VISTAR HOLDINGS LIMITED
滎德控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8535)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "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 Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

FINANCIAL HIGHLIGHTS

- During the six months ended 30 September 2018, the revenue of the Group increased from approximately HK$115.67 million to approximately HK$183.47 million for the corresponding six months ended 30 September 2018. Our revenue increment was mainly due to more contracts secured with higher profitable margin and the works performed during the reporting period.

- The Group's profit attributable to shareholders was approximately HK$14.84 million for the six months ended 30 September 2018 (2017 – Loss attributable to shareholders: HK$0.64 million). The reason for the increase was mainly due to (i) significantly increase in more profitable contracts and works during the reporting period; (ii) the inclusion of the operating results on acquisition of Guardian Engineering Limited ("**GEL**") since 3 August 2017. The profit and revenue contributed by GEL for the current period was approximately HK$2.32 million and HK$31.36 million respectively whilst the profit and revenue included for corresponding last period was HK$0.12 million and HK$12.02 million respectively; and (iii) the listing expenses incurred for the six months ended 30 September 2017 was approximately HK$10.62 million (2018: HK$Nil).

- The Board does not recommend payment of an interim dividend for the six months ended 30 September 2018 (2017: HK$Nil).

FINANCIAL RESULTS

The board of directors (the "**Board**") of the Company is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2018 together with the comparative unaudited figures for the corresponding period in 2017 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Notes	**(Unaudited) Three months ended 30 September 2018** *HK$'000*	(Unaudited) Three months ended 30 September 2017 *HK$'000*	**(Unaudited) Six months ended 30 September 2018** *HK$'000*	(Unaudited) Six months ended 30 September 2017 *HK$'000*
Revenue	6	**90,702**	71,512	**183,465**	115,671
Cost of revenue		**(78,896)**	(59,856)	**(153,049)**	(96,895)
Gross profit		**11,806**	11,656	**30,416**	18,776
Other income and gains	7	**103**	245	**255**	242
Administrative and other operating expenses	8	**(6,483)**	(4,699)	**(12,276)**	(7,076)
Listing expenses		**–**	(6,421)	**–**	(10,616)
Finance costs	9	**(48)**	(26)	**(82)**	(47)
Profit before income tax		**5,378**	755	**18,313**	1,279
Income tax	10	**(1,020)**	(1,143)	**(3,470)**	(1,922)
Profit/(loss) and total comprehensive income/(expense) for the period attributable to owners of the Company		**4,358**	(388)	**14,843**	(643)
Earnings/(Losses) per share	12				
– Basic and Diluted (HK cents)		**0.36 cents**	(0.03) cents	**1.24 cents**	(0.05) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Notes	(Unaudited) 30 September 2018 HK$'000	(Audited) 31 March 2018 HK$'000
Non-current assets			
Property, plant and equipment	*13*	**2,132**	1,247
Deferred tax assets		**73**	73
		2,205	1,320
Current assets			
Trade and other receivables	*14*	**47,652**	51,965
Amounts due from customers of contract work		**80,926**	50,196
Pledged deposits		**1,433**	4,004
Pledged bank deposits		**4,364**	360
Cash and cash equivalents		**65,149**	45,799
Total current assets		**199,524**	152,324
Current liabilities			
Trade and other payables	*15*	**65,755**	53,227
Amounts due to customers of contract work		**22,256**	1,246
Bank borrowings, secured	*16*	**5,076**	6,460
Amount due to a related company		**308**	–
Income tax payable		**5,057**	4,277
Total current liabilities		**98,452**	65,210
Net current assets		**101,072**	87,114
Total assets less current liabilities		**103,277**	88,434
Net assets		**103,277**	88,434
Capital and reserves			
Share capital	*17*	**12,000**	12,000
Reserves		**91,277**	76,434
Total equity		**103,277**	88,434

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Share capital	Share premium	Other reserve	Legal reserve	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2018 (Audited)	**12,000**	**28,841**	**38,860**	**24**	**8,709**	**88,434**
Profit and total comprehensive income for the year	–	–	–	–	**14,843**	**14,843**
At 30 September 2018 (Unaudited)	**12,000**	**28,841**	**38,860**	**24**	**23,552**	**103,277**
At 1 April 2017 (Audited)	–	–	2,500	24	36,336	38,860
(Loss) and total comprehensive (expense) for the year	–	–	–	–	(643)	(643)
Transactions with owners						
Effect of group reorganisation *(Note a)*	–	–	36,360	–	(36,360)	–
Total transactions with owners	–	–	36,360	–	(36,360)	–
At 30 September 2017 (Unaudited)	–	–	38,860	24	(667)	38,217

Note (a)

On 15 July 2017, 464 shares, 435 shares and 100 shares of the Company were allotted and issued as fully paid at par value to Success Step Management Limited ("**Success Step**"), Noble Capital Concept Limited ("**Noble Capital**") and Legend Advanced Limited ("**Legend Advanced**"), respectively.

As part of the Reorganisation (as defined below), on 31 August 2017, a share sale agreement (the "**GFE Share Sale Agreement**") was entered into among the then shareholders (the "**GFE Shareholders**") of Guardian Fire Engineers and Consultants, Limited ("**GFE**") as the vendors, the Company as the purchaser and Guardian Team Limited ("**GTL**") pursuant to which the GFE Shareholders agree to sell, and the Company agrees to purchase, the entire issued share capital, being 25,000 shares in GFE (the "**GFE Acquisition**").

