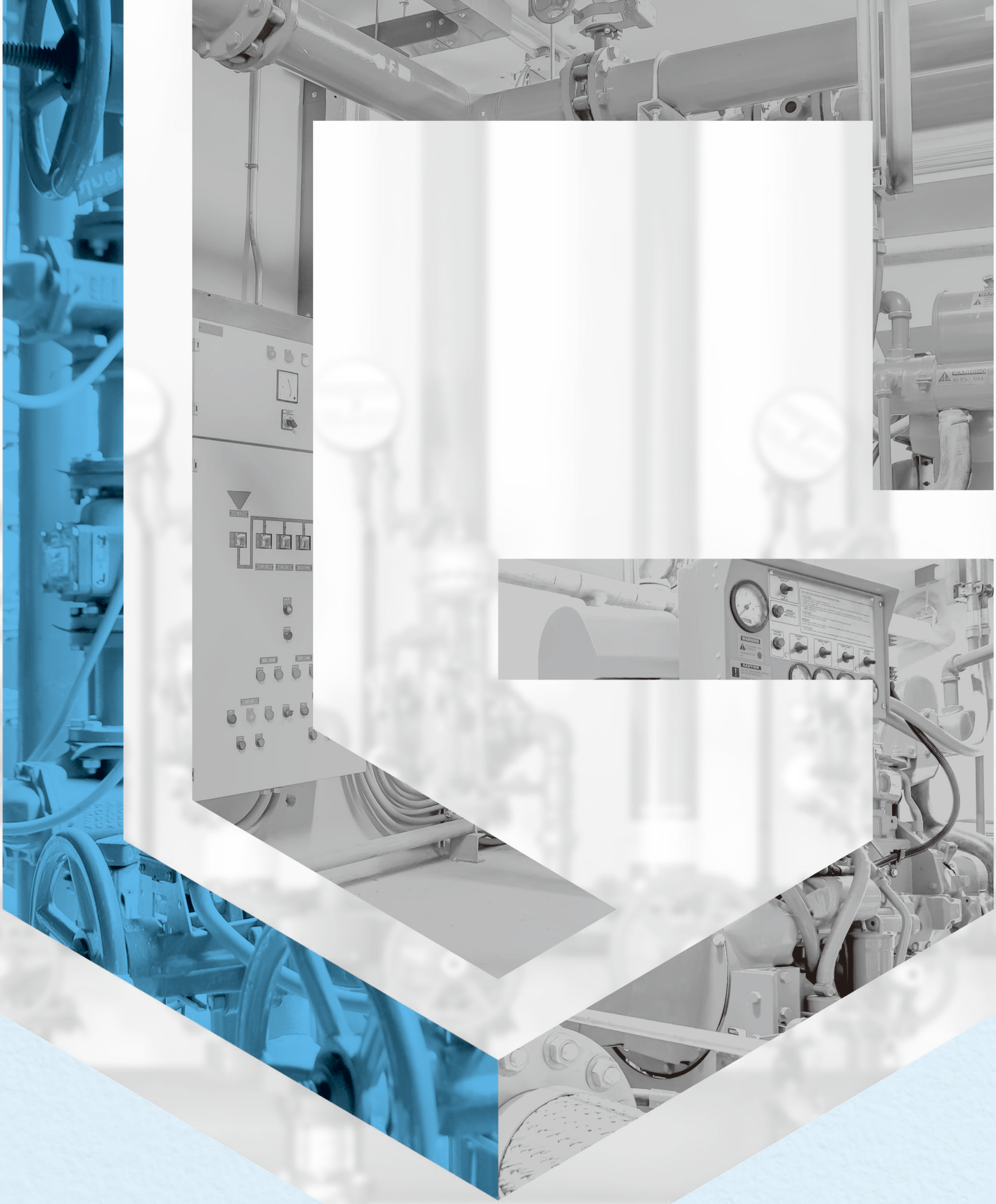

LUMINA GROUP LIMITED
瑩嵐集團有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 8470

2019 ANNUAL REPORT

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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*This report, for which the directors (the "**Directors**") of Lumina Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Fok Hau Fai
(Chairman and Chief Executive Officer)
Mr. Sung Sing Yan
Ms. Wu Xiaorong (resigned on 1 March 2019)

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

COMPLIANCE ADVISER

CLC International Limited

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

Deloitte Touche Tohmatsu

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

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
(with effect from 11 July 2019
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

8470

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 2019.

The Group has successfully listed on the GEM of The Stock Exchange of Hong Kong Limited on 25 October 2017 (the "Listing"). Stepping into the second year after the Listing, the Group has continuously developed and reached another record high in our revenue and profit.

The total revenue of the Group increased by approximately HK$18.7 million or 18.3% from approximately HK$102.1 million for the year ended 31 March 2018 to approximately HK$120.8 million for the year ended 31 March 2019. The Group's profit for the year increased by approximately HK$12.7 million or 111.4% from approximately HK$11.4 million for the year ended 31 March 2018 to approximately HK$24.1 million for the year ended 31 March 2019. The increase in our profit for the year was primarily due to (i) the increase in revenue and gross profit and (ii) the absence of any listing expenses for the year ended 31 March 2019.

Looking ahead, the Group is positive about the Hong Kong fire safety market as the Group continues to receive a high level of tender opportunities in Hong Kong. We will continue to focus on our core business of the provision of design, supply and installation of fire safety systems and respective repair and maintenance services. In order to maximise the long term returns to our shareholders (the "Shareholders"), the management will continue to devote more efforts to maintain the overall gross profit margin. Our healthy financial position enables the Group to undertake more new projects and/or projects with greater contract sum, capturing the growth in the fire safety market.

Lastly, on behalf of the Board, I wish to take this opportunity to express my deep gratitude to our Shareholders, investors and business partners for their continuous trust and support. I would also like to express our sincere appreciation to the management team and staff for their commitment, contribution and dedication throughout the years.

Fok Hau Fai
Chairman and Chief Executive Officer
Hong Kong, 24 June 2019

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. We also provide repair and maintenance services to fire safety systems to satisfy the requirements of the Fire Services Department, The Government of the Hong Kong Special Administrative Region.

Since the Listing of the Group, the management has continuously consolidated and strengthened the reputation of the Group through delivering quality services and reliable solution to our customers in the fire services industry. Our listing status enhanced our corporate profile and recognition that in turn reinforced our brand awareness and image in both the existing and potential customers.

Looking forward, the Directors consider that the future opportunities which the Group faces will be affected by the development of the commercial and residential buildings in Hong Kong. The Directors are of the view that the number of properties to be built or to be redeveloped in Hong Kong is the key driver to drive the demand for fire safety services in Hong Kong.

The Group will continue to focus on strengthening its market position in the industry. Subsequent to the year ended 31 March 2019, the Group has secured new projects. Together with the ongoing projects in hand, our revenue could be sustained for the next year.

FINANCIAL REVIEW

Revenue

Revenue increased from approximately HK$102.1 million for the year ended 31 March 2018 to approximately HK$120.8 million for the year ended 31 March 2019, representing an increase of approximately 18.3%. Such increase was mainly attributable to the revenue generated by new contracts of fire safety system installation for existing buildings.

Direct Costs

Direct costs increased from approximately HK$69.6 million for the year ended 31 March 2018 to approximately HK$81.8 million for the year ended 31 March 2019, representing an increase of approximately 17.5%. Such increase was in line with the increase in revenue.

Gross Profit

Gross profit increased from approximately HK$32.5 million for the year ended 31 March 2018 to approximately HK$39.0 million for the year ended 31 March 2019, representing an increase of approximately 20.0%. The overall gross profit margin slightly increased from approximately 31.8% for the year ended 31 March 2018 to approximately 32.3% for the year ended 31 March 2019.

Bank Interest Income

The Group recorded bank interest income of approximately HK$649,000 for the year ended 31 March 2019 (2018: HK$417,000). Such increase in interest income was in line with the increased in the timing of placing the unused net proceeds of the Listing into short-term demand deposits with Hong Kong licensed banks 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$943,000 for the year ended 31 March 2019. 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, after considered internal credit ratings of trade debtors and/or past due status of respective trade receivables and contract assets.

Administrative Expenses

Administrative expenses increased from approximately HK$9.1 million for the year ended 31 March 2018 to approximately HK$10.3 million for the year ended 31 March 2019, representing an increase of approximately 13.2%. Such increase was mainly attributable to the increased in rent and rates and staff costs, including Director's emoluments.

Listing Expenses

The Group has no non-recurring Listing expenses recorded for the year ended 31 March 2019 and has recorded approximately HK$8.3 million for the year ended 31 March 2018 as expenses in connection with the Listing.

Finance Cost

The Group has no finance cost recorded for the year ended 31 March 2019 and has recorded approximately HK$53,000 for the year ended 31 March 2018 in connection with our bank borrowing during the year ended 31 March 2018.

Income Tax Expense

Income tax expense increased from approximately HK$3.9 million for the year ended 31 March 2018 to approximately HK$4.3 million for the year ended 31 March 2019, representing an increase of approximately 10.3%. Such increase was mainly attributable to the increase in taxable profit.

Profit and Total Comprehensive Income for the Year

Profit and total comprehensive income for the year increased from approximately HK$11.4 million for the year ended 31 March 2018 to approximately HK$24.1 million for the year ended 31 March 2019, representing an increase of approximately 111.4%. Such increase was mainly attributable to the net effect of (i) the increase in revenue and gross profit and (ii) the absence of any listing expenses for the year ended 31 March 2019.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the year ended 31 March 2019. As at 31 March 2019, the Group had bank balances and cash of approximately HK$65.4 million (31 March 2018: HK$67.9 million) and pledged bank balances of approximately HK$2.1 million (31 March 2018: HK$1.1 million).

