VISTAR HOLDINGS LIMITED
滎德控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8535)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

CHARACTERISTICS OF 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 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 of the Stock Exchange 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 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 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 year ended 31 March 2020 ("**Reporting Period**"), the revenue of the Group decreased to approximately HK$235.03 million from approximately HK$365.66 million for the year ended 31 March 2019. The decrease in revenue was mainly due to the completion of a significant portion of installation projects contracted in previous years and recognition of the associated revenue prior to the beginning of this Reporting Period. Moreover, a few newly secured sizeable installations projects had been delayed due to various reasons at the property developer's or main contractors' level upstream to the Group, thereby creating a timing difference between the revenue recognition and overhead cost incurred.

- Apart from installation projects, the Group's revenue of alteration and addition services ("**A&A**") decreased from approximately HK$125.34 million for the year ended 31 March 2019 to approximately HK$112.99 million for the year ended 31 March 2020, representing a decrease of approximately HK$12.35 million or 9.85%. The significant decrease in A&A revenue was mainly due to the fact that certain A&A had been delayed owing to various factors out of the Group's control including the social unrest since mid of 2019 and the coronavirus disease ("**COVID-19**") pandemic through early 2020 in Hong Kong.

- The Group's profit attributable to the shareholders of the Company (the "**Shareholders**") was approximately HK$9.60 million for the year ended 31 March 2020 (2019: HK$22.95 million). A decrease of approximately 58.17% of profit attributable to Shareholders was recorded as compared to the corresponding in 2019.

The board of Directors (the "**Board**") considers that such decrease in profit was mainly due to two factors:

(i) a decrease in revenue from installation work as the Group had completed a significant portion of installation projects contracted in previous years and recognised the associated revenue prior to the beginning of this Reporting Period. In addition, a few newly secured sizeable installations projects had been delayed due to various reasons at the property developer's or main contractors' level upstream to the Group, thereby creating a timing difference between the revenue recognition and overhead cost incurred; and

(ii) due to the social unrest and COVID-19 pandemic, there was a decrease in A&A revenue which impacted overall profitability of the Group as A&A generally generates a high profit margin among all revenue segments of the Group.

- The Board does not recommend the payment of a dividend for the year ended 31 March 2020 (2019: Nil).

ANNUAL RESULTS

The Board is pleased to announce the consolidated financial results of the Group for the year ended 31 March 2020, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

		Year ended 31 March	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
Revenue	*6*	**235,027**	365,662
Cost of revenue		**(198,586)**	(311,010)
Gross profit		**36,441**	54,652
Other income and gains	*7*	**404**	245
Reversal of impairment losses/(impairment losses) of trade receivables and contract assets, net		**1,253**	(3,220)
Administrative and other operating expenses		**(25,900)**	(23,231)
Finance costs	*9*	**(263)**	(109)
Profit before income tax	*8*	**11,935**	28,337
Income tax	*10*	**(2,340)**	(5,391)
Profit and total comprehensive income for the year		**9,595**	22,946
Earnings per share			
– Basic and Diluted (HK cents)	*11*	**0.80 cents**	1.91 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

		As at 31 March	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**6,273**	3,052
Intangible assets		**390**	585
Deferred tax assets		**961**	1,148
		7,624	4,785
Current assets			
Trade and other receivables	*13*	**33,571**	28,726
Contract assets	*14*	**108,959**	88,462
Pledged deposits		**7,524**	5,339
Pledged bank deposits		**4,477**	490
Cash and cash equivalents		**26,885**	62,280
Total current assets		**181,416**	185,297
Current liabilities			
Trade and other payables	*15*	**65,805**	78,085
Contract liabilities	*14*	**503**	1,529
Obligations under finance leases		**–**	77
Lease liabilities	*16*	**2,035**	–
Bank borrowings, secured	*17*	**861**	1,865
Income tax payables		**17**	99
Total current liabilities		**69,221**	81,655
Net current assets		**112,195**	103,642
Total assets less current liabilities		**119,819**	108,427

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

AS AT 31 MARCH 2020

		As at 31 March	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Obligations under finance leases		**–**	166
Lease liabilities	*16*	**1,963**	–
Total non-current liabilities		**1,963**	166
Net assets		**117,856**	108,261
Capital and reserves			
Share capital		**12,000**	12,000
Reserves		**105,856**	96,261
		117,856	108,261

NOTES TO THE FINANCIAL STATEMENTS

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 Stock 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, the 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 work, alteration and addition services and maintenance services of electrical and mechanical engineering systems in Hong Kong. As at 31 March 2020, the particulars of the Company's subsidiaries are set as follows:

Name of subsidiary	Place and date of incorporation and type of legal entity	Place of operations	Issued and paid-up capital	Effective interest held by the Company		Principal activities
				Directly	Indirectly	
Guardian Team Limited ("**GTL**")	Incorporated in the British Virgin Islands on 6 June 2017 Limited liability company	Hong Kong	1 share of US$1	100%	–	Investment holding
Guardian Fire Engineers and Consultants, Limited ("**GFE**")	Incorporated in Hong Kong on 1 August 1972 Limited liability company	Hong Kong	HK$2,500,000	–	100%	Provision of installation work, alteration and addition services and maintenance services of electrical and mechanical engineering systems in Hong Kong
Guardian Engineering Limited ("**GEL**")	Incorporated in Hong Kong on 15 May 2000 Limited liability company	Hong Kong	HK$100,000	–	100%	Provision of installation work, alteration and addition services and maintenance services of electrical and mechanical engineering systems in Hong Kong

