LUMINA GROUP LIMITED
瑩嵐集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1162)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

The board of directors (the "**Directors**") of Lumina Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") announces the audited annual results of the Group for the year ended 31 March 2021. This announcement, containing the full text of the 2021 annual report of the Company (the "**2021 Annual Report**"), complies with the relevant requirements of the Rules Governing the Listing of Securities of the Stock Exchange (the "**Listing Rules**") in relation to preliminary announcement of annual results. Printed version of the 2021 Annual Report containing the information required by the Listing Rules will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 25 June 2021

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

2021 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

COMPLIANCE OFFICER

Mr. Fok Hau Fai

AUTHORISED REPRESENTATIVES

Mr. Fok Hau Fai
Mr. Wong Chi Wai

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK AND TECHNICAL COMMITTEE

Mr. Wan Chun Kwan *(Chairman)*
Mr. Sung Sing Yan
One member of the senior management

AUDITOR

Moore Stephens CPA Limited
Registered Public Interest Entity Auditors
(Appointed on 1 April 2021)
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
(Resigned on 1 April 2021)

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 2021.

REVIEW

The financial year ended 31 March 2021 was an exceptional and challenging year. The Group continuously experienced (i) a decrease in quotation requests from customers following the outbreak of the coronavirus "COVID-19" (the "COVID-19"); and (ii) a delay in the commencement and work progress of some projects.

The total revenue of the Group decreased by approximately HK$52.5 million or 47.7% from approximately HK$110.1 million for the year ended 31 March 2020 to approximately HK$57.6 million for the year ended 31 March 2021. The Group's loss for the year was approximately HK$0.5 million, which has decreased by approximately HK$17.7 million or 102.9% from a profit of approximately HK$17.2 million for the year ended 31 March 2020 to a loss of approximately HK$0.5 million for the year ended 31 March 2021. The deterioration in performance for the year was primarily due to the net effect of (i) the decrease in revenue and gross profit; (ii) the increase in administrative expenses; and (iii) the decrease in other expenses, which include the professional service fees incurred in the transfer of listing of the Company's shares from the GEM to the Main Board of the Stock Exchange on 20 April 2020 (the "**Transfer of Listing**").

The impact of the outbreak of the COVID-19 to our business is out of the expectation. There are more companies, which 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. The renovations of both the public and the private sectors have dropped seriously and competition is particularly keen attached with a very thin margin. The whole property investment and construction business in Hong Kong have been slowed down. Moreover, the postponement and the delay of the construction projects are also out of the expectation. Some projects are behind the planned schedules, and the main construction sites have not been ready to our main construction works yet. It also affected our revenue generated 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. 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. 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. Our total unrecognized revenue on hands is up to HK$100 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 2021. I would also like to express our sincere appreciation to the 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, 25 June 2021

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

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

The Group experienced a significant decrease in revenue and gross profit margin for the year ended 31 March 2021 compared with that for the year ended 31 March 2020. Such decrease is mainly due to (i) delay of receipt of customers' quotation requests for fire safety installation services for existing buildings as a result of the prevailing market sentiment caused by the outbreak of the COVID-19; (ii) some large projects reaching completion stage and the newly awarded large projects have not yet commenced; and (iii) 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 and a decrease in the amount of revenue recognised during the year.

As the COVID-19 pandemic has significantly 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 in. 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, it is unexpected that some projects are behind the planned schedules, and the main construction sites have not been ready to our main construction works yet. 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 2021. 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 decreased from approximately HK$110.1 million for the year ended 31 March 2020 to approximately HK$57.6 million for the year ended 31 March 2021, representing a decrease of approximately 47.7%. Such decrease was mainly attributable to the decrease in the number of new contracts for fire safety system installation during the year.

	2021 **HK$'000**	2020 HK$'000
Type of services		
– Fire safety system installation	**42,276**	104,560
– Fire safety system repair and maintenance	**15,332**	5,508
	57,608	110,068

Direct Costs

Direct costs decreased from approximately HK$72.8 million for the year ended 31 March 2020 to approximately HK$42.5 million for the year ended 31 March 2021, representing a decrease of approximately 41.6%. Such decrease is in line with the decrease in revenue during the year.

Gross Profit

Gross profit decreased from approximately HK$37.3 million for the year ended 31 March 2020 to approximately HK$15.1 million for the year ended 31 March 2021, representing a decrease of approximately 59.5%. The overall gross profit margin decreased from approximately 33.9% for the year ended 31 March 2020 to approximately 26.3% for the year ended 31 March 2021. Such decrease is mainly attributable to the decrease in the gross profit margin of new projects as a result of market competition and economic uncertainty.

Other Income

Other income increased from approximately HK$0.9 million for the year ended 31 March 2020 to approximately HK$2.5 million for the year ended 31 March 2021, representing an increase of approximately 177.8%. Such increase is mainly due to the receipt of approximately HK$1.8 million 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$1.5 million for the year ended 31 March 2021 (2020: HK$251,000). The Group identified trade receivables and contract assets that were credit impaired or significant to the Group and assessed their expected credit loss (the "ECL") individually. We estimated the amount of lifetime ECL of the remaining trade receivables and contract assets based on provision matrix through grouping of various debtors that had similar loss pattern, 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.

Administrative Expenses

Administrative expenses increased from approximately HK$11.5 million for the year ended 31 March 2020 to approximately HK$15.5 million for the year ended 31 March 2021, representing an increase of approximately 34.8%. Such increase is mainly attributable to the increase in administrative staff costs, including Directors' emoluments.

Other Expenses

Other expenses of approximately HK$0.7 million for the year ended 31 March 2021 (2020: HK$5.2 million) were the professional service fees incurred in respect of the application for the Transfer of Listing.

Finance Cost

Upon adoption of HKFRS 16 on 1 April 2019, the lease liability is initially measured at the present value of the lease payment that is not paid 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$76,000 was recognised for the year ended 31 March 2021 (2020: HK$49,000).

Income Tax Credit/Expense

Income tax expense decreased from approximately HK$3.9 million for the year ended 31 March 2020 to approximately HK$0.4 million of income tax credit for the year ended 31 March 2021, representing a decrease of approximately 110.3%. Such decrease is mainly attributable to the decrease in taxable profit.

Loss/Profit and Total Comprehensive Loss/Income for the Year

Loss and total comprehensive loss for the year was approximately HK$0.5 million, which has decreased from a profit of approximately HK$17.2 million for the year ended 31 March 2020 to a loss of approximately HK$0.5 million for the year ended 31 March 2021, representing a decrease of approximately 102.9%. Such decrease is mainly attributable to the net effect of (i) the decrease in revenue and gross profit; (ii) the increase in administrative expenses; and (iii) the decrease in other expenses for the year ended 31 March 2021.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the year ended 31 March 2021. As at 31 March 2021, the Group had bank balances and cash of approximately HK$53.7 million (31 March 2020: HK$81.8 million) and pledged bank balances of approximately HK$1.5 million (31 March 2020: HK$3.0 million).

The current ratio as at 31 March 2021 was approximately 17.6 times (31 March 2020: 10.4 times).

GEARING RATIO

As at 31 March 2021, the Group has no interest-bearing bank and other borrowings (31 March 2020: 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 2021. 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 2021, the Group pledged to a bank its bank deposits of approximately HK$1.5 million (31 March 2020: HK$3.0 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 2021, 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 was successfully transferred from the GEM to the Main Board of the Stock Exchange on 20 April 2020. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares. As at 31 March 2021, 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 2021, the Group did not have any capital commitment (31 March 2020: 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 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were neither significant investments held as at 31 March 2021 nor acquisitions and disposals of subsidiaries during the year ended 31 March 2021.

EVENT AFTER THE REPORTING PERIOD

There are no significant events which have taken place subsequent to the end of the year ended 31 March 2021.

CONTINGENT LIABILITIES

As at 31 March 2021, performance guarantees of approximately HK$1.5 million (31 March 2020: HK$3.0 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 2021, the Group employed a total of 40 employees (31 March 2020: 45 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$17.4 million for the year ended 31 March 2021 (2020: HK$12.9 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 is offered to the employees (with reference to market norms and individual employee's performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual's contribution.

The Group has complied with the applicable labour laws and regulations. The Directors confirmed that the Group has neither experienced any significant problems with our employees or disruption to its operations due to labour disputes nor has experienced any difficulties in retaining experienced staff or skilled personnel for the year ended 31 March 2021. 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 total contract sum of that project reduced.