The current ratio as at 31 March 2019 was approximately 11.8 times (31 March 2018: 10.1 times).

GEARING RATIO

As at 31 March 2019, the Group has no interest-bearing bank and other borrowings (31 March 2018: 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 2019. 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 2019, the Group pledged to a bank its bank deposits of approximately HK$2.1 million (31 March 2018: HK$1.1 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 2019, 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 shares of the Company were successfully listed on the GEM of the Stock Exchange on 25 October 2017. 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 2019, 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.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises and certain equipment. The Group's operating lease commitments amounted to approximately HK$1.2 million as at 31 March 2019 (31 March 2018: approximately HK$2.0 million).

As at 31 March 2019, the Group did not have any capital commitment (31 March 2018: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not hold any significant investments in equity interest in any other companies. Except for those included in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 29 September 2017 (the "Prospectus"), the Group had no definite future plans for acquisition of material investments and capital assets as at 31 March 2019.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the Prospectus, there were neither significant investments held as at 31 March 2019 nor acquisitions and disposals of subsidiaries during the year ended 31 March 2019.

EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period of the Group.

CONTINGENT LIABILITIES

As at 31 March 2019, performance guarantees of approximately HK$2.1 million (31 March 2018: HK$1.1 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 2019, the Group employed a total of 48 employees (31 March 2018: 44 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$15.5 million for the year ended 31 March 2019 (2018: approximately 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 2019. Thus, our Directors consider that the Group has maintained good relationship with its employees.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposures are summarised as follows:

(i) Our revenue is mainly derived from projects which are not recurring in nature

(ii) Our historical growth rate, revenue and profit margin may not be indicative of our future growth rate, revenue and profit margin

(iii) Our cash flows may deteriorate due to potential mismatch in time between receipt of progress payments from our customers, and payments to our sub-contractors and suppliers

(iv) We rely on our senior management staff, and their departure would adversely affect our operations and financial results

(v) We rely on our sub-contractors, who are Independent Third Parties, to complete our contract works and there is no assurance that our sub-contractors will always follow strictly all of our instructions

(vi) We depend on our suppliers for fire equipment and related accessories, and any shortage or delay of supply, or deterioration in quality, of the same could materially and adversely affect our operations

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in 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 2019, 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 2019.

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 2019, 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 2019, 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, whereby we would conduct background checks on our suppliers and select our suppliers based on various factors, including the price and quality of their products, the reliability of their on-time delivery, and their reputation in the industry. We would 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 2019. The Group did not have any significant disputes with any of its top five suppliers and sub-contractors during the year ended 31 March 2019.

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 29 September 2017 (the "Prospectus") with the Group's actual business progress for the period from the Listing Date to 31 March 2019 is set out below:

Business objective as stated in the Prospectus	**Actual business progress up to 31 March 2019**
To capture the market growth in the public sector	• The Group is in the process of applying to the Development Bureau for the admission as a fire service installation specialist contractor under "Group II" of the List of Approved Specialists for Public Works and is waiting for the approval. • 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 Listing and has spent HK$11.8 million as initial payments during the year.
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 one project coordinator
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 AND CHANGE IN USE OF NET PROCEEDS

An analysis of the planned use of net proceeds as stated in the Prospectus, 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 2019 is set out below:

	Original planned use of net proceeds	Revised use of net proceeds	Actual usage of net proceeds up to 31 March 2019	Unutilised amount of net proceeds up to 31 March 2019
	HK$'million	HK$'million	HK$'million	HK$'million
To capture the market growth in the public sector	4.8	2.8	2.1	0.7
To expand and increase our fire safety system installation services capacity	25.3	30.3	19.0	11.3
To provide high quality repair and maintenance services	8.4	5.4	2.6	2.8
To enhance our information management system	1.5	1.5	0.4	1.1
To use for working capital	4.0	4.0	4.0	–
	44.0	44.0	28.1	15.9

The net proceeds from the offering of the shares of the Company by way of share offer (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 2019, approximately HK$28.1 million out of the net proceeds from the Listing had been used. The unutilised net proceeds of HK$15.9 million has been deposited in licensed banks as at 31 March 2019.

Reasons for the change in use of the Net Proceeds

(a) Review and Revision of Expansion Plan

As disclosed in the Prospectus, the Group plans to capture the market growth in the public sector of the fire safety market by (i) applying to the Development Bureau and the Housing Authority for additional licences, permits or qualifications; and (ii) by recruiting additional staff and enriching their technical knowledge by sponsoring them to attend external technical seminars and occupational health and safety courses. As stated in the above table, the planned use of the net proceeds is estimated to be approximately HK$4.8 million.

Having taken into consideration the market development in relation to fire safety services and system installation as well as the Group's strategy and expansion plan, the management decided to focus the Group's resources more on fire safety system installation projects in the private sector. On this basis, application to the Housing Authority for additional licences, permits or qualifications will not be a top priority for the Group under its current strategy. Moreover, to enable the Group to carry out its business in the public sector of the fire safety services market, an application has already been submitted to the Development Bureau for admission as a fire service installation specialist contractor under "Group II" of the List of Approved Specialists for Public Works. As at the date of this annual report, we are awaiting for the approval of the Development Bureau regarding our application.

As a result of the foregoing, the management plans to reallocate the Group's unutilised resources of approximately HK$2.0 million out of the net proceeds originally allocated for financing the Group's expansion in the public sector to the fire safety system installation services in the private sector.

(b) Repair and Maintenance Services

As disclosed in the Prospectus, the Group plans to provide better quality repair and maintenance services by recruiting additional staff and to enhance their technical knowledge by sponsoring them to attend external training courses. The planned use of the net proceeds is estimated to be approximately HK$4.1 million (out of the planned use of approximately HK$8.4 million for providing high quality repair and maintenance services).

However, due to the fierce competition in the fire safety market, in general, the profitability on the repair and maintenance services is comparatively lower than that generated from the fire safety system installation services. Hence, the management intends to focus more on the customers and on fire safety installation projects which can generate comparatively higher return to the Group. Moreover, it has proven to be difficult to recruit high quality suitable staff in the recent market condition.

Consequently, to enhance our fire safety system installation services capacity and to finance the Group's expansion to the fire safety system installation services in the private sector, the management plans to re-allocate approximately HK$3.0 million out of the net proceeds originally intended for expansion in the repair and maintenance service to the fire safety system installation services.

The Board considers that the changes in the use of net proceeds to be in the interests of the Group as a whole and will continue to monitor the use of the net proceeds. Save for the aforesaid changes, there are no other changes in the use of the net proceeds as at the date of this annual report.

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 15 of the GEM Listing Rules. The Board is of the view that for the year ended 31 March 2019, 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. Therefore, the Board consider that the deviation from the CG Code Provision A.2.1 is appropriate in such circumstance.

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 2019, 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
Ms. Wu Xiaorong (resigned on 1 March 2019)

Independent Non-executive Directors

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

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

Biographical details of the Directors are set out in "Biographical Details of Directors and Senior Management" on pages 45 to 47 of this annual report.

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM 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 5.09 of the GEM 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. Before the Listing Date, a Board Diversity Policy of the Company has been adopted by the Board which sets out the approach to achieve diversity on the Board and the factors (including but not limited to race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status) 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.

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**		
	Below 40	**40 to 50**	**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	**Accounting and Finance**	**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	√		

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 would 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.

Implementation and Monitoring

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

BOARD AND GENERAL MEETINGS

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

During the year ended 31 March 2019, 4 Board meetings have been held. The first general meeting of the Company has been held on 3 August 2018 (the "2018 AGM"). The attendance records of the Directors in attending board meetings and the 2018 AGM is set out below.

Name of Directors	Number of attendance/ number of meetings	Number of attendance/ number of the 2018 AGM
Executive Directors		
Mr. Fok Hau Fai	4/4	1/1
Mr. Sung Sing Yan	4/4	1/1
Ms. Wu Xiaorong (resigned on 1 March 2019)	1/4	0/1
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

Each of the INEDs has entered into a letter of appointment with the Company for an initial term of service commencing from the Listing Date and shall continue thereafter subject to a maximum of three years unless terminated by either party giving not less than one month's notice in writing.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding securities transactions by the Directors on the terms no less exacting than the required standard of dealing set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all the Directors and all Directors confirmed that they had complied with the required standard of dealings regarding transactions during the year ended 31 March 2019. The Company is not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the year ended 31 March 2019.

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 2019, all Directors attended a training session regarding the updates of the GEM 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 GEM 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 GEM's website (www.hkgem.com) 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 (revised by the Board on 30 January 2019) in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of 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 2019, 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	4/4
Mr. Hung Kin Sang	4/4
Mr. Wan Chun Kwan	4/4

There had been no disagreement between the Board and the Audit Committee for the year ended 31 March 2019.

At the Audit Committee Meetings held during the year ended 31 March 2019, 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 5.34 to 5.36 of the GEM Listing Rules and paragraph B.1 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM 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 2019, 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 (revised by the Board on 30 January 2019) in compliance with paragraph A.5 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM 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, and two INEDs, being Mr. Hung Kin Sang and Mr. Lee Yin Sing. Mr. Fok is the chairman of the Nomination Committee.