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

(a) Adoption of new and revised HKFRSs – effective from 1 April 2019

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning on or after 1 April 2019.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12 Income Taxes

HKFRS 16 – Leases

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("**HKAS 17**"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases–Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect, if any, of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *Continued*

(a) Adoption of new and revised HKFRSs – effective from 1 April 2019 – *Continued*

HKFRS 16 – Leases – Continued

(i) Impact of the adoption of HKFRS 16 – *Continued*

The following table summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as at 31 March 2019 to that as at 1 April 2019 (increase/(decrease)):

	HK$'000
Consolidated statement of financial position as at 1 April 2019	
Right-of-use assets presented in property, plant and equipment	2,435
Motor vehicles presented in property, plant and equipment	(245)
Increase in total assets	2,190
Lease liabilities (non-current)	738
Lease liabilities (current)	1,695
Obligations under finance leases	(243)
Increase in total liabilities	2,190

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 April 2019:

	HK$'000
Reconciliation of operating lease commitments to lease liabilities	
Operating lease commitment as at 31 March 2019 *(Note 16(c))*	2,583
Less: Short term leases for which lease terms end within 31 March 2020	(190)
Less: Future interest expenses	(203)
Add: Obligations under finance leases as at 31 March 2019 *(Note 16(a))*	243
Total lease liabilities as at 1 April 2019	2,433

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 5.68%.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *Continued*

(a) Adoption of new and revised HKFRSs – effective from 1 April 2019 – *Continued*

HKFRS 16 – Leases – Continued

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of whether they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has leased photocopying machines) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *Continued*

(a) Adoption of new and revised HKFRSs – effective from 1 April 2019 – *Continued*

HKFRS 16 – Leases – Continued

(iii) Accounting as a lessee – *Continued*

Right-of-use assets

The right-of-use assets should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liabilities (see below for the accounting policy to account for lease liabilities); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease liabilities

The lease liabilities should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liabilities by: (i) increasing the carrying amount to reflect interest on the lease liabilities; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *Continued*

(a) Adoption of new and revised HKFRSs – effective from 1 April 2019 – *Continued*

HKFRS 16 – Leases – Continued

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect, if any, of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 April 2019). The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as at operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at 1 April 2019 for leases previously classified operating leases under HKAS 17 at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statements of financial position at 1 April 2019. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as at that date.

The Group has also applied the follow practical expedients: (i) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (ii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019 and (iii) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

The Group has also leased a motor vehicle which previously was classified as finance lease under HKAS 17. As the Group has elected to adopt the cumulative effect method over the adoption of HKFRS 16, for that finance lease under HKAS 17, the right-of-use asset and the corresponding lease liability at 1 April 2019 was the carrying amount of the lease asset and lease liability under HKAS 17 immediately before that date. For that lease, the Group has accounted for the right-of-use asset and the lease liability applying HKFRS 16 from 1 April 2019.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *Continued*

(a) Adoption of new and revised HKFRSs – effective from 1 April 2019 – *Continued*

Except for those described above, the application of the following new and revised HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group's financial statements.

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.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12 Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

(b) Revised HKFRSs that have been issued but are not yet effective

The following 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.

Amendments to HKFRS 3	Definition of a business[1]
Amendments to HKAS 1 and HKAS 8	Definition of material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 16	COVID-19-Related rent concessions[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]

[1] Effective for annual periods beginning on or after 1 January 2020

[2] Effective for annual periods beginning on or after 1 June 2020

[3] Effective for annual periods beginning on or after 1 January 2022

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *Continued*

(b) Revised HKFRSs that have been issued but are not yet effective – *Continued*

Amendments to HKFRS 3 – Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process". Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions. An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8-Definition of material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7-Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKFRS 16-COVID-19-Related rent concessions

The amendments provide lessees with an exemption from the requirement to determine whether a COVID-19-Related rent concessions is a lease modification and require lessees that apply the exemption to account for COVID-19-Related rent concessions as if they were not lease modification.

Amendments to HKAS 1-Classification of Liabilities as Current or Non-current

The amendments affect requirements in HKAS 1 for the presentation of liabilities. Specifically, they clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far the Group has concluded that the application of these amendments will have no material impact on the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – *Continued*

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 contracts

Progress towards complete satisfaction of performance obligation of construction contract is measured according to the input method of individual engineering contract, which is measured by reference to the estimated contract costs and gross profit of each contract. Contract assets or liabilities are determined based on contract costs incurred, progress billings, any foreseeable losses and recognised profit which is also dependent on estimation of contract costs. The recognition of contract revenue and contract assets or liabilities requires significant management judgement 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, 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 judgement 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 trade receivables and contract assets

The impairment allowances for trade receivables and contract assets are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at the end of each Reporting Period.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – *Continued*

(c) Estimated incremental borrowing rate in the lease

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and condition of the lease. The Group estimates the IBR using observable inputs (such as market interest rate) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. SEGMENT REPORTING

The executive directors of the Company, who are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different services and requires different business strategies.

The following summary describes the operations in each of the Group's reportable segments:

– Installation work – supply and carrying out installation work;

– Alteration and addition services – provision of alteration and addition services on existing systems of customers; and

– Maintenance services – provision of repair and maintenance services.

The Group's chief operating decision-makers made decision according to the segment performance which is evaluated based on reportable segment profit or loss, without the allocation of other income and gains, reversal of impairment losses/impairment losses of trade receivables and contract assets, administrative and other operating expenses and financial costs.