The consideration of the GFE Acquisition was HK$38,860,000, which was determined based on the audited net asset value of GFE as at 31 March 2017. The Company settled the consideration of the GFE Acquisition by allotting and issuing 4,185 shares, 3,915 shares and 900 shares of the Company, credited as fully paid up, to Success Step, Noble Capital and Legend Advanced respectively, at the instruction of the GFE Shareholders. At the direction of the Company, the 25,000 shares in GFE were transferred by the vendors to GTL.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	(Unaudited) Six months ended 30 September 2018 *HK$'000*	(Unaudited) Six months ended 30 September 2017 *HK$'000*
Operating activities		
Profit before income tax	**18,313**	1,278
Adjustments for:		
Depreciation on property, plant and equipment	**534**	435
Gain on disposal of property, plant and equipment	**(33)**	–
Bank interest income	**(2)**	(1)
Finance costs	**60**	47
Operating profit before working capital changes	**18,872**	1,759
Decrease in trade and other receivables	**4,313**	6,099
Increase in amounts due from customers of contract work	**(30,730)**	(12,909)
Decrease/(increase) in pledged deposits	**2,571**	(4,649)
(Increase)/decrease in pledged bank deposits	**(4,004)**	5,293
Increase/(decrease) in trade and other payables	**12,528**	(1,956)
Increase/(decrease) in amounts due to customers of contract work	**21,010**	(983)
Increase/(decrease) in amount due to a related company	**–**	2,788
Cash generated from/(used in) operating activities	**24,560**	(4,558)
Income tax paid	**(2,690)**	(478)
Net cash generated from/(used in) operating activities	**21,870**	(5,036)
Investing activities		
Net cash inflows from acquisition of a subsidiary	**–**	7,970
Purchase of property, plant and equipment	**(1,412)**	(544)
Proceeds from disposal of property, plant and equipment	**25**	–
Interest received	**3**	1
Net cash (used in)/generated from investing activities	**(1,384)**	7,427

	(Unaudited) Six months ended 30 September 2018 HK$'000	(Unaudited) Six months ended 30 September 2017 HK$'000
Financing activities		
New bank borrowings obtained	**–**	(1,911)
Repayments of bank borrowings	**(1,384)**	–
Interest paid on bank borrowings	**(60)**	(47)
Interest paid on obligations under finance leases	**–**	1,006
Increase in amount due to related company	**308**	–
Net cash used in financing activities	**(1,136)**	(952)
Net increase in cash and cash equivalents	**19,350**	1,439
Cash and cash equivalents at beginning of year	**45,799**	19,455
Cash and cash equivalents at end of year	**65,149**	20,894
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**65,149**	20,894

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 June 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares have been listed on GEM of the Exchange since 12 February 2018 (the "**Listing**"). The Company's registered office is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at Unit 2, 13/F, Tak King Industrial Building, 27 Lee Chung Street, Chai Wan, Hong Kong.

The principal activity of the Company is investment holding. The Group is engaged in the provision of installation, alteration and addition works and maintenance services of electrical and mechanical engineering and fire service systems in Hong Kong.

The condensed consolidated interim financial information has been reviewed by the audit committee of the Company.

2. REORGANISATION AND BASIS OF PRESENTATION

In connection with the Listing, the Company underwent a reorganisation (the "**Reorganisation**") to rationalise the Group's structure and the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" to the prospectus of the Company dated 31 January 2018 (the "**Prospectus**").

The Group is regarded as a continuing entity resulting from the Reorganisation since the insertion of a new holding company at the top of GFE has not resulted in any change in economic substance and does not involve business combination. Accordingly, the consolidated financial statements have been prepared on a combined basis using the predecessor carrying amounts as if the steps of the Reorganisation for the purposes of establishment of the Company and the insertion of a new holding company at the top of GFE had been completed at the beginning of the year ended 31 March 2017.

Accordingly, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the six months ended 30 September 2017 and 2018 have included the results, changes in equity and cash flows of the companies now comprising the Group from the earliest date presented or since their respective dates of incorporation, whichever was shorter, as if the current group structure had been in existence throughout those years. The consolidated statements of financial position of the Group as at 30 September 2017 and 2018 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates. No adjustment is made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[2]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (clarifications to HKFRS 15)[1]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018

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

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

The Directors of the Company anticipate that the application of the above amendments will have no material impact on the consolidated financial statements.

(a) Adoption of new or revised HKFRSs – effective for the financial period beginning on or after 1 April 2018:

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Directors anticipate that the application of the above amendments will have no material impact on the consolidated financial statements.

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("**FVTOCI**") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("**FVTPL**"). HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL, replacing the incurred loss model in HKAS 39, and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to the change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The standard is effective for annual periods beginning on or after 1 April 2018 and the Company's management is in the process of assessing the impact of the adoption of HKFRS 9. Based on the management's initial assessment, the adoption of HKFRS 9 is not expected to have a material impact to the Group's interim financial information.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have any such liabilities.

HKFRS 15 – Revenue from contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRSs. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Directors are in the process of assessing the impact on the consolidated financial statements resulting from the adoption of HKFRS 15. So far they have anticipated that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected by the new standard for contracts from (i) provision of installation work, alteration and addition services; and (ii) maintenance services of electrical and mechanical engineering systems in Hong Kong, in which the revenue recognition will be accounted for in accordance with the timing of satisfaction of each of the performance obligations, and more disclosures relating to revenue are required.

While the Group continues to assess the impact of the new revenue standard, the Directors do not anticipate the adoption of HKFRS 15 would significantly affect the timing of the revenue recognition upon its initial adoption because the Directors are of the view that the Group's inputs are expected to be proportionate, in material aspect, to the progress in satisfying the performance obligation in rendering the services with reference to the Group's typical contracts.

Based on the current assessment, the initial adoption of HKFRS 15 would not have a significant impact on the Group's financial performance and position.

(b) New or revised HKFRSs that have been issued but are not yet effective for the financial period beginning on or after 1 April 2018:

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of its operating lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed in Note 19 below.

As set out in Note 19 below, the total future minimum lease payments under non-cancellable operating leases of the Group in respect of office premises as at 30 September 2018 amounted to approximately HK$2.34 million. The Directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's financial performance but it is expected that the Group has to separately recognise the interest expense on the lease liabilities and the depreciation expense on the right-of-use assets, and that certain portion of the future minimum lease payments under the Group's operating leases will be required to be recognised in the Group's consolidated statement of financial position as right-of-use assets and lease liabilities. The Group will also be required to remeasure the lease liabilities upon the occurrence of certain events (e.g. a change in the lease term) and recognise the amount of the remeasurement of the lease liabilities as an adjustment to the right-of-use assets. In addition, payments for the principal portion of the lease liabilities will be presented within financing activities in the Group's consolidated statement of cash flows.

