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LUMINA GROUP LIMITED
瑩嵐集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1162)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024

The board of directors (the “**Directors**”) of Lumina Group Limited (the “**Company**”) is pleased to announce the audited consolidated result of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024 (the “**Year 2024**”) together with the comparative figures for the year ended 31 March 2023 (the “**Year 2023**”) are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	46,489	78,448
Direct costs		(42,477)	(68,001)
Gross profit		4,012	10,447
Other income	5	1,271	1,317
Impairment losses under expected credit loss model, net of reversal		(2,413)	(12,467)
Impairment loss on property and equipment		(910)	–
Impairment loss on right-of-use assets		(898)	–
Change in fair value of financial assets at fair value through profit or loss (“ FVTPL ”)		(58)	78
Administrative expenses		(30,005)	(23,653)
Finance costs		(231)	(63)
Loss before tax	6	(29,232)	(24,341)
Income tax expense	7	(558)	(78)
Loss for the year		(29,790)	(24,419)

	2024	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive expense		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(144)</u>	<u>–</u>
Other comprehensive expense for the year	<u>(144)</u>	<u>–</u>
Total comprehensive expense for the year	<u>(29,934)</u>	<u>(24,419)</u>
Loss for the year attributable to:		
Owners of the Company	(29,790)	(24,419)
Non-controlling interests	<u>–</u>	<u>–</u>
	<u>(29,790)</u>	<u>(24,419)</u>
Total comprehensive expense for the year attributable to:		
Owners of the Company	(29,934)	(24,419)
Non-controlling interests	<u>–</u>	<u>–</u>
	<u>(29,934)</u>	<u>(24,419)</u>
Loss per share		
Basic (HK cents)	9	
	<u>(4.97)</u>	<u>(4.07)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property and equipment		584	509
Right-of-use assets		5,454	959
Video rights		2,866	–
Prepayment to a non-controlling shareholder		3,466	3,466
Prepayments for video production		452	641
Deposits and prepayments		972	297
Deferred tax assets		388	388
		14,182	6,260
Current assets			
Financial assets at FVTPL	<i>10</i>	2,571	2,611
Trade receivables	<i>11</i>	8,661	8,516
Deposits, other receivables and prepayments		353	976
Contract assets	<i>12</i>	38,019	49,443
Tax recoverable		3,746	4,390
Pledged bank deposits		4,904	4,188
Cash and cash equivalents		22,934	48,299
		81,188	118,423
Current liabilities			
Trade payables	<i>13</i>	3,555	8,205
Other payables and accrued charges		2,023	1,924
Lease liabilities		3,450	889
		9,028	11,018
Net current assets		72,160	107,405
Total assets less current liabilities		86,342	113,665

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Lease liabilities		2,561	98
Other payables		148	–
		<u>2,709</u>	<u>98</u>
Net assets		<u>83,633</u>	<u>113,567</u>
Capital and reserves			
Share capital	<i>14</i>	6,000	6,000
Reserves		77,633	107,567
		<u>83,633</u>	<u>113,567</u>
Equity attributable to owners of the Company		83,633	113,567
Non-controlling interests		<u>–</u>	<u>–</u>
Total equity		<u>83,633</u>	<u>113,567</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

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 Company’s immediate and ultimate holding company is Foxfire Limited, a private company incorporated in the British Virgin Islands and wholly owned by Mr. Fok Hau Fai.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of fire safety services in Hong Kong and production of short videos and animation in the People’s Republic of China (the “**PRC**”). 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.