Since total assets, liabilities and capital expenditures for each reportable segment are not regularly reviewed by the chief operating decision-makers, the Directors are of the opinion that the disclosure of such information is not necessary.

Moreover, as the Directors consider the Group's revenue (determined based on the location of customers) and results are all materially derived in Hong Kong and no material Group's consolidated assets are located outside Hong Kong, geographical segment information is therefore not presented.

5. **SEGMENT REPORTING** – *Continued*

(a) **Business segment**

For the year ended 31 March 2020

	Installation work *HK$'000*	Alteration and addition services *HK$'000*	Maintenance services *HK$'000*	Total *HK$'000*
Segment revenue				
Revenue from external customers	**116,079**	**112,987**	**5,961**	**235,027**
Segment profit	**17,239**	**18,988**	**214**	**36,441**
Other income and gains				**404**
Reversal of impairment losses of trade receivables and contract assets, net				**1,253**
Staff costs				**(13,332)**
Corporate expenses				**(12,568)**
Finance costs				**(263)**
Profit before income tax				**11,935**

5. **SEGMENT REPORTING** – *Continued*

(b) **Business segment**

For the year ended 31 March 2019

	Installation work *HK$'000*	Alteration and addition services *HK$'000*	Maintenance services *HK$'000*	Total *HK$'000*
Segment revenue				
Revenue from external customers	234,657	125,335	5,670	365,662
Segment profit	30,814	23,384	454	54,652
Other income and gains				245
Impairment losses of trade receivables and contract assets, net				(3,220)
Staff costs				(10,305)
Corporate expenses				(12,926)
Finance costs				(109)
Profit before income tax				28,337

(c) **Information about major customers**

Revenue from major customers individually contributing 10% or more of the Group's total revenue is set out below:

	2020 ***HK$'000***	2019 *HK$'000*
Installation work:		
Customer I	**N/A[1]**	54,316
Customer II	**39,752**	N/A[1]
Alteration and addition services:		
Customer III	**39,776**	40,617

1 Revenue from the customer contributed less than 10% of the total revenue of the Group for the respective year.

6. REVENUE

Revenue mainly represents income from provision of installation work, alteration and addition services and maintenances services during the Reporting Period.

(a) Disaggregation of the Group's revenue from contracts with customers

	2020	2019
	HK$'000	*HK$'000*
Revenue from installation work	**116,079**	234,657
Revenue from alteration and additions services	**112,987**	125,335
Revenue from maintenance services	**5,961**	5,670
	235,027	365,662

Installation work, alteration and addition services and maintenance services represent performance obligations that the Group satisfies over time for each respective contract.

(b) Transaction price allocated to the remaining performance obligations

The follow table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at end of the Reporting Period:

	2020	2019
	HK$'000	*HK$'000*
Provision of installation work	**303,391**	141,213
Provision of alteration and addition services	**16,667**	18,695

Based on the information available to the Group at the end of the Reporting Period, the management of the Group expects the transaction price amounting to HK$320,058,000 (2019: HK$159,908,000) allocated to the contracts under installation work and alteration and addition services as at 31 March 2020 will be recognized as revenue on or before 29 October 2022 (2019: on or before 31 March 2021).

The Group has applied the practical expedient under HKFRS 15 so that transaction price allocated to unsatisfied performance obligations under contracts for maintenance services is not disclosed as such contracts have an original expected duration of one year or less.

7. OTHER INCOME AND GAINS

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**28**	20
Gain on disposal of property, plant and equipment	**–**	33
Others	**376**	192
	404	245

8. PROFIT BEFORE INCOME TAX

This is arrived at after charging/(crediting) the following:

	2020	2019
	HK\$'000	*HK\$'000*
Auditor's remuneration:		
– Current year	**800**	880
– Over provision in prior year	**(50)**	–
	750	880
Depreciation in respect of:		
– Owned assets	**1,120**	799
– Leased assets	**–**	65
– Right-of-use assets *(note)*	**1,230**	–
	2,350	864
Amortisation of intangible assets	**195**	195
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	**30,354**	28,610
– Contribution to defined contribution retirement plan	**1,153**	1,018
	31,507	29,628
Total minimum lease payments for leases previously classified as operating leases under HKAS 17 in respect of:		
– Land and buildings	**–**	1,623
– Equipment	**–**	121
	–	1,744
Interest on lease liabilities *(Note 16(b))*	**183**	–
Short-term leases expenses *(Note 16(b))*	**763**	–
Low-value assets leases expenses *(Note 16(b))*	**9**	–
Net exchange loss	**9**	–

Note: The Group has initially applied HKFRS 16 using the cumulative effect approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the Group as lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information has not been restated as detailed in Note 2(a).

9. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank loans *(note)*	**80**	95
Interest on lease liabilities *(Note 16(b))*	**183**	–
Interest element of finance lease payments	**–**	14
	263	109

Note: This analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with scheduled repayment dates set out in the loan agreements. For the years ended 31 March 2020 and 2019, all agreements of bank borrowings contain a repayment on demand clause.

10. INCOME TAX AND DEFERRED TAX

(a) The amounts of income tax in the consolidated statement of comprehensive income represent:

	2020	2019
	HK$'000	*HK$'000*
Current tax		
– Hong Kong profits tax	**2,019**	5,253
– Under-provision for prior years	**134**	597
Deferred tax *(note (b))*	**187**	(459)
	2,340	5,391

Subsidiaries operating in Hong Kong are subject to Hong Kong profits tax. Under two-tiered profits tax rates regime, if the entity has one or more connected entity, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates. Hong Kong profits tax of the nominated entity is calculated at 8.25% on assessable profits up to HK$2 million and 16.5% on any part of assessable profits over HK$2 million.

