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VISTAR HOLDINGS LIMITED

熒德控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8535)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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

	For the six months ended		
	30 September		
	2021	2020	% Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	196,213	129,246	51.81
Gross profit	36,342	25,561	42.18
Profit attributable to equity holders of the Company	8,896	9,936	(10.47)
Basic earnings per share (HK cents)	0.74 cents	0.83 cents	(10.84)

- Revenue recognised for the six months ended 30 September 2021 amounted to HK\$196.21 million, representing an unprecedented record high in half-year revenue since its listing on GEM of the Stock Exchange in 2018.
- Total revenue was mainly attributed to revenue from installation work which accounts to approximately HK\$158.94 million. The Group has substantially completed five sizeable installation projects combining for a total revenue of approximately HK\$102.45 million.
- Profit attributable to shareholders for the Reporting Period was approximately HK\$8.90 million, or HK0.74 cents per share. Excluding the listing expenses incurred during the Reporting Period in relation to the proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange as disclosed in the announcement of the Company dated 17 June 2021, the Group operated with a normalized profit of approximately HK\$18.26 million.
- On 8 November 2021, the Board has resolved to declare an interim dividend of HK0.35 cents per share for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

FINANCIAL RESULTS

The board of Directors (the “**Board**”) of Vistar Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2021 (the “**Reporting Period**”) together with the comparative unaudited figures for the six months ended 30 September 2020 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

		(Unaudited) Three months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Three months ended 30 September 2020 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2020 <i>HK\$'000</i>
Revenue	6	105,105	71,921	196,213	129,246
Cost of revenue		<u>(84,838)</u>	<u>(56,387)</u>	<u>(159,871)</u>	<u>(103,685)</u>
Gross profit		20,267	15,534	36,342	25,561
Other income and gains	7	258	114	396	168
(Impairment losses)/reversal of impairment losses of trade receivables and contract assets, net		(175)	(425)	15	(1,113)
Administrative and other operating expenses	8	(7,107)	(6,371)	(14,883)	(12,567)
Listing expenses		(2,367)	–	(9,360)	–
Finance costs	9	<u>(165)</u>	<u>(107)</u>	<u>(312)</u>	<u>(162)</u>
Profit before income tax		10,711	8,745	12,198	11,887
Income tax	10	<u>(1,770)</u>	<u>(1,519)</u>	<u>(3,302)</u>	<u>(1,951)</u>
Profit and total comprehensive income for the period attributable to equity holders of the Company		<u>8,941</u>	<u>7,226</u>	<u>8,896</u>	<u>9,936</u>
Earnings per share					
– Basic and Diluted (<i>HK cents</i>)	11	<u>0.75 cents</u>	<u>0.60 cents</u>	<u>0.74 cents</u>	<u>0.83 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

		(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	13	7,759	8,865
Intangible assets		200	195
Deferred tax assets		523	521
		<u>8,482</u>	<u>9,581</u>
Current assets			
Trade and other receivables	14	38,193	35,279
Contract assets	15(a)	143,838	130,523
Financial assets at fair value through profit or loss		4,527	4,538
Pledged deposits		4,502	5,115
Pledged bank deposits		6,092	4,117
Cash and cash equivalents		37,738	49,395
		<u>234,890</u>	<u>228,967</u>
Current liabilities			
Trade and other payables	16	75,988	77,820
Contract liabilities	15(b)	1,044	1,044
Lease liabilities		2,517	2,686
Bank borrowings, secured	17	9,571	7,058
Income tax payable		5,110	1,807
		<u>94,230</u>	<u>90,415</u>
Net current assets		<u>140,660</u>	138,552
Total assets less current liabilities		<u>149,142</u>	148,133
Non-current liabilities			
Lease liabilities		4,079	4,766
Total non-current liabilities		<u>4,079</u>	4,766
Net assets		<u>145,063</u>	143,367
Capital and reserves			
Share capital	18	12,000	12,000
Reserves		133,063	131,367
Total equity		<u>145,063</u>	<u>143,367</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Legal reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2021 (Audited)	12,000	25,841	38,860	24	66,642	143,367
Profit and total comprehensive income for the period	-	-	-	-	8,896	8,896
Final dividend paid	-	(7,200)	-	-	-	(7,200)
At 30 September 2021 (Unaudited)	12,000	18,641	38,860	24	75,538	145,063
At 31 March 2020 and 1 April 2020 (Audited)	12,000	28,841	38,860	24	38,131	117,856
Profit and total comprehensive income for the period	-	-	-	-	9,936	9,936
At 30 September 2020 (Unaudited)	12,000	28,841	38,860	24	48,067	127,792