Certain comparative figures have been re-presented to conform with current year’s presentation. These reclassifications have no effect on financial position, results for the year or cash flows of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”) AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

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

Except as described below, the application of the new and amendments to HKFRSs in the current year has 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.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgments” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

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

3. REVENUE

(i) *Disaggregation of revenue from contracts with customers*

	2024	2023
	HK\$'000	HK\$'000
Type of services		
– Fire safety system installation	36,349	69,935
– Repair and Maintenance	10,140	8,513
	<u>46,489</u>	<u>78,448</u>

(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 2024 and 2023 and the expected timing of recognising revenue are as follows:

As at 31 March 2024

	Fire safety system installation services HK\$'000	Repair and Maintenance services HK\$'000
Within one year	39,693	–
More than one year but not more than two years	18,120	–
More than two years	13,230	–
	<u>71,043</u>	<u>–</u>

As at 31 March 2023

	Fire safety system installation services HK\$'000	Repair and Maintenance services HK\$'000
Within one year	28,657	–
More than one year but not more than two years	3,687	–
	<u>32,344</u>	<u>–</u>

4. SEGMENT INFORMATION

Segment information

The Group determines its operating segments based on the reports reviewed by the executive directors of the Company who are also the chief operating decision maker (“CODM”) that are used to make strategic decisions. Information reported to the CODM is based on the business lines operating by the Group. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the year ended 31 March 2024, the Group has expanded its business to engage in the production of short videos and animation business in the PRC, and hence it represents a new reporting segment of the Group from the view of the CODM.

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

Segment results

Year ended 31 March 2024

	Fire safety system installation services HK\$’000	Repair and Maintenance services HK\$’000	Production of short videos and animation HK\$’000	Consolidated HK\$’000
Segment revenue	<u>36,349</u>	<u>10,140</u>	<u>–</u>	<u>46,489</u>
Segment (loss) profit excluding impairment losses on trade receivables and contract assets, net of reversal	(495)	4,507	(7,544)	(3,532)
Impairment losses on trade receivables and contract assets, net of reversal	<u>(1,653)</u>	<u>(760)</u>	<u>–</u>	<u>(2,413)</u>
Segment (loss) profit	<u>(2,148)</u>	<u>3,747</u>	<u>(7,544)</u>	(5,945)
Other income				1,271
Change in fair value of financial assets at FVTPL				(58)
Unallocated administrative expenses				(24,269)
Finance costs				<u>(231)</u>
Loss before tax				<u>(29,232)</u>

Year ended 31 March 2023

	Fire safety system installation services <i>HK\$'000</i>	Repair and Maintenance services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>69,935</u>	<u>8,513</u>	<u>78,448</u>
Segment profit excluding impairment losses on trade receivables and contract assets, net of reversal	8,434	2,013	10,447
Impairment losses on trade receivables and contract assets, net of reversal	<u>(7,922)</u>	<u>(4,545)</u>	<u>(12,467)</u>
Segment profit (loss)	<u>512</u>	<u>(2,532)</u>	(2,020)
Other income			1,317
Change in fair value of financial assets at FVTPL			78
Administrative expenses			(23,653)
Finance costs			<u>(63)</u>
Loss before tax			<u>(24,341)</u>

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

Furthermore, as the assets and liabilities for operating segments are not provided to the Company's CODM for the purposes of resources allocation and performance assessment, no segment assets and liabilities information is presented accordingly.

Geographical information

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (note)	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	46,489	78,448	7,495	5,872
The PRC	<u>–</u>	<u>–</u>	<u>6,299</u>	<u>–</u>
Total	<u>46,489</u>	<u>78,448</u>	<u>13,794</u>	<u>5,872</u>

Note: Non-current assets excluded deferred tax 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A (<i>note 1</i>)	10,812	17,164
Customer B (<i>note 1</i>)	4,979	9,630
Customer C (<i>note 1</i>)	<u>N/A</u> (<i>note 2</i>)	<u>14,996</u>

Notes:

1. Revenue from fire safety system installation services segment.
2. Revenue from relevant customer was less than 10% of the Group's total revenue for the respective year.

5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	963	513
Government grants (<i>note</i>)	134	750
Gain on disposal of property and equipment, net	110	–
Dividend income	64	44
COVID-19-related rent concessions	–	10
	<u>1,271</u>	<u>1,317</u>

Note: During the year ended 31 March 2024, the Group recognised government grants of HK\$134,000 in respect of reimbursement of maternity leave pay scheme and Youth Employment and Training Programme provided by the Hong Kong government. During the year ended 31 March 2023, the Group recognised government grants of HK\$750,000 in respect of COVID-19-related subsidies, related 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.