The Nomination Committee should meet at least once a year. For the year ended 31 March 2019, 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 5.09 of the GEM 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 GEM 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 GEM 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 5.09 of the GEM 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 2019, 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 5.15 of the GEM 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 2019. 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 7 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 financial year of 2019. 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 2019 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 Rules 5.46 to 5.67 of the GEM 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 GEM Listing Rules will be announced on the respective websites of the GEM 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 2019, 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 external auditor about its reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report on pages 56 to 61 of this annual report.

EXTERNAL AUDITOR

Deloitte Touche Tohmatsu ("Deloitte") 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$1,000,000 for the year ended 31 March 2019.

Non-audit services provided to the Group during the year ended 31 March 2019 mainly represented the charges for tax services provided by Deloitte of approximately HK$18,000.

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, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

This Environmental, Social and Governance Report (the "ESG Report") summarises the initiatives, programmes and performance of Lumina Group Limited and its subsidiaries (the "Group") as well as demonstrates its commitment to sustainability.

The core businesses of the Group are principally engaged in the design, supply and installation of fire safety systems including 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 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 society. In order to follow the key trends and 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 the ESG Taskforce (the "Taskforce"). The Taskforce comprises core members from different departments and is responsible for collecting relevant information on our ESG aspects for preparing the ESG Report. The Taskforce reports to the Board, assists in identifying and evaluating the Group's ESG risks and the effectiveness of the internal control mechanisms. The Taskforce also examines and evaluates our performances in different aspects such as environment, health and safety, labour standards and product responsibilities in the ESG aspects. The Board sets 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, the ESG Report mainly covers the Group's major operating revenue activities under direct management control, including its provision of fire safety systems installation service, repair and maintenance services on fire safety systems and its sales of fire equipment.

REPORTING FRAMEWORK

The ESG Report has been prepared in compliance with all applicable provisions as set out in the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") contained in Appendix 20 of the GEM Listing Rules.

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 11 to 25 of this annual report.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 March 2019 (the "Reporting Period").

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views relating to its businesses and ESG issues. In order to understand and address stakeholders' concerns, the Group communicates with its key stakeholders, including but not limited to employees, investors, customers, suppliers, government bodies and communities via through different channels such as conferences, electronic platforms and public events.

In formulating operational strategies and ESG measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community.

Stakeholder type	Communication channels
Shareholders and Investors	• Annual general meetings and extraordinary general meetings • Annual, interim and quarterly reports • Announcements and circulars
Customers	• Hotline for after-sale service • Customer satisfaction survey
Suppliers	• On-site audit management system • Regular assessment of suppliers' performance • Supplier management meetings and events
Employees	• Means for employees to express opinions (e.g. opinion form and suggestion box) • Regular meeting and management communication (e.g. email and telephone) • Intranet • Site visits • Assessment of work performance
Community, NGOs and media	• Community investment plans • ESG Report

The Group is committed to improving our ESG performance through collaboration with our stakeholders, creating greater value for our society and the country continuously.

MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have participated in preparing this report, assisted the Group in reviewing its operation, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders. We have compiled a questionnaire in reference to the identified material environmental, social and governance issues to collect the information from relevant departments and business units of the Group.

The following table summarizes the Group's significant environmental, social and governance issues as set out in this report:

The Reporting Guide	Material ESG aspects of the Group	
A. Environmental		
A1. Emissions	Exhaust Gas Emission	P. 29
	Greenhouse Gas ("GHG") Emission	P. 29
	Wastewater discharge	P. 31
	Waste Management	P. 31
A2. Use of Resources	Energy Consumption	P. 32
	Water Consumption and Use of Packaging Materials	P. 34
A3. The Environmental and Natural Resources	Environmental Impact of Projects	P. 34
	Indoor Air Quality	P. 34
B. Social		
B1. Employment	Recruitment, Promotion and Remuneration	P. 35
	Work-life Balance	P. 35
	Equal Opportunity and Anti-Discrimination	P. 35
B2. Health and Safety	Safety Risks of Projects	P. 36
	Safety Training	P. 36
B3. Development and Training	Staff Development and Training	P. 36
	On the Job Training provided by External Consultant Engineer	P. 37
	Subsidy on Continuous Learning	P. 37
B4. Labor Standards	Prevention of Child Labour or Forced Labour	P. 37
B5. Supply Chain Management	Supply Chain and Subcontractor Management Structure	P. 38
	Fair and Open Tendering	P. 38
B6. Product Responsibility	Quality Management	P. 38
	Complaint and Accident Handling	P. 39
B7. Anti-corruption	Regulations on Anti-Corruption	P. 39
	Whistleblowing Mechanism	P. 40
B8. Community Investment	Social Responsibility Education	P. 40

During the Reporting Period, the Group confirmed that appropriate and effective management policies and internal control systems for ESG issues are in place and confirmed disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

We welcome stakeholders to provide their opinions and suggestions. You can provide valuable advices in respect of the ESG report or our performances in sustainable development via telephone at +852 2116 5252.

A. ENVIRONMENT

A1. Emissions

General Disclosure and Key Performance Indicators ("KPI")

The Group adheres to good environmental management, striving to protect the environmental to fulfil its corporate social responsibility. To minimize the adverse impact caused by our operations, the Group has formulated relevant policies relating to environmental management and established an environmental management system in accordance with ISO14001, which has been integrated into our daily operations. The Group is strictly committed to complying with requirements stipulated in the relevant local environmental laws and regulations. We strive to constantly improve our environmental management system, in order to minimize negative impacts on the environment.

The Group has a dedicated department to coordinate and implement environmental protection measures and objectives, and to address environmental issues. We carry out a series of environmental management measures at the project sites, covering planning, materials procurement and various project procedures. The aspects of 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 are strictly in compliance with local laws and regulations.

The Group has not identified any material non-compliance of relevant environmental laws and regulations in Hong Kong that has significant impact to the Group, including but not limited to *Air Pollution Control Ordinance* and *Noise Control Ordinance* during the Reporting Period.

Exhaust Gas Emission

Due to our business nature, the Group does not generate significant amount of exhaust gas emissions during its operation. However, we still strive to mitigate the exhaust gas generated from our production process as much as possible.

GHG Emissions

The consumption of electricity at the office as well as petrol and diesel consumption for the vehicles are the largest sources of GHG emissions of the Group. During the Reporting Period, the Group's total GHG emissions amounted to approximately 64.50 tonnes CO_2 equivalent ("tCO_2e") and the total GHG emission per employee was 1.34 tCO_2e. The detailed summary of the GHG emission is shown as below:

A. ENVIRONMENT (continued)

A1. Emissions (continued)

General Disclosure and Key Performance Indicators ("KPI") (continued)

GHG Emissions (continued)

GHG emissions Performance Summary

Indicators	**Unit**	**2019**	2018
Direct GHG emissions (Scope 1) (petrol and diesel consumption)	tCO_2e	**18.96**	17.86
Direct GHG emissions (Scope 1) (petrol and diesel consumption) Intensity[2]	tCO_2e/employee	**0.40**	0.41
Indirect GHG emissions (Scope 2) (electricity consumption)	tCO_2e	**34.79**	31.21
Indirect GHG emissions (Scope 2) (electricity consumption) Intensity[2]	tCO_2e/employee	**0.72**	0.71
Others (Scope 3) – Paper Waste Indirect Emission	tCO_2e	**10.75**	10.13
Others (Scope 3) – Paper Waste Indirect Emission Intensity[2]	tCO_2e/employee	**0.22**	0.23
Total GHG emissions	tCO_2e	**64.50**	59.15
Total GHG emissions intensity	tCO_2e/employee	**1.34**	1.34

Remarks:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report? – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), and the CLP2018 Sustainability Report.

2. As at 31 March 2019, the Group had 48 full-time employees in total. The data is also used for calculating other intensity data.

The Group is glad to have maintained a steady GHG emissions as we have continuously monitored the consumption of fuel and electricity.

We have adopted the following measures to mitigate the direct GHG emission from petrol and diesel consumption in our operations:

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

A. ENVIRONMENT (continued)

A1. Emissions (continued)

General Disclosure and Key Performance Indicators ("KPI") (continued)

GHG Emissions (continued)

Consumption of electricity is accounted as the major source for indirect GHG emissions. The Group has implemented measures as stated in "Energy Consumption" of Aspect A2 below in order to reduce energy consumption, and thereby minimizing carbon footprint.

Wastewater discharge

We do not consume significant volume of water through 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

The Group adheres to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. Our waste management practice has complied with relevant laws and regulations relating to environmental protection. The non-hazardous wastes generated by the Group's operations mainly consist of paper. During the Reporting Period, the consumption volume generated by the Group is shown as below:

Indicators	**Unit**	**2019**	2018
Paper consumption total weight	tonnes	**2.24**	2.11
Paper consumption Intensity	tonnes/employee	**0.047**	0.048

During our business operation, we consumed paper for drawing, printing out the monitoring reports with photos and for tendering purpose. The paper consumption per employee has remained a constant amount this year. We understand it is inevitable for our business to consume paper, therefore we continuously monitor the consumption volume of paper and encourage staff to think twice before printing. The Group's office has also provided suitable facilities and encouraged our staff to sort and recycle the wastes to achieve the objectives 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.

The office has implemented various programs and activities to encourage employees to participate in waste reduction management, including:

- Promoted green information and electronic communication, such as e-mail and electronic workflows;

- Implemented the new ERP system and to encourage the paperless working environment;

- Placed "Green Message" reminders on office equipment;

- Utilised 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,

- Recommended the use of recycled paper.

