–
	443	2,540

Note: During the year ended 31 March 2021, the Group recognised government grants of HK$1,834,000 in respect of COVID-19-related subsidies, of which HK$1,744,000 relates to Employment Support Scheme provided by the Hong Kong government. In the opinion of the directors of the Company, the Group has fulfilled all conditions attached to the grants. During the year ended 31 March 2022, the Group did not recognise any COVID-19 related government subsidies.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Mr. Fok and Mr. Sung Sing Yan ("Mr. Sung") were appointed as executive directors of the Company on 3 September 2016. Mr. Hung Kin Sang ("Mr. Hung"), Mr. Lee Yin Sing ("Mr. Lee") and Mr. Wan Chun Kwan ("Mr. Wan") were appointed as the independent non-executive directors of the Company on 22 September 2017. The emoluments paid or payable to the directors and chief executive of the Company are as follows:

	Executive directors		Independent non-executive directors			
	Mr. Fok HK$'000 (note (i))	Mr. Sung HK$'000	Mr. Hung HK$'000	Mr. Lee HK$'000	Mr. Wan HK$'000	Total HK$'000
Year ended 31 March 2022						
Fees	**–**	**–**	**120**	**120**	**120**	**360**
Other emoluments						
Salaries and other benefits	**3,600**	**612**	**–**	**–**	**–**	**4,212**
Discretionary bonus (note (ii))	**4,300**	**51**	**–**	**–**	**–**	**4,351**
Retirement benefit scheme contributions	**18**	**18**	**–**	**–**	**–**	**36**
Total emoluments	**7,918**	**681**	**120**	**120**	**120**	**8,959**
Year ended 31 March 2021						
Fees	–	–	120	120	120	360
Other emoluments						
Salaries and other benefits	2,400	612	–	–	–	3,012
Discretionary bonus (note (ii))	2,700	551	–	–	–	3,251
Retirement benefit scheme contributions	18	18	–	–	–	36
Total emoluments	5,118	1,181	120	120	120	6,659

Notes:

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

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

(iii) The emoluments of executive directors shown above were for their services in connection with the management of the affairs of the Group and the Company. The emoluments of independent non-executive directors shown above were for their services as a director of the Company. Remuneration committee has approved the increment of salaries and discretionary bonus for the year ended 31 March 2022.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

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

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

(b) Employees' emoluments

The five highest paid individuals included Mr. Fok and Mr. Sung whose emoluments are included in the disclosures in note 7(a) above. The emoluments of the remaining three (2021: three) individuals were as follows:

	2022 HK$'000	2021 HK$'000
Salaries and other benefits	**1,803**	1,893
Discretionary bonus (note)	**589**	1,254
Retirement benefit scheme contributions	**50**	54
	2,442	3,201

Note: The bonus was determined on a discretionary basis with reference to the individual's performance.

Their emoluments were within the following bands:

	2022 Number of employees	2021 Number of employees
Nil to HK$1,000,000	**3**	2
HK$1,500,001 to HK$2,000,000	**–**	1
	3	3

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

8. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on lease liabilities	**47**	76

9. PROFIT (LOSS) BEFORE TAX

	2022 HK$'000	2021 HK$'000
Profit (loss) before tax has been arrived at after charging:		
Staff costs		
Directors' remuneration (note 7)	**8,959**	6,659
Other staff costs		
Salaries and other benefits	**10,412**	10,357
Retirement benefit scheme contributions	**390**	414
Total staff costs	**19,761**	17,430
Auditor's remuneration	**620**	500
Depreciation of property and equipment	**461**	464
Depreciation of right-of-use assets	**1,195**	1,191
Professional expenses on the application for the transfer from GEM to the Main Board of the Stock Exchange (presented as other expenses)	**–**	663

10. INCOME TAX EXPENSE (CREDIT)

	2022 HK$'000	2021 HK$'000
Hong Kong Profits Tax:		
Current tax	**295**	–
	295	–
Deferred taxation (note 18)	**(37)**	(351)
	258	(351)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of 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, starting from the year ended 31 March 2019, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits of a subsidiary and at 16.5% on the estimated assessable profits above HK$2 million of that subsidiary.