For those entities which do not qualify for two-tiered profits tax rates, a profits tax rate of 16.5% on assessable profit shall remain in calculating Hong Kong profits tax.

10. **INCOME TAX AND DEFERRED TAX** – *Continued*

(a) The amounts of income tax in the consolidated statement of comprehensive income represent: – *Continued*

The income tax for the Reporting Period can be reconciled to the profit before income tax in the consolidated statement of comprehensive income as follows:

	2020	2019
	HK$'000	*HK$'000*
Profit before income tax	**11,935**	28,337
Tax thereon at Hong Kong profits tax rate of 16.5% (2019: 16.5%)	**1,969**	4,675
Tax effect of revenue not taxable for tax purposes	**(95)**	(60)
Tax effect of expenses not deductible for tax purposes	**537**	384
Income tax at concessionary rate	**(165)**	(165)
Under-provision for prior years	**134**	597
Tax relief	**(40)**	(40)
Income tax	**2,340**	5,391

(b) Details of the deferred tax assets/(liabilities) recognised and movements during the Reporting Periods are as follows:

	Depreciation allowances	**Provision for impairment of trade receivables and contract assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 1 April 2018	73	–	73
Effect of adoption of HKFRS 9	–	616	616
As at 1 April 2018 (restated)	73	616	689
(Charge)/credit to profit or loss	(258)	726	468
Effect of change in tax rate	–	(9)	(9)
As at 31 March 2019 and 1 April 2019	(185)	1,333	1,148
(Charge)/credit to profit or loss	4	(191)	(187)
As at 31 March 2020	(181)	1,142	961

11. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	2020	2019
	HK$'000	*HK$'000*
Earnings		
Profit for the year	**9,595**	22,946

	2020	2019
	Number	*Number*
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares[1]	**1,200,000**	1,200,000

[1] Weighted average of 1,200,000,000 shares for the years ended 31 March 2020 and 2019 represents the number of shares in issue throughout the year.

Diluted earnings per share were the same as the basic earnings per shares as the Group had no potential dilutive ordinary shares during the years ended 31 March 2020 and 2019.

12. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

13. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**37,213**	28,353
Less: Provision for impairment *(Note (b))*	**(6,238)**	(2,567)
Trade receivables, net *(Note (a))*	**30,975**	25,786
Deposits, prepayments and other receivables	**2,596**	2,940
	33,571	28,726

Notes:

(a) The credit period granted to customers is normally 14 days. The ageing analysis of trade receivables, net of impairment and based on invoice date, as at end of each of the Reporting Periods, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**14,873**	10,204
31 – 60 days	**4,135**	3,111
61 – 90 days	**3,108**	9,631
91 – 180 days	**7,005**	2,201
181 – 365 days	**1,171**	550
Over 365 days	**683**	89
	30,975	25,786

(b) The Group recognised impairment of the trade receivables for the year ended 31 March 2020 and 31 March 2019 based on the accounting policies adopted.

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2020	2019
	HK$'000	*HK$'000*
Contract assets		
Arising from performance under installation work and alteration and addition services	**90,929**	70,400
Retention receivables *(Note (i))*	**18,756**	23,712
	109,685	94,112
Less: Provision for impairment *(Note (ii))*	**(726)**	(5,650)
Contract assets, net	**108,959**	88,462

Notes:

(i) Invoices on revenue from installation work and alteration and addition services are issued according to the payment certificates approved by customers once certain milestones are reached. If the Group recognises the related revenue before it being unconditionally entitled to the consideration (i.e. when invoices are issued), the entitlement to consideration is classified as contract asset. Similarly, a contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

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.

The expected timing of recovery or settlement for contract assets as at each Reporting Period are as follows:

	2020	2019
	HK$'000	*HK$'000*
Within one year	**101,708**	81,913
More than one year and less than two years	**3,243**	1,489
More than two years and less than three years	**4,008**	5,060
Total contract assets	**108,959**	88,462

(ii) The Group recognised impairment of contract assets for the years ended 31 March 2020 and 31 March 2019 based on the accounting policy adopted.

14. CONTRACT ASSETS AND CONTRACT LIABILITIES – *Continued*

(b) Contract liabilities

	2020	2019
	HK$'000	*HK$'000*
Contract liabilities		
Billings in advance of performance under installation work and alteration and addition services	**503**	1,529

Typical payment terms which impact on the amount of contract liabilities are set in Note 14(a) above.

	2020	2019
	HK$'000	*HK$'000*
Movements in contract liabilities		
Balance at the beginning of the year	**1,529**	1,246
Decrease as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(1,253)**	(1,134)
Increase as a result of billing in advance of installation work and alteration and addition services	**227**	1,417
Balance at the end of the year	**503**	1,529

15. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**52,437**	62,224
Retention payables *(Note (b))*	**8,454**	10,218
Other payables, accruals and deposit received	**4,914**	5,643
	65,805	78,085

15. TRADE AND OTHER PAYABLES – *Continued*

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:

	2020	2019
	HK$'000	*HK$'000*
0 – 30 days	**31,829**	37,150
31 – 60 days	**7,891**	10,817
61 – 90 days	**1,756**	2,189
Over 90 days	**10,961**	12,068
	52,437	62,224

(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. OBLIGATIONS UNDER FINANCE LEASES/LEASE LIABILITIES

HKFRS 16 was adopted on 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April, see Note 2(a). The accounting policies applied subsequent to the date of initial application, 1 April 2019, are disclosed in Note 2(a).