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	(Unaudited) Six months ended 30 September 2021 HK\$'000	(Unaudited) Six months ended 30 September 2020 HK\$'000
Operating activities		
Profit before income tax	12,197	11,887
Adjustments for:		
Depreciation on property, plant and equipment	2,060	1,740
Fair value loss on financial asset	11	–
Gain on termination of lease	(8)	(97)
Loss on disposal of property, plant and equipment	–	283
Bank interest income	(3)	(5)
(Reversal)/Provision of impairment of trade receivables	(15)	1,113
Finance costs	312	162
	<hr/>	<hr/>
Operating profit before working capital changes	14,554	15,083
Increase in trade and other receivables	(2,450)	(9,277)
(Increase)/Decrease in contract assets	(13,764)	1,346
Decrease in pledged deposits	613	543
(Increase)/Decrease in pledged bank deposits	(1,975)	360
(Decrease)/Increase in trade and other payable	(1,832)	18,220
Increase in contract liabilities	–	181
	<hr/>	<hr/>
Cash (used in)/generated from operating activities	(4,854)	26,456
Income tax paid	–	–
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(4,854)	26,456
Investing activities		
Purchase of property, plant and equipment	(208)	(214)
Purchase of intangible asset	(113)	–
Interest received	3	5
	<hr/>	<hr/>
Net cash used in investing activities	(318)	(209)
Financing activities		
Proceeds from bank borrowing	5,182	–
Repayments of bank borrowings	(2,669)	(514)
Capital elements of finance lease payments	(1,486)	(1,130)
Interest paid on bank borrowings	(155)	(10)
Interest paid on lease liabilities	(157)	(152)
Dividend paid	(7,200)	–
	<hr/>	<hr/>
Net cash used in financing activities	(6,485)	(1,806)
Net (decrease)/increase in cash and cash equivalents	(11,657)	24,441
Cash and cash equivalents at beginning of year	49,395	26,885
Cash and cash equivalents at end of year	37,738	51,326
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	37,738	51,326

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 Windward 3, Regatta Office Park, P.O. Box 1350, 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 work, alteration and addition services and maintenance services of electrical and mechanical engineering systems in Hong Kong. As at 30 September 2021, the particulars of the Company’s subsidiaries are 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. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021 have been prepared in accordance with Hong Kong Accounting Standard (“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.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for certain investments which have been measured at fair value.

(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.

3.1 NEW AND AMENDMENTS TO HKFRSs THAT ARE EFFECTIVE FOR CURRENT YEAR

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA in the current year:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform Phase 2

3.2 NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

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

The Group will apply the above appropriate amendments to HKFRSs when they become effective. The Group is in the process of making an assessment of the impact of the above amendments to HKFRSs on the Group’s financial performance and position.

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 may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the 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 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 of the Group. 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 of the Group 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 of the Group may request for updated quotations from the subcontractors, suppliers or vendors. Recognition of variations and claims also requires estimation and judgement by the management of the Group. Notwithstanding that the management of the Group 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.

(c) *Estimated IBR 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 standalone credit rating).

(d) *Fair value measurement*

The fair value measurement of the Group’s financial assets at fair value through profit or loss (“**FVTPL**”) utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels asked on how observable the inputs used in the valuation technique utilised are (the “**fair value hierarchy**”):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs;

Level 3: Unobservable inputs (i.e., not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

5. SEGMENT REPORTING

The executive Directors, 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 of the Group has determined the operating segments based on reports reviewed by the executive Directors 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 fire prevention system installation work;
- Alteration and addition services – provision of alteration and addition services on existing fire prevention system of customers; and
- Maintenance services – provision of repair and maintenance services on fire prevention systems of customers.

Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before income tax. The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax except that unallocated income and gains, finance costs, as well as corporate expenses are excluded from such measurement.

Since total assets, liabilities and capital expenditures for each reportable segment are not regularly provided to 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 considered not necessary.