A. ENVIRONMENT (continued)

A1. Emissions (continued)

General Disclosure and Key Performance Indicators ("KPI") (continued)

Waste Management (continued)

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 impacts:

- Maximise every stationary lifespan (such as plastic binding ring, paper clip, etc.) 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

Due to our business nature, the Group did not generate hazardous wastes during the Reporting Period. The Group has established guidelines of governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group was certified to use government waste disposal facilities, which is complied with the relevant environmental regulations and rules.

As the Group is providing installation, repair and maintenance of fire services system instead of the chemically producing company, it does not directly produce hazardous wastes (such as medical wastes) during our operation.

A2. Use of Resources

General Disclosure and KPI

The Group continues with initiatives 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, and 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 in the Aspect A1, the Group has formulated policies and procedures relating to the environmental management, including energy management. Electricity consumption and fuel consumption account for a substantial part of the carbon emission for the Group.

A. ENVIRONMENT (continued)

A2. Use of Resources (continued)

General Disclosure and KPI (continued)

Energy Consumption (continued)

During the Reporting Period, the Group's consumption in fuel and electricity were as follow:

Indicators	Unit	2019	2018
Direct energy consumption			
Unleaded petrol	kWh	**18,594**	20,853
Unleaded petrol consumption Intensity	kWh/employee	**387.38**	473.93
Diesel	kWh	**52,019**	42,580
Diesel consumption Intensity	kWh/employee	**1,083.73**	967.73
Indirect energy consumption			
Purchased electricity	kWh	**68,220**	61,202
Purchased electricity Intensity	kWh/employee	**1,421.25**	1,390.95
Total energy consumption	kWh	**138,833**	124,635
Total energy consumption Intensity	kWh/employee	**2,892.36**	2,832.61

Notes:

1. Conversion is in reference to the conversion provided on U.S. Energy Information Administration Energy Conversion Calculators, actual petrol consumption was 1,993 litres and 2,236 litres in 2019 and 2018 respectively.

2. Conversion is in reference to the conversion provided on U.S. Energy Information Administration Energy Conversion Calculators, actual diesel consumption was 4,891 litres and 4,257 litres in 2019 and 2018 respectively.

There is an increase of approximately 11% in the total energy consumption. This was due to the increase in the number of staff, therefore the use of fuel and electricity had been increased accordingly.

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

- Encourage 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, along with investigating significant variance noted;
- Utilize natural light where possible;
- Adopt power-saving features for office equipment and computers;

A. ENVIRONMENT (continued)

A2. Use of Resources (continued)

General Disclosure and KPI (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 workplace in 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. 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 employees for water conservation, which results in enhancing our employees' awareness in 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 has no industrial production or any factory facilities. Therefore, we do not consume significant amount of package materials for product packaging.

A3. Environment and Natural Resources

General Disclosure and KPI

The Group pursues the best practices in environment protection and focuses on the impact of the Group's businesses to the environment and natural resources. In addition to complying with 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 make effective use of resources. It carries out continuous monitoring if the business operations incur any potential adverse impact to the environment, and minimizes such adverse impact to the environment through promoting green office by adopting four basic principles which comprise of reduce, reuse, recycle and replacement. Where applicable, we adopt green purchasing strategies and the most practical technologies to protect our natural resources.

Environmental Impact of Projects

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.

A. ENVIRONMENT (continued)

A3. Environment and Natural Resources (continued)

General Disclosure and KPI (continued)

Indoor Air Quality

Indoor air quality in our workplace is regularly monitored and measured. By conducting regular cleaning of the air conditioning system, these measures resulted in maintaining indoor air quality and filtering out pollutants, contaminants and dust particles.

B. SOCIETY

B1. Employment

General disclosure

Employees are the largest and most valuable asset of the Group. Our excellence in human resources is our core competitive advantage. We established relevant policies to fulfil our vision on people-oriented management to realise the full potential of employees. The human resources managing procedures are formally documented as Staff Handbooks, covering resources planning, performance evaluation, training, recruitment, resignation, transfer, compensation and welfare, etc. The Staff Handbook does not only give a standardized labour employment management, it also respects and safeguards the legitimate interests of every employee based thereon, endeavouring to protect employees' occupational health and safety.

During the Reporting Period, the Group is not aware of any material non-compliance with employment-related laws and regulations including but not limited to *Employment Ordinance* in Hong Kong that would have a significant impact on the Group.

Recruitment, Promotion and Remuneration

The Group hires employees through open recruitment. In the recruitment process, it standardizes 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 are subject to review regularly. The Group has established objective performance indicators for annual performance evaluation. Supervisor discusses the performance with employee in facilitating an effective 2-way communication for advancement. Based on the evaluation result, we offer rewards to employees in encouraging continuous improvement.

Work-life Balance

We value the importance of maintaining a healthy lifestyle and work-life balance of our employees. The Group actively engages its employees through different work-life balancing social activities.

Equal Opportunity and Anti-Discrimination

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics, gender or age. The Group's Staff Handbook outline the terms and conditions of employment, expectation for employees' conducts and behaviours, employees' rights and benefits. We establish and implement policies that promote a harmony 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.

B. SOCIETY (continued)

B2. Health and Safety

General disclosure

As the core business of the Group is installation of fire safety system, providing a safe, effective and congenial work environment for 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 employees to attend relevant workshops or training courses. The Human Resources Department also takes responsibilities for offices' occupational health and safety and relevant promotions and monitoring.

During the reporting period, the Group is not aware of any material non-compliance with health and safety-related laws and regulations including but not limited to *Occupational Health and Safety Ordinance* that would have a significant impact on the Group.

There was no work-related fatalities and zero lost day due to work injury during the Reporting Period.

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 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 organised by the Group, on occupational safety and environmental control. Emergency and evacuation procedures have been established for employees to response to major safety accidents timely and orderly. Employees are also free to provide feedbacks on improving workplace safety.

B3. Development and Training

General disclosure

Staff Development and Training

The Group regards our 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 skills as needed. Besides, the Group has made good use of its internal resources to organize various forms of training for its office in Hong Kong, including 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. The seminar allowed our staff to exchange latest ideas and technologies updates in the market.

B. SOCIETY (continued)

B3. Development and Training (continued)

General disclosure (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 will be 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 for 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 considered as important value-added personal development for our staff. Staff who is positive in enriching knowledge is a valuable asset to the Group and therefore we encourage our staff to take up on job-related or industry-related courses for continuous learning. We support them through providing school fee subsidy for staff and allow flexible working hours to facilitate learning.

B4. Labour Standards

General disclosure

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' of 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 is not aware of any material non-compliance with child and forced labour-related laws and regulations including but not limited to the *Employment of Children Regulations, Employment Ordinance*, etc. in Hong Kong that would have a significant impact on the Group.

B5. Supply Chain Management

General disclosure

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 the society in view of green supply chain management.

B. SOCIETY (continued)

B5. Supply Chain Management (continued)

General disclosure (continued)

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. Assessments are carried out annually of our suppliers and subcontractors 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 are 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 the 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. It would 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

General disclosure

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, we are 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 and the *Trade Descriptions Ordinance* of Hong Kong that have a significant impact on the Group.

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.

B. SOCIETY (continued)

B6. Product Responsibility (continued)

General disclosure (continued)

Quality Management (continued)

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 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 Compliant/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 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 formulates the sales and promotion campaigns to ensure they are truthful, fair and reasonable, and free of misleading elements for protection of the consumers' interests.

B7. Anti-Corruption

General disclosure

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. This year we continued to partner with ICAC (Independent Commission Against Corruption) to hold a seminar on anti-corruption education. The seminar helped enhancing our staff's awareness in preventing corruption at work to fight corruption.

During the Reporting Period, the Group is not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering including but not limited to the *Prevention of Bribery Ordinance* of Hong Kong.

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 are formulated and all employees must comply with it, including but not limited to:

B. SOCIETY (continued)

B7. Anti-Corruption (continued)

General disclosure (continued)

- 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 Directors nor employees shall 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.

Whistleblowing Mechanism

The Group adopts a whistleblowing 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.

B8. Community Investment

General disclosure

As part of the Group's strategic development, we are committed to support 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 the 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

Throughout the year, the Group actively supports 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 organizations.

The Group believes that education to under-privileged children is a means to cure poverty and bring hope to grassroots families. The Group has supported the Twinklestars Programme, a programme which aimed at assisting needy students in Mainland China, especially those living in rural area, to pursue an undergraduate programme.

Apart from providing support to children in need in Mainland China, the Group also supports education and personal development of Hong Kong students. We provided youth career development through coordinating the internship program with Institute of Vocational Education ("IVE") and Diploma of Vocational Education ("DVE") offered by VTC Youth College. Students will be given internship opportunities at our Company to experience the industry and put what they have learnt into practice.

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DIRECTORS

Executive Directors

Mr. FOK Hau Fai (霍厚輝), aged 48, 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 58, was appointed as our Executive Director on 3 September 2016. He is 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 47, was appointed as our Independent Non-executive Director on 22 September 2017. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

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

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

Biographical Details of Directors and Senior Management

Mr. LEE Yin Sing (李彥昇), aged 39, 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 10 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 (Formerly known as "Grand Concord 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 43, 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 the Audit Committee and Remuneration Committee.

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

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

SENIOR MANAGEMENT

The following are the senior management team of the Group:

Mr. CHEUNG Tsz Wing (張子榮), aged 42, joined our Group in April 2008 and is our assistant project manager.

Mr. Cheung has about 14 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 42, 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 36, 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 10 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 obtained a Bachelor of Business Administration Degree majoring in Accountancy from the City University of Hong Kong in November 2007. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2012 and is a Certified Public Accountant (Practicing) in Hong Kong since January 2018.