The income tax expense (credit) for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 HK$'000	2021 HK$'000
Profit (loss) before tax	**862**	(834)
Tax at Hong Kong Profits Tax rate of 16.5% (2021: 16.5%)	**142**	(138)
Tax effect of expenses not deductible for tax purpose	**356**	274
Tax effect of income not taxable for tax purpose	**(33)**	(416)
Tax effect of tax losses not recognised	**–**	(12)
Tax effect of utilisation of tax loss previously not recognised	**(15)**	–
Tax effect of temporary difference not recognised	**(27)**	52
Income tax at concessionary rate	**(165)**	–
Others	**–**	(111)
Income tax expense (credit) for the year	**258**	(351)

11. DIVIDENDS

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

12. EARNINGS (LOSS) PER SHARE

	2022 HK$'000	2021 HK$'000
Earnings (loss) :		
Earnings (loss) for the purpose of calculating basic earnings (loss) per share (profit (loss) for the year attributable to owners of the Company)	**604**	(483)
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**600,000**	600,000

No diluted earnings (loss) per share were presented as there were no potential ordinary shares in issue for both years.

13. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2020	822	1,300	1,248	3,370
Additions	–	29	–	29
At 31 March 2021	822	1,329	1,248	3,399
Additions	**–**	**99**	**–**	**99**
At 31 March 2022	**822**	**1,428**	**1,248**	**3,498**
ACCUMULATED DEPRECIATION				
At 1 April 2020	470	951	389	1,810
Provided for the year	148	127	189	464
At 31 March 2021	618	1,078	578	2,274
Provided for the year	**136**	**137**	**188**	**461**
At 31 March 2022	**754**	**1,215**	**766**	**2,735**
CARRYING AMOUNTS				
At 31 March 2022	**68**	**213**	**482**	**763**
At 31 March 2021	204	251	670	1,125

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

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

14. RIGHT-OF-USE ASSETS

	Office equipment HK$'000	Office premises HK$'000	Total HK$'000
At 31 March 2022			
Carrying amount	**284**	**1,880**	**2,164**
At 31 March 2021			
Carrying amount	349	665	1,014
Depreciation charge for the year ended 31 March 2022	**105**	**1,090**	**1,195**
Depreciation charge for the year ended 31 March 2021	91	1,100	1,191

	Year ended 31 March 2022 HK$'000	Year ended 31 March 2021 HK$'000
Total cash outflow for leases	**1,204**	1,096
Additions to right-of-use assets	**2,345**	173

For both years, the Group leases office premises and certain office equipment for its operations. The lease terms are ranging from one to five years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Details of the lease maturity analysis of lease liabilities are set out in note 29.

Rent concessions

During the year ended 31 March 2022, lessors of office premises provided rent concessions to the Group through rent reductions over 2 months (2021: 10 months).

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant leases of HK$48,000 (2021: HK$160,000) were recognised variable lease payments (see note 6).

15. FINANCIAL ASSETS AT FVTPL

	2022 **HK$'000**	2021 HK$'000
Financial assets mandatorily measured at FVTPL:		
Equity securities listed in Hong Kong held for trading (note)	**2,533**	7,774

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

As at 31 March 2022, no financial assets at FVTPL have been pledged as security (2021: nil).

16. TRADE RECEIVABLES

	2022 **HK$'000**	2021 HK$'000
Trade receivables	**11,409**	14,231
Less: Allowance for credit losses	**(2,568)**	(2,000)
Total trade receivables	**8,841**	12,231

As at 1 April 2020, trade receivables from contracts with customers amounted to HK$15,246,000.

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.

	2022 **HK$'000**	2021 HK$'000
0–30 days	**1,414**	4,450
31–60 days	**783**	1,662
61–90 days	**922**	469
91–180 days	**1,165**	1,020
181–365 days	**703**	1,135
Over 365 days	**3,854**	3,495
	8,841	12,231

As at 31 March 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$9,653,000 (2021: HK$10,060,000) which are past due as at the reporting date. Out of the past due balances, HK$5,635,000 (2021: HK$5,650,000) has been past due 90 days or more and is not considered as in default since the Group is still engaging with those corresponding debtors in active projects or the Group considers good cooperation relationships with these debtors exist and with good repayment record. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables are set out in note 29.

17. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2022 **HK$'000**	2021 HK$'000
Rental deposits	**297**	280
Other deposits	**15**	15
Prepayments	**413**	753
Total	**725**	1,048
Presented as non-current assets	**297**	280
Presented as current assets	**428**	768
Total	**725**	1,048

18. DEFERRED TAX ASSETS

The following are the deferred tax assets recognised and movements thereon during the current and prior years:

	Tax losses HK$'000	**ECL provision** HK$'000	**Total** HK$'000
At 1 April 2020	–	–	–
Charge to profit or loss (note 10)	77	274	351
At 31 March 2021	77	274	351
(Credit)charge to profit or loss (note 10)	**(77)**	**114**	**37**
At 31 March 2022	**–**	**388**	**388**

At 31 March 2022, the Group has unused tax losses of approximately HK$254,000 (2021: HK$809,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$467,000 of such losses as at 31 March 2021. No deferred tax asset has been recognised in respect of the remaining approximately HK$254,000 (2021: HK$342,000) due to the unpredictability of future profit streams. All losses may be carried forward indefinitely.

At 31 March 2022, the Group has deductible temporary differences of approximately HK$2,352,000 (2021: HK$1,663,000). A deferred tax asset has been recognised in respect of approximately HK$2,352,000 (2021: HK$1,663,000) of such deductible temporary differences.

19. CONTRACT ASSETS

	2022 HK$'000	2021 HK$'000
Contract assets from fire safety system installation services		
– Unbilled revenue	**43,216**	30,292
– Retention receivables	**13,433**	11,613
Contract assets from Repair and Maintenance services		
– Unbilled revenue	**3,406**	3,851
Less: Allowance for credit losses	**(2,970)**	(1,130)
	57,085	44,626

Movement in contract assets (net of loss allowance):

	2022 HK$'000	2021 HK$'000
At the beginning of the year	**44,626**	48,745
Revenue recognised during the year	**59,237**	43,235
Progress billing during the year	**(44,938)**	(46,797)
Impairment of contract assets	**(1,840)**	(757)
At the end of the year	**57,085**	44,426

Contract assets arise when the Group has right to consideration for completion of fire safety system installation and Repair and Maintenance services and not yet billed under the relevant contracts because the rights are conditional upon the satisfaction by the customers on the services completed by the Group and the work is pending for the final accounts by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the final accounts of the completed contracts from the customers. Remaining rights and performance obligations in a particular contract are accounted for and presented on a net basis, as either a contract asset or a contract liability. If the progress payment exceeds the revenue recognised to date under the input method, the Group recognises a contract liability for the difference.

Typical payment terms which impact on the amount of contract assets are as follows:

The Group's fire safety system installation services and Repair and Maintenance services contracts 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 as part of its credit risk management policies. The Group typically transfers the contract assets to trade receivables based on billing.

19. CONTRACT ASSETS (continued)

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. There were no past due for the retention monies. The Group's contract assets are expected to be settled within the Group's normal operating cycle and are therefore classified as current assets at the consolidated statement of financial position.

The unbilled retention receivables are to be settled, based on the expiry of the defects liability period, at each reporting period as follows:

	2022 HK$'000	2021 HK$'000
Within one year	**9,066**	5,179
After one year	**4,367**	6,434
	13,433	11,613

Details of the impairment assessment on contract assets are set out in note 29.

20. PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Pledged bank deposits represent deposits pledged to banks to secure the bank facilities (representing performance guarantee as disclosed in note 31) granted to the Group, and carried with prevailing market interest rate ranging from 0.08% to 1.50% (2021: 0.08% to 1.50%) per annum.

Cash and cash equivalents comprise deposits with an original maturity of three months or less and carrying interest at prevailing market rate from 0.01% to 2.20% (2021: 0.01% to 2.20%) per annum.