(a) **Business segments**

For the six months ended 30 September 2021 (Unaudited)

	Installation work HK\$'000	Alteration and addition services HK\$'000	Maintenance services HK\$'000	Total HK\$'000
Segment revenue				
Revenue from external customers	<u>158,937</u>	<u>34,563</u>	<u>2,713</u>	<u>196,213</u>
Segment profit	<u>30,817</u>	<u>5,380</u>	<u>145</u>	<u>36,342</u>
Other income and gains				396
Reversal of impairment losses of trade receivables and contract assets, net				15
Administrative and other operating expenses				(14,883)
Listing expenses				(9,360)
Finance costs				(312)
Profit before income tax				<u>12,198</u>
Income tax				<u>(3,302)</u>
Profit after tax				<u>8,896</u>

For the six months ended 30 September 2020 (Unaudited)

	Installation work HK\$'000	Alteration and addition services HK\$'000	Maintenance services HK\$'000	Total HK\$'000
Segment revenue				
Revenue from external customers	<u>72,446</u>	<u>54,296</u>	<u>2,504</u>	<u>129,246</u>
Segment profit	<u>16,009</u>	<u>9,855</u>	<u>(303)</u>	<u>25,561</u>
Other income and gains				168
Impairment losses of trade receivables and contract assets, net				(1,113)
Administrative and other operating expenses				(12,567)
Listing expenses				–
Finance costs				(162)
Profit before income tax				<u>11,887</u>
Income tax				<u>(1,951)</u>
Profit after tax				<u>9,936</u>

6. REVENUE

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

Disaggregation of the Group's revenue from contracts with customers

	(Unaudited) Three months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Three months ended 30 September 2020 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2020 <i>HK\$'000</i>
Revenue from installation work	87,300	44,740	158,937	72,446
Revenue from alteration and additions services	16,481	25,933	34,563	54,296
Revenue from maintenance services	1,324	1,248	2,713	2,504
	<u>105,105</u>	<u>71,921</u>	<u>196,213</u>	<u>129,246</u>

The chief operating decision-maker has been identified as the Board. The Board regards the Group's business as three single operating segments and reviews financial statements accordingly. Also, the Group only engages its business in Hong Kong, therefore, no segment information on geographical is presented.

7. OTHER INCOME AND GAINS

	(Unaudited) Three months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Three months ended 30 September 2020 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2020 <i>HK\$'000</i>
Bank interest income	2	4	3	5
Gain on termination of lease	6	97	8	97
Others	250	13	385	66
	<u>258</u>	<u>114</u>	<u>396</u>	<u>168</u>

8. ADMINISTRATION AND OTHER OPERATING EXPENSES

	(Unaudited) Three months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Three months ended 30 September 2020 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2020 <i>HK\$'000</i>
Staff costs, including Directors' emoluments	3,980	2,978	8,003	6,654
Travelling expenses	321	324	571	527
Depreciation	935	875	1,859	1,552
Legal and professional fee	590	641	1,233	1,216
Business development expenses	370	573	500	920
Rental expenses	53	30	84	61
Office expenses	458	378	1,041	752
Others	400	572	1,592	885
	<u>7,107</u>	<u>6,371</u>	<u>14,883</u>	<u>12,567</u>

9. FINANCE COSTS

	(Unaudited) Three months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Three months ended 30 September 2020 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2020 <i>HK\$'000</i>
Interest on bank loans and other borrowings	88	4	155	10
Interest on lease liabilities	77	103	157	152
	<u>165</u>	<u>107</u>	<u>312</u>	<u>162</u>

10. INCOME TAX EXPENSES

Under the two-tiered profits tax rates regime, the profits tax rate for the first \$2 million of assessable profits will be lowered to 8.25% (half of the rate specified in Schedule 8 to the Inland Revenue Ordinance (IRO)) for corporations. Assessable profits above \$2 million will continue to be subject to the rate of 16.5% for corporations for the current period (2020: 16.5%).

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

	(Unaudited) Three months ended 30 September 2021 HK\$'000	(Unaudited) Three months ended 30 September 2020 HK\$'000	(Unaudited) Six months ended 30 September 2021 HK\$'000	(Unaudited) Six months ended 30 September 2020 HK\$'000
Current income tax				
– Hong Kong Profit tax	1,770	1,519	3,302	1,951
Deferred income tax	–	–	–	–
Income tax expenses	<u>1,770</u>	<u>1,519</u>	<u>3,302</u>	<u>1,951</u>

11. EARNINGS PER SHARE

The calculation of earnings per share is based on the following data.