Based on the current assessment, the initial adoption of HKFRS 16 would not have a significant impact on the Group's financial performance and position.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12 Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. Except for those disclosed above, the Group has concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

4. BASIS OF PREPARATION

(a) Statement of compliance

This interim condensed consolidated financial statements for the six months ended 30 September 2018 has been prepared in accordance with HKAS 34, 'Interim financial reporting' issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the GEM Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong). In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

The condensed consolidated interim financial information should be read in conjunction with the Company's consolidated financial statements for the year ended 31 March 2018, which have been prepared in accordance with HKFRSs issued by the HKICPA.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgement, estimates and assumptions about the carrying amounts 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 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 estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have significant risks of resulting in material adjustments to the carrying amounts of assets and liabilities within next financial year are as follows:

(a) Construction contract

Construction contract revenue is recognised according to the percentage of completion of individual engineering contract, which is measured by reference to the estimated contract costs and gross profit of each contract. Amounts due from/to customers of contract work are determined based on contract costs incurred, progress billings, any foreseeable losses and recognised profit which is also dependent on estimation of contract costs. The recognition of contract revenue and amounts due from/to customers of contract work requires significant management judgment and involves estimation uncertainty. Estimated contract costs of individual contract, which mainly comprise subcontracting charges, materials and direct labour, are supported by contract budget which was prepared by the management of the Group on the basis of estimated subcontracting charges, cost of materials and cost of direct labour based on quotations provided by subcontractors, suppliers or vendors as well as the experience of the management. In order to ensure that the total estimated contract costs are accurate and up-to-date such that contract revenue can be estimated reliably, the management reviews the contract budget, costs incurred to date and costs to completion regularly, in particular in the case of costs over-runs, and revises the estimated contract costs where necessary. For the purpose of updating the contract budget, the management may request for updated quotations from the subcontractors, suppliers or vendors. Recognition of variations and claims also requires estimation and judgment by the management.

Notwithstanding that, the management regularly reviews and revises the estimates of both contract costs and gross profit margin for the construction contracts as the contracts progress, the actual contract costs and gross profit margin may be higher or lower than the estimations and that will affect the revenue and gross profit recognised.

(b) *Impairment of receivables*

The impairment policy for bad and doubtful debts of the Group is based on the management's evaluation of collectability and ageing analysis of receivables (including amounts due from related parties) and on the specific circumstances for each account. Judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial condition of these customers was to deteriorate resulting in an impairment of their ability to make payments, additional allowance will be required.

6. REVENUE AND SEGMENT INFORMATION

	(Unaudited) Three months ended 30 September 2018	(Unaudited) Three months ended 30 September 2017	**(Unaudited) Six months ended 30 September 2018**	(Unaudited) Six months ended 30 September 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Installation	**70,699**	46,965	**129,374**	79,729
Alteration and additions works	**18,893**	21,891	**50,783**	32,596
Maintenance	**1,110**	2,656	**3,308**	3,346
	90,702	71,512	**183,465**	115,671

7. OTHER INCOME AND GAINS

	(Unaudited) Three months ended 30 September 2018	(Unaudited) Three months ended 30 September 2017	**(Unaudited) Six months ended 30 September 2018**	(Unaudited) Six months ended 30 September 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Handling fee income	**–**	190	**–**	190
Bank interest income/(expense)	**–**	–	**3**	(1)
Gain on disposal of property, plant and equipment	**33**	2	**33**	–
Rental income	**–**	29	**–**	29
Others	**70**	24	**219**	24
	103	245	**255**	242

8. ADMINISTRATION AND OTHER OPERATING EXPENSES

	(Unaudited) Three months ended 30 September 2018	(Unaudited) Three months ended 30 September 2017	**(Unaudited) Six months ended 30 September 2018**	(Unaudited) Six months ended 30 September 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Staff costs, including Directors' emoluments	**3,226**	1,631	**6,233**	3,404
Travelling expenses	**329**	445	**823**	595
Depreciation	**358**	291	**534**	435
Legal and professional fee	**1,619**	1,453	**2,050**	1,483
Entertainment	**506**	176	**883**	308
Operating lease rental on land and buildings	**386**	175	**757**	216
Repair and maintenance	**58**	65	**84**	72
Insurance	**1**	89	**121**	108
Other	**–**	374	**791**	455
	6,483	4,699	**12,276**	7,076

9. FINANCE COSTS

	(Unaudited) Three months ended 30 September 2018	(Unaudited) Three months ended 30 September 2017	**(Unaudited) Six months ended 30 September 2018**	(Unaudited) Six months ended 30 September 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest on finance leases	**6**	3	**6**	12
Interest on bank and other borrowings	**42**	23	**76**	35
	48	26	**82**	47

10. INCOME TAX EXPENSES

Under the two-tiered profits tax rates regime, the profits tax rate for the first HK$2 million of assessable profits will be lowered to 8.25% (half of the rate specified in Schedule 8 to the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) for corporations. Assessable profits above HK$2 million will continue to be subject to the rate of 16.5% for corporations for the current period (2017: 16.5%).

The amount of income tax expense charged to the condensed consolidated statement of profit or loss and other comprehensive income represents:

	(Unaudited) Three months ended 30 September 2018	(Unaudited) Three months ended 30 September 2017	**(Unaudited) Six months ended 30 September 2018**	(Unaudited) Six months ended 30 September 2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current income tax				
– Hong Kong Profit tax	**1,020**	1,143	**3,470**	1,922
Income tax expenses	**1,020**	1,143	**3,470**	1,922

11. DIVIDENDS

The Board does not recommend a payment of an interim dividend for the six months ended 30 September 2018 (30 September 2017: HK$Nil).

12. EARNINGS/(LOSSES) PER SHARE

The calculation of earnings/(losses) per share is based on the following data.

	(Unaudited) Three months ended 30 September 2018	(Unaudited) Three months ended 30 September 2017	**(Unaudited) Six months ended 30 September 2018**	(Unaudited) Six months ended 30 September 2017
Profit/(losses) for the period attributable to owners of the Company *(HK$'000)*	**4,358**	(388)	**14,843**	(643)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(losses) per share *(in thousand)*	**1,200,000**	1,200,000	**1,200,000**	1,200,000
Basic earnings/(losses) per share *(HK cent)*	**0.36 cents**	(0.03) cents	**1.24 cents**	(0.05) cents

Diluted earnings/(losses) per share is equal to the basic earnings/(losses) per share as there was no dilutive potential shares.