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 2021, 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 2021.

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 2021, 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 2021, 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 2021. The Group did not have any significant disputes with any of its top five suppliers and sub-contractors during the year ended 31 March 2021.

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 2021 is set out below:

Business objective as stated in the Prospectus	Actual business progress up to 31 March 2021
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$1.6 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 2021 is set out below:

	Original planned use of net proceeds	Revised use of net proceeds	Actual usage of net proceeds up to 31 March 2021	Unutilised amount of net proceeds up to 31 March 2021
	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	29.1	1.2
To provide high quality repair and maintenance services	8.4	5.4	5.4	–
To enhance our information management system	1.5	1.5	1.2	0.3
To use for working capital	4.0	4.0	4.0	–
	44.0	44.0	42.5	1.5

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 2021, approximately HK$42.5 million out of the net proceeds from the Listing had been used. The unutilised net proceeds of approximately HK$1.5 million has been deposited in licensed banks as at 31 March 2021.

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 2021, the Company has complied with all applicable code provisions set out in the CG Code except for the deviation from provision A.2.1 of the CG Code.

Pursuant to Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Fok Hau Fai ("Mr. Fok") is currently the Chairman of the Board and the Chief Executive Officer of the Company, responsible for formulating the overall business strategies and overseeing the business and operation of the Group. Considering 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 2021.

BOARD OF DIRECTORS

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

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

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

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

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

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

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

COMPOSITION OF THE BOARD

As at 31 March 2021, 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.

Corporate Governance Report

Biographical details of the Directors are set out in "Biographical Details of Directors and Senior Management" on pages 48 to 50 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 2022, 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 40 to 50	Age Group 50-60
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.

Corporate Governance Report

During the year ended 31 March 2021, 4 Board meetings have been held. The annual general meeting of the Company has been held on 28 August 2020 (the "2020 AGM"). The attendance records of the Directors in attending board meetings and the 2020 AGM is set out below.

Name of Directors	Number of attendance/ number of meetings	Number of attendance/ number of the 2020 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 A.6.5 of the CG Code regarding the professional development. During the year ended 31 March 2021, 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 four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk and Technical Committee by resolutions of Directors passed on 22 September 2017, for overseeing particular aspects of the Group's affairs. All Board committees were established with written terms of reference in compliance with the relevant code provisions of the CG Code, which are available at the 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 C.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, Deloitte Touche Tohmatsu.

For the year ended 31 March 2021, 4 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 2021.

At the Audit Committee Meetings held during the year ended 31 March 2021, all the members of the Audit Committee have reviewed the unaudited quarterly, 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 Deloitte Touche Tohmatsu 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 B.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 Yin, and two INEDs, being Mr. Hung Kin Sang and Mr. Wan Chun Kwan. Mr. Hung Kin Sang is the chairman of the Remuneration Committee.

The Remuneration Committee should meet at least once a year. For the year ended 31 March 2021, 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 A.5 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 2021, 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 Law 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 once a year. For the year ended 31 March 2021, 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

COMPANY SECRETARY

Mr. Wong Chi Wai was appointed as Company Secretary of the Company on 3 September 2016. Mr. Wong has been informed of the requirement of the Rule 3.29 of the Listing Rules, and he has confirmed that he had attained no less than 15 hours of relevant professional training during the year ended 31 March 2021. Please refer to the section "Biographical Details of Directors and Senior Management" for his biographical information.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognizes its responsibility in evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and in ensuring that the Group establishes and maintains appropriate review on the overall adequacy and effectiveness of the Group's risk management and internal control systems, which cover financial, operational and compliance controls, to safeguard Shareholders' investment and the Group's assets. The Board oversees the overall risk management of the Group and endeavours to identify, and control impact of the identified risks and facilitate implementation of coordinated remedial measures. The principal risks and the relevant measures have been disclosed in the section headed "Principal Risks and Uncertainties" on page 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 2021. 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 2021 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 Law 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 2021, 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 59 to 64 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$500,000 for the year ended 31 March 2021.

SHAREHOLDERS' RIGHTS

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

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

Procedures for shareholders to send enquiries to the Board

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

Procedures for shareholders to put forward proposals at shareholders' meetings

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

CONSTITUTIONAL DOCUMENTS

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

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 quarterly reports, 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

INTRODUCTION AND APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE

This Environmental, Social and Governance Report (the "ESG Report") summarises the initiatives, programmes and performance of Lumina Group Limited and its subsidiaries (the "Group" or "we") as well as demonstrates its commitment to sustainability. The Group has been transferred from the GEM to the Main Board on the Stock Exchange on 20 April 2020.

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

The Group believes that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in the society. In order 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 ("ESG") aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

THE ESG GOVERNANCE STRUCTURE

The Group has established a ESG Taskforce (the "Taskforce"). This Taskforce comprises core members from different departments and is responsible for collecting relevant information from our ESG aspects for preparing the ESG Reports. This Taskforce reports to the board of directors (the "Board"), assists in identifying and evaluating the Group's ESG risks and the effectiveness of the internal control mechanisms. This Taskforce also examines and evaluates our performances in different ESG aspects such as environment, health and safety, labour standards and product responsibilities. 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.

REPORTING SCOPE

Unless stated otherwise, this ESG Report mainly covers the Group's major operating revenue 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.

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.

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 12 to 24 of this annual report.

REPORTING PERIOD

This ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 March 2021 (the "Reporting Period" or "2021").

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 include but not limited to the Board, investors and shareholders, customers, employees, suppliers, 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 meetings and extraordinary/ general meetings • Emails	• Corporate governance • Regulatory compliance • Financial performance • Strategic development
Investors and Shareholders	• Financial reports • Announcements and circulars • Annual general meeting 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 opinion (e.g. opinion form and suggestion box) • Regular meeting and management communication (e.g. email and telephone) • Site visits	• Employees' compensation and benefits • Health and safe 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 • 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

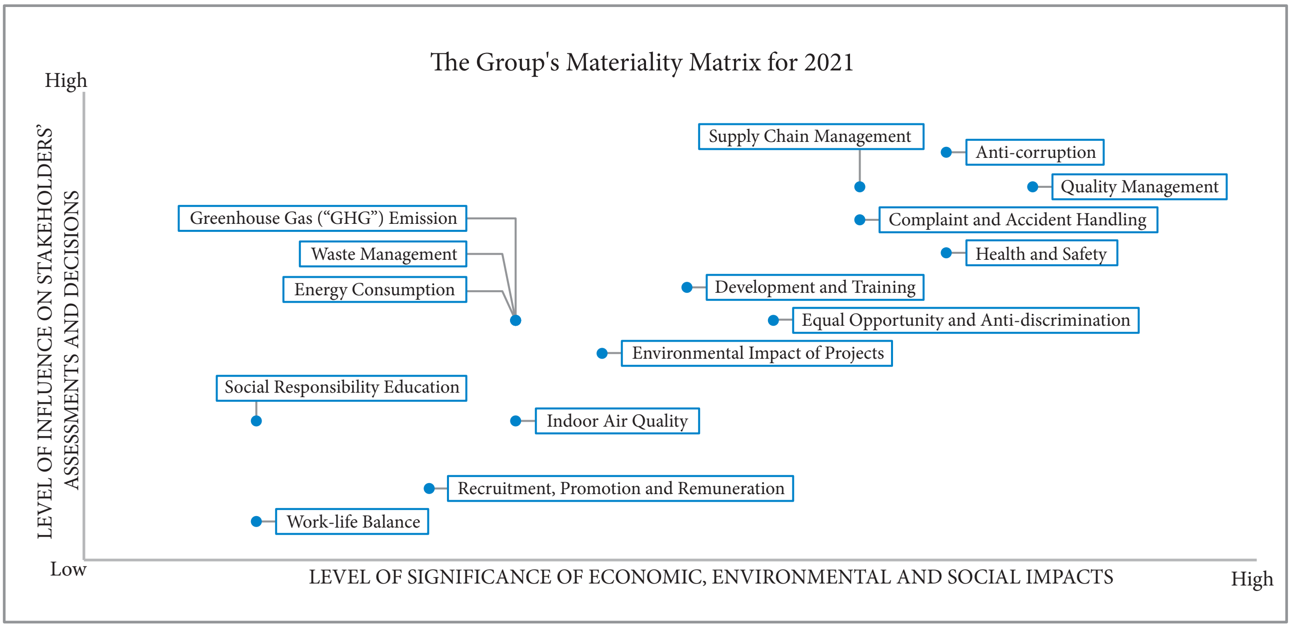
The Group aims to collaborate with its stakeholders to improve its ESG performance and to create greater value for the wider community on a continuous basis.