As at 31 March 2022, cash and cash equivalents include deposits of HK$21,627,000 (2021: HK$18,432,000) that were placed with the securities brokers for trading securities in Hong Kong. The amounts were unrestricted and withdrawable on demand.

21. TRADE PAYABLES

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

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

	2022 HK$'000	2021 HK$'000
0 to 30 days	**4,852**	4,855
31 to 60 days	**706**	248
Over 60 days	**748**	24
	6,306	5,127

22. OTHER PAYABLES AND ACCRUED CHARGES

	2022 HK$'000	2021 HK$'000
Other payables	**210**	182
Accrued charges	**1,085**	779
	1,295	961

23. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Within one year	**1,215**	774
Within a period of more than one year but not more than two years	**879**	92
Within a period of more than two years but not more than five years	**90**	178
	2,184	1,044
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,215)**	(774)
Amount due for settlement after 12 months shown under non-current liabilities	**969**	270

The weighted average incremental borrowing rate applied to lease liabilities is 3.50% (2021: 3.50%) per annum.

24. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Fire safety system installation, presented as current liabilities	**61**	1,243

Movement in contract liabilities	2022 HK$'000	2021 HK$'000
At the beginning of the year	**1,243**	–
Receipt from customers	**–**	1,243
Revenue recognised upon the provision of contract works	**(1,182)**	–
At the end of the year	**61**	1,243

24. CONTRACT LIABILITIES (continued)

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

25. SHARE CAPITAL OF THE COMPANY

Ordinary shares of HK$0.01 each	Number of shares	Amount HK$'000
Authorised:		
At 1 April 2020, 31 March 2021 and 31 March 2022	**10,000,000,000**	**100,000**
Issued and fully paid:		
At 1 April 2020, 31 March 2021 and 31 March 2022	**600,000,000**	**6,000**

26. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	2022 HK$'000	2021 HK$'000
Salaries and other benefits	**6,375**	5,265
Discretionary bonus	**4,940**	4,505
Retirement benefit scheme contributions	**86**	90
	11,401	9,860

27. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted, pursuant to a resolution passed on 22 September 2017 which became effective and unconditional upon the listing of the Company's shares on the GEM of the Stock Exchange on 25 October 2017, for the purpose of providing incentives to any full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive directors and independent non-executive directors, advisors, consultants of the Group for their contribution to the Group. Unless otherwise terminated or amended, the Scheme will remain in force for 10 years.

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

27. SHARE OPTION SCHEME (continued)

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

No share option has been granted, exercised, expired, cancelled or lapsed under Scheme since its adoption by the Company and up to 31 March 2022.

28. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital disclosed in note 25 and reserves as disclosed in consolidated statement of changes in equity.

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

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022 **HK$'000**	2021 HK$'000
Financial assets		
Mandatorily measured at FVTPL		
–Held-for-trading	**2,533**	7,774
Amortised cost	**80,816**	86,149
	83,349	93,923
Financial liabilities		
Amortised cost	**6,516**	5,549
Lease liabilities	**2,184**	1,044

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

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

Market risks

Currency risk

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities.

The Group's cash flow interest rate risk primarily relates to the pledged bank deposits and cash and cash equivalents (as disclosed in note 20) as at 31 March 2022 and 2021.

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

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

Equity price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. For equity securities measured at FVTPL quoted in the Stock Exchange, the management of the Group manages this exposure by maintaining a portfolio of investments with different risks. Decisions to buy and sell equity securities measured at FVTPL are based on daily monitoring of the performance of individual securities compared to that of the index and other industry indicators, as well as the Group's liquidity needs. The management of the Group monitors the equity price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis of equity securities with fair value measurement categorised within Level 1, the sensitivity rate is increased to 10% in current year as a result of the volatile financial market.

If the prices of the respective equity instruments had been 10% higher/lower, the post-tax profit for the year ended 31 March 2022 would increase/decrease by HK$212,000 (2021: post tax loss would decrease/increase by HK$649,000) as a result of the changes in value of financial assets at FVTPL.