13. PROPERTY, PLANT AND EQUIPMENT

Fixed assets movement

	Computer system *HK$'000*	Leasehold improvement *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Machineries *HK$'000*	Total *HK$'000*
Unaudited						
Cost						
At 1 April 2018	–	273	2,337	1,734	125	4,469
Additions	599	152	253	310	98	1,412
Disposals	–	–	–	(380)	–	(380)
At 30 September 2018	599	425	2,590	1,664	223	5,501
Accumulated depreciation						
At 1 April 2018	–	91	1,655	1,362	114	3,222
Charge for the year	75	93	140	211	15	534
Write-off on disposals	–	–	–	(387)	–	(387)
At 30 September 2018	75	184	1,795	1,186	129	3,369
Net book value						
At 30 September 2018	524	241	795	478	94	2,132
At 31 March 2018 (Audited)	–	182	682	372	11	1,247

During the six months ended 30 September 2018, the Group acquired assets with aggregate cost of approximately HK$1,412,000 (31 March 2018: approximately HK$714,000).

The Group incurred depreciation expenses for the six months ended 30 September 2018 of approximately HK$534,000 (31 March 2018: approximately HK$708,000) and was recorded in administrative expenses.

14. TRADE AND OTHER RECEIVABLES

	(Unaudited) **30 September** **2018** ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
Trade receivables, net	**26,153**	30,081
Retention receivables	**19,934**	20,796
Deposits, prepayments and other receivables	**1,565**	1,088
	47,652	51,965

In the condensed consolidated statements of financial position, retention receivables were classified as current assets based on operating cycle. The ageing analysis of trade receivables, net of impairment and based on invoice date, as at the end of each of the reporting periods, is as follows:

	(Unaudited) **30 September** **2018** ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
Within 30 days	**16,894**	21,969
31 – 60 days	**4,410**	4,609
61 – 90 days	**78**	1,584
91 – 180 days	**559**	550
Over 365 days	**4,212**	1,369
	26,153	30,081

The credit period granted to customers is normally 14 days.

Retention monies are retained by customers based on progress of projects. Generally, 50% of the retention receivables will be released upon issuance of certificate of practical completion of the installation work and the remaining 50% of the balances will be released upon expiry of defect liability period as specified in the engineering contracts, which is usually 12 months.

During the year ended 31 March 2018 and six months ended 30 September 2018, no trade receivable was written off as uncollectible.

15. TRADE AND OTHER PAYABLES

	(Unaudited) **30 September** **2018** ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
Trade payables *(Note (a))*	**40,334**	43,863
Retention payables *(Note (b))*	**6,382**	6,446
Other payables, accruals and deposits received	**19,039**	2,918
	65,755	53,227

Notes:

(a) The credit period granted by suppliers and contractors is normally 30 to 90 days.

The ageing analysis of trade payables, based on invoice date, as of the end of each of the reporting periods is as follows:

	(Unaudited) **30 September** **2018** ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
0-30 days	**27,044**	23,577
31-60 days	**119**	6,632
61-90 days	**165**	3,901
Over 90 days	**13,006**	9,753
	40,334	43,863

(b) Retention monies are retained by the Group when the relevant projects are completed. The retention payables will be released upon expiry of defect liability period as specified in the subcontracting agreements, which is usually 12 months.

16. BANK BORROWINGS, SECURED

	(Unaudited) **30 September** **2018** ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
Current liabilities		
Secured and interest-bearing bank borrowings		
Bank loans subject to repayment on demand clause *(Note (a))*		
– Bank loans due for repayment within one year	**1,065**	975
– Bank loans due for repayment after one year *(Note (b))*	**1,571**	1,865
– Bank overdrafts	**2,440**	3,620
	5,076	6,460

Notes:

(a) Bank loans are interest-bearing at floating rates. The interest rates of the Group's bank loans as at 30 September 2018 granted under banking facilities ranged from 3% to 4.5% (31 March 2018: 3% to 4.5%) per annum.

(b) The current liabilities as at 31 March 2018 and 30 September 2018 include such bank loans that are not scheduled to repay within one year after the end of the reporting periods. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.

(a) As at the end of the reporting period, unless stated otherwise, the Group's bank facilities are secured by corporate guarantee of the Company upon the Listing.

As at 30 September 2018, the Group's bank borrowings were scheduled to repay as of the end of the reporting period as follows:

	(Unaudited) **30 September** **2018** ***HK$'000***	(Audited) 31 March 2018 *HK$'000*
On demand or within one year	**3,505**	4,595
More than one year, but not exceeding two years	**1,571**	1,865
	5,076	6,460

Note: The amounts due are based on the scheduled repayment dates in the loan agreements and no effect of any repayment on demand clause is taken into account.

17. SHARE CAPITAL

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Authorised:		
3,800,000,000 ordinary shares of HK$0.01 each	**38,000**	38,000
Ordinary shares, issued and fully paid:		
1,200,000,000 ordinary shares of HK$0.01 each	**12,000**	12,000

18. SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was approved and adopted by the Company on 24 January 2018.

The Scheme is effective for a period of 10 years commencing on the Listing Date of the Company. Under the Scheme, the Directors may in their absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (i) the closing price of the shares as stated in the Exchange daily quotations sheet on the date of the granting of the option; (ii) the average closing prices of the shares as stated in the Exchange daily quotation sheets for the five business days immediately preceding the date of the granting of the option; and (iii) the nominal value of a share. An offer of grant of an option may be accepted by a participant within the date as specified in the offer letter issued by the Company, being a date not later than 28 days from the date upon which it is made, by which the participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Scheme. A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

The period as the Directors may in their absolute discretion determine and fix in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall be not greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Scheme, a period of 10 years from the date of the granting of the option).

The limit on the number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the shares of the Company in issue from time to time. No options may be granted under any schemes of the Company or the subsidiary of the Company if this will result in the limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue at the time dealing in the shares of the Company first commenced on the Exchange. Options lapsed in accordance with the terms of the Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

No share options were granted under the Scheme during the reporting period. Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

19. OPERATING LEASE COMMITMENTS

Operating leases – The Group as lessee

The Group leases office premises under operating lease arrangement. The leases run for an initial period of one to two years for two reporting reports and are non-cancellable. The total future minimum lease payments under these leases are due as follows:

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Within one year	**1,424**	928
In the second to fifth year, inclusive	**918**	616
	2,342	1,544

20. CAPITAL COMMITMENTS

As at 30 September 2018 and 31 March 2018, the Group did not have any significant capital commitments.