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 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged as 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 29 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 10 of this annual report and the discussion of its environmental policies and performance, can be found in section headed "Environmental, Social and Governance Report" set out on pages 26 to 44 of this annual report.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

For the year ended 31 March 2019, 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 was 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 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 62 of this annual report.

The Board did not recommend the payment of final dividend of the Company for the year ended 31 March 2019 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 115 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 2019 in the property and equipment of the Group are set out in note 12 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of movements during the year ended 31 March 2019 in the share capital of the Company are set out in note 20 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 2019.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 30 to the consolidated financial statements and the consolidated statement of changes in equity on page 64 of this annual report, respectively.

As at 31 March 2019, 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$51,957,000.

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 2019 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 36.8% (2018: 47.0%) of the Group's total revenue. The Group's largest customer accounted for approximately 10.8% (2018: 17.8%) of the Group's total revenue.

In the year under review, the Group's five largest suppliers accounted for approximately 15.8% (2018: 17.8%) of the Group's total direct costs. The Group's largest supplier accounted for approximately 5.8% (2018: 6.9%) of the Group's total direct costs.

In the year under review, the Group's five largest sub-contractors accounted for approximately 31.7% (2018: 36.1%) of the Group's total direct costs. The Group's largest sub-contractor accounted for approximately 9.0% (2018: 14.1%) of the Group's total direct costs.

None of the Directors or any of their associates (as defined under the GEM 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 2019.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2019 are set out in note 22 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 20 of the GEM 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 GEM Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS

The Directors during the year ended 31 March 2019 and up to the date of this report were:

Executive Directors

Mr. Fok Hau Fai *(Chairman and Chief Executive Officer)*
Mr. Sung Sing Yan
Ms. Wu Xiaorong (resigned on 1 March 2019)

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 6 to the consolidated financial statements of this annual report.

In accordance with Articles 108(a) 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 2019 AGM and, being eligible, offer themselves for re-election.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 the GEM 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 45 to 47 of this annual report.

DIRECTORS' SERVICES CONTRACTS

Each of the Executive Directors has entered into a service agreement with Company for an initial term of three years commencing from the Listing Date 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 INEDs was appointed under a letter of appointment for a fixed term of three years commencing from the Listing Date 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 2019, the interests and short positions of the Directors and chief executives of the Company in the Shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified 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 standard of dealings by Directors referred in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long 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 2019, 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 Rules 5.46 to 5.67 of the GEM 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 2019, 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 GEM Listing Rules:

Name of Shareholder	Nature of Interest	Number of the Shares held/ interested in	Long/short position	Percentage of Shareholding
Foxfire (Note)	Beneficial owner	427,500,000	Long 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 2019, the Directors were not aware of any other persons or companies who had any interest or short position in the Shares, underlying Shares or 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 2019, 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 2019, 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 the Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2019.

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 6 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 GEM 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 2019.

INTEREST OF COMPLIANCE ADVISER

As at 31 March 2019, except for the compliance adviser agreement entered into between the Company and CLC International Limited ("CLC") dated 28 September 2017, neither CLC nor any of its directors, employees or close associates had any interests in relation to the Group which requires to be notified to the Company pursuant to Rule 6A.32 of GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 March 2019 and up to date of this 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 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 2019 have been audited by Deloitte Touche Tohmatsu ("Deloitte"). Deloitte shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Deloitte as auditor of the Company will be proposed at the AGM.

CORPORATE GOVERNANCE

Details of the corporate governance of the Company are set out in the section headed "Corporate Governance Report" on pages 11 to 25 of this annual report.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

No contracts concerning management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 March 2019.

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 2019, our Group did not make any charitable or other donations.

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.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 March 2019 and up to the date of this report.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 5 August 2019 to Friday, 9 August 2019, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (New Address: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) not later than 4:30 pm on Friday, 2 August 2019.

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

Hong Kong, 24 June 2019

Deloitte. 德勤

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 62 to 115, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, 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 (the "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 judgement, 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 engineering service contracts and contract assets

Key audit matter

We identified the recognition of revenue and costs for engineering service contracts for income from the fire safety system installation services and contract assets as a key audit matter due to the use of judgement and estimates by management in determining the stage of completion and the budget costs of engineering service contracts in progress.

The contract revenue generated from engineering service contracts amounting to approximately HK$120,788,000 was recognised in the profit or loss during the year ended 31 March 2019. As disclosed in note 16 to the consolidated financial statements, the carrying amounts of contract assets were approximately HK$46,869,000 as at 31 March 2019.

The Group recognised contract revenue, direct costs and contract assets by reference to the stage of completion of the contract activity at the end of each reporting period. As set out in note 4 to the consolidated financial statements, the management exercises judgements in estimating the total contract costs, which are prepared by the management on the basis of quotations provided by the major subcontractors, suppliers or vendors involved. The actual outcomes of contracts in terms of total cost may be higher or lower than estimated, which would affect the profit or loss to be recognised, as well as the carrying amount of contract assets.

How our audit addressed the key audit matter

Our procedures in relation to the revenue and costs recognition for engineering service contracts and contract assets included:

- understanding the management's process in estimation of the contract revenue, budget cost and determination of completion status of the engineering service contracts;
- agreeing the total contract value to the contracts and variation orders, if any, to agreements or other correspondence, on a sample basis;
- evaluating the reasonableness of estimated total contract costs to be incurred by checking against the agreements, quotations or other correspondences provided by subcontractors, suppliers or vendors, on a sample basis;
- evaluating the reasonableness of costs from engineering service recognised to date by:
  - checking to the supporting documents including the certificates and invoices issued by the subcontractors/suppliers/vendors and their correspondences issued to evaluate progress of respective projects, on a sample basis;
  - discussing with the management of the Group to understand the status of respective engineering service contracts, and to evaluate the reasonableness of contract costs recognised based on the size and duration of the projects, on a sample basis; and
- checking the accuracy of contract assets by agreeing the amount of progress billings to invoices issued to customers, on a sample basis.

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 judgement 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 2019, the Group's net trade receivables and contract assets amounting to approximately HK$15,645,000 and HK$46,869,000 respectively, which represented approximately 12% and 36% of total assets of the Group respectively. As disclosed in note 25 to the consolidated financial statements, the Group's lifetime ECL on trade receivables and contract assets amounted to approximately HK$1,410,000 in aggregate as at 31 March 2019. 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. 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 and/or past due status of respective trade receivables and contract assets. 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 with the consideration of expected future credit losses.	Our procedures in relation to impairment assessment of trade receivables and contract assets included: • understanding the process on how the management estimates the credit loss allowance for trade receivables and contract assets; • testing the accuracy of information used by the management to access ECL, including trade receivables ageing analysis as at 31 March 2019, on a sample basis, by comparing individual items in the analysis with the relevant invoices on progress payments of contract works; and • challenging management's basis and judgement in determining credit loss allowance on trade receivables and contract assets as at 31 March 2019, including their identification of credit impaired or significant trade receivables and contract assets which are assessed for ECL individually, the reasonableness of 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 INFORMATION

The directors of the Company ("Directors") 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 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 judgement 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, related safeguards.

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.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wing Cheong, Wilfred.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 June 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	Year ended 31 March 2019 HK$'000	Year ended 31 March 2018 HK$'000
Revenue	5	**120,788**	102,076
Direct costs		**(81,828)**	(69,617)
Gross profit		**38,960**	32,459
Bank interest income		**649**	417
Impairment loss allowance of trade receivables and contract assets, net of reversal		**(943)**	(186)
Administrative expenses		**(10,252)**	(9,104)
Listing expenses		**–**	(8,270)
Finance cost	7	**–**	(53)
Profit before taxation	8	**28,414**	15,263
Income tax expense	9	**(4,323)**	(3,907)
Profit and total comprehensive income for the year		**24,091**	11,356
Earnings per share			
Basic (HK cents)	11	**4.02**	2.21

Consolidated Statement of Financial Position

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property and equipment	12	**971**	891
Deposits	14	**293**	457
		1,264	1,348
Current assets			
Trade receivables	13	**15,645**	14,642
Deposits and prepayments	14	**552**	632
Amounts due from customers for contract work	15	**–**	21,537
Contract assets	16	**46,869**	–
Tax recoverable		**–**	33
Pledged bank deposits	17	**2,072**	1,078
Bank balances	17	**65,366**	67,862
		130,504	105,784
Current liabilities			
Trade payables	18	**8,266**	4,198
Other payables and accrued charges	19	**1,974**	2,293
Amounts due to customers for contract work	15	**–**	4,029
Contract liabilities	16	**–**	–
Tax payable		**825**	–
		11,065	10,520
Net current assets		**119,439**	95,264
Net assets		**120,703**	96,612
Capital and reserves			
Share capital	20	**6,000**	6,000
Reserves		**114,703**	90,612
Total equity		**120,703**	96,612

The consolidated financial statements on pages 62 to 115 were approved and authorised for issue by the Board of Directors on 24 June 2019 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 2019

	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 2017	–	–	921	24,672	25,593
Profit and total comprehensive income for the year	–	–	–	11,356	11,356
Capitalisation issue (note 20 (ii))	4,500	(4,500)	–	–	–
Issue of shares upon share offer (note 20 (iii))	1,500	67,500	–	–	69,000
Transaction costs directly attributable to issue of shares	–	(9,337)	–	–	(9,337)
At 31 March 2018	6,000	53,663	921	36,028	96,612
Profit and total comprehensive income for the year	**–**	**–**	**–**	**24,091**	**24,091**
At 31 March 2019	**6,000**	**53,663**	**921**	**60,119**	**120,703**