	(Unaudited) Three months ended 30 September 2021	(Unaudited) Three months ended 30 September 2020	(Unaudited) Six months ended 30 September 2021	(Unaudited) Six months ended 30 September 2020
Profit for the period attributable to equity holders of the Company (HK\$'000)	8,941	7,226	8,896	9,936
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Basic earnings per share (HK cent)	<u>0.75 cents</u>	<u>0.60 cents</u>	<u>0.74 cents</u>	<u>0.83 cents</u>

Diluted earnings per share is equal to the basic earnings per share as there was not dilutive potential shares.

12. DIVIDENDS

On 8 November 2021, the Board has resolved to declare an interim dividend of HK0.35 cents per share for the Reporting Period (six months ended 30 September 2020: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Machineries <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
At 1 April 2021 (Audited)	10,566	534	2,854	2,535	879	17,368
Additions	1,223	100	71	–	37	1,431
Disposals	(1,117)	–	–	–	–	(1,117)
At 30 September 2021	<u>10,672</u>	<u>634</u>	<u>2,925</u>	<u>2,535</u>	<u>916</u>	<u>17,682</u>
Accumulated depreciation						
At 1 April 2021 (Audited)	3,137	393	2,505	1,997	471	8,503
Charge for the period	1,561	50	97	148	97	1,953
Write-off on disposals	(533)	–	–	–	–	(533)
At 30 September 2021	<u>4,165</u>	<u>443</u>	<u>2,602</u>	<u>2,145</u>	<u>568</u>	<u>9,923</u>
Net book value						
At 30 September 2021	<u>6,507</u>	<u>191</u>	<u>323</u>	<u>390</u>	<u>348</u>	<u>7,759</u>
At 31 March 2021 (Audited)	<u>7,429</u>	<u>141</u>	<u>349</u>	<u>538</u>	<u>408</u>	<u>8,865</u>

During the six months ended 30 September 2021, the Group acquired assets with aggregate cost of approximately HK\$1,431,000 (31 March 2021: approximately HK\$7,921,000).

The Group incurred depreciation expenses for the six months ended 30 September 2021 of approximately HK\$1,953,000 (31 March 2021: approximately HK\$3,752,000) and was recorded in administrative expenses.

14. TRADE AND OTHER RECEIVABLES

	(Unaudited) 30 September 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
Trade receivables	34,473	31,793
Less: Provision for impairment	<u>(1,668)</u>	<u>(2,889)</u>
Trade receivables, net	32,805	28,904
Deposits, prepayments and other receivables	<u>5,388</u>	<u>6,375</u>
	<u>38,193</u>	<u>35,279</u>

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 the end of each of the reporting periods, is as follows:

	(Unaudited) 30 September 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
Within 30 days	13,570	16,906
31 – 60 days	13,087	6,334
61 – 90 days	2,765	1,381
91 – 180 days	2,385	2,521
181 – 365 days	998	1,667
Over 365 days	<u>–</u>	<u>95</u>
	<u>32,805</u>	<u>28,904</u>

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Contract assets		
Arising from performance under installation work and alteration and addition services (<i>Note (i)</i>)	116,203	107,367
Retention receivables	<u>29,405</u>	<u>23,710</u>
	145,608	131,077
Less: Provision for impairment (<i>Note (ii)</i>)	<u>(1,770)</u>	<u>(554)</u>
Contract assets, net	<u>143,838</u>	<u>130,523</u>

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.

- (ii) The Group recognised impairment of contract assets for the six months ended 30 September 2021 and year ended 31 March 2021 based on the adopted accounting policies.

(b) Contract liabilities

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Contract liabilities		
Billing in advance of performance under installation work and alteration and addition services	<u>1,044</u>	<u>1,044</u>

16. TRADE AND OTHER PAYABLES

	(Unaudited) 30 September 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
Trade payables (<i>Note (a)</i>)	61,847	65,512
Retention payables (<i>Note (b)</i>)	6,757	7,724
Other payables, accruals and deposits received	7,384	4,584
	75,988	77,820

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 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
0 – 30 days	39,612	40,967
31 – 60 days	360	11,276
61 – 90 days	4,344	3,101
Over 90 days	17,531	10,168
	61,847	65,512

- (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.