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

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

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

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk on trade receivables and contract assets, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group applies simplified approach on trade receivables and contract assets to provide for ECL prescribed by HKFRS 9. The contract assets relate to unbilled revenue and retention receivables, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The management of the Group estimates the amount of lifetime ECL of the trade receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables and contract assets, except for those trade receivables and contract assets that are credit-impaired or significant to the Group would be assessed their ECL individually.

In calculating the expected credit loss rates, the Group considers historical observed default rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and the unemployment rate in Hong Kong in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as default if the counterparty fails to make contractual payments within 90 days when they past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In this regard, the management of the Group considers that the credit risk on trade receivables and contract assets is significantly reduced.

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group has concentration of credit risks with exposure limited to certain customers. For trade receivables, the Group's largest debtor contributed approximately 16% (2021: 24%) of the Group's trade receivables and the Group's five largest debtors contributed approximately 38% (2021: 54%) of the Group's trade receivables. For contract assets, the Group's largest customer contributed approximately 10% (2021: 10%) of the Group's contract assets and the Group's five largest customers contributed approximately 39% (2021: 35%) of the Group's contract assets as at 31 March 2022.

Deposits

For deposits, the management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of deposits based on past experience, and also available reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's deposits at the end of the reporting period.

Pledged bank deposits and cash and cash equivalents

The credit risk on pledged bank deposits and cash and cash equivalents of the Group is limited because the counterparties with good reputation and no history of default in the past and no loss allowance provision for pledged bank deposits and cash and cash equivalents was recognised as at 31 March 2022 and 2021. The Group has concentration of credit risks with exposure limited to certain financial institutions. The Group's largest banker contributed approximately 51% (2021: 62%) of the Group's cash and cash equivalents as at 31 March 2022. The Group has limited exposure to any single financial institution.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost and contract assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amounts 2022 HK$'000	2021 HK$'000
Financial assets at amortised cost						
Trade receivables	16	N/A	Note a	Lifetime ECL (significant balances, not credit-impaired)	**3,081**	7,701
	16	N/A	Note a	Lifetime ECL (provision matrix, not credit-impaired)	**6,309**	5,062
	16	N/A	Note a	Lifetime ECL (credit-impaired)	**2,019**	1,468
					11,409	14,231
Deposits	17	N/A	Note b	12m ECL	**312**	295
Pledged bank deposits	20	A1	N/A	12m ECL	**4,150**	1,541
Cash and cash equivalents						
– Financial institutions	20	A1-Baa2	N/A	12m ECL	**45,886**	53,650
– Brokerage companies	20	Baa3-N/A	N/A	12m ECL	**21,627**	18,432
Other items						
Contract assets	19	N/A	Note a	Lifetime ECL (significant balances, not credit-impaired)	**21,669**	24,619
	19	N/A	Note a	Lifetime ECL (provision matrix, not credit-impaired)	**37,220**	21,137
	19	N/A	Note a	Lifetime ECL (credit-impaired)	**1,166**	–
					60,055	45,756

Notes:

a For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the credit loss allowance at lifetime ECL. Except for trade receivables and contract assets that are credit-impaired or significant to the Group, the Group determines the ECL on these items by using a provision matrix, grouped by shared credit risk characteristics and days past due.

b For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. All of these balances are not past due at 31 March 2022 and 2021.

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on provision matrix as at 31 March 2022 and 2021 within lifetime ECL.

As at 31 March 2022

		Gross carrying amount		ECL	
Internal credit rating	**Average loss rate**	**Trade receivables HK$'000**	**Contract assets HK$'000**	**Trade receivables HK$'000**	**Contract assets HK$'000**
Low risk	**2.3%**	**1,782**	**32,860**	**10**	**785**
Watch list	**8.0%**	**2,932**	**3,257**	**225**	**275**
Doubtful	**14.1%**	**1,595**	**1,103**	**225**	**155**
		6,309	**37,220**	**460**	**1,215**

As at 31 March 2021

		Gross carrying amount		ECL	
Internal credit rating	Average loss rate	Trade receivables HK$'000	Contract assets HK$'000	Trade receivables HK$'000	Contract assets HK$'000
Low risk	1.3%	1,808	14,751	23	181
Watch list	3.6%	2,031	4,556	69	170
Doubtful	26.6%	1,223	1,830	325	487
		5,062	21,137	417	838

Note:

	Description
Low risk	Listed company or government authority with undue invoices.
Watch list	Debtors with invoices overdue for 90 days or more but frequently repay after due dates and usually settle in full.
Doubtful	Debtors with invoices overdue 90 days with slow repayment pattern.