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Year ended 31 March	
	2019	2018
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**28,414**	15,263
Adjustments for:		
Depreciation of plant and equipment	**302**	183
Impairment loss allowance of trade receivables and contract assets, net of reversal	**943**	–
Allowance for bad and doubtful debts, net	**–**	186
Bank interest income	**(649)**	(417)
Finance cost	**–**	53
Operating cash flows before movements in working capital	**29,010**	15,268
Increase in trade receivables	**(1,607)**	(3,221)
Decrease (increase) in deposits and prepayments	**244**	(734)
Increase in amounts due from/to customers for contract work, net	**–**	(6,757)
Increase in contract assets	**(25,671)**	–
Increase (decrease) in trade payables	**4,068**	(3,570)
Increase in other payables and accrued expenses	**79**	779
Decrease in contract liabilities	**(4,427)**	–
Cash generated from operations	**1,696**	1,765
Income tax paid	**(3,465)**	(6,833)
NET CASH USED IN OPERATING ACTIVITIES	**(1,769)**	(5,068)
INVESTING ACTIVITIES		
Bank interest received	**649**	417
Purchases of property and equipment	**(382)**	(491)
Withdrawal of pledged bank deposits	**170**	25
Placement of pledged bank deposits	**(1,164)**	(222)
NET CASH USED IN INVESTING ACTIVITIES	**(727)**	(271)
FINANCING ACTIVITIES		
New bank borrowing raised	**–**	2,500
Repayment of a bank borrowing	**–**	(2,500)
Proceeds from issue of shares of the Company	**–**	69,000
Transaction costs directly attributable to issue of shares	**–**	(7,022)
Interest paid	**–**	(53)
NET CASH FROM FINANCING ACTIVITIES	**–**	61,925
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(2,496)**	56,586
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**67,862**	11,276
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES	**65,366**	67,862

1. GENERAL

Lumina Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 7 July 2016 and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 October 2017. 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 Limited, 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 hereinafter referred as to 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

2.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Fire safety system installation services

- Fire safety system repair and maintenance services

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3, respectively.

Summary of effects arising from initial application of HKFRS 15

Based on the assessment of the Group, the directors of the Company consider that the initial application of HKFRS 15 has resulted in more disclosures and reclassification adjustments as disclosed below, however, there is no material impact on the timing and amounts of revenue recognised in the current and prior accounting periods.

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

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

2.1 HKFRS 15 "Revenue from Contracts with Customers" (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

The following reclassification adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 March 2018 HK$'000	Reclassification HK$'000	Carrying amounts under HKFRS 15 at 1 April 2018* HK$'000
Current assets				
Amounts due from customers for contract work	(a)	21,537	(21,537)	–
Contract assets	(a)	–	21,537	21,537
Current liabilities				
Other payables and accrued charges	(c)	2,293	(398)	1,895
Amounts due to customers for contract work	(b)	4,029	(4,029)	–
Contract liabilities	(b), (c)	–	4,427	4,427

* The amounts in this column are before the adjustments from the application of HKFRS 9 with details disclosed in note 2.2.

Notes:

(a) At 1 April 2018, HK$21,537,000 of amounts due from customers for contract work was reclassified to contract assets.

(b) At 1 April 2018, HK$4,029,000 of amounts due to customers for contract work was reclassified to contract liabilities.

(c) At 1 April 2018, received in advances from customers of HK$398,000 in respect of engineering service contracts previously included in other payables and accrued charges was reclassified to contract liabilities.

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

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

2.1 HKFRS 15 "Revenue from Contracts with Customers" (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported HK$'000	Reclassification HK$'000 (Note)	Amounts without application of HKFRS 15 HK$'000
Current assets			
Contract assets	46,869	(46,869)	–
Amounts due from customers for contract work	–	46,869	46,869

Note: Without application of HKFRS 15, the contract assets under HKFRS 15 will be reclassified as amounts due from customers for contract work under HKAS 18.

Impact on the consolidated statement of cash flows

	As reported HK$'000	Reclassification HK$'000 (Note)	Amounts without application of HKFRS 15 HK$'000
Operating activities			
Increase in contract assets	(25,671)	25,671	–
Increase in amounts due from/to customers for contract work, net	–	(29,700)	(29,700)
Increase (decrease) in other payables and accrued expenses	79	(398)	(319)
Decrease in contract liabilities	(4,427)	4,427	–

Note: Without application of HKFRS 15, the contract assets under HKFRS 15 will be reclassified as amounts due from customers for contract work under HKAS 18, and the contract liabilities under HKFRS 15 will be reclassified as amounts due to customers for contract work and other payables and accrued expenses.

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

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

2.2 HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and contract assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15. The measurement categories for all other financial assets and financial liabilities of the Group as at 1 April 2018 remain the same upon the application of HKFRS 9.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9 and considered the application of ECL model has no material impact to the financial position of the Group as at 1 April 2018. The impairment loss allowance of trade receivables recognised in the year ended 31 March 2018 of HK$186,000 previously presented as "other loss" is now presented as "impairment loss allowance of trade receivables and contract assets, net of reversal" in the consolidated statement of profit or loss and other comprehensive income of the Group to align with the presentation in the current year.

2. APPLICATION OF NEW AND 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 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
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 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2021.

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

4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

5 Effective for annual periods beginning on or after 1 January 2020.

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 Group's financial performance and financial position in the foreseeable future.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

New and amendments to HKFRSs in issue but not yet effective (continued)

HKFRS 16 "Leases" (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$1,238,000 as disclosed in note 21. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of approximately HK$293,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated profits without restating comparative information.

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

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

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 within the scope of HKAS 17 "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.

The principal accounting policies adopted are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporates 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 statements 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 intra-group assets, 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 (upon application of HKFRS 15 in accordance with transitions in note 2)

Revenue recognition

Under HKFRS 15, 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 and 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (continued)

Revenue recognition (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. 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.

Revenue recognition (before application of HKFRS 15 on 1 April 2018)

Revenue is measured at fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from engineering service contracts is based on the stage of completion at the end of the reporting period. The Group's policy for recognition of revenue from engineering services is described in the accounting policy for engineering service contracts below.

Service income is recognised when the services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (before application of HKFRS 15 on 1 April 2018) (continued)

Engineering service contracts

Where the outcome of an engineering service contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, measured based on the proportion that contract cost incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of an engineering service contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amount received before the related work is performed are included in the consolidated statement of financial position, as a liability, as receipt in advance and included in other payables and accrued charges prior to the application of HKFRS 15 on 1 April 2018. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

Property and equipment

Property and equipment 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 over their estimated useful lives, using the straight-line method. The estimated useful lives 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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. 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) 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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position 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 contract with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; 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 fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is classified as 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 pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit impaired financial assets, 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.

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other deposits and receivables, pledged bank deposits and bank balances) and contract assets. 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.

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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (continued)

(i) Significant increase in credit risk (continued)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (continued)

(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;

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

(e) The disappearance of an active market for that financial asset because of financial difficulties.

(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. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (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 adjusted by 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.

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;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management 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.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, deposits, pledged bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

Interest income is recognised by applying the effective interest rate except for short-term receivables where the recognition of interest would be insignificant.

Impairment of loans and receivables (before application of HKFRS 9 on 1 April 2018)

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as a default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (before application of HKFRS 9 on 1 April 2018) (continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on trade receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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 group entities are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

The Group's financial liabilities including trade payables, other payables and accrued charges 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.

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 service 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.

Borrowing costs

All borrowing costs, other than those that are directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income 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.

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.

Taxation (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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.

Engineering service contracts

The Group reviews and revises the estimates of contract revenue and contract costs prepared for each engineering service contract as the contract progresses. Budgeted engineering service costs are prepared by the management on the basis of quotations provided by the major subcontractors, suppliers or vendors involved. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

Recognised amounts of engineering service contract revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going engineering service contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment assessment on trade receivables and contract assets

Since the initial application of HKFRS 9 on 1 April 2018, 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 with the consideration of expected future credit losses.

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 and contract assets and their ECL provision are disclosed in notes 13, 16 and 25, respectively.

5. REVENUE AND SEGMENTAL INFORMATION

Revenue

Revenue represents the fair value of amounts received and receivable from the provision of fire safety system installation and repair and maintenance services by the Group to external customers in Hong Kong. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these services based on the stage of completion of the contract using input method.

For the year ended 31 March 2019

(i) Disaggregation of revenue from contracts with customers

	2019 **HK$'000**
Type of services	
– Fire safety system installation	**110,940**
– Fire safety system repair and maintenance ("Repair and maintenance")	**9,848**
	120,788

5. REVENUE AND SEGMENTAL INFORMATION (continued)

Revenue (continued)

For the year ended 31 March 2019 (continued)

(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 2019 and the expected timing of recognising revenue are as follows:

	Fire safety system installation services HK$'000	**Repair and maintenance services HK$'000**
Within one year	**71,728**	**24**
More than one year but not more than two years	**3,500**	**15**
	75,228	**39**

For the year ended 31 March 2018

Revenue represents the fair value of amounts received and receivable by the Group to external customers, and is analysed as follows:

	2018 HK$'000
Income from fire safety system installation services	88,730
Income from repair and maintenance services	13,346
	102,076

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; and (ii) Repair and maintenance.