Nature of leasing activities

The Group leases a number of properties in Hong Kong and the periodic rent is fixed over the lease term. The Group also leases certain items of office equipment and motor vehicles. Leases of office equipment and motor vehicles comprise only fixed payments over the lease terms.

16. OBLIGATIONS UNDER FINANCE LEASES/LEASE LIABILITIES – *Continued*

(a) Lease liabilities

The carrying amount of lease amount of lease liabilities and the movements during the year are as follows:

	Lease liabilities 2020 *HK$'000*	Obligations under finance leases 2019 *HK$'000*
At 1 April	**2,433**	–
New leases	**2,640**	316
Interest recognised during the year	**183**	14
Lease payments	**(1,258)**	(87)
At 31 March	**3,998**	243

Future lease payments are due as follows:

	Minimum lease payments 31 March 2020 *HK$'000*	**Interest 31 March 2020** *HK$'000*	**Present value 31 March 2020** *HK$'000*
Not later than one year	**2,199**	**164**	**2,035**
Later than one year and not later than two years	**1,748**	**63**	**1,685**
Later than two years and not later than five years	**295**	**17**	**278**
	4,242	**244**	**3,998**

	Minimum lease payments 1 April 2019 *HK$'000*	Interest 1 April 2019 *HK$'000*	Present value 1 April 2019 *HK$'000*
Not later than one year	860	122	738
Later than one year and not later than two years	994	76	918
Later than two years and not later than five years	800	23	777
	2,654	221	2,433

16. **OBLIGATIONS UNDER FINANCE LEASES/LEASE LIABILITIES** – *Continued*

(a) Lease liabilities – *Continued*

	Minimum lease payments 31 March 2019 *(Note i)* *HK$'000*	Interest 31 March 2019 *(Note i)* *HK$'000*	Present value 31 March 2019 *(Note i)* *HK$'000*
Not later than one year	**87**	10	77
Later than one year and not later than two years	**87**	6	81
Later than two years and not later than five years	**87**	2	85
	261	18	243

Notes:

(i) The Group has initially applied HKFRS 16 using the cumulative effect approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 March 2019 has not been restated and relates solely to leases previously classified as finance leases. See Note 2(a) for further details about transition.

(ii) The effective interest rate of the Group's obligations under finance leases as at 31 March 2019 is 2.5% per annum.

The present value of future lease payments are analysed as:

	2020 ***HK$'000***	2019 *HK$'000*
Current liabilities	**2,035**	77
Non-current liabilities	**1,963**	166
	3,998	243

16. OBLIGATIONS UNDER FINANCE LEASES/LEASE LIABILITIES – *Continued*

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2020
	HK$'000
Interest on lease liabilities *(Note 9)*	**183**
Depreciation charge of right-of-use assets	**1,230**
Short-term lease expense *(Note 8)*	**763**
Low value lease expense *(Note 8)*	**9**
	2,185

(c) **Operating leases – lessee**

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

	2019
	HK$'000
Within one year	960
In the second to fifth year, inclusive	1,623
	2,583

17. BANK BORROWINGS SECURED

	2020	2019
	HK$'000	*HK$'000*
Current liabilities		
Secured and interest-bearing bank borrowings		
Bank loans subject to repayment on demand clause		
– Bank loan due for repayment within one year	**861**	1,004
– Bank loan due for repayment after one year *(Note (b))*	**–**	861
	861	1,865

Notes:

(a) Bank loan is interest-bearing at floating rate. The interest rate of the Group's bank loans as at 31 March 2020 granted under banking facilities is 3.0% (2019: 3.1%) per annum.

(b) The current liabilities as at 31 March 2019 included such bank loans that were not scheduled to repay within one year after the end of the Reporting Period. They were 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 were classified as current liabilities were expected to be settled within one year.

(c) The Group's bank facilities are secured by corporate guarantee of the Company.

The Group's bank borrowings were scheduled to repay as of the end of the Reporting Period as follows:

	2020	2019
	HK$'000	*HK$'000*
On demand or within one year	**861**	1,004
More than one year, but not exceeding two years	**–**	861
	861	1,865

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.

18. CAPITAL COMMITMENTS

As at 31 March 2020 and 2019, the Group did not have any significant capital commitments.

19. 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:

	Year ended 31 March 2020	Year ended 31 March 2019
	HK$'000	*HK$'000*
Aggregate value of the surety bonds issued in favour of customers	**35,238**	14,652

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 is 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 deposits in financial institutions; and

(ii) corporate guarantees of group companies and the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a registered electrical and mechanical ("**E&M**") engineering service contractor in Hong Kong with a full range of E&M licenses including installation, alteration and addition works, inspection, testing and maintenance qualifications of fire prevention systems, water and plumbing systems, ventilating systems and certain electrical works.

With the Group's extensive history and proud achievements, it has developed a reputation and expertise in the installation and design of fire service systems for buildings under construction or re-development; A&A on existing fire service systems; and repair and maintenance services of fire service systems for built premises. The Group is consistently positioned as one of the leaders in this field in Hong Kong.

The Group developed a strong operating platform including well-experienced project management and engineering teams; well-equipped infrastructure with adequate working capital to compliment operational needs; sophisticated operating manual and stringent control procedures to ensure resources are efficiently utilised and business are conducted safely and ethically. In addition, the Group has well-established external networks with customers, suppliers, and regulators, to form the most effective partnerships during project execution and to negotiate the best terms for the Group.