6. LOSS BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax has been arrived at after charging:		
Staff costs		
Directors' remuneration	8,959	8,959
Other staff costs		
Salaries and other benefits	11,558	11,017
Retirement benefit scheme contributions	530	410
	<u>21,047</u>	<u>20,386</u>
Total staff costs		
Auditor's remuneration	760	678
Depreciation of property and equipment	279	375
Depreciation of right-of-use assets	3,296	1,205
Legal and professional fees	3,262	3,682

7. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Underprovision in prior years	<u>558</u>	<u>78</u>

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

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No provision for taxation in Hong Kong and the PRC had been made as the entities of the Group in Hong Kong and the PRC did not have any assessable profits for the years ended 31 March 2024 and 2023.

8. 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.

9. LOSS PER SHARE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company)	<u>(29,790)</u>	<u>(24,419)</u>
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>600,000</u>	<u>600,000</u>

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

10. FINANCIAL ASSETS AT FVTPL

	2024 HK\$'000	2023 <i>HK\$'000</i>
Financial assets mandatorily measured at FVTPL:		
Equity securities listed in Hong Kong held for trading (<i>note</i>)	<u>2,571</u>	<u>2,611</u>

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

As at 31 March 2024, no financial assets at FVTPL have been pledged as security (2023: nil).

11. TRADE RECEIVABLES

	2024 HK\$'000	2023 <i>HK\$'000</i>
Trade receivables	15,026	13,027
Less: Allowance for credit losses	<u>(6,365)</u>	<u>(4,511)</u>
Total trade receivables	<u>8,661</u>	<u>8,516</u>

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.

	2024 HK\$'000	2023 <i>HK\$'000</i>
0-30 days	1,159	1,021
31-60 days	913	605
61-90 days	2,386	449
91-180 days	564	1,272
181-365 days	1,092	2,711
Over 365 days	<u>2,547</u>	<u>2,458</u>
	<u>8,661</u>	<u>8,516</u>

12. CONTRACT ASSETS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets from fire safety system installation services		
– Unbilled revenue	38,467	44,736
– Retention receivables	13,257	15,676
Contract assets from Repair and Maintenance services		
– Unbilled revenue	348	2,525
Less: Allowance for credit losses	<u>(14,053)</u>	<u>(13,494)</u>
	<u>38,019</u>	<u>49,443</u>

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.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	6,577	10,576
After one year	<u>6,680</u>	<u>5,100</u>
	<u>13,257</u>	<u>15,676</u>

13. TRADE PAYABLES

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	2,441	5,080
31 to 60 days	150	1,499
Over 60 days	964	1,626
	<u>3,555</u>	<u>8,205</u>

14. SHARE CAPITAL

Ordinary shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised:		
At 1 April 2022, 31 March 2023 and 31 March 2024	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2022, 31 March 2023 and 31 March 2024	<u>600,000,000</u>	<u>6,000</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is an established fire safety service provider in Hong Kong, focusing on installation and maintenance of fire safety system. Our services cover the design, supply and installation of fire safety systems which include evacuation and electrical fire alarm systems, water and gas suppression systems and portable fire equipment for newly built and existing buildings in Hong Kong. We also provide repair and maintenance services on fire safety systems to satisfy the Hong Kong Fire Services Department's requirements. To supplement our repairs or maintenance services, we also supply fire safety equipment. Apart from providing the fire safety service, our Group has started to explore other business opportunities in the production of short videos and animation in the PRC.

Challenges posed by the global interest rate hike cycle have lowered the local general consumption demand and cooled down the property market in Hong Kong. These contribute to the decrease in quotation requests from customers and delay in the commencement and work progress of some projects. The Group experienced a decrease in the gross profit margin for the year ended 31 March 2024 when compared with that for the year ended 31 March 2023. Such decrease is mainly due to high inflation which leads to the increment of the cost of labours and in turn escalated the direct costs.