MATERIALITY ASSESSMENT

The management and staff of the Group's major operations have 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. We believe that each year's business performance, the overall situation of the industry and other factors will affect the experience of different stakeholders, and thus may affect their expectations and demands on different issues. The Group is committed to engaging with the stakeholders on an on-going basis.

Based on the material ESG issues identified, a data collection questionnaire will be prepared to collect information from the relevant departments and business units of the Group. In 2021, the Group's materiality matrix is as follows:

Materiality Matrix of Lumina Group Limited



During the Reporting Period, the Group has established the appropriate and effective risk management policies and internal control systems for ESG issues and have complied with the ESG Reporting Guide in preparing this ESG Report.

CONTACT US

We welcome our stakeholders to provide their opinions and suggestions. You can provide valuable advices in respect of this ESG Report or our performances in sustainable development via telephone 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. To minimise the adverse impact caused by our operations, the Group has formulated relevant policies relating to environmental management and has established an environmental management system in accordance with ISO14001, which has been integrated into our daily operations. The Group is committed to complying with the requirements stipulated in the relevant local environmental laws and regulations. We strive to constantly improve our environmental management system, in order to minimise the negative impacts on the environment.

The Group has a designated department to coordinate and implement environmental protection measures and objectives, and to 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 key to environmental management and we have performed various mitigation measurement to ensure that all business activities strictly complied with local laws and regulations.

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 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.

Exhaust Gas Emissions

While the Group's operations did emit a fair amount of exhaust gas, the exact figure of the different types of air pollution caused by vehicle emissions is not available due to limitations in the existing data collection system. Such information will be disclosed when the data collection system matures.

GHG Emissions

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

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

GHG Emissions (continued)

The Group's GHG emissions performance was as follows:

Indicators[1]	Unit	2021	2020
Direct GHG emissions (Scope 1) – Petrol and diesel consumption	tCO_2e	**17.48**	17.88
Energy indirect GHG emissions (Scope 2) – Electricity consumption	tCO_2e	**27.79**	35.70
Other indirect GHG emissions (Scope 3) – Paper waste disposal	tCO_2e	**9.22**	8.75
Total GHG emissions	tCO_2e	**54.49**	62.33
GHG emissions intensity[2]	tCO_2e/employee	**1.36**	1.39

Remarks:

1. GHG emissions data is presented in carbon dioxide equivalent and was in reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "2020 Sustainability Report" published by the CLP Power Hong Kong and the "Global Warming Potential Values" from the IPCC Fifth Assessment Report (AR5), 2014.

2. As at 31 March 2021, the Group had a total of 40 full-time employees (31 March 2020: 45 full-time employees). The data is also used for calculating other intensity data.

We have adopted the following measures to mitigate the 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 inspection every year to ensure that relevant emission standards are met.

By taking the above measures, the total GHG emissions have been reduced by about 13% from approximately 62.33 tCO_2e in 2020 to approximately 54.49 tCO_2e in 2021. It demonstrates that the employees are more aware of the environmental impacts of GHG emissions. Consumption of electricity is accounted as the major source for energy indirect GHG emissions (Scope 2). The Group has implemented measures as described under "Energy Consumption" in aspect A2 in order to reduce energy consumption, and thereby minimising carbon footprint.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

Sewage Discharge

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

Waste Management

Non-hazardous waste handling method

The Group adheres to waste management principles and strives to properly manage and dispose wastes produced by our business activities. Our waste management practice has complied with the relevant laws and regulations relating to environmental protection. The non-hazardous wastes generated by the Group's operations mainly consist of paper.

The Group's non-hazardous wastes disposal performance was as follows:

Indicators	**Unit**	**2021**	2020
Paper disposal	tonnes	**1.92**	1.82
Paper disposal intensity	tonnes/employee	**0.048**	0.040

During our business operation, we consume paper for drawing, printing out the monitoring reports with photos and for tendering purpose. The paper disposal has increased by about 5% from approximately 1.82 tonnes in 2020 to approximately 1.92 tonnes in 2021. Paper consumption by the Group depends greatly on the number and scale of tenders, therefore the fluctuation of paper consumption can be out of the Group's control to a certain extent. Nevertheless, we continue to monitor the consumption volume of paper and encourage staff to think twice before printing. The Group's office has also been provided with suitable facilities to enable our staff to sort and recycle the wastes to achieve the objectives in mitigating wastes, reusing and recycling in its operations. The Group maintains high standard in waste reduction, educates our employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

Our office has adopted and implemented the following measures to encourage 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 to encourage the paperless working environment;
- Place "Green Message" reminders on office equipment;

Through these measures, the employees' awareness on waste reduction has enhanced.

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

Waste Management (continued)

- Utilise used envelopes and double-side printing. Paper for single-side printing would be only adopted when handling official documents and confidential documents when necessary; and

- Recommend the use of recycled paper.

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

- Maximise every stationary lifespan (such as plastic binding ring and paper clip) by searching opportunities to reuse and refurbish them internally whenever feasible;

- Purchase reusable stationary whenever possible, such as refillable rollerball pens and correction type paper; and

- Avoid single-use disposable items.

Hazardous waste handling method
As the Group is only providing installation, repair and maintenance of fire services system, it does not directly produce hazardous wastes (such as medical wastes) during its operation. The Group has established guidelines in governing the management and disposal of hazardous wastes. In case any hazardous wastes are produced, the Group is entitled to use Government waste disposal facilities which complied with the relevant environmental regulations and rules.

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, in reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of resources.

Energy Consumption
Due to the business nature of the Group, the volume of energy consumption and water consumption are considered as relatively low, in particular water consumption is very minimal. As mentioned A1, 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.

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

Energy Consumption (continued)

The Group's electricity and other energy consumption performance is as follows:

Energy type	Unit	2021	2020
Direct energy consumption			
Petrol[1]	kWh	**21,178**	30,411
Diesel[2]	kWh	**45,427**	37,119
Indirect energy consumption			
Purchased electricity	kWh	**75,112**	71,397
Total energy consumption	kWh	**141,717**	138,927
Energy consumption intensity	kWh/employee	**3,542.93**	3,087.27

The total energy consumption has increased by about 2% from approximately 138,927 kWh in 2020 to approximately 141,717 kWh in 2021.

On top of the diesel and petrol saving measures disclosed in A1, the Group has also conducted the following measures to improve the energy efficiency performance:

- Encourage the employees to turn off idle equipment, computers and lightings, when not in use or after working hours;
- Monitor the energy usage on a monthly basis, and investigate significant variance;
- Utilise natural light where possible;
- Adopt power-saving features for office equipment and computers;

Through these measures, the employees' awareness of energy conservation has enhanced.

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

Energy Consumption (continued)

- Support the Energy Saving Charter in 2018 imposed by the Environment Bureau and the Electrical and Mechanical Services Department of The Government of the 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 cost by reducing electricity consumption in the workplace in the long run.

Water Consumption and Use of Packaging Materials

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

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

In addition, the Group does not have industrial production or any factory facilities. Therefore, we do not consume significant amount of package materials for product packaging.

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 to the environment 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 carries out continuous monitoring if the business operations incur any potential adverse impact to the environment, and minimises 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.

A. ENVIRONMENTAL (continued)

A3. The Environment and Natural Resources (continued)

Environmental Impact of Projects

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

Indoor Air Quality

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

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 Staff 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 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 would 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 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.