17. BANK BORROWINGS, SECURED

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
Current liabilities		
Secured and interest-bearing bank borrowings		
Bank loans subject to repayment on demand clause (<i>Note (a)</i>)		
– Bank loans due for repayment within one year	6,128	3,138
– Bank loan due for repayment after one year	3,443	3,920
	<u>9,571</u>	<u>7,058</u>

Notes:

- (a) Bank loans are interest-bearing at floating rates. The interest rates of the Group's bank loans as at 30 September 2021 granted under banking facilities is 4.5% (31 March 2021: 4.5%) per annum.
- (b) 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 2021, the Group's bank borrowings were scheduled to repay as of the end of the reporting period as follows:

	(Unaudited) 30 September 2021 HK\$'000	(Audited) 31 March 2021 HK\$'000
On demand or within one year	6,128	3,138
More than one year, but not exceeding two years	986	967
More than two years, but not exceeding five years	2,457	2,953
	<u>9,571</u>	<u>7,058</u>

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.

18. SHARE CAPITAL

	(Unaudited) 30 September 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
Authorised:		
3,800,000,000 Ordinary shares of HK\$0.01 each	<u>38,000</u>	<u>38,000</u>
Ordinary shares, issued and fully paid:		
1,200,000,000 Ordinary shares of HK\$0.01 each	<u>12,000</u>	<u>12,000</u>

19. SHARE OPTION SCHEME

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

The Share Option Scheme is effective for a period of 10 years commencing on 12 February 2018, the listing date of the Company. Under the Share Option 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 Share Option 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 not be greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Share Option 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 Share Option 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 Share Option 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 Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit. No share options were granted under the Share Option 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 Share Option 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 of the Company 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 Share Option 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 under the Share Option Scheme since its adoption.

20. CAPITAL COMMITMENTS

As at 30 September 2021 and 31 March 2021, 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 transaction with related parties:

Related party identity and Relationship	Type of transaction	Note	(Unaudited)	(Audited)
			30 September 2021	31 March 2021
			HK\$'000	HK\$'000
Vistar Alliance Limited (“Vistar Alliance”), a related company	Lease payment	(i)	<u>288</u>	<u>576</u>

Note:

- (i) Vistar Alliance is owned by Mr. Poon Ken Ching Keung and Mr. Poon Ching Tong Tommy. Mr. Poon Ken Ching Keung is the executive Director and Mr. Poon Ken Ching Keung and Mr. Poon Ching Tong Tommy are the controlling shareholders of the Company.

GFE and Vistar Alliance entered into a lease agreement dated 20 February 2020, pursuant to which Vistar Alliance agreed to lease the leasehold land and buildings to GFE for a term of two years from 1 April 2020 to 31 March 2022 at a monthly rental of HK\$48,000.

The terms of the above transaction was based on those agreed between the Group and the related parties.

(b) Compensation of key management personnel of the Group

Key management includes Directors (executive, non-executive and independent non-executive) and the senior management staff of the Group. The compensation paid or payable to key management for employee services is disclosed as follow:

	(Unaudited) Three months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Three months ended 30 September 2020 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2021 <i>HK\$'000</i>	(Unaudited) Six months ended 30 September 2020 <i>HK\$'000</i>
Independent non-executive directors' fees	90	90	180	180
Salaries, discretionary bonus, allowances and benefits in kind	1,464	1,357	2,882	2,719
Contributions to retirement benefits scheme	30	30	61	61
	<u>1,584</u>	<u>1,477</u>	<u>3,123</u>	<u>2,960</u>

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 2021 <i>HK\$'000</i>	(Audited) 31 March 2021 <i>HK\$'000</i>
Aggregate value of the surety bonds issued in favour of customers	<u>33,628</u>	<u>30,056</u>

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 bank deposits;
- (ii) Corporate guarantee of GFE and the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is a registered fire service installation contractor in Hong Kong. With a full range of electrical and mechanical (“**E&M**”) licenses and qualifications, the Group maintains its position as one of the leading E&M engineering companies in Hong Kong, focusing on installation, alteration and addition works and maintenance of fire service systems. The Group’s services cover installation and design of fire service systems for buildings under construction or re-development; alteration and addition works on existing fire service systems; and repair and maintenance on fire service systems for built premises.

During the Reporting Period, the Group has achieved an outstanding performance with the highest revenue recorded for any given half-year period since the Company’s listing on GEM of the Stock Exchange in 2018. Revenue recognised for the six months ended 30 September 2021 amounted to approximately HK\$196.21 million, representing an increment of approximately HK\$66.96 million or 51.81%, as compared with approximately HK\$129.25 million for the six months ended 30 September 2020.