5. REVENUE AND SEGMENTAL INFORMATION (continued)

Segment information (continued)

Segment results

Year ended 31 March 2019

	Fire safety system installation HK$'000	Repair and maintenance HK$'000	Consolidated HK$'000
Segment revenue	**110,940**	**9,848**	**120,788**
Segment results	**36,661**	**1,356**	**38,017**
Bank interest income			**649**
Administrative expenses			**(10,252)**
Profit before taxation			**28,414**

Year ended 31 March 2018

	Fire safety system installation HK$'000	Repair and maintenance HK$'000	Consolidated HK$'000
Segment revenue	88,730	13,346	102,076
Segment results	29,892	2,381	32,273
Bank interest income			417
Administrative expenses			(9,104)
Listing expenses			(8,270)
Finance cost			(53)
Profit before taxation			15,263

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment results represents the profit earned by each segment without allocation of bank interest income, administrative expenses, listing expenses and finance cost.

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.

5. REVENUE AND SEGMENTAL INFORMATION (continued)

Segment information (continued)

Other segment information

Year ended 31 March 2019

	Fire safety system installation HK$'000	Repair and maintenance HK$'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	–	–	–	302	302
Impairment loss allowance of trade receivables and contract assets, net of reversal	726	217	943	–	943

Year ended 31 March 2018

	Fire safety system installation HK$'000	Repair and maintenance HK$'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	–	–	–	183	183
Allowance for bad and doubtful debts, net	186	–	186	–	186

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 property and equipment 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:

	2019 HK$'000	2018 HK$'000
Customer A	13,052	18,209
Customer B	–*	12,370

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

6. 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. Ms. Wu Xiaorong ("Ms. Wu") was appointed as executive director of the Company on 24 January 2018 and resigned on 1 March 2019. 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	Ms. Wu HK$'000 (Note (iv))	Mr. Hung HK$'000	Mr. Lee HK$'000	Mr. Wan HK$'000	Total HK$'000
Year ended 31 March 2019							
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**
Year ended 31 March 2018							
Fees	–	–	22	63	63	63	211
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	22	63	63	63	2,110

Notes:

(i) Mr. Fok acts as 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.

(iv) Ms. Wu Xiaorong waived her remuneration amounting to HK$132,000 during the year ended 31 March 2019 and resigned as executive director of the Company on 1 March 2019.

6. 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. Except for Ms. Wu, none of the Directors 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 6(a) above. The emoluments of the remaining three individuals were as follows:

	2019 **HK\$'000**	2018 HK\$'000
Salaries and other benefits	**2,465**	2,418
Discretionary bonus (Note)	**267**	222
Retirement benefit scheme contributions	**54**	54
	2,786	2,694

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

Their emoluments were within the following bands:

	2019 **Number of** **employees**	2018 Number of employees
Nil to HK\$1,000,000	**2**	2
HK\$1,000,001 to HK\$1,500,000	**1**	1

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.

7. FINANCE COST

	2019 **HK\$'000**	2018 HK\$'000
Interest on bank borrowing	**–**	53

8. PROFIT BEFORE TAXATION

	2019 **HK$'000**	2018 HK$'000
Profit before taxation has been arrived at after charging:		
Staff costs		
Directors' remuneration (note 6)	**2,259**	2,110
Other staff costs		
Salaries and other benefits	**12,774**	10,361
Retirement benefit scheme contributions	**501**	408
Total staff costs	**15,534**	12,879
Auditor's remuneration	**1,000**	1,000
Depreciation of property and equipment	**302**	183
Minimum lease payments under operating leases in respect of land and buildings and equipment	**1,241**	1,002

9. INCOME TAX EXPENSE

	2019 **HK$'000**	2018 HK$'000
Hong Kong Profits Tax:		
Current tax	**4,436**	3,927
Overprovision in prior years	**(113)**	(20)
	4,323	3,907

9. INCOME TAX EXPENSE (continued)

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 current year, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits of a subsidiary and at 16.5% on the estimated assessable profits above HK$2 million of that subsidiary.

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

	2019 **HK$'000**	2018 HK$'000
Profit before taxation	**28,414**	15,263
Tax at Hong Kong Profits Tax rate of 16.5%	**4,688**	2,518
Tax effect of expenses not deductible for tax purpose	**72**	1,456
Tax effect of income not taxable for tax purpose	**(107)**	(69)
Overprovision in prior years	**(113)**	(20)
Income tax at concessionary rate	**(165)**	–
Others	**(52)**	22
Income tax expense for the year	**4,323**	3,907

10. DIVIDENDS

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

11. EARNINGS PER SHARE

	2019 **HK$'000**	2018 HK$'000
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**24,091**	11,356
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**600,000**	514,932

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation in preparation of the listing of the Company's shares and the capitalisation issue (as disclosed in note 20(ii)), had been effective on 1 April 2017.

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

12. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2017	415	812	306	1,533
Additions	407	84	–	491
At 31 March 2018	822	896	306	2,024
Additions	–	**382**	–	**382**
At 31 March 2019	**822**	**1,278**	**306**	**2,406**
ACCUMULATED DEPRECIATION				
At 1 April 2017	96	548	306	950
Provided for the year	80	103	–	183
At 31 March 2018	176	651	306	1,133
Provided for the year	**147**	**155**	–	**302**
At 31 March 2019	**323**	**806**	**306**	**1,435**
CARRYING AMOUNTS				
At 31 March 2019	**499**	**472**	–	**971**
At 31 March 2018	646	245	–	891

The above items of property and equipment 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%

13. TRADE RECEIVABLES

	2019 **HK$'000**	2018 HK$'000
Trade receivables	**16,716**	15,109
Less: Allowance for credit losses	**(1,071)**	(467)
Total trade receivables	**15,645**	14,642

As at 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to HK$15,645,000 and HK$14,642,000 respectively.

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 (2018: allowance for bad and doubtful debts) presented based on the invoice date at the end of the reporting period.

	2019 **HK$'000**	2018 HK$'000
0–30 days	**8,812**	8,312
31–60 days	**2,225**	2,236
61–90 days	**977**	1,942
91–180 days	**1,276**	951
181–365 days	**1,313**	1,201
Over 365 days	**1,042**	–
	15,645	14,642

As at 31 March 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$13,210,000 which are past due as at the reporting date. Out of the past due balances, HK$3,631,000 has been past due 90 days or more and is not considered as in default as these balances are either from debtors with long term business relationship. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables for the year ended 31 March 2019 are set out in note 25.

As at 31 March 2018, 16% of the trade receivables that are neither past due nor impaired have good credit quality. These customers have no default of payment in the past.

As at 31 March 2018, included in the Group's trade receivables balance were debtors with aggregate carrying amount of HK$12,363,000 which were past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

13. TRADE RECEIVABLES (continued)

Ageing analysis of trade receivables which are past due but not impaired

	2018 HK$'000
Number of days overdue:	
1–30 days	8,269
31–60 days	1,942
61–150 days	951
151–365 days	1,201
Total	12,363

Movement in allowance for bad and doubtful debts

	2018 HK$'000
Balance of beginning of the year	281
Impairment losses recognised	209
Bad debt recovered	(23)
Balance at end of the year	467

As at 31 March 2018, included in the allowance for bad and doubtful debts were individually impaired trade receivables with an aggregate balance of HK$467,000, which have been overdue for a long period of time. The Group does not hold any collateral over these balances. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of each reporting period. The directors of the Company believe that no further impairment is required in excess of the allowance for bad and doubtful debts. The directors of the Company write off the bad and doubtful debts when the debtor is liquidated.

14. DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
Rental deposits	**293**	287
Other deposits and receivables	**87**	254
Prepayments	**465**	548
Total	**845**	1,089
Presented as non-current assets	**293**	457
Presented as current assets	**552**	632
Total	**845**	1,089

15. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	As at 31 March 2018 HK$'000
Contracts in progress at the end of the reporting period:	
Contract costs incurred plus recognised profits less recognised loss	166,374
Less: Progress billings	(148,866)
Total	17,508
Analysed as:	
Amounts due from customers for contract work	21,537
Amounts due to customers for contract work	(4,029)
	17,508

Unbilled retention receivables of HK$8,078,000 were included in the above contracts in progress as at 31 March 2018. 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 1 to 2 years from the date of completion of respective engineering service projects.

15. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK (continued)

The unbilled retention receivables are to be settled, based on the expiring of the defect liability period, at the end of each reporting period as follows.

	As at 31 March 2018 HK$'000
On demand or within one year	5,206
After one year	2,872
	8,078

16. CONTRACT ASSETS/LIABILITIES

	As at 31 March 2019 HK$'000	As at 1 April 2018* HK$'000
Contract assets		
– Unbilled revenue from engineering service contracts	**38,243**	13,459
– Retention receivables	**8,965**	8,078
Less: Allowance for credit losses	**(339)**	–
	46,869	21,537
Contract liabilities		
– Engineering service contracts	**–**	4,427

* The amounts in this column are after the reclassification adjustments from the application of HKFRS 15 as disclosed in note 2.

The Group has rights to considerations from customers for the provision of engineering services for fire safety system installation and repair and maintenance. Contract assets arise when the Group has right to consideration for completion of engineering services and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables when such right becomes unconditional other than the passage of time. Remaining rights and performance obligations in a particular contract is 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.

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 1 to 2 years from the date of completion of respective engineering service projects. 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.

16. CONTRACT ASSETS/LIABILITIES (continued)

For the contract liabilities as at 1 April 2018, the entire balances are recognised as revenue to profit or loss during the year ended 31 March 2019.

Details of the impairment assessment on contract assets are set out in note 25.

17. PLEDGED BANK DEPOSITS/BANK BALANCES

Pledged bank deposits represent deposits pledged to banks to secure the bank facilities (including performance guarantee as disclosed in note 27) granted to the Group, and carried with prevailing market interest rate ranging from 0.90% to 2.34% (2018: 0.01% to 1.25%) 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 2.70% (2018: 0.01% to 1.25%) per annum.