The general economic uncertainties and keen competition in the market lead to the prolonged delay in the tendering process for construction works. Severe competition in the market had led to a drop in the number of open tenders and drove down contract prices, which caused negative impact on our contract revenue. All these factors put the Group under greater pressure in winning new contracts and maintaining the gross profit. Moreover, some projects are behind the planned schedules, and the new construction sites have not been ready for our main construction works, which would affect the amount of revenue generated for the year.

Looking forward, given that the Hong Kong SAR Government has relaxed its cooling measures in the residential property market of Hong Kong since early 2024, the Group is relatively optimistic about the long-term impact in the Hong Kong construction industry and also the fire safety market onwards. 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 uncertainties, 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 Board 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 2024. Our Management will keep a close eye on the development of the general Hong Kong economy and will actively manage all the adverse impacts on the financial position and operating results of the Group.

FINANCIAL REVIEW

Revenue

Revenue decreased from approximately HK\$78.4 million for the year ended 31 March 2023 to approximately HK\$46.5 million for the year ended 31 March 2024, representing a decrease of approximately 40.7%.

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Type of services		
– Fire safety system installation	36,349	69,935
– Fire safety system repair and maintenance	10,140	8,513
	<u>46,489</u>	<u>78,448</u>

Direct Costs

Direct costs decreased from approximately HK\$68.0 million for the year ended 31 March 2023 to approximately HK\$42.5 million for the year ended 31 March 2024, representing a decrease of approximately 37.5%. Such decrease is in line with the decrease in revenue during the year ended 31 March 2024.

Gross Profit and Gross Profit Margin

Gross profit decreased from approximately HK\$10.4 million for the year ended 31 March 2023 to approximately HK\$4.0 million for the year ended 31 March 2024, representing a decrease of approximately 61.5%. The overall gross profit margin decreased from approximately 13.3% for the year ended 31 March 2023 to approximately 8.6% for the year ended 31 March 2024. Such decrease is mainly attributable to high inflation which leads to the increment of cost of labours and in turn escalated the direct costs.

Other Income

Other income was relatively stable and maintained approximately the same, i.e. HK\$1.3 million for both the year ended 31 March 2023 and the year ended 31 March 2024.

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

The Group's impairment loss allowance of trade receivables and contract assets, net of reversal, was approximately HK\$2.4 million for the year ended 31 March 2024 (2023: HK\$12.5 million). Except for those trade receivables and contract assets that are credit-impaired or significant to the Group which will be assessed their ECL individually, we estimated the amount of lifetime expected credit loss (the "ECL") of the trade receivables and contract assets based on provision matrix through grouping of various debtors that had similar loss pattern, and after considering the internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables and contract assets.

Administrative Expenses

Administrative expenses increased from approximately HK\$23.7 million for the year ended 31 March 2023 to approximately HK\$30.0 million for the year ended 31 March 2024, representing an increase of approximately 26.6%. Such increase is mainly attributable to the new investment in production of short videos and animation in the PRC during the year.

Finance Cost

Upon the adoption of the HKFRS 16 on 1 April 2019, the lease liability is initially measured at the present value of the lease payment that is not paid on that date. Subsequently, the lease liability is adjusted for interest and lease payment, as well as the impact of lease modifications, amongst others. As a result, an interest expense on lease liability of approximately HK\$231,000 was recognised for the year ended 31 March 2024 (2023: HK\$63,000).

Income Tax Expense

Income tax expense increased from approximately HK\$78,000 for the year ended 31 March 2023 to approximately HK\$558,000 for the year ended 31 March 2024, representing an increase of approximately 615.4%. Such increase is mainly attributable to the underprovision of Hong Kong Profits tax in prior years.

Loss and Total Comprehensive Expenses for the Year

Loss and total comprehensive expense for the year has increased from a loss of approximately HK\$24.4 million for the year ended 31 March 2023 to a loss of approximately HK\$29.8 million for the year ended 31 March 2024, representing an increase of approximately 22.1%. Such increase is primarily attributable to the combined effect of (i) decrease in revenue; (ii) decrease in the gross profit margin; (iii) the decrease in the impairment loss on trade receivables and contract assets and (iv) increase in the administrative expenses for the year ended 31 March 2024.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2024 (2023: Nil)

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the year ended 31 March 2024. As at 31 March 2024, the Group had cash and cash equivalents of approximately HK\$22.9 million (2023: HK\$48.3 million) and pledged bank balances of approximately HK\$4.9 million (2023: HK\$4.2 million).