B. SOCIAL (continued)

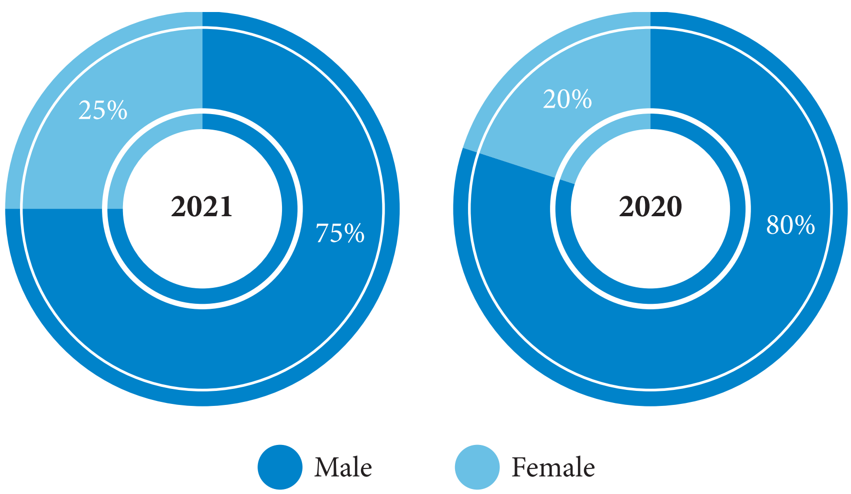
B1. Employment (continued)

Equal Opportunity and Anti-discrimination

The Group is dedicated to providing equal opportunities in all aspects of employment and maintaining workplace that are 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, expectation for employees' conducts and behaviours, 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 on sexual harassment or abuse in the workplace in any form.

As the Group strives to implement workplace equality, the proportion of female staff of the Group increased from 20% in 2020 to 25% in 2021. As at 31 March 2021, the Group had a total of 40 employees. Breakdown by gender, employee category are as follows:

Employee breakdown by gender

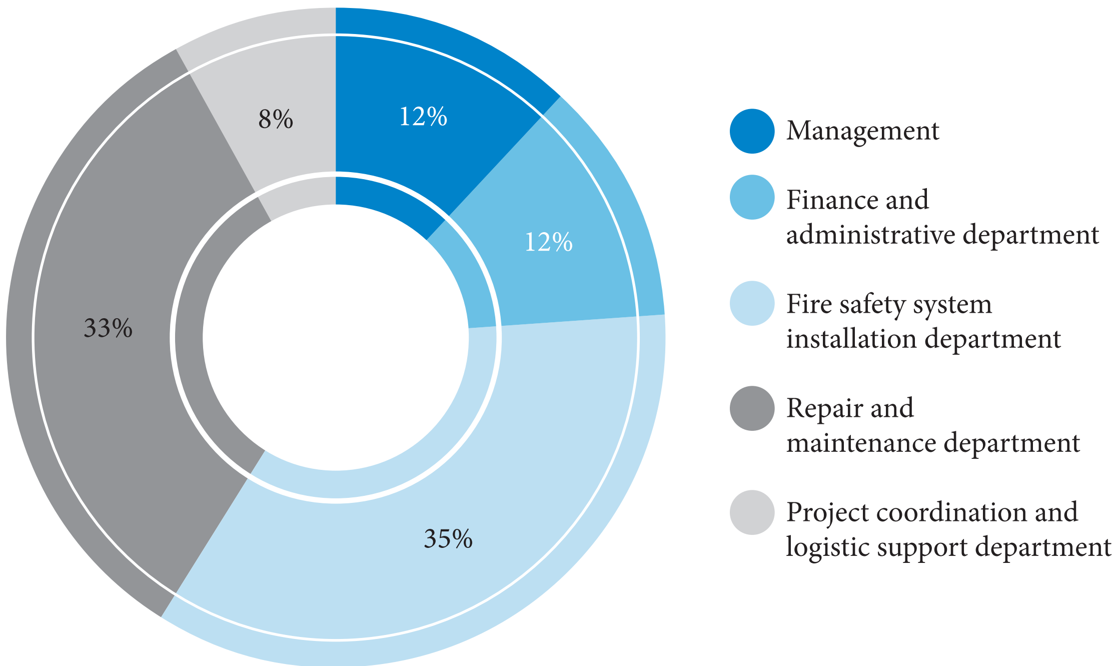


B. SOCIAL (continued)

B1. Employment (continued)

Equal Opportunity and Anti-discrimination (continued)

Employee breakdown by category 2021



B2. Health and Safety

As the core business of the Group is the installation of 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 on 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 OHSAS 18001 international standards. The Group follows the occupational health and safety guidelines recommended by the Labour Department and regularly encourages the employees to attend relevant workshops or training courses. The Human Resources Department also takes responsibilities for occupational health and safety and relevant promotions and monitoring.

The Group strictly complies with the relevant laws and regulations in Hong Kong, including but not limited to the Occupational Health and Safety 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. There is no work-related fatalities and zero lost day due to work injury during the Reporting Period.

B. SOCIAL (continued)

B2. Health and Safety (continued)

Safety Risks of Projects

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

Safety Training

Employees should attend the training courses organised by the Group on occupational safety and environmental control. Emergency and evacuation procedures have been established for the employees to response to major safety accidents timely and orderly. Employees are also free to provide feedbacks 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 local authorities. The Group is highly conscious of the potential health and safety impacts brought to its staff, and actively encourages sick staff to stay at home. Apart from increasing the frequency of sanitisation of its office and work sites to ensure a healthy and safe work environment, precautionary measures such as temperature screening before entering office and work sites, and ensuring sufficient disinfection supplies such as face masks and hand sanitisers are provided.

B3. Development and Training

Staff Development and Training

The Group regards its staff as the most important asset and resource as they help to sustain our core values and culture. The Group provides its staff with training and development courses for upgrading the requisite skills. Besides, the Group has made good use of its internal resources to organise for its staff in Hong Kong various forms of training which include management, customer services and professional knowledge.

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.

B. SOCIAL (continued)

B3. Development and Training (continued)

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 trainings to our in-house staff. Weekly fire services knowledge and theory classes are held by the consultant engineers 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 working drawings of our projects and provides technical support to our site installation work. With the support of this well-experienced consultant engineer, we train up skillful and professional engineers for the Group with the aim of providing better service to our customers.

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 up on job-related or industry-related courses for continuous learning. We support them through providing school fee subsidy and allow flexible working hours to facilitate learning.

B4. Labour Standards

Prevention of Child Labour or Forced Labour

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

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

B. SOCIAL (continued)

B5. Supply Chain Management

As a socially responsible enterprise, we do not only require the products and services we deliver to be sustainable in terms of business, we also manage our supply chain to ensure its reliability which is consistent with the Group's policy on sustainability. We understand the importance of supply chain management in mitigating the indirect environmental and social risks. We are aware of the environmental and social practices of the suppliers, and try to engage suppliers with responsible acts to society in view of green supply chain management.

Supply Chain and Subcontractor Management Structure

In order to ensure that our suppliers and subcontractors have met customers' and our requirements regarding quality, environmental and safety standards, we have formulated a standard and stringent procedure in selecting suppliers and subcontractors. Suppliers' and subcontractors' environmental and social performances are considered as a selection criteria for establishing 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 suppliers and works performed by subcontractors will be checked and monitored on a regular basis. The Group keeps records of violation or non-compliance of supplier or subcontractor for future assessments. Suppliers or subcontractors may be suspended or removed from the approved list if they fail to fulfill our standards. The termination of supplier relationship may also occur when there is substantial violation of environmental and labour laws and regulations. The performance of suppliers is regularly examined.

Fair and Open Tendering

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

B6. Product Responsibility

Achieving and maintaining high quality standard for projects are utmost important for sustainable growth of the Group. The Group maintains continuous internal review of our products and services to ensure we deliver high quality services and sustainable projects to our customers. We are also open to customer's feedback as it is an important source for us to improve and excel. The Group has been in strict compliance with related laws and regulations in Hong Kong during the Reporting Period.

The Group strictly complies with related laws and regulations in Hong Kong, including but not limited to the Trade Descriptions Ordinance of Hong Kong. During the Reporting Period, the Group is not aware of any incidents of non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services provided that would have a significant negative impact on the Group.

B. SOCIAL (continued)

B6. Product Responsibility (continued)

Quality Management

We have established a formal quality management system in accordance with the requirements of ISO 9001, OHSAS 18001 and ISO 14001 to develop a sustainable performance-oriented culture to pursue continuous improvement on quality rather than adopting a short-term and project-based approach. Process control procedures has also 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.

To ensure our works comply with the required standards, we normally assign a project coordinator on a full-time basis for each project sites to monitor the quality of works 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.

Complaint and Accident Handling

The Group has formulated a Complaint/Accident Handling Procedure in accordance to the ISO 9001, OHSAS 18001 and ISO 14001 to ensure that any complaints and comments to the Group are effectively handled. The persons in charge of the procedure are responsible to handle any complaints and accidents. After receiving a complaint, the Group will first communicate with the complainant to collect 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.