21. RELATED PARTY TRANSACTIONS

(a) Save for those disclosed elsewhere in these consolidated financial statements, the Group has the following significant transactions with related parties:

Related party identity and relationship	**Type of transaction**	*Notes*	**(Unaudited) 30 September 2018** *HK$'000*	(Audited) 31 March 2018 *HK$'000*
GEL, a related company	Rental income	*(i)*	**–**	(19)
	Project expense	*(i)*	**–**	177
	Sub-contracting fee	*(i)*	**–**	1,824
Vistar Alliance Limited ("**Vistar Alliance**"), a related company	Disposal of leasehold land and buildings	*(ii)*	**–**	13,300
	Rental expenses	*(ii)*	**263**	88
Mr. Poon Ching Tong, Tommy, a director of the Company	Rental expenses		**–**	50

(i) GEL was acquired by the Group on 3 August 2017 and has become a subsidiary of the Group since then. The related party transactions above represented the transaction amounts for the period from beginning of the reporting period to the acquisition date.

(ii) Pursuant to the sale and purchase agreement entered into between GFE and Vistar Alliance dated 11 December 2017, GFE agrees to sell and Vistar Alliance agrees to purchase the Group's leasehold land and buildings at a consideration of HK$13.3 million which was completed on 15 January 2018. Vistar Alliance is owned by Mr. Poon Ken Ching Keung and Mr. Poon Ching Tong Tommy.

GFE and Vistar Alliance also entered into a lease agreement dated 22 January 2018, pursuant to which Vistar Alliance agreed to lease the leasehold land and buildings to GFE for a term of not more than three years from 16 January 2018 at a monthly rental of HK$43,800.

The terms of the above transactions were based on those agreed between the Group and the related companies and the relevant Director(s).

22. GUARANTEES

The Group provided guarantees in respect of the surety bonds issued in favour of the customers of certain engineering contracts. Details of these guarantees as of the end of the reporting period are as follows:

	(Unaudited) 30 September 2018 *HK$'000*	(Audited) 31 March 2018 *HK$'000*
Aggregate value of the surety bonds issued in favour of customers	**15,566**	9,120

The Directors are of the opinion that it is not probable that the financial institutions would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group would be unable to fulfil the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made as at the end of reporting period.

As at the end of the reporting period or during the reporting period, unless stated otherwise, the Group's bonding lines granted by the financial institutions are secured by:

(i) the Group's bank deposits;

(ii) Corporate guarantee of GFE and the Company.

23. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group is exposed to a variety of financial risks which comprise credit risk, interest rate risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the key management under the policies approved by the Board. The Group does not have written risk management policies. However, the Directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

Generally, the Group employs a conservative strategy regarding its financial risk management. As the Directors consider that the Group's exposure to financial risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The most significant risks to which the Group is exposed to are described below:

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to its trade and other receivables, amounts due from customers of contract work, pledged deposits, pledged bank deposits and bank balances. Management has a credit policy in place and the exposures to credit risk are monitored on an ongoing basis.

In respect of trade and other receivables, it is the Group's policy to only deal with creditworthy counterparties. In order to minimise credit risk, the management has formulated a credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Normally, the Group does not obtain collateral from the counterparties. At the end of the reporting period, the Group has a certain concentration of credit risk as 20% (2017: 34%) and 45% (2017: 77%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

In respect of bank balances, pledged deposits and pledged bank deposits, the credit risk is limited because majority of the deposits are placed with reputable financial institutions.

The Group provides guarantees in respect of the surety bonds issued in favour of several customers. As at 30 September 2018, the maximum exposure to credit risk of guarantees issued by the Group represented the maximum amount the Group could be required to pay if the guarantees were called on, which are disclosed. Management considers that it is unlikely that the Group would be unable to fulfil the performance requirements of the relevant contracts and accordingly, the Group's exposure to credit risk in this regard is low.

The credit policies have been consistently applied and are considered to be effective in managing the Group's exposure.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from bank borrowings. Borrowings arranged at variable rates expose the Group to cash flow interest rate risk.

All of the Group's bank borrowings as at 30 September 2018 bore interest at floating rates. Details of bank borrowings are disclosed in Note 16.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The following sensitivity analysis demonstrates the Group's exposure to a reasonably possible change in interest rates on its floating-rate bank borrowings with all other variables held constant at the end of the reporting period (in practice, the results may differ from the sensitivity analysis below and the difference could be material):

	Increase/(decrease) in profit and retained profits	
	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
Changes in interest rate		
+1%	**(54)**	(54)
-1%	**54**	54

The changes in interest rates do not affect the Group's other component of equity. The above sensitivity analysis is prepared based on the assumption that the borrowing period of the bank borrowings outstanding at the end of the reporting period resembles that of the corresponding financial years or periods. The assumed changes in interest rate are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting period.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, borrowings and its financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policy has been followed by the Group for years and is considered to be effective in managing liquidity risks.

The following tables summarise the remaining contractual maturities of the Group's financial liabilities including bank loans with repayment on demand clause, based on undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on rates ruling at the end of the reporting period) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contain repayment on demand clause which can be exercised at bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 September 2018						
Trade and other payables	**65,755**	**65,755**	**65,755**	**–**	**–**	**–**
Bank loans subject to repayment on demand clause	**2,636**	**2,636**	**2,636**	**–**	**–**	**–**
Amount due to a related company	**308**	**308**	**308**	**–**	**–**	**–**
	68,699	**68,699**	**68,699**	**–**	**–**	**–**

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
At 31 March 2018						
Trade and other payables	53,227	53,227	53,227	–	–	–
Bank loans subject to repayment on demand clause	6,460	6,460	6,460	–	–	–
	59,687	59,687	59,687	–	–	–

The following tables summarise the maturity analysis of the Group's bank loans with repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time banding in the maturity analysis contained above. Taking into account the Group's financial position, the Directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The Directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Carrying amount *HK$'000*	**Total contractual undiscounted cash flow** *HK$'000*	**Within 1 year or on demand** *HK$'000*	**More than 1 year but less than 2 years** *HK$'000*	**More than 2 years but less than 5 years** *HK$'000*	**More than 5 years** *HK$'000*
Bank loans subject to repayment on demand clause						
As at 30 September 2018	**5,076**	**5,076**	**3,504**	**3,886**	**2,566**	**–**
As at 31 March 2018 (audited)	6,460	6,816	4,897	1,047	872	–

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Our Group is a registered fire service installation contractor in Hong Kong and is qualified to undertake works in respect of the installation, maintenance, repair or inspection of fire safety systems. Fire safety systems mainly consist of fire alarm systems, water and gas expression systems, fire hydrant and hose reel systems, emergency lighting systems and portable fire equipment. Besides that, the Group is also an established E&M engineering service provider in Hong Kong.