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Due to greater financial uncertainty triggered by the COVID-19 pandemic, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged pandemic could lead to increased credit default rates.

Movement of impairment allowance

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL (not credit-impaired) Trade receivables HK$'000	Lifetime ECL (credit-impaired) Trade receivables HK$'000	Total HK$'000
As at 1 April 2020	301	987	1,288
Changes due to financial instruments recognised as at 1 April 2020:			
– Transfer to credit-impaired	(32)	32	–
– Impairment losses recognised	264	621	885
– Impairment losses reversed	(67)	(173)	(240)
New financial assets originated	67	–	67
As at 31 March 2021	**533**	**1,467**	**2,000**
Changes due to financial instruments recognised as at 1 April 2021:			
– Transfer to credit-impaired	**(89)**	**89**	**–**
– Impairment losses recognised	**217**	**1,114**	**1,331**
– Impairment losses reversed	**(276)**	**(651)**	**(927)**
New financial assets originated	**164**	**–**	**164**
As at 31 March 2022	**549**	**2,019**	**2,568**

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Movement of impairment allowance (continued)

	Lifetime ECL (not credit-impaired) Contract assets HK$'000	Lifetime ECL (credit-impaired) Contract assets HK$'000	Total HK$'000
As at 1 April 2020	373	–	373
Changes due to financial instruments recognised as at 1 April 2020:			
– Impairment losses recognised	717	–	717
– Impairment losses reversed	(32)	–	(32)
New financial assets originated	72	–	72
As at 31 March 2021	**1,130**	**–**	**1,130**
Changes due to financial instruments recognised as at 1 April 2021:			
– Transfer to credit impaired	**(63)**	**63**	**–**
– Impairment losses recognised	**1,032**	**1,103**	**2,135**
– Impairment losses reversed	**(553)**	**–**	**(553)**
New financial assets originated	**258**	**–**	**258**
As at 31 March 2022	**1,804**	**1,166**	**2,970**

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Liquidity risk

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

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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

	Weighted average effective interest rate	On demand or within 1 year	More than 1 year but within 2 years	More than 2 years but within 5 years	Total undiscounted cash flows	Total carrying amounts
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2022						
Trade payables	**N/A**	**6,306**	**–**	**–**	**–**	**6,306**
Other payables and accrued charges	**N/A**	**210**	**–**	**–**	**–**	**210**
Lease liabilities	**3.50**	**1,297**	**902**	**92**	**2,291**	**2,184**
		7,813	**902**	**92**	**2,291**	**8,700**
At 31 March 2021						
Trade payables	N/A	5,127	–	–	5,127	5,127
Other payables and accrued charges	N/A	422	–	–	422	422
Lease liabilities	3.50	809	286	–	1,095	1,044
		6,358	286	–	6,644	6,593

Fair value measurements of financial instruments

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

30. RETIREMENT BENEFIT PLAN

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

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

The contributions paid and payable to the scheme by the Group to directors of the Company and staff employees are disclosed in notes 7 and 9, respectively.

31. PERFORMANCE GUARANTEES

As at 31 March 2022, performance guarantees of approximately HK$4,150,000 (2021: HK$1,541,000) were given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to their customers to whom performance guarantees have been given, such customers may demand the bank to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such bank accordingly. The performance guarantees will be released upon completion of the contract works. The performance guarantees were secured by the pledged bank deposits as disclosed in note 20.

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

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities HK$'000
At 1 April 2020	2,051
Financing cash flows (note)	(1,096)
New lease entered	173
Interest expense	76
COVID-19-related rent concessions (note 14)	(160)
At 31 March 2021	**1,044**
Financing cash flows (note)	**(1,204)**
New lease entered	**2,345**
Interest expense	**47**
COVID-19-related rent concessions (note 14)	**(48)**
At 31 March 2022	**2,184**

Note: The financing cash flows include the payment of lease liabilities and related interest paid.

33. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2022, the Group entered into new lease agreements for the use of certain office premises and office equipment for 2-5 years. On the lease commencement date, the Group recognised HK$2,345,000 (2021: HK$173,000) of right-of-use assets and HK$2,345,000 (2021: HK$173,000) of lease liabilities.

34. PARTICULARS OF SUBSIDIARIES

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

Name of subsidiary	Place of incorporation	Place of operation	Issued and full paid share capital	Proportion ownership interest and voting power held by the Company as at 31 March 2022	2021	Principal activities
KY Contracting	Hong Kong	Hong Kong	HK$610,000	**100%**	100%	Provision of fire safety services
KY Engineering	Hong Kong	Hong Kong	HK$10,000	**100%**	100%	Provision of fire safety services
Golden Second	BVI	Hong Kong	USD1,000	**100%**	100%	Investment holding and trading of equity securities listed in Hong Kong

Golden Second is directly held by the Company. All other subsidiaries are indirectly held by the Company. All subsidiaries are limited liability companies and have adopted 31 March as their financial year end date.

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

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 HK$'000	2021 HK$'000
Non-current asset		
Investment in a subsidiary	**49,277**	49,277
Current assets		
Prepayments	**187**	574
Amounts due from subsidiaries	**24,567**	23,819
Bank balances	**993**	993
	25,747	25,386
Current liabilities		
Other payables and accrued charges	**890**	720
Net current assets	**24,857**	24,666
Total assets less current liabilities	**74,134**	73,943
Capital and reserves		
Share capital	**6,000**	6,000
Reserves	**68,134**	67,943
	74,134	73,943

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Share premium HK$'000	Other reserve HK$'000 (Note)	Accumulated (losses) profit HK$'000	Total HK$'000
At 1 April 2020	53,663	12,977	(18,945)	47,695
Profit and total comprehensive income for the year	–	–	20,248	20,248
At 31 March 2021	53,663	12,977	1,303	67,943
Profit and total comprehensive income for the year	**–**	**–**	**191**	**191**
At 31 March 2022	**53,663**	**12,977**	**1,494**	**68,134**

Note: The amount of other reserve represents the difference between the investment cost in Golden Second and the nominal value of shares of the Company issued for the acquisition of the entire issued share capital of Golden Second during group reorganisation.

Financial Summary

RESULTS

Consolidated results	For the year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000 (Note ii)	HK$'000 (Note i)	HK$'000
Revenue	**78,260**	57,608	110,068	120,788	102,076
Gross profit	**22,974**	15,123	37,264	38,960	32,459
Profit (loss) before tax	**862**	(834)	21,074	28,414	15,263
Profit (loss) for the year	**604**	(483)	17,162	24,091	11,356

ASSETS AND LIABILITIES

Consolidated assets and liabilities	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000 (Note ii)	HK$'000 (Note i)	HK$'000
Total assets	**147,832**	145,757	153,087	131,768	107,132
Total liabilities	**9,846**	8,375	15,222	11,065	10,520
Net assets	**137,986**	137,382	137,865	120,703	96,612

Notes:

(i) Since 1 April 2018, the Group has applied HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 9 "Financial Instruments", issued by the Hong Kong Institute of Certified Public Accountants, without restating comparative information (see note 2 to the consolidated financial statements of 2019 annual report for details). Accordingly, certain comparative financial information for the years ended 31 March 2016, 2017 and 2018 may not be comparable to that for the year ended 31 March 2019. Accounting policies resulting from application of HKFRS 15 and HKFRS 9 are disclosed in note 3 to the consolidated financial statements of 2019 annual report.

(ii) Since 1 April 2019, the Group has applied HKFRS 16 "Leases" and other amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, without restating comparative information (see note 2 to the consolidated financial statements of this annual report for details). The comparative information for the years ended 31 March 2016, 2017, 2018 and 2019 have not been restated on initial application of HKFRS 16. Accounting policies resulting from application of HKFRS 16 are disclosed in note 3 to the consolidated financial statements of this annual report.