Protection of Consumers' Information and Privacy

In respect of customer personal data and confidential documents, the Group preserves them properly and strictly complies with the Hong Kong Personal Data (Privacy) Ordinance. During the Reporting Period, the Group did not receive any significant complaint regarding the breach of customer's privacy or loss of customer's information.

Advertising and Labelling

The Group encourages the use of better promotion practices, and prohibits the advertisements to disclose descriptions, claims or illustrations that are not true. In accordance with the relevant legislations and code of practices, the Group has formulated the sales and promotion campaigns to ensure they 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. We had partner with the Independent Commission Against Corruption ("ICAC") to hold a seminar on anti-corruption education. The seminar helped enhancing our staff's awareness in preventing corruption at work to fight corruption. We also continue to maintain a close relationship with regulatory bodies.

The Group strictly complies with the relevant laws and regulations in Hong Kong, including but not limited to the Prevention of Bribery Ordinance of Hong Kong. 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 adverse impact on the Group. There were no concluded legal cases against the Group or its employees during the Reporting Period.

Regulations on Anti-corruption

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

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

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

- Neither 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 the Group's assets and information for private or personal benefits.

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.

B. SOCIAL (continued)

B8. Community Investment

As part of the Group's strategic development, we are committed to supporting the public by means of social participation and contribution, and to nurture the corporate culture and practices of corporate citizen in our daily operation. We aim to promote the stability of society, and support underprivileged on rehabilitation to improve the quality of life. We also focus to inspire our employees towards social welfare concerns. We believe that through participating in these activities that contribute to the community, our staff could build positive value and be a socially responsible citizen.

Social Responsibility Education

During the Reporting Period, the Group actively supported initiatives in communities where our employees live and work, especially youth development in Hong Kong and Mainland China. This commitment is visible in our contributions of financial, equipment and volunteer support. We encourage our employees to contribute time and energy in leadership and other roles in community organisations.

The Group believes that quality education is a means to cure poverty and bring hope to grassroots families. During the Reporting Period, the Group kept its determination and 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. Moreover, same as last year, 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.

The Group also continues to proactively support the personal development of local students. During the Reporting Period, we have donated HK$120,000 cash sponsorship for the One Well Dunk! Public Estate Basketball Team to encourage talented younger generation to pursue their dreams. We believe it was a rare opportunity to connect with the younger generation and we hope to continue investing in our youths through various programs in the future.

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

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Statement
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 ("Comply or explain")	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions, GHG Emissions
KPI A1.2 ("Comply or explain")	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Emissions – GHG Emissions
KPI A1.3 ("Comply or explain")	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management (not applicable)
KPI A1.4 ("Comply or explain")	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management
KPI A1.5 ("Comply or explain")	Description of measures to mitigate emissions and results achieved.	Emissions – Exhaust Gas Emissions, GHG Emissions
KPI A1.6 ("Comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Statement
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 ("Comply or explain")	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	Use of Resources – Energy Consumption
KPI A2.2 ("Comply or explain")	Water consumption in total and intensity.	Use of Resources – Water Consumption and Use of Packaging Materials (not applicable)
KPI A2.3 ("Comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Consumption
KPI A2.4 ("Comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption and Use of Packaging Materials
KPI A2.5 ("Comply or explain")	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Water Consumption and Use of Packaging Materials (not applicable)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("Comply or explain")	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 – Environmental Impact of Projects, Indoor Air Quality

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Statement
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
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.	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, how they are implemented and monitored.	Health and Safety – Safety Risks of Projects, Other Health and Safety Measures
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

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Statement
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 B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management – Supply Chain and Subcontractor Management Structure
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 B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Management
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility – Protection of Consumers' Information and Privacy

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/ Statement
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, how they are implemented and monitored.	Anti-corruption – Whistle-blowing Mechanism
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 – Social Responsibility Education
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment – Social Responsibility Education

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. FOK Hau Fai (霍厚輝), aged 50, was appointed as our Director on 7 July 2016 and was redesignated as an Executive Director and appointed as the Chairman, Chief Executive Officer and Compliance Officer of our Company on 3 September 2016. He is the Chairman of the Nomination Committee.

Mr. Fok has over 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 60, 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 49, was appointed as our Independent Non-executive Director on 22 September 2017. He is the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

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

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

Mr. LEE Yin Sing (李彥昇), aged 41, 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 11 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 45, 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.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

The following are the senior management team of the Group:

Mr. CHEUNG Tsz Wing (張子榮), aged 44, joined our Group in April 2008 and is our assistant project manager.

Mr. Cheung has about 15 years of experience in the engineering industry and is responsible for assisting our Directors on the daily operation of our Repair and Maintenance Department, including liaising with customers for work schedule, materials procurement and engagement with subcontractors. He also oversees the safety measure and quality control of our fire safety system installation services.

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

Mr. CHIANG Hsien Kuo (姜先國), aged 44, joined our Group in June 2009 and is our assistant project manager.

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

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

Mr. WONG Chi Wai (黃智威), aged 38, has been the financial controller of our Group since May 2016. He was appointed our Company Secretary on 3 September 2016.

Mr. Wong has over 13 years of experience in financial control and accounting practices in Hong Kong and is primarily responsible for the financial reporting, financial planning, internal control and corporate secretarial practices and procedures of our Group.

Mr. Wong is currently an independent non-executive director of Rimbaco Group Global Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1953), and the company secretary of Beng Soon Machinery Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1987).

Mr. Wong obtained a Bachelor of Business Administration Degree (Honours) in Accountancy from the City University of Hong Kong in November 2007. He has registered as a member of the Hong Kong Institute of Certified Public Accountants since January 2012 and as a member of the Institute of Chartered Accountants in England and Wales since February 2021. He has registered as a Certified Public Accountant (Practising) in Hong Kong since January 2018 and an ICAEW Chartered Accountant since February 2021.

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 2021.

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 of 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 these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), including a fair review of business, discussion of the principal risks and uncertainties facing by the Group, its key relationship with employees, customers, suppliers and subcontractors, an indication of likely future developments in the Group's business and an analysis of the Group's performance during the year using financial key performance indicators, can be found in sections headed "Management Discussion and Analysis" set out on pages 4 to 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 25 to 47 of this annual report.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

For the year ended 31 March 2021, the Group's operations are carried out in Hong Kong. The Group accordingly must comply with relevant laws and regulations in Hong Kong and the respective places of incorporation of the Company and its subsidiaries. During the year and up to the date of this annual report, the Board 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 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 65 of this annual report.

The Board did not recommend the payment of final dividend of the Company for the year ended 31 March 2021 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 120 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 2021 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 2021 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 conditionally 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 2021.

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 67 of this annual report, respectively.

As at 31 March 2021, the Company's reserve available for distribution to the shareholders, calculated in accordance with the Companies Law of the Cayman Islands amounted to approximately HK$67,943,000.

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 2021 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 37.0% (2020: 35.9%) of the Group's total revenue. The Group's largest customer accounted for approximately 10.0% (2020: 9.5%) of the Group's total revenue.

In the year under review, the Group's five largest suppliers accounted for approximately 13.3% (2020: 14.7%) of the Group's total direct costs. The Group's largest supplier accounted for approximately 5.2% (2020: 7.0%) of the Group's total direct costs.

In the year under review, the Group's five largest sub-contractors accounted for approximately 35.5% (2020: 37.2%) of the Group's total direct costs. The Group's largest sub-contractor accounted for approximately 17.2% (2020: 9.1%) 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 2021.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2021 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. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS

The Directors during the year ended 31 March 2021 and up to the date of this 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 2021 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 48 to 50 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 terminated by the Company or Director or the Director has not been re-elected as a Director of the Company or has been removed by shareholders of the Company at any of its general meeting or is disqualified from acting as a Director of the Company in accordance with the articles of association of the Company. Each 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 2021, 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 2021, 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 2021, 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 2021, 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 2021, 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 2021, none of the Directors or chief executives of the Company held any share options of the company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS, CONTRACTS OF SIGNIFICANCE

Save as disclosed in the Prospectus and elsewhere in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2021.

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 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 March 2021 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 were held by public as at the date of this report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2021 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 2021.

Report of Directors

CORPORATE GOVERNANCE

Details of the corporate governance of the Company are set out in the section headed "Corporate Governance Report" on pages 12 to 24 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 2021.

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 2021, charitable donations of approximately HK$202,000 were made by the Group (2020: HK$82,500).

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 2021.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Monday, 23 August 2021 to Friday, 27 August 2021, 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, 20 August 2021.