The Group is principally engaged in the provision of E&M engineering services and specializes in the installation, alteration and addition works and maintenance of fire services system. Our installation services include design and installation of fire service systems for buildings under construction or re-development; our alteration and addition works services cover alteration and addition works on existing fire service systems, and our maintenance services cover the maintenance and repair of fire service systems for built premises.

Outlook

In the Hong Kong Chief Executive's 2018 Policy Address, one of the highlights was the land and housing agenda. Apart from implementing the new housing policy and allocating more land for public housing development, the Chief Executive also proposed to launch the "Lantau Tomorrow Vision" in the coming years and introduce the "Land Sharing Pilot Scheme" for meeting the short to medium-term housing demand with property developers who own the agricultural land. Such policies, if implemented, will create traction on the rising supply of public and private housing and hence, potentially a higher demand for the Company's services.

In light of the growing business opportunities brought by the government policy and other significant factors, our Group intends to leverage our extensive experience in installation, alteration & addition and maintaining of fire servicing system to capture these opportunities. With the Company's successful Listing on GEM of the Exchange on 12 February 2018, the proceeds from the Listing enable our Group to expand its business and improve its capability to bid for the public and private projects, thereby broadening our customers base and accelerating the Company's development.

Looking ahead, despite a slight slowdown of the macro-economic conditions in the People's Republic of China and the trade war between the People's Republic of China and the United States of America, in future years, the Group will participate proactively in tendering for all potential projects and will implement more effective cost control measures. The Group is confident that a sustainable growth can be maintained in the years to come.

Financial Review

Revenue

The Group' revenue for the six months ended 30 September 2018 amounted to approximately HK$183.47 million which represented an increase of approximately HK$67.80 million or 58.61% from approximately HK$115.67 million for the corresponding last period ended 30 September 2017.

Our revenue increment was mainly due to (i) having more contracts secured that are higher profitable margin before period ended 30 September 2018 and contracts signed during the reporting period for which works were also performed during the reporting period; and (ii) the inclusion of the operating results of GEL upon the Group's acquisition of it on 3 August 2017. The revenue contributed by GEL for the six month ended 30 September 2018 was HK$31.36 million (2017: included two months' revenue HK$12.02 million).

Cost of Revenue

The Group's cost of revenue increased from approximately HK$96.90 million for the six months ended 30 September 2017 to approximately HK$153.05 million for the six months ended 30 September 2018, representing an increase of approximately HK$56.15 million or 57.95%. Such an increase was mainly due to higher material costs and subcontracting charges for the six months ended 30 September 2018, parallel to the increase in revenue.

Gross profit and gross profit margin

Our gross profit increased by approximately HK$11.64 million or 61.98% from approximately HK$18.78 million for the six months ended 30 September 2017 to approximately HK$30.42 million for the six months ended 30 September 2018. During the period ended 30 September 2018, the gross profit margin increased from 16.23% for the six months ended 30 September 2017 to 16.58% for the six months ended 30 September 2018. The gross profit margin is considered stable for both periods.

Administrative and other Operating Expenses

Administrative and other operating expenses mainly include the salaries and benefits of administrative and management staff, rental expenses, insurance cost, legal and professional fees, depreciation expense of plant and equipment and other expenses.

Our administrative and other operating expenses increased by approximately HK$5.20 million or 73.49% from approximately HK$7.08 million for the six months ended 30 September 2017 to approximately HK$12.28 million for the six months ended 30 September 2018.

The increase in administrative and other operating expenses is mainly due to the incremental expenses in (i) legal and professional fee which was mainly the compliance expenses arising after the company listing; (ii) rental payment and (iii) inclusion of GEL since its acquisition on 3 August 2017 resulting the increase of salary expenses incurred by GEL.

Finance Costs

Finance costs of the Group are approximately HK$0.08 million for the six months ended 30 September 2018 (2017: HK$0.05 million). Finance costs consist of interest on bank borrowings and overdrafts and interest on obligations under finance leases. The Group's finance costs remained stable for both years.

Income Tax

Income tax expense for the Group increased by approximately HK$1.55 million or 80.54% from approximately HK$1.92 million for the six months ended 30 September 2017 to approximately HK$3.47 million for the six months ended 30 September 2018. The increase was mainly due to the increase in taxable profit of the Group for the six months ended 30 September 2018.

Profit for the year attributable to shareholders of the Company

The Group profit attributable to shareholders was approximately HK$14.84 million for the six months ended 31 March 2018 (2017 – Loss: HK$0.64 million). The reason for the increase was mainly due to (i) significantly increase in more profitable contracts and works during the reporting period; (ii) the inclusion of operating results of GEL since the Group's acquisition of it on 3 August 2017. The profit contributed by GEL for current period was HK$2.32 million (2017: two months results: HK$0.13 million); and (iii) the listing expenses incurred for the six months ended 30 September 2017 was approximately HK$10.62 million (2018: HK$Nil).

Liquidity, financial resources and capital structure

The Group finances its liquidity and capital requirements primarily through cash generated from operations, bank borrowings and equity contribution from shareholders.

As at 30 September 2018, the Group had cash and bank balances of approximately HK$65.15 million (31 March 2018: HK$45.80 million).

As at 30 September 2018, the Group's total equity attributable to shareholders of the Company amounted to approximately HK$103.28 million (31 March 2018: HK$88.43 million). As of the same date, the Group's total debt, comprising bank borrowings amounted to approximately HK$5.08 million (31 March 2018: HK$6.46 million).