The profit attributable to equity holders of the Company decreased to HK$9.60 million for the year ended 31 March 2020 as compared to the profit attributable to equity holders of the Company HK$22.95 million for the year ended 31 March 2019.

The Board considers that such decrease in profit was mainly due to two factors:

(i) a decrease in revenue from installation work as the Group had completed a significant portion of installation projects contracted in previous years and recognised the associated revenue prior to the beginning of this Reporting Period; and

(ii) due to the social unrest since mid of 2019 and COVID-19 pandemic through early 2020, newly secured projects had been delayed at upstream levels to the Group, impacting both installation and A&A revenue and overall profitability to the Group, especially the latter revenue segment which generates a higher profit margin in general.

Looking forward, the Group faces many opportunities and challenges. The social unrest since mid of 2019 and COVID-19 pandemic through early 2020 have severely impacted the economy as well as the property market in Hong Kong, the Directors consider that all industry stakeholders share the same challenge and the dynamics of the business is no longer the same. On the other hand, the ability to adjust and react to these market and industry changes will create an opportunity to the Group. The Directors are confident that its comprehensive and diversified licenses and qualifications will enable the Group to respond the quickest amongst competitors, in identifying and securing those upcoming engineering projects, including but not limited to fire services, that yield the best return for shareholders, during the revitalising phase of the economy fuelled by governmental and institutional support globally.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2020 amounted to approximately HK$235.03 million which represented a decrease of approximately HK$130.63 million or 35.72% from approximately HK$365.66 million for the year ended 31 March 2019. The decrease in revenue was mainly due to two reasons. Firstly, in respect of installation work revenue, it was due to the completion of a significant portion of installation projects contracted in previous years and recognition of the associated revenue prior to the beginning of this Reporting Period. Moreover, a few newly secured sizeable installations projects had been delayed due to various reasons at the property developer's or main contractors' level upstream to the Group, thereby creating a timing difference between the revenue recognition and overhead cost incurred. Secondly, in respect of A&A revenue, it was due to the fact that certain A&A had been delayed owing to various factors out of the Group's control including the social unrest and the COVID-19 pandemic in Hong Kong.

Cost of Revenue

The Group's cost of revenue decreased from approximately HK$311.01 million for the year ended 31 March 2019 to approximately HK$198.59 million for the year ended 31 March 2020, representing a decrease of approximately HK$112.42 million or 36.15%. Such decrease was mainly due to the decrease in construction costs and subcontracting charges for the year ended 31 March 2020 which was in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately HK$18.21 million or 33.32% from approximately HK$54.65 million for the year ended 31 March 2019 to approximately HK$36.44 million for the year ended 31 March 2020. During the year ended 31 March 2020, the gross profit margin increased from 14.95% for the year ended 31 March 2019 to 15.51% for the year ended 31 March 2020.

Administrative and Other Operating Expenses

Administrative and other operating expenses mainly represented the salaries and benefits of the administrative and management staff, lease expenses, insurance, legal and professional fees, depreciation of plant and equipment, and other expenses.

Our administrative and other operating expenses increased by approximately HK$2.67 million or 11.49% from approximately HK$23.23 million for the year ended 31 March 2019 to approximately HK$25.90 million for the year ended 31 March 2020. The increase in administrative and other operating expenses was mainly due to the increase in staff cost and depreciation. The increase in staff cost was due to increase in the number of staff and their annual increment while the increase in depreciation was due to the adoption of HKFRS 16 Lease and depreciation was calculated therein from the leases assets.

Finance Costs

Finance costs of the Group are approximately HK$0.26 million for the years ended 31 March 2020 (2019: HK$0.11 million). Finance costs consist of interest on bank borrowings and overdrafts and interest on obligations under finance leases. The increase in finance cost was mainly due to the fact that interest on lease liabilities was arisen from the adoption of HKFRS 16 Lease.

Income Tax Expense

Income tax expense for the Group decreased by approximately HK$3.05 million or 56.59% from approximately HK$5.39 million for the year ended 31 March 2019 to approximately HK$2.34 million for the year ended 31 March 2020. The decrease was mainly due to the decrease in taxable profit for the year ended 31 March 2020.

Profit for the Year Attributable to Owners of the Company

Profit for the year attributable to owners of the Company decreased by approximately HK$13.35 million or 58.17% from approximately HK$22.95 million for the year ended 31 March 2019 to approximately HK$9.60 million for the year ended 31 March 2020.

The Board considers that such decrease in profit was mainly due to two factors:

(i) a decrease in revenue from installation work as the Group had completed a significant portion of installation projects contracted in previous years and recognised the associated revenue prior to the beginning of this Reporting Period; and

(ii) due to the social unrest since mid of 2019 and COVID-19 pandemic through early 2020, newly secured projects had been delayed at upstream levels to the Group, impacting both installation and A&A revenue and overall profitability to the Group, especially the latter revenue segment which generates a higher profit margin in general.

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 31 March 2020, the Group had cash and bank balances of approximately HK$26.89 million (2019: HK$62.28 million).

As at 31 March 2020, the Group's total equity attributable to owners of the Company amounted to approximately HK$117.86 million (2019: HK$108.26 million). As of the same date, the Group's total debt, comprising bank borrowings and liability of the finance lease obligations and the lease liability due to adoption of HKFRS 16, amounted to approximately HK$4.86 million (2019: HK$2.11 million).

BORROWINGS AND GEARING RATIO

As at 31 March 2020, the Group had borrowings of approximately HK$1.03 million which was denominated in Hong Kong Dollars (2019: HK$2.11 million). The Group's bank borrowings of approximately HK$0.86 million (2019: HK$1.87 million) were primarily used in financing the working capital requirement of its operations.