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

Hong Kong, 25 June 2021

Independent Auditor's Report

MOORE

Moore Stephens CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

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 65 to 119, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, 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;
- discussed 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 key judgments inherent in the approved budgets;
- 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 2021, the Group's net trade receivables and contract assets amounting to HK$12,231,000 and HK$44,626,000 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$2,000,000 and HK$1,130,000 respectively, as at 31 March 2021. As disclosed in note 4 to the consolidated financial statements, the management of the Group identifies trade receivables and contract assets that are credit-impaired or significant to the Group and assesses their ECL individually. As disclosed in note 29 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of the remaining trade receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss pattern, after considering internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables and contract assets.	Our procedures in relation to impairment assessment of trade receivables and contract assets included: (a) Understanding the process on how the management estimates the credit loss allowance for trade receivables and contract assets; (b) Evaluating the accuracy of information used by the management of the Group to determine ECL, including ageing analysis of trade receivables and classification of trade receivables and contract assets as at 31 March 2021, on a sample basis, by comparing individual items in the analysis with the relevant invoices on progress payments of contract works; and (c) Evaluating the management's basis and judgment in determining credit loss allowance on trade receivables and contract assets as at 31 March 2021, including their identification of credit-impaired or significant trade receivables and contract assets which are assessed for ECL individually, the reasonableness of the management's grouping of the remaining trade receivables and contract assets into different categories in the provision matrix by internal credit ratings of trade debtors and/or past due status of respective trade receivables and contract assets, and the basis of estimated loss rates applied in each category in the provision matrix.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 19 June 2020.

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, 25 June 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
Revenue	5	**57,608**	110,068
Direct costs		**(42,485)**	(72,804)
Gross profit		**15,123**	37,264
Other income	6	**2,540**	898
Impairment losses under expected credit loss model, net of reversal		**(1,469)**	(251)
Change in fair value of financial assets at fair value through profit or loss		**(795)**	–
Administrative expenses		**(15,494)**	(11,545)
Other expenses		**(663)**	(5,243)
Finance costs	8	**(76)**	(49)
(Loss) profit before tax	9	**(834)**	21,074
Income tax credit (expense)	10	**351**	(3,912)
(Loss) profit and total comprehensive (expense) income for the year		**(483)**	17,162
(Loss) earnings per share			
Basic (HK cents)	12	**(0.08)**	2.86

Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property and equipment	13	**1,125**	1,560
Right-of-use assets	14	**1,014**	2,032
Deferred tax assets	18	**351**	–
Deposits	17	**280**	295
		2,770	3,887
Current assets			
Financial assets at fair value through profit or loss	15	**7,774**	–
Trade receivables	16	**12,231**	15,246
Deposits, other receivables and prepayments	17	**19,200**	391
Contract assets	19	**44,626**	48,745
Tax recoverable		**3,965**	–
Pledged bank deposits	20	**1,541**	2,984
Bank balances	20	**53,650**	81,834
		142,987	149,200
Current liabilities			
Trade payables	21	**5,127**	8,019
Other payables and accrued charges	22	**961**	4,514
Lease liabilities	23	**774**	1,116
Tax payable		**–**	638
Contract liabilities	24	**1,243**	–
		8,105	14,287
Net current assets		**134,882**	134,913
Total assets less current liabilities		**137,652**	138,800
Non-current liabilities			
Lease liabilities	23	**270**	935
Net assets		**137,382**	137,865
Capital and reserves			
Share capital	25	**6,000**	6,000
Reserves		**131,382**	131,865
Total equity		**137,382**	137,865

The consolidated financial statements on pages 65 to 119 were approved and authorised for issue by the Board of Directors on 25 June 2021 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 2021

	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 2019	6,000	53,663	921	60,119	120,703
Profit and total comprehensive income for the year	–	–	–	17,162	17,162
At 31 March 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**

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 2021

	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before tax	**(834)**	21,074
Adjustments for:		
Depreciation of plant and equipment	**464**	375
Depreciation of right-of-use assets	**1,191**	580
Impairment losses under expected credit loss model, net of reversal	**1,469**	251
Change in fair value of financial assets at fair value through profit or loss	**795**	–
Bank interest income	**(546)**	(898)
COVID-19-related rent concessions	**(160)**	–
Finance costs	**76**	49
Operating cash flows before movements in working capital	**2,455**	21,431
Decrease in trade receivables	**2,303**	182
(Increase) decrease in deposits and prepayments	**(362)**	159
Decrease (increase) in contract assets	**3,362**	(1,910)
Purchases of financial assets at fair value through profit or loss	**(22,007)**	–
Proceeds from disposal of financial assets at fair value through profit or loss	**13,438**	–
Decrease in trade payables	**(2,892)**	(247)
(Decrease) increase in other payables and accrued charges	**(3,553)**	2,540
Increase in contract liabilities	**1,243**	–
Cash generated from operations	**(6,013)**	22,155
Income tax paid	**(4,603)**	(4,099)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(10,616)**	18,056
INVESTING ACTIVITIES		
Bank interest received	**546**	898
Purchases of property and equipment	**(29)**	(964)
Withdrawal of pledged bank deposits	**1,905**	180
Placement of pledged bank deposits	**(462)**	(1,092)
Placement of monies in securities brokers	**(18,432)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(16,472)**	(978)
FINANCING ACTIVITIES		
Repayments of lease liabilities	**(1,020)**	(561)
Payment of interest expenses	**(76)**	(49)
CASH USED IN FINANCING ACTIVITIES	**(1,096)**	(610)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(28,184)**	16,468
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**81,834**	65,366
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES	**53,650**	81,834

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 *Amendments to References to the Conceptual Framework in HKFRS Standards* and 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 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 "COVID-19-Related Rent Concessions".

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and 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)

Amendments to HKFRSs that are mandatorily effective for the current year (continued)

Impacts on early application of Amendment to HKFRS 16 "COVID-19-Related Rent Concessions"

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- 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 2021; 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 "Leases" 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.

The application of the amendment had no impact to the opening accumulated profits at 1 April 2020. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of HK$160,000, which has been recognised for the period from June 2020 to March 2021 as variable lease payments in profit or loss during the year ended 31 March 2021.

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]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[5]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
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]

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 for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective for annual periods beginning on or after 1 April 2021.

Except for the new and amendments to HKFRSs mentioned below, 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.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

These amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 (recognition exemption) so that it no longer applies to transactions that, an initial recognition, give rise to equal taxable and deductible temporary differences. The directors of the Company are assessing the impact on the amendments, and expected no significant impact on the financial position and performance of the Group based on preliminary assessment.

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.

Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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 2021; 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).

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)

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.

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 bank balances) 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 that are credit-impaired or significant to the Group are assessed for ECL individually. The ECL on the remaining trade receivables and contract assets are assessed collectively using a provision matrix with appropriate groupings.

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 (loss) profit 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.

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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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$42,276,000 (2020: HK$104,560,000) was recognised in the profit or loss during the year ended 31 March 2021. The carrying amounts of contract assets from fire safety system installation services, before allowance for credit losses, were HK$41,905,000 (2020: HK$47,775,000) as at 31 March 2021.

Impairment assessment under ECL model on trade receivables and contract assets

The management of the Group identifies trade receivables and contract assets that are credit-impaired or significant to the Group and assesses their ECL individually. The management of the Group estimates the amount of lifetime ECL of the remaining 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. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. The loss allowance amount of the credit-impaired trade receivables and contract assets is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

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$12,231,000 (2020: HK$15,246,000), net of ECL of HK$2,000,000 (2020: HK$1,288,000), and HK$44,626,000 (2020: HK$48,745,000), net of ECL of HK$1,130,000 (2020: HK$373,000), respectively, as at 31 March 2021.

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 2021, the carrying amounts of property and equipment and right-of-use assets subject to impairment assessment were HK$1,125,000 and HK$1,014,000 (2020: HK$1,560,000 and HK$2,032,000) respectively, no impairment loss on property and equipment and right-of-use assets for the year ended 31 March 2021 and 31 March 2020.