BORROWINGS AND GEARING RATIO

As at 30 September 2018, the Group had borrowings of approximately HK$5.08 million which was denominated in Hong Kong Dollars (31 March 2018: HK$6.46 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 September 2018, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 4.91% (2017: 7.30%).

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group were mainly transacted in Hong Kong Dollars which is the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

CAPITAL STRUCTURE

The shares of the Company (the "**Share**") were successfully listed on GEM of the Exchange on 12 February 2018. 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 2018, the Company's issued share capital was HK$12 million and the number of the issued ordinary Shares was 1,200,000,000 of HK$0.01 each.

CAPITAL COMMITMENTS

As at 30 September 2018 and 2017, the Group did not have any significant capital commitments.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as of 30 September 2018.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 September 2018, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 30 September 2018, the Group did not have any material contingent liabilities (2017: HK$Nil).

INTERIM DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2018 (30 September 2017: HK$Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group had 92 employees in total (2017: 89). The staff costs of the Group including directors' emoluments, management, administrative and operational staff for the six months ended 30 September 2018 were approximately HK$6.16 million (2017: HK$3.40 million).

The Group recognises that human resource is an important factor contributing to its success, therefore qualified and experienced personnel are recruited for executing, reviewing and restructuring our existing business operations, as well as exploring potential investment opportunities.

Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industry practice. A remuneration committee was set up to review and optimize the Group's emolument policy and structure for all Directors and senior management of the Group.

ACHIEVEMENT OF BUSINESS OBJECTIVES AS COMPARED WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the achievement of business objectives as set out in the Prospectus with the Group's actual business progress for the period from the date of Listing (i.e. 12 February 2018, the "**Listing Date**") to 30 September 2018 is set out below:

Business strategies	Implementation plan
Expand and increase our capacity to provide installation and maintenance services for fire safety system	For providing performance bonds amounting to approximately HK$8.0 million for the two coming pipeline projects in Kwun Tong and Shau Kei Wan
Expand our manpower for project execution	• Recruit two project managers for project execution • Recruit two assistant engineers for project execution • Recruit four technicians for project execution • Recruit one administration clerk for administration and operation • Recruit one safety officer for safety supervision
Expand to the dealership network for building management system and automatic fire alarm system	• Recruit one project manager for project execution • Recruit one assistant engineer for project execution • Recruit one technician for project execution
Develop central pre-fabrication workshop	• Identify and rent premise for constructing a workshop in Hong Kong, enter into tenancy agreement and pay rental deposit

USE OF PROCEEDS

The net proceeds from the Listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK$24.12 million. After the Listing, a part of these proceeds has been applied for the purposes up to 30 September 2018 in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of net proceeds from the Listing as at 30 September 2018 is set out below:

	Adjusted Planned use of net proceeds as at 30 September 2018	Actual use of net proceeds up to 30 September 2018
	HK$ million	*HK$ million*
Used for expanding and increasing our capacity in providing installation and maintenance services for fire safety system	8.88	3.11
Used for expanding our manpower for project execution	3.84	0.21
Used for expansion to the dealership network for building management system and automatic fire alarm system	1.3	–
Used for streamlining the process of providing the fire safety services by developing a central pre-fabrication workshop	4.92	0.55
Used for developing a 3D design system and an ERP system to enhance our project planning, management and implementation	3.04	0.60
Used for additional working capital and other general corporate purposes	2.14	1.20
Total	24.12	5.67

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the Shares and underlying shares of the Company

Name of Director/ Chief Executive	**Capacity/ Nature of Interest**	**Number of Shares Held**	**Percentage of issued share capital** *(Note 1)*
Mr. Poon Ken Ching Keung ("**Mr. Ken Poon**") *(Notes 2 and 5)*	Interest in a controlled corporation	508,500,000	42.38%
Mr. Poon Ching Tong Tommy ("**Mr. Tommy Poon**") *(Notes 3 and 5)*	Settlor and beneficiary of a discretionary trust	481,500,000	40.13%
Mr. Ng Kwok Wai *(Notes 4 and 5)*	Interest in a controlled corporation	90,000,000	7.50%
Ms. Poon Kam Yee Odilia ("**Ms. Odilia Poon**") *(Notes 4 and 5)*	Interest in a controlled corporation	90,000,000	7.50%

Notes:

(1) The calculation is based on the total number of 1,200,000,000 Shares in issue as at 30 September 2018.

(2) Mr. Ken Poon holds the entire issued share capital of Success Step. Success Step, in turn, directly holds 418,500,000 Shares and is deemed to be interested as holder of equity derivative in the 90,000,000 Shares held by Legend Advanced as described in note 5 below.

Accordingly, Mr. Ken Poon is deemed to be interested in the 508,500,000 Shares which Success Step is deemed to be interested in.

(3) Unity Trust Limited ("**Unity Trust**"), the trustee of the Alderhill Trust, holds the entire issued share capital of Alderhill Holdings Limited. Alderhill Holdings Limited, in turn, holds the entire issued share capital of Noble Capital. The Alderhill Trust is a discretionary trust established by Mr. Tommy Poon (as the settlor) and the discretionary beneficiaries of which include Mr. Tommy Poon and his family members. Noble Capital, in turn, directly holds 391,500,000 Shares and is deemed to be interested as holder of equity derivative in the 90,000,000 Shares held by Legend Advanced as described in note 5 below. As such, Mr. Tommy Poon is deemed to be interested in the 481,500,000 Shares which Noble Capital is deemed to be interested in.

(4) Ms. Odilia Poon, Mr. Ng Kwok Wai and Ms. Lee To Yin are interested in approximately 40%, 30% and 30% of the issued share capital of Legend Advanced, respectively. Legend Advanced, in turn, directly holds 90,000,000 Shares.

(5) On 25 January 2018, Legend Advanced entered into the Deed of Undertaking in favour of Success Step and Noble Capital. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Reorganisation" in the Prospectus.