The current ratio (divide the current assets by the current liabilities) as at 31 March 2024 was approximately 9.0 times (2023: 10.7 times).

GEARING RATIO

As at 31 March 2024, the Group has no interest-bearing bank and other borrowings (2023: Nil).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2024. The Group strives to reduce its 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 2024, the Group has pledged to a bank its bank deposits of approximately HK\$4.9 million (2023: HK\$4.2 million) as collateral to secure bank facilities granted to the Group. Except for these pledging of deposits, the Group did not create any charges on its assets.

FOREIGN EXCHANGE EXPOSURE

Majority of the revenue-generating operations of the Group are transacted in Hong Kong Dollars which is the functional currency of most of the group entities. For the year ended 31 March 2024, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

CAPITAL STRUCTURE

The listing of the shares of the Company has successfully transferred from the GEM Board 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 2024, 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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditure contracted for but not provided in the consolidated financial statements		
– Intangible asset	80	629
The Group's share of the capital commitments made jointly with joint venture partners but not recognised at the end of the reporting date is as follow:		
– Commitments to capital contribution	<u>4,296</u>	<u>6,628</u>
	<u>4,376</u>	<u>7,257</u>

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not hold any significant investments in equity interest in any other companies and had no definite future plans for acquisition of material investments and capital assets as at 31 March 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were neither significant investments held as at 31 March 2024 nor acquisitions and disposals of subsidiaries during the year ended 31 March 2024.

EVENT AFTER THE REPORTING PERIOD

There is no significant event which has taken place subsequent to the end of the year ended 31 March 2024.

CONTINGENT LIABILITIES

As at 31 March 2024, performance guarantees of approximately HK\$4.9 million (2023: HK\$4.2 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 2024, the Group employed a total of 44 employees (2023: 43 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$21.0 million for the year ended 31 March 2024 (2023: HK\$20.4 million).

The Group recognises its employees as valuable assets of the Group. We promote individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package (with reference to market norms and individual employee's performance, qualification and experience) is offered to the employees. On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual's contribution.

The Group has complied with the applicable labour laws and regulations. The Directors confirmed that the Group has neither experienced any significant problems with our employees or disruption to its operations due to labour disputes nor has experienced any difficulties in retaining experienced staff or skilled personnel for the year ended 31 March 2024. Thus, our Directors consider that the Group has maintained good relationship with its employees.

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 2024, 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 2024.

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 which include 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 buildings.

During the year ended 31 March 2024, 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 2024, the Group (i) purchased materials and equipment from suppliers and (ii) arranged 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 their products 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 2024. The Group did not have any significant disputes with any of its top five suppliers and sub-contractors during the year ended 31 March 2024.

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 C1 to the Main Board Listing Rules (the "**Listing Rules**"). The Board is of the view that for the year ended 31 March 2024, the Company has complied with all applicable code provisions set out in the CG Code except for the deviation from provision C.2.1 of the CG Code.

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Fok Hau Fai (“**Mr. Fok**”) is currently both the Chairman of the Board and the Chief Executive Officer of the Company, responsible for formulating the overall business strategies and overseeing the business and operation of the Group. Considering the fact that, Mr. Fok has been responsible for the overall management and operation of the Group since its inception in 2002, the Board believes that it is in the best interest of the Group to have Mr. Fok taking up both roles for effective management and business development. 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 C3 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 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2024.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, which include the review of the audited consolidated financial statements of the Group for the Year 2024.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year 2024 as set out in the preliminary announcement have been agreed by the Group's Auditor, Moore CPA Limited (formerly known as Moore Stephens CPA Limited), to the amounts set out in the Group's audited consolidated financial statements for the Year 2024. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Moore CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.

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

Hong Kong, 28 June 2024

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.