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

	2021 HK$'000	2020 HK$'000
Type of services		
– Fire safety system installation	**42,276**	104,560
– Repair and Maintenance	**15,332**	5,508
	57,608	110,068

(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 2021 and 2020 and the expected timing of recognising revenue are as follows:

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**

As at 31 March 2020

	Fire safety system installation services HK$'000	Repair and Maintenance services HK$'000
Within one year	48,825	8,762
More than one year but not more than two years	27,100	–
	75,925	8,762

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 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)**

Year ended 31 March 2020

	Fire safety system installation services HK$'000	Repair and Maintenance services HK$'000	Consolidated HK$'000
Segment revenue	104,560	5,508	110,068
Segment results	35,979	1,034	37,013
Other income			898
Administrative expenses			(11,545)
Other expenses			(5,243)
Finance costs			(49)
Profit before tax			21,074

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 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**

Year ended 31 March 2020

	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	–	–	–	375	375
Depreciation of right-of-use assets	–	–	–	580	580
Impairment loss allowance of trade receivables and contract assets, net of reversal	200	51	251	–	251

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:

	2021 **HK$'000**	2020 HK$'000
Customer A	**5,781**	–*

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

6. OTHER INCOME

	2021 **HK$'000**	2020 HK$'000
Government grants (note)	**1,834**	–
COVID-19-related rent concessions (note 14)	**160**	–
Bank interest income	**546**	898
	2,540	898

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.

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 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**
Year ended 31 March 2020						
Fees	–	–	120	120	120	360
Other emoluments						
Salaries and other benefits	1,200	612	–	–	–	1,812
Discretionary bonus (note (ii))	–	51	–	–	–	51
Retirement benefit scheme contributions	18	18	–	–	–	36
Total emoluments	1,218	681	120	120	120	2,259

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 2021.

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 (2020: three) individuals were as follows:

	2021 HK$'000	2020 HK$'000
Salaries and other benefits	**1,893**	1,881
Discretionary bonus (note)	**1,254**	468
Retirement benefit scheme contributions	**54**	54
	3,201	2,403

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

Their emoluments were within the following bands:

	2021 Number of employees	2020 Number of employees
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**–**	1
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

	2021 HK$'000	2020 HK$'000
Interest on lease liabilities	**76**	49

9. (LOSS) PROFIT BEFORE TAX

	2021 HK$'000	2020 HK$'000
(Loss) profit before tax has been arrived at after charging:		
Staff costs		
Directors' remuneration (note 7)	**6,659**	2,259
Other staff costs		
Salaries and other benefits	**10,357**	10,258
Retirement benefit scheme contributions	**414**	415
Total staff costs	**17,430**	12,932
Auditor's remuneration	**500**	1,050
Depreciation of property and equipment	**464**	375
Depreciation of right-of-use assets	**1,191**	580
Professional expenses on the application for the transfer from GEM to the Main Board of the Stock Exchange (presented as other expenses)	**663**	5,243

10. INCOME TAX (CREDIT) EXPENSE

	2021 HK$'000	2020 HK$'000
Hong Kong Profits Tax:		
Current tax	–	3,912
	–	3,912
Deferred taxation (note 18)	**(351)**	–
	(351)	3,912

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.

No provision for Hong Kong profits tax has been made as there is no accessible profit arising in or derived from Hong Kong during the year ended 31 March 2021.

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

	2021 HK$'000	2020 HK$'000
(Loss) profit before tax	**(834)**	21,074
Tax at Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	**(138)**	3,477
Tax effect of expenses not deductible for tax purpose	**274**	874
Tax effect of income not taxable for tax purpose	**(416)**	(148)
Tax effect of tax losses not recognised	**(12)**	(40)
Tax effect of temporary difference not recognised	**52**	(71)
Income tax at concessionary rate	–	(165)
Others	**(111)**	(15)
Income tax (credit) expense for the year	**(351)**	3,912

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. (LOSS) EARNINGS PER SHARE

	2021	2020
	HK$'000	HK$'000
(Loss) earnings:		
(Loss) earnings for the purpose of calculating (loss) basic earnings per share ((loss) profit for the year attributable to owners of the Company)	**(834)**	17,162
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating (loss) basic earnings per share	**600,000**	600,000

No diluted (loss) earnings 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 2019	822	1,278	306	2,406
Additions	–	22	942	964
At 31 March 2020	822	1,300	1,248	3,370
Additions	**–**	**29**	**–**	**29**
At 31 March 2021	**822**	**1,329**	**1,248**	**3,399**
ACCUMULATED DEPRECIATION				
At 1 April 2019	323	806	306	1,435
Provided for the year	147	145	83	375
At 31 March 2020	470	951	389	1,810
Provided for the year	**148**	**127**	**189**	**464**
At 31 March 2021	**618**	**1,078**	**578**	**2,274**
CARRYING AMOUNTS				
At 31 March 2021	**204**	**251**	**670**	**1,125**
At 31 March 2020	352	349	859	1,560

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 2021			
Carrying amount	**349**	**665**	**1,014**
At 31 March 2020			
Carrying amount	440	1,592	2,032
Depreciation charge for the year ended 31 March 2021	**91**	**1,100**	**1,191**
Depreciation charge for the year ended 31 March 2020	15	565	580

	Year ended 31 March 2021 HK$'000	Year ended 31 March 2020 HK$'000
Expenses relating to short-term leases and other leases with lease terms end within 12 months from the date of initial application of HKFRS 16	–	654
Total cash outflow for leases	**1,096**	1,264
Additions to right-of-use assets	**173**	2,271

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.

The Group entered into short-term leases for certain office equipment during prior years. As at 31 March 2021, the Group did not have any short-term leases.

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.

14. RIGHT-OF-USE ASSETS (continued)

Rent concessions

During the year ended 31 March 2021, lessors of office premises provided rent concessions to the Group through rent reductions over 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$160,000 were recognised variable lease payments (see note 6).

15. FINANCIAL ASSETS AT FVTPL

	2021 **HK$'000**	2020 HK$'000
Financial assets mandatorily measured at FVTPL:		
Equity securities listed in Hong Kong held for trading (note)	**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 2021, no financial assets at FVTPL have been pledged as security (2020: nil).

16. TRADE RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	**14,231**	16,534
Less: Allowance for credit losses	**(2,000)**	(1,288)
Total trade receivables	**12,231**	15,246

As at 1 April 2019, trade receivables from contracts with customers amounted to HK$15,645,000.

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.

	2021 HK$'000	2020 HK$'000
0–30 days	**4,450**	10,854
31–60 days	**1,662**	532
61–90 days	**469**	879
91–180 days	**1,020**	740
181–365 days	**1,135**	395
Over 365 days	**3,495**	1,846
	12,231	15,246

As at 31 March 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$10,060,000 (2020: HK$9,937,000) which are past due as at the reporting date. Out of the past due balances, HK$5,650,000 (2020: HK$2,981,000) 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

	2021 **HK$'000**	2020 HK$'000
Rental deposits	**280**	295
Other deposits	**15**	15
Monies placed in securities brokers (note)	**18,432**	–
Prepayments	**753**	376
Total	**19,480**	686
Presented as non-current assets	**280**	295
Presented as current assets	**19,200**	391
Total	**19,480**	686

Note: As at 31 March 2021, monies are placed in securities brokers for investments in equity securities listed in Hong Kong.

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 2019 and 31 March 2020	–	–	–
Credit to profit or loss (note 10)	77	274	351
At 31 March 2021	**77**	**274**	**351**

At 31 March 2021, the Group has unused tax losses of approximately HK$809,000 (2020: HK$417,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$467,000 (2020: nil) of such losses as at 31 March 2021. No deferred tax asset has been recognised in respect of the remaining approximately HK$342,000 (2020: HK$417,000) due to the unpredictability of future profit streams. All losses may be carried forward indefinitely.

At 31 March 2021, the Group has deductible temporary differences of approximately HK$1,663,000 (2020: HK$674,000). A deferred tax asset has been recognised in respect of approximately HK$1,663,000 of such deductible temporary differences (2020: no deferred tax asset has been recognised in respect of approximately HK$674,000 of the deductible temporary differences).

19. CONTRACT ASSETS

	2021 HK$'000	2020 HK$'000
Contract assets from fire safety system installation services		
– Unbilled revenue	**30,292**	33,679
– Retention receivables	**11,613**	14,096
Contract assets from Repair and Maintenance services		
– Unbilled revenue	**3,851**	1,343
Less: Allowance for credit losses	**(1,130)**	(373)
	44,626	48,745

As at 1 April 2019, contract assets amounted to HK$46,869,000.

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.

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.