Accordingly, each of Success Step, Mr. Ken Poon, Noble Capital, Alderhill Holdings Limited, Unity Trust and Mr. Tommy Poon is deemed to be interested in the 90,000,000 Shares held by Legend Advanced.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executive of the Company has any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 September 2018, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Long position in the Shares and underlying shares of the Company

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Percentage of issued share capital *(Note 1)*
Success Step	Beneficial owner	418,500,000	34.88%
(Notes 2 and 4)	Holder of equity derivative	90,000,000	7.50%
		508,500,000	42.38%
Noble Capital	Beneficial owner	391,500,000	32.63%
(Notes 3 and 4)	Holder of equity derivative	90,000,000	7.50%
		481,500,000	40.13%

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held	Percentage of issued share capital *(Note 1)*
Alderhill Holdings Limited *(Notes 3 and 4)*	Interest in a controlled corporation	481,500,000	40.13%
Unity Trust *(Notes 3 and 4)*	Trustee of trust	481,500,000	40.13%
Legend Advanced *(Note 5)*	Beneficial owner	90,000,000	7.50%
Ms. Deng Anna Man Li *(Note 6)*	Interest of spouse	508,500,000	42.38%
Mr. Roberts Christopher John *(Note 7)*	Interest of spouse	90,000,000	7.50%

Notes:

(1) The calculation is based on the total number of 1,200,000,000 Shares in issue as at 30 September 2018.

(2) Mr. Ken Poon holds the entire issued share capital of Success Step. Success Step, in turn, directly holds 418,500,000 Shares and is deemed to be interested as holder of equity derivative in the 90,000,000 Shares held by Legend Advanced as described in note 4 below.

Accordingly, Mr. Ken Poon is deemed to be interested in the 508,500,000 Shares which Success Step is deemed to be interested in.

(3) Unity Trust, the trustee of the Alderhill Trust, holds the entire issued share capital of Alderhill Holdings Limited. Alderhill Holdings Limited, in turn, holds the entire issued share capital of Noble Capital. The Alderhill Trust is a discretionary trust established by Mr. Tommy Poon (as the settlor) and the discretionary beneficiaries of which include Mr. Tommy Poon and his family members. Noble Capital, in turn, directly holds 391,500,000 Shares and is deemed to be interested as holder of equity derivative in the 90,000,000 Shares held by Legend Advanced as described in note 4 below. As such, Mr. Tommy Poon is deemed to be interested in the 481,500,000 Shares which Noble Capital is deemed to be interested in.

(4) On 25 January 2018, Legend Advanced entered into the Deed of Undertaking in favour of Success Step and Noble Capital. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Reorganisation" in the Prospectus.

Accordingly, each of Success Step, Mr. Ken Poon, Noble Capital, Alderhill Holdings Limited, Unity Trust and Mr. Tommy Poon is deemed to be interested in the 90,000,000 Shares held by Legend Advanced.

(5) Ms. Odilia Poon, Mr. Ng Kwok Wai and Ms. Lee To Yin are interested in approximately 40%, 30% and 30% of the issued share capital of Legend Advanced, respectively. Legend Advanced, in turn, directly holds 90,000,000 Shares.

(6) Ms. Deng Anna Man Li is the spouse of Mr. Ken Poon. By virtue of the SFO, Ms. Deng Anna Man Li is deemed to be interested in the Shares held by Mr. Ken Poon.

(7) Mr. Roberts Christopher John is the spouse of Ms. Odilia Poon. By virtue of the SFO, Mr. Roberts Christopher John is deemed to be interested in the Shares held by Ms. Odilia Poon.

Save as disclosed above, as at 30 September 2018, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "Other information" above, had or were deemed to have an interest or a short position in the Shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the company or any other member of the Group.

Competition and Conflict of Interests

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with Group during the six months ended 30 September 2018.

Directors' Securities Transactions

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the six months ended 30 September 2018.

SHARE OPTION SCHEME

The Company has a share option scheme (the "**Scheme**" as mentioned above) which was approved and adopted by the shareholders of the Company by way of written resolutions passed on 24 January 2018. For further details, please refer to the section headed "E. Share Option Scheme" in Appendix V of the Prospectus.

No share option has been granted under the Scheme since its adoption.

Interests of the Compliance Adviser

As confirmed by the Company's compliance adviser, Kingsway Capital Limited (the "**Compliance Adviser**"), save as the compliance adviser agreement entered into between the Company and the Compliance Adviser, none of the Compliance Adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the six months ended 30 September 2018.

CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE

The Company has complied with the principles and applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules for the six months ended 30 September 2018, except the deviation from CG Code provision A.2.1.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Ken Poon is the chairman and the chief executive officer of the Company. Mr. Ken Poon has been the key leadership figure of the Group for over 29 years with his experience in the fire services and water pump installation services in Hong Kong. Mr. Ken Poon has been primarily involved in the overall business development, technical operations and strategic planning of the Group. The Directors are of the view that it would be in the Group's best interest for Mr. Ken Poon to continue performing the two roles, in order to maintain effective management and business development.

Having considered the above factor, the Board considers that the Company has complied with the principles and applicable code provision of the CG Code as set out in Appendix 15 of the GEM Listing Rules.

AUDIT COMMITTEE

An audit committee has been established on 24 January 2018 with its terms of reference in compliance with Rules 5.28 of the GEM Listing Rules, and paragraphs C.3.3 of the CG Code. The audit committee consists of three members, namely Dr. Wong Kam Din, Mr. Yung Chung Hing and Mr. Lam Chung Wai, all being independent non-executive Directors. Mr. Yung Chung Hing currently serves as the chairman of the audit committee.

The audit committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits. The audit committee has reviewed the interim results of the Group for the six months ended 30 September 2018 and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

REVIEW OF THIS INTERIM RESULTS ANNOUNCEMENT

The interim results announcement and the unaudited condensed consolidated financial statement for the six months ended 30 September 2018 has been reviewed by the audit committee.

By order of the Board
Vistar Holdings Limited
Poon Ken Ching Keung
Chairman and chief executive officer

Hong Kong, 8 November 2018

As at the date of this announcement, the executive Directors are Mr. Poon Ken Ching Keung (Chairman), Mr. Poon Ching Tong Tommy and Mr. Ng Kwok Wai and the non-executive Director is Ms. Poon Kam Yee Odilia and the independent non-executive Directors are Dr. Wong Kam Din, Mr. Yung Chung Hing, and Mr. Lam Chung Wai.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.vistarholdings.com.