Total revenue for the Reporting Period was mainly contributed by the revenue recognised from installation works accounting to approximately HK\$158.94 million, which was in turn contributed by the Group’s substantial completion of five sizeable projects of a total revenue of approximately HK\$102.45 million. Amongst these projects, the most remarkable one is the installation work at Two Taikoo Place (state-of-the-art facility in Quarry Bay, a project worth over HK\$110 million in contract sum to the Group), which is estimated to be completed at the end of this year. The Directors are also proud of other existing sizeable projects that have significant progress made during this financial year, such as the 19,348 square metres private residential property development at Hing Wah Street West of Cheung Sha Wan with contract sum of approximately HK\$60 million, with approximately HK\$14.11 million has been recognized in the Reporting Period for works completed.

Profit attributable to shareholders for the Reporting period was approximately HK\$8.90 million. Excluding the listing expenses incurred of approximately HK\$9.36 million during the Reporting Period in relation to the proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange (“**Proposed Transfer of Listing**”) as disclosed in the announcement of the Company dated 17 June 2021, the Group operated with a normalized profit of approximately HK\$18.26 million which represents a significant improvement when compared with the profit of approximately HK\$9.94 million made in the six months ended 30 September 2020, representing an increase of HK\$8.32 million or 83.70%.

The Board considers that the interim dividend declared of HK0.35 cents per share is reasonable when the earnings per share for the Reporting Period is approximately HK0.74 cents, in order to maintain adequate appeal to investors of the Group while sustaining sufficient cashflow for both day-to-day operations and expansion plans going forward.

Outlook

The Directors are optimistic about the general outlook of the industry and the business environment in which the Group operates. The Hong Kong Government's assertive actions such as the recent implementation of vaccine programs for COVID-19 and consumption voucher scheme are major catalysts to economic recovery in ensuring business activities are back on track in Hong Kong.

In particular, the Board is most excited to learn the Government's commitment to increase the production of public housing units as outlined in the recent Chief Executive's 2021 Policy Address, where some 330,000 public housing units will be built within the next 10-year period. This ambitious target is made feasible with the Hong Kong Government's determined and novel complementary policies such as rezoning plans on the "Green Belt" zone, unlocking the Tso/Tong lands of the New Territories, as well as revitalisation and redevelopment projects on existing structures. The Directors consider that the proposed plan on public housing supply will create a ripple effect which benefits the entire construction industry, and it creates an enormous opportunity for the Group considering its comprehensive and scalable E&M service coverage that can be readily offered.

Riding on the driving initiatives discussed, the Group and its Directors are devoting all their efforts to improve the performance of the Group including internal and external aspects of the business:

On the Group's core business in Hong Kong, the Company will continue to secure project pipelines leveraging on its internal competitive strengths including comprehensive E&M licenses held, skilled and loyal staff members, established networks with customers and suppliers, as well as access to adequate working capital potentially enabled by the Proposed Transfer of Listing. With that being said, the Group is proud to be announcing the kick off to its sizeable installation projects, namely LOHAS Park Phase 11, Wong Chuk Hang MTR Station Package 4, and Kwun Tong Road 53-55, secured in August and September 2021, where the Group was awarded a total contract sum of approximately HK\$118 million to be completed in the coming years. The Directors are in the view that projects from installation work are well pipelined and do not expect this core revenue stream to deteriorate in the foreseeable future.

Expanding outwards and to diversify its business, the Group seeks to capitalise on the Plan for Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone ("**Qianhai Plan**"), by leveraging opportunities presented in this Greater Bay Area platform proposal, in order to penetrate the Shenzhen construction market using its professional expertise and experience especially in high-end E&M projects with emphasis in fire prevention systems. The Group has obtained preliminary consultation and has shortlisted qualifying staff to apply for equivalent professional qualification to practice their engineering trade as per the Qianhai Plan. The Board will cautiously monitor the COVID-19 situation before executing this expansion plan.

With these corporate developments, along with the market and regulatory stimulants, the Group will continue to focus on applying its core competencies to ensure sustainable growth and profitability of the business.

Financial Review

Revenue

The Group's revenue for the Reporting Period amounted to approximately HK\$196.21 million which represented an increase of approximately HK\$66.96 million or 51.81% from approximately HK\$129.25 million for the six months ended 30 September 2020.