As at 31 March 2020, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 0.87% (2019: 1.95%).

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 were successfully listed on GEM of the Stock 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 ordinary shares.

As at 31 March 2020, the Company's issued share capital was HK$12 million and the number of its issued ordinary shares was 1,200,000,000 of HK$0.01 each.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2020, the Group did not have any charges on the Group's assets (2019: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 March 2020, the Group did not have other plans for material investments or capital assets.

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

During the year ended 31 March 2020, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any material contingent liabilities (2019: Nil).

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2020 (2019: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had 116 employees in total (2019: 96). The staff costs of the Group including directors' emoluments, and management, administrative and operational staff costs) for the year ended 31 March 2020 were approximately HK$13.33 million (2019: HK$10.28 million).

The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited for reviewing and restructuring our existing business, 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 industrial practice.

A remuneration committee was set up for to review the Group's emolument policy and structure for all Directors and senior management of the Group.

SHARE OPTION SCHEME

The Company has a share option scheme (the "**Scheme**") which was approved and adopted by the Shareholders by way of written resolutions passed on 24 January 2018.

The Scheme is effective for a period of 10 years commencing on 12 February 2018, the listing date of the Company. Under the Scheme, the Board may in its absolute discretion determine the subscription price 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 Stock Exchange's daily quotations sheet on the date of the granting of the option; (ii) the average closing prices of the shares as stated in the Stock Exchange's 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 Board may in its absolute discretion determine and specify 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 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 in issue from time to time. No options may be granted under any schemes 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. 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 year. Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares under the Scheme:

(a) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of the subsidiaries or any entity (the "**Invested Entity**") in which the Company holds an equity interest;

(b) any non-executive Directors (including independent non-executive Directors) of the Company, any of the subsidiaries or any Invested Entity;

(c) any supplier of goods or services to the Company or any of its subsidiaries or any Invested Entity;

(d) any customer of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(f) any Shareholders or any shareholder of any of its subsidiaries or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity, and for the purposes of the Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

No share option has been granted, exercised, cancelled or lapsed under the Scheme since its adoption.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any events after the Reporting Period that requires disclosure.

OTHER INFORMATION

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

As at 31 March 2020, 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 Stock 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 Stock 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

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares Held (Note 1)	Percentage of Issued Share Capital (Note 2)
Mr. Poon Ken Ching Keung ("**Mr. Ken Poon**") (Notes 3 and 5)	Interest in a controlled corporation	508,500,000	42.38%
Mr. Ng Kwok Wai (Notes 4 and 5)	Interest in a controlled corporation	90,000,000	7.50%
Ms. Lee To Yin (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) All interests stated are long positions.

(2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 31 March 2020.

(3) Mr. Ken Poon holds the entire issued share capital of Success Step Management Limited ("**Success Step**"). Success Step, in turn, directly holds 418,500,000 shares of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced Limited ("**Legend Advanced**") as described in note 6 below.

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

(5) On 25 January 2018, Legend Advanced entered into the Deed of Undertaking in favour of Success Step and Noble Capital Concept Limited ("**Noble Capital**"). For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Reorganisation" in the prospectus of the Company dated 31 January 2018 (the "**Prospectus**").

Accordingly, each of Success Step, Mr. Ken Poon, Noble Capital, Alderhill Holdings Limited, Unity Trust Limited ("**Unity Trust**") and Mr. Poon Ching Tong Tommy ("**Mr. Tommy Poon**") is deemed to be interested in the 90,000,000 shares of the Company held by Legend Advanced.

Save as disclosed above, as at 31 March 2020, 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 Stock 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 Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2020, 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 interests 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

Name of Shareholder	Capacity/Nature of Interest	Number of Shares Held (Note 1)	Percentage of Issued Share Capital (Note 2)
Success Step (Notes 3 and 5)	Beneficial owner	418,500,000	34.88%
	Holder of equity derivative	90,000,000	7.50%
		508,500,000	42.38%
Noble Capital (Notes 4 and 5)	Beneficial owner	391,500,000	32.63%
	Holder of equity derivative	90,000,000	7.50%
		481,500,000	40.13%
Alderhill Holdings Limited (Notes 4 and 5)	Interest in a controlled corporation	481,500,000	40.13%
Unity Trust (Notes 4 and 5)	Trustee of trust	481,500,000	40.13%
Legend Advanced (Note 6)	Beneficial owner	90,000,000	7.50%
Ms. Deng Anna Man Li (Note 7)	Interest of spouse	508,500,000	42.38%
Mr. Roberts Christopher John (Note 8)	Interest of spouse	90,000,000	7.50%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 31 March 2020.

(3) Mr. Ken Poon holds the entire issued share capital of Success Step. Success Step, in turn, directly holds 418,500,000 shares of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company 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 of the Company which Success Step is deemed to be interested in.

(4) 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 of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company 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 of the Company which Noble Capital is deemed to be interested in.

(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 of the Company held by Legend Advanced.

(6) 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 of the Company.

(7) 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 of the Company held by Mr. Ken Poon.

(8) 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 of the Company held by Ms. Odilia Poon.

Save as disclosed above, as at 31 March 2020, 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 "A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" 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.