19. CONTRACT ASSETS (continued)

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

	2021 HK$'000	2020 HK$'000
Within one year	**5,179**	8,975
After one year	**6,434**	5,121
	11,613	14,096

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

20. PLEDGED BANK DEPOSITS/BANK BALANCES

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% (2020: 0.90% to 1.53%) per annum.

Bank balances comprise short term bank deposits with an original maturity of three months or less and carrying interest at prevailing market rate from 0.01% to 2.20% (2020: 0.01% to 2.44%) per annum.

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.

	2021 HK$'000	2020 HK$'000
0 to 30 days	**4,855**	6,796
31 to 60 days	**248**	953
Over 60 days	**24**	270
	5,127	8,019

22. OTHER PAYABLES AND ACCRUED CHARGES

	2021 HK$'000	2020 HK$'000
Other payables	**182**	2,963
Accrued charges	**779**	1,551
	961	4,514

23. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
Within one year	**774**	1,116
Within a period of more than one year but not more than two years	**92**	671
Within a period of more than two years but not more than five years	**178**	264
	1,044	2,051
Less: Amount due for settlement within 12 months shown under current liabilities	**(774)**	(1,116)
Amount due for settlement after 12 months shown under non-current liabilities	**270**	935

The weighted average incremental borrowing rate applied to lease liabilities is 3.50% (2020: 3.50%) per annum.

24. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Fire safety system installation, presented as current liabilities	**1,243**	–

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 2019, 31 March 2020 and 31 March 2021	**10,000,000,000**	**100,000**
Issued and fully paid:		
At 1 April 2019, 31 March 2020 and 31 March 2021	**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:

	2021 **HK$'000**	2020 HK$'000
Salaries and other benefits	**5,265**	4,053
Discretionary bonus	**4,505**	519
Retirement benefit scheme contributions	**90**	90
	9,860	4,662

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.

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 2021.

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

	2021 **HK$'000**	2020 HK$'000
Financial assets		
Mandatorily measured at FVTPL		
–Held-for-trading	**7,774**	–
Amortised cost	**86,149**	100,374
	93,923	100,374
Financial liabilities		
Amortised cost	**5,549**	8,931
Lease liabilities	**1,044**	2,051

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, bank balances, 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.

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

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 bank balances (as disclosed in note 20) as at 31 March 2021 and 2020.

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 bank balances 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 2021 would increase/decrease 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. Trade receivables and contract assets that are credit-impaired or significant to the Group are assessed for ECL individually. To measure the ECL of remaining trade receivables and contract assets, these balances have been grouped based on shared credit risk characteristics with details disclosed in this note, respectively. In this regard, the management of the Group considers that the credit risk on trade receivables and contract assets is significantly reduced.

The Group has concentration of credit risks with exposure limited to certain customers. For trade receivables, the Group's largest debtor contributed approximately 24% (2020: 14%) of the Group's trade receivables and the Group's five largest debtors contributed approximately 54% (2020: 48%) of the Group's trade receivables. For contract assets, the Group's largest customer contributed approximately 10% (2020: 3%) of the Group's contract assets and the Group's five largest customers contributed approximately 35% (2020: 34%) of the Group's contract assets as at 31 March 2021.

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.

Other receivables – monies placed in securities brokers

For the monies placed in securities broker, the credit risk is considered as low because the counterparties are with good financial background and no history of default in the past and no loss allowance provision is recognised.

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Pledged bank deposits and bank balances

The credit risk on pledged bank deposits and bank balances of the Group is limited because the counterparties are banks with good reputation and no history of default in the past and no loss allowance provision for pledged bank deposits and bank balances was recognised as at 31 March 2021 and 2020. The Group has concentration of credit risks with exposure limited to certain bankers. The Group's largest banker contributed approximately 62% (2020: 87%) of the Group's bank balances as at 31 March 2021. 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 2021 HK$'000	Gross carrying amounts 2020 HK$'000
Financial assets at amortised cost						
Trade receivables	16	N/A	Note a	Lifetime ECL (significant balances, not credit-impaired)	**7,701**	9,265
	16	N/A	Note a	Lifetime ECL (provision matrix, not credit-impaired)	**5,062**	6,282
	16	N/A	Note a	Lifetime ECL (credit-impaired)	**1,468**	987
					14,231	16,534
Deposits	17	N/A	Note b	12m ECL	**295**	310
Other receivables – monies placed in securities brokers	17	N/A	Note b	12m ECL	**18,432**	–
Pledged bank deposits	20	A1	N/A	12m ECL	**1,541**	2,984
Bank balances	20	A1-Baa2	N/A	12m ECL	**53,650**	81,834
Other items						
Contract assets	19	N/A	Note a	Lifetime ECL (significant balances, not credit-impaired)	**24,619**	30,142
	19	N/A	Note a	Lifetime ECL (provision matrix, not credit-impaired)	**21,137**	18,976
	19	N/A	Note a	Lifetime ECL (credit-impaired)	**–**	–
					45,756	49,118

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 internal credit rating.

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 2021 and 2020.

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its fire safety system installation and Repair and Maintenance services. 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 2021 and 2020 within lifetime ECL.

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**

As at 31 March 2020

		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%	3,328	18,976	46	242
Watch list	4.7%	2,534	–	119	–
Doubtful	24.3%	420	–	102	–
		6,282	18,976	267	242

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)

Individual assessment

At 31 March 2021, individual assessments on trade receivables and contract assets with significant outstanding balances or credit-impaired with gross carrying amounts of HK$9,169,000 and HK$24,619,000 (2020: HK$10,252,000 and HK$30,142,000) were performed respectively. Impairment allowance of HK$1,583,000 (2020: HK$1,020,000) and HK$292,000 (2020: HK$131,000) were provided for trade receivables and contract assets respectively as at 31 March 2021.

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 2019	149	922	1,071
Changes due to financial instruments recognised as at 1 April 2019:			
– Transfer to credit-impaired	(23)	23	–
– Impairment losses recognised	–	428	428
– Impairment losses reversed	(126)	(386)	(512)
New financial assets originated	301	–	301
As at 31 March 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**

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 2019	251	88	339
Changes due to financial instruments recognised as at 1 April 2019:			
– Impairment losses reversed	(251)	(88)	(339)
New financial assets originated	373	–	373
As at 31 March 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**

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.

29. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

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.

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 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**
At 31 March 2020						
Trade payables	N/A	8,019	–	–	8,019	8,019
Other payables	N/A	2,963	–	–	2,963	2,963
Lease liabilities	3.50	1,188	688	286	2,162	2,051
		12,170	688	286	13,144	13,033

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 2021, performance guarantees of approximately HK$1,541,000 (2020: HK$2,984,000) 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 2019	341
Financing cash flows (note)	(610)
New lease entered	2,271
Interest expense	49
At 31 March 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**

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 2021, 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$173,000 (2020: HK$2,271,000) of right-of-use assets and HK$173,000 (2020: HK$2,271,000) 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 2021	2020	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

	2021 HK$'000	2020 HK$'000
Non-current asset		
Investment in a subsidiary	**49,277**	52,977
Current assets		
Prepayments	**574**	178
Amounts due from subsidiaries	**23,819**	3,295
Bank balances	**993**	996
	25,386	4,469
Current liabilities		
Other payables and accrued charges	**720**	3,751
Net current assets	**24,666**	718
Total assets less current liabilities	**73,943**	53,695
Capital and reserves		
Share capital	**6,000**	6,000
Reserves	**67,943**	47,695
	73,943	53,695

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 2019	53,663	12,977	(14,683)	51,957
Loss and total comprehensive expense for the year	–	–	(4,262)	(4,262)
At 31 March 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**

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 **2021** **HK$'000**	2020 HK$'000 (Note ii)	2019 HK$'000 (Note i)	2018 HK$'000	2017 HK$'000
Revenue	**57,608**	110,068	120,788	102,076	91,525
Gross profit	**15,123**	37,264	38,960	32,459	29,840
(Loss) profit before tax	**(834)**	21,074	28,414	15,263	16,582
(Loss) profit for the year	**(483)**	17,162	24,091	11,356	12,570

ASSETS AND LIABILITIES

Consolidated assets and liabilities	As at 31 March **2021** **HK$'000**	2020 HK$'000 (Note ii)	2019 HK$'000 (Note i)	2018 HK$'000	2017 HK$'000
Total assets	**145,757**	153,087	131,768	107,132	39,602
Total liabilities	**8,375**	15,222	11,065	10,520	14,009
Net assets	**137,382**	137,865	120,703	96,612	25,593

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.