The increase in total revenue was mainly due to an increase from installation work with its periodic revenue amounted to approximately HK\$158.94 million which represented an increase of approximately HK\$86.49 million from approximately HK\$72.45 million for the six months ended 30 September 2020. Such increase in revenue was mainly contributed by installation revenue on construction work performed during the Reporting Period.

Cost of revenue

The Group's cost of revenue increased from approximately HK\$103.69 million for the six months ended 30 September 2020 to approximately HK\$159.87 million for the Reporting Period, representing an increase of approximately HK\$56.18 million or 54.18%. Such increase in cost of revenue was in line with the increase in revenue but in a smaller proportional rate as a result of the savings in cost of revenue of installation projects by utilising the prefabrication technology which is fully operated at workshop since the year ended 31 March 2021.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$10.78 million or 42.18% from approximately HK\$25.56 million for the six months ended 30 September 2020 to approximately HK\$36.34 million for the reporting period. The gross profit margin was slightly decreased from 19.78% for the six months ended 30 September 2020 to 18.52% for the Reporting Period. The decrease in overall gross profit margin was attributed to the absence of the subsidy received under the Employment Support Scheme of the Government of HKSAR during the Reporting Period which were netting off cost of revenue under absorption costing in prior period.

Administrative and other operating expenses

Administrative and other operating expenses mainly include the salaries and benefits of administrative and management staff, rental expenses, office expenses, legal and professional fees, depreciation expense of plant and equipment and right-of-use assets.

Our administrative and other operating expenses increased by approximately HK\$2.31 million or 18.38% from approximately HK\$12.57 million for the six months ended 30 September 2020 to approximately HK\$14.88 million for the Reporting Period.

Finance costs

Finance costs of the Group are approximately HK\$0.31 million for the Reporting Period (2020: HK\$0.16 million). Finance costs consist of interests on bank loans and interests on lease liabilities. The increase in the Group's finance costs for the Reporting Period was due to the increase in interest expenses incurred on bank loans and lease liabilities during the Reporting Period.

Income tax expense

Income tax expense for the Group increased by approximately HK\$1.35 million or 69.23% from approximately HK\$1.95 million for the six months ended 30 September 2020 to approximately HK\$3.30 million for the Reporting Period. The increase was mainly due to the increase in taxable profit for the Reporting Period.

Profit for the period attributable to equity holders of the Company

During the Reporting Period, the Group profit attributable to equity holders was approximately HK\$8.90 million, representing a decrease of approximately HK\$1.04 millions when compared to the profit attributable to equity holders for the six months ended 30 September 2020.

The Board considers that such change was mainly attributable to offsetting events including (i) remarkable operating profit from core business of the Group of approximately HK\$18.26 million driven by improvement in installation revenue on construction work performed; and (ii) listing expenses incurred of approximately HK\$9.36 million during the Reporting Period in relation to the Proposed Transfer of Listing.

Liquidity, Financial Resources and Capital Structure

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

As at 30 September 2021, the Group had cash and bank balances of approximately HK\$37.74 million (31 March 2021: HK\$49.40 million). As at the end of Reporting Period, the Group's total equity attributable to shareholders of the Company amounted to approximately HK\$145.06 million (31 March 2021: HK\$143.37 million). As of the same date, the Group's total debt, comprising bank loans, liability of the finance lease obligations and lease liabilities, amounted to approximately HK\$16.17 million (31 March 2021: HK\$14.51 million).

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 of ordinary shares.

As at 30 September 2021, 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.

Borrowings and Gearing Ratio

As at 30 September 2021, the Group had borrowings of approximately HK\$9.61 million which was denominated in Hong Kong Dollars (31 March 2021: HK\$7.14 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 September 2021, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 6.63% (31 March 2021: 4.98%).

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 Commitments

As at 30 September 2021 and 2020, 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 2021.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures.

Contingent Liabilities

As at 30 September 2021, the Group did not have any material contingent liabilities (2020: Nil).

Interim Dividends

On 8 November 2021, the Board has resolved to declare an interim dividend of HK0.35 cents per share for the Reporting Period (six months ended 30 September 2020: Nil).

Employees and Remuneration Policy

As at 30 September 2021, the Group had 137 employees in total (2020: 131). The staff costs of the Group including directors' emoluments, management, administrative and operational staff for the six months ended 30 September 2021 were approximately HK\$8.0 million (2020: HK\$6.65 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.