USE OF PROCEEDS

The net proceeds from the Listing amounted to approximately HK$24.12 million, which was based on the final offer price of HK$0.17 per share (after deducting the underwriting fees and other expenses related to the Listing). Accordingly, the Company had adjusted the use of net proceeds from the Listing in the same manner and proportion as mentioned in the Prospectus. After the Listing, a part of these proceeds has been applied for the purposes 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 31 March 2020 is set out below:

		Adjusted use of net proceeds up to 31 March 2020 *HK$ million*	**Actual use of net proceeds up to 31 March 2020** *HK$ million*
1.	Used for expanding and increasing our capacity in providing installation and maintenance services for fire safety system	8.88	8.82
2.	Used for expanding our manpower for project execution	3.84	3.84
3.	Used for expansion to the dealership network for building management system and automatic fire alarm system *(Note 1)*	1.30	0.80
4.	Used for streamlining the process of providing the fire safety services by developing a central pre-fabrication workshop	4.92	4.68
5.	Used for developing a three dimensional ("**3D**") design system and an enterprise resource planning system (the "**ERP system**") to enhance our project planning, management and implementation *(Note 2)*	3.04	2.14
6.	Used for additional working capital and other general corporate purposes	2.14	2.14
Total		24.12	22.42

Notes:

1. We are still negotiating on the terms of the dealership arrangement with the suppliers of building management system and automatic fire alarm system. In the meantime, the Group had assigned selected technicians to attend complimentary trainings provided by these suppliers during the year ended 31 March 2020.

2. The Group has successfully migrated part of the business functions to a new financial reporting module it had purchased as part of the ERP system infrastructure. The implementation of the 3D design system is mainly driven by the system upgrades of our clients. Given a delay in our clients' system upgrades, the implementation of the development of the 3D design system has accordingly been delayed.

The unutilised net proceeds from the Listing have been placed with a licensed bank in Hong Kong.

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.

The Directors will continuously evaluate the Group's business objectives and will consider to change or modify plans against the changing market condition to ensure the business growth of the Group.

CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE

The Company has complied with the principles and applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules for the year ended 31 March 2020, 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 of 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 terms of effective management and business development.

Having considered the above factors, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate.

Following the passing away of an independent non-executive Director, namely Dr. Wong Kam Din on 6 June 2019, the Company only had two independent non-executive Directors, thus the number of independent non-executive Directors fell below the minimum number required under Rule 5.05(1) of the GEM Listing Rules. The Company also failed to comply with the requirement set out in Rule 5.28 of the GEM Listing Rules with regard to the minimum number of members of the audit committee. In addition, the number of independent non-executive Directors in the remuneration committee and nomination committee of the Company had fallen below a majority as required under Rule 5.34 of the GEM Listing Rules and code provision A.5.1 of the CG Code respectively.

On 2 September 2019, the Company announced that Mr. Chan Shu Yan, Stephen ("**Mr. Chan**") had been appointed as an independent non-executive Director with effect from 2 September 2019. The board composition consists of three independent non-executive Directors. Following the appointment of Mr. Chan as an independent non-executive Director, with effect from the same date, he had been appointed as the chairman of the remuneration committee of the Company, and a member of each of the audit committee of the Company and the nomination committee of the Company to achieve the requirements under Rules 5.34 and 5.28 of the GEM Listing Rules, and code provision A.5.1 of the CG Code respectively.

On 30 October 2019, the Company announced that Mr. Tommy Poon, had resigned as an executive Director with effect from 31 October 2019 in order to devote more time to his other business engagements.

On the same date, the Company announced that Ms. Lee To Yin had been appointed as an executive Director with effect from 31 October 2019. She has been the director of GFE, the principal operating subsidiary of our Group, since 1 February 2005. She has accumulated over 40 years of experience in accounting, administration and human resources management. She joined GFE in April 1982 and since then has held different posts within the company which range from overseeing the financial matters for the Company to general administrative management.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct governing dealings by all Directors in the securities of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Code of Conduct**"). Specific enquiries have been made with all Directors, who have confirmed that they were in compliance with the required standard of dealings and the Code of Conduct for the year ended 31 March 2020 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTEREST OF COMPLIANCE ADVISER

On 21 August 2019, it was announced that the Company and the former Company's compliance adviser, Kingsway Capital Limited had mutually agreed to terminate the compliance adviser agreement with effect from 31 August 2019. It was further announced that Innovax Capital Limited was appointed on the same date as the compliance adviser and entered into compliance adviser agreement with the Company. 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.

AUDIT COMMITTEE

An audit committee of the Company (the “**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 code provision C.3.3 of the CG Code. The Audit Committee consists of three members, namely Mr. Yung Chung Hing, Mr. Lam Chung Wai and Mr. Chan Shu Yan, Stephen, 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 audited consolidated financial statements and the results of the Group for the year ended 31 March 2020 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.

SCOPE OF WORK OF BDO LIMITED ON THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Company’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

APPRECIATION

The Directors of the Company would like to express its most sincere appreciation to all staff and employees, business partners, and shareholders. In light of the recent global economic turmoil, the Company is most thankful for the confidence, understanding, patience, and support received during these difficult times. The Group is committed to improve the business performance long-term and looks forward to the years coming.

By Order of the Board
Vistar Holdings Limited
Poon Ken Ching Keung
Chairman and Chief Executive Officer

Hong Kong, 22 June 2020

As at the date of this announcement, the executive Directors are Mr. Poon Ken Ching Keung (Chairman), Mr. Ng Kwok Wai and Ms. Lee To Yin and the non-executive Director is Ms. Poon Kam Yee, Odilia and the independent non-executive Directors are Mr. Yung Chung Hing, Mr. Lam Chung Wai and Mr. Chan Shu Yan, Stephen.

This announcement will remain on the "Latest Listed Company Information" 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.