18. 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.

	As at 31 March	
	2019	2018
	HK$'000	HK$'000
0 to 30 days	**7,511**	2,707
31 to 60 days	**639**	651
Over 60 days	**116**	840
	8,266	4,198

19. OTHER PAYABLES AND ACCRUED CHARGES

	As at 31 March	
	2019	2018*
	HK$'000	HK$'000
Other payables and accrued charges	**1,824**	1,745
Receipt in advance	**150**	548
	1,974	2,293

* The amounts in this column is before the reclassification adjustments from the application of HKFRS 15 as disclosed in note 2.1.

20. SHARE CAPITAL

Ordinary shares of HK$0.01 each	Number of share	Amount
		HK$'000
Authorised:		
At 1 April 2017	38,000,000	380
Increase on 22 September 2017 (Note (i))	9,962,000,000	99,620
At 31 March 2018 and 31 March 2019	**10,000,000,000**	**100,000**
Issued and fully paid:		
At 1 April 2017	100	–
Capitalisation issue (Note (ii))	449,999,900	4,500
Issue of new shares upon share offer (Note (iii))	150,000,000	1,500
At 31 March 2018 and 31 March 2019	**600,000,000**	**6,000**

Notes:

(i) Pursuant to written resolutions passed by the shareholders on 22 September 2017, the authorised share capital of the Company was increased to HK$100,000,000 by the creation of 9,962,000,000 new shares of HK$0.01 each.

(ii) Pursuant to written resolutions passed by the shareholders on 22 September 2017, conditional upon the share premium account of the Company was credited as a result of the allotment and issue of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK$4,499,000 from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par 449,999,900 shares of the Company for the allotment and issue. The capitalisation issue was completed on 25 October 2017.

(iii) The shares of the Company were listed on the GEM of the Stock Exchange on 25 October 2017. 150,000,000 ordinary shares were issued at an offer price of HK$0.46 per share with gross proceeds of HK$69,000,000.

21. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**894**	1,146
In the second to fifth year inclusive	**344**	880
	1,238	2,026

Operating lease payments represent rentals payable by the Group for offices premises and certain equipment for both years. These leases are negotiated for terms ranging from one to two years. None of the leases include any contingent rentals.

22. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

	2019 **HK$'000**	2018 HK$'000
Short-term benefits	**5,165**	4,945
Discretionary bonus	**413**	399
Post-employment benefit	**108**	108
	5,686	5,452

23. 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 a Company's share.

No share option has been granted, exercised, expired, cancelled or lapsed under Scheme since its adoption by the Company and up to 31 March 2019.

24. 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 20 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.

25. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Loans and receivables		
(including pledged bank deposits and bank balances)	**N/A**	83,666
Amortised cost	**83,170**	N/A
Financial liabilities		
Amortised cost	**10,090**	5,943

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other deposits and receivables, pledged bank deposits, bank balances, trade payables, other payables and accrued charges. 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 manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

Currency risk

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

Interest rate risk

The Group's cash flow interest rate risk primarily relates to the pledged bank deposits and bank balances (as disclosed in note 17) as at 31 March 2019 and 2018.

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 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, hence sensitivity analysis is not presented.

25. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

As at 31 March 2019, 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.

Management 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. 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 management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable and contract assets. Under HKAS 39, provisions for impairment losses are made for irrecoverable amounts. Upon the application of HKFRS 9 on 1 April 2018, the Group applies simplified approach on trade receivables and contract assets to provide for ECL prescribed by HKFRS 9. To measure the ECL of 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 12% (2018: 25%) of the Group's trade receivables and the Group's five largest debtors contributed approximately 40% (2018: 62%) of the Group's trade receivables. For contract assets, the Group's largest customer contributed approximately 13% of the Group's contract assets and the Group's five largest customers contributed approximately 47% of the Group's contract assets as at 31 March 2019.

Other deposits and receivables

For other receivables and deposits, the management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of other deposits and receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information starting from 1 April 2018. The management of the Group believes that there is no material credit risk inherent in the Group's other receivables and deposits as at 1 April 2018 and 31 March 2019.

25. 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 upon application of HKFRS 9 as at 1 April 2018 and 31 March 2019. 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 – not credit impaired
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit impaired	12m ECL – not credit impaired
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

25. 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:

As at 31 March 2019	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount HK$'000
Financial assets at amortised cost					
Trade receivables	13	N/A	Note a	Lifetime ECL (significant balances)	7,186
	13	N/A	Note a	Lifetime ECL (provisional matrix)	5,763
	13	N/A	Note a	Lifetime ECL (Credit impaired)	3,767
					16,716
Other deposits and receivables	14	N/A	Note b	12m ECL	87
Pledged bank deposits	17	A1	N/A	12m ECL	2,072
Bank balances	17	A1-Baa2	N/A	12m ECL	65,366
Other items					
Contract assets	16	N/A	Note a	Lifetime ECL (significant balances)	31,227
	16	N/A	Note a	Lifetime ECL (provisional matrix)	14,474
	16	N/A	Note a	Lifetime ECL (Credit impaired)	1,507
					47,208

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 expected credit losses 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 2019.

25. 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 engineering 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 2019 within lifetime ECL.

Internal credit rating	Average loss rate	Trade receivables HK$'000	Contract assets HK$'000
Low risk	1.0%	4,146	12,672
Watch list	2.5%	1,336	1,802
Doubtful	3.8%	281	–
		5,763	14,474

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)		Lifetime ECL (credit impaired)		
	Trade receivables HK$'000	Contract assets HK$'000	Trade receivables HK$'000	Contract assets HK$'000	Total HK$'000
As at 1 April 2018	–	–	467	–	467
– Impairment losses recognised	149	251	521	88	1,009
– Impairment losses reversed	–	–	(66)	–	(66)
As at 31 March 2019	149	251	922	88	1,410

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.

25. 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 management 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 HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
At 31 March 2019				
Trade payables	**N/A**	**8,266**	**8,266**	**8,266**
Other payables and accrued charges	**N/A**	**1,824**	**1,824**	**1,824**
		10,090	**10,090**	**10,090**
At 31 March 2018				
Trade payables	N/A	4,198	4,198	4,198
Other payables and accrued charges	N/A	1,745	1,745	1,745
		5,943	5,943	5,943

Fair value measurements of financial instruments

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.

26. 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 6 and 8, respectively.

27. PERFORMANCE GUARANTEE

As at 31 March 2019, performance guarantee of approximately HK$2,072,000 (2018: HK$1,078,000) 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 guarantee 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 guarantee will be released upon completion of the contract works. The performance guarantees were secured by the pledged bank deposits as disclosed in note 17.

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.

28. 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.

	Accrued share issue cost HK$'000	Bank borrowing HK$'000	Total HK$'000
At 1 April 2017	–	–	–
Financing cash flows (Note)	(7,022)	(53)	(7,075)
Transferred from deferred listing expenses	(2,315)	–	(2,315)
Share issue cost recognised	9,337	–	9,337
Interest expense	–	53	53
At 31 March 2018 and 2019	–	–	–

Note: The financing cash flows include the transaction costs directly attributable to issue of shares, new bank borrowing raised, repayments of a bank borrowing and related interest paid.

29. 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	Attributable equity interest of the Group as at 31 March 2019	2018	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	BVI/Hong Kong	USD1,000	**100%**	100%	Investment holding

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.

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current asset		
Investment in a subsidiary	**12,977**	12,977
Current assets		
Prepayments	**297**	548
Amounts due from subsidiaries	**5,957**	–
Bank balances	**40,237**	56,687
	46,491	57,235
Current liabilities		
Other payables and accrued expenses	**1,511**	1,462
Amount due to a subsidiary	**–**	11,406
	1,511	12,868
Net current assets	**44,980**	44,367
Total assets less current liabilities	**57,957**	57,344
Capital and reserves		
Share capital	**6,000**	6,000
Reserves	**51,957**	51,344
	57,957	57,344

Movement in the Company's reserves

	Share premium HK$'000	**Other reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2017	–	12,977	(7,435)	5,542
Loss and total comprehensive expense for the year	–	–	(7,861)	(7,861)
Capitalisation issue (note 20(ii))	(4,500)	–	–	(4,500)
Issue of shares upon share offer (note 20(iii))	67,500	–	–	67,500
Transaction costs directly attributable to issue of shares	(9,337)	–	–	(9,337)
At 31 March 2018	53,663	12,977	(15,296)	51,344
Profit and total comprehensive income for the year	**–**	**–**	**613**	**613**
At 31 March 2019	**53,663**	**12,977**	**(14,683)**	**51,957**

Financial Summary

RESULTS

Consolidated results	2019 HK$'000 (Note)	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
	For the year ended 31 March				
Revenue	**120,788**	102,076	91,525	74,722	46,100
Gross profit	**38,960**	32,459	29,840	25,531	17,411
Profit before taxation	**28,414**	15,263	16,582	21,860	14,586
Profit for the year	**24,091**	11,356	12,570	18,208	12,191

ASSETS AND LIABILITIES

Consolidated assets and liabilities	2019 HK$'000 (Note)	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000
	As at 31 March				
Total assets	**131,768**	107,132	39,602	26,808	26,911
Total liabilities	**11,065**	10,520	14,009	13,785	7,635
Net assets	**120,703**	96,612	25,593	13,023	19,276

Note: Since 1 April 2018, the Group has applied HKFRS 15 "Revenue form 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 this annual report for details). Accordingly, certain comparative financial information for the years ended 31 March 2015, 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 this annual report.