PRINCIPAL RISKS AND UNCERTAINTIES

Our Group faces several risk and uncertainty factors that may affect the operating results and business prospects. There may be other risks and uncertainties in addition to those listed below, which are not known to the Group or which may not be material under current business circumstances but might have an impact to the Group in the future.

- The state of economic, political and legal environment in Hong Kong may adversely affect our business, performance and financial condition;
- We operate in a highly competitive industry and face competition during project tendering process, and we may not be successful in competing against our competitors;
- As our revenue is mainly derived from projects which are not recurring in nature, a significant decrease in the number of our projects would affect our operations and financial results;
- We make estimations of our project costs in our tenders. Any failure to accurately estimate the costs involved in the implementation of any project and delay in completion of any project may lead to cost overruns or even result in losses in our projects;
- We rely on subcontractors in completing installation work and alternation and addition work. Any delay or defects on their part would adversely affect our operations and financial results;
- Our customers pay us by way of progress payment and hold retention money, and there is no guarantee that progress payment is paid to us on time and in full, or that retention money is fully released to us after the expiry of the defect liability period;
- We require various registrations, licences and qualifications to operate our business in Hong Kong. Any expiry, withdrawal, revocation, downgrading of and/or failure to renew such registrations, licences and qualifications would adversely affect our business, financial condition and results of operations; and
- Our business is susceptible to fluctuations of production costs including staff salaries, subcontracting cost, price of raw materials and utilities cost and such fluctuations may materially and adversely affect our profitability and results of operations.

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 30 September 2021, 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 <i>(Note 1)</i>	Percentage of Issued Share Capital <i>(Note 2)</i>
Mr. Poon Ken Ching Keung ("Mr. Ken Poon") <i>(Notes 3 and 5)</i>	Interest in a controlled corporation	508,500,000	42.37%
Mr. Ng Kwok Wai <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	90,000,000	7.50%
Ms. Lee To Yin <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	90,000,000	7.50%
Ms. Poon Kam Yee Odilia ("Ms. Odilia Poon") <i>(Notes 4 and 5)</i>	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 30 September 2021.
- (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 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) 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 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 30 September 2021, 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 30 September 2021, 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 <i>(Note 1)</i>	Percentage of Issued Share Capital <i>(Note 2)</i>
Success Step <i>(Notes 3 and 5)</i>	Beneficial owner	418,500,000	34.87%
	Holder of equity Derivative	90,000,000	7.50%
		508,500,000	42.37%
Noble Capital <i>(Notes 4 and 5)</i>	Beneficial owner	391,500,000	32.63%
	Holder of equity Derivative	90,000,000	7.50%
		481,500,000	40.13%
Mr. Tommy Poon <i>(Notes 4 and 5)</i>	Interest in a controlled Corporation	481,500,000	40.13%
Legend Advanced <i>(Note 6)</i>	Beneficial owner	90,000,000	7.50%
Ms. Deng Anna Man Li <i>(Note 7)</i>	Interest of spouse	508,500,000	42.37%
Mr. Roberts Christopher John <i>(Note 8)</i>	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 30 September 2021.
- (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) Mr. Tommy Poon holds the entire issued share capital of Noble Capital. Noble Capital, in turn directly holds 391,500,000 shares of the Company and he 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 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 30 September 2021, 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.

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 Reporting Period.

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 Reporting Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 of the Company. 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 Reporting Period.

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 as set out in Appendix 15 of the GEM Listing Rules (the “CG Code”) for the Reporting Period, except the deviation from code provision A.2.1 of the CG Code.

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. Poon has been the key leadership figure of the Group for over 33 years of experience in the fire services and water pump installation services in Hong Kong. Mr. 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. 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 for the Reporting Period.

AUDIT COMMITTEE

The 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 paragraphs C.3.3 of the CG Code. The Audit Committee currently 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 interim results of the Group for the Reporting Period 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 November 2021 to Thursday, 25 November 2021, both days inclusive, during the which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by no later than 4:30 p.m. on Tuesday, 23 November 2021. Dividend cheques will be dispatched to the shareholders of the Company, who are qualified for the interim dividend, on or about Friday, 3 December 2021.

REVIEW OF THIS INTERIM RESULTS ANNOUNCEMENT

The interim results announcement 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 2021

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 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.