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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

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 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 2022 (the “**Reporting Period**”), the revenue of the Group increased to approximately HK\$405.17 million from approximately HK\$305.16 million for the year ended 31 March 2021, representing a significant increase of approximately HK\$100.01 million or 32.77%.
- Such increase was mainly attributed to an increase from installation services with a yearly revenue amounted to approximately HK\$306.90 million. The Group has substantially completed five sizeable installation projects for a total revenue of approximately HK\$187.15 million.
- The profit attributable to equity holders of the Company decreased to approximately HK\$20.78 million for the Reporting Period as compared to the profit attributable to equity holders of the Company of approximately HK\$28.51 million for the year ended 31 March 2021. After 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 (“**Proposed Transfer of Listing**”) as disclosed in the announcements of the Company dated 17 June 2021 and 31 December 2021, the Group operated with a normalised profit of approximately HK\$33.06 million and represents an improvement from prior year.
- An interim dividend of HK0.35 cents per share in respect of the six months ended 30 September 2021 was approved on 8 November 2021, and payments were made on 3 December 2021 for an amount of HK\$4.2 million. The Directors recommend the payment of a final dividend of HK0.50 cents per share for the Reporting Period (2021: HK0.60 cents per share). The proposed final dividend is subject to shareholders’ approval at the forthcoming annual general meeting of the Company (the “**2022 AGM**”).

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the consolidated financial results of the Group for the Reporting Period, together with the comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	6	405,171	305,158
Cost of revenue		<u>(336,330)</u>	<u>(249,418)</u>
Gross profit		68,841	55,740
Other income and gains and losses	7	827	791
Reversal of impairment losses of trade receivables and contract assets, net		1,065	2,194
Administrative and other operating expenses		(29,972)	(25,342)
Transfer listing expenses		(12,276)	–
Finance costs	9	<u>(673)</u>	<u>(358)</u>
Profit before income tax	8	27,812	33,025
Income tax	10(a)	<u>(7,030)</u>	<u>(4,514)</u>
Profit and total comprehensive income for the year		<u>20,782</u>	<u>28,511</u>
Earnings per share			
– Basic and diluted (HK cents)	11	<u>1.73 cents</u>	<u>2.38 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		6,676	8,865
Intangible assets		89	195
Deferred tax assets	10(b)	426	521
Total non-current assets		7,191	9,581
Current assets			
Trade and other receivables	13	43,080	35,279
Contract assets	14(a)	157,975	130,523
Financial assets at fair value through profit or loss		4,504	4,538
Pledged deposits		4,502	5,115
Pledged bank deposits		2,105	4,117
Cash and cash equivalents		37,081	49,395
Total current assets		249,247	228,967
Current liabilities			
Trade and other payables	15	78,290	77,820
Contract liabilities	14(b)	1,021	1,044
Lease liabilities		2,788	2,686
Bank borrowings, secured	16	14,647	7,058
Income tax payable		3,872	1,807
Total current liabilities		100,618	90,415
Net current assets		148,629	138,552
Total assets less current liabilities		155,820	148,133
Non-current liabilities			
Lease liabilities		3,071	4,766
Net assets		152,749	143,367
Capital and reserves			
Share capital		12,000	12,000
Reserves		140,749	131,367
Total equity		152,749	143,367

NOTES TO THE CONSOLIDATED 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 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 services, alteration and addition works and maintenance services of electrical and mechanical engineering systems in Hong Kong. As at 31 March 2022 and 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	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	Incorporated in Hong Kong on 1 August 1972 Limited liability company	Hong Kong	HK\$2,500,000	–	100%	Provision of installation services, alteration and addition works, and maintenance services of electrical and mechanical engineering systems in Hong Kong
Guardian Engineering Limited	Incorporated in Hong Kong on 15 May 2000 Limited liability company	Hong Kong	HK\$100,000	–	100%	Provision of installation services, alteration and addition works, and maintenance services of electrical and mechanical engineering systems in Hong Kong

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

(a) Adoption of amended HKFRSs

The Hong Kong Institute of Certified Public Accountants has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 4 and HKFRS 16

None of these amended HKFRSs has a significant impact on the Group’s results and financial position for the current or prior period.

The Group has not early adopted any amended HKFRSs that are not yet effective for the current accounting period.

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

The following amended HKFRSs, potentially relevant to the Group’s consolidated 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 HKAS 1	Classification of Liabilities as Current or Noncurrent and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 ¹

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

² Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

³ Effective for annual period beginning on or after 1 January 2023

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

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

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the Reporting Period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the Reporting Period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The Directors of the Company do not anticipate that the application of the amendments in the future will have significant impact on the consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The key amendments to HKAS 1 include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

Amended HKFRS Practice Statement 2 includes guidance and two additional examples on the application of materiality to accounting policy disclosures.

The Directors of the Company do not anticipate that the application of the amendments in the future will have significant impact on the consolidated financial statements.

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

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

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The Directors of the Company do not anticipate that the application of the amendments in the future will have significant impact on the consolidated financial statements.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Directors of the Company do not anticipate that the application of the amendments in the future will have significant impact on the consolidated financial statements.

Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Directors of the Company do not anticipate that the application of the amendments in the future will have significant impact on the consolidated financial statements.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Directors of the Company do not anticipate that the application of the amendments in the future will have significant impact on the consolidated financial statements.

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

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

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Directors of the Company do not anticipate that the application of the amendments in the future will have significant impact on the consolidated financial statements.

Annual Improvements to HKFRSs 2018–2020, Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

Details of the amendments are as follows:

- HKFRS 1, First-time Adoption of HKFRS, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The Directors of the Company do not anticipate that the application of the amendments in the future will have significant 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 and Interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by GEM Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss, which are measured at fair value.

(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 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.

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) *Revenue recognition of provision of construction works*

Management measured the progress towards complete satisfaction of performance obligation of individual construction contract using the input method by reference to the total contract costs to completion and stage of completion of each contract. Total contract costs to completion of individual contract, which mainly comprise subcontracting charges, cost of materials and direct labour, are estimated based on latest available budgets prepared by the management on the basis of estimated costs quoted by subcontractors, suppliers or vendors as well as the experience of the project team. 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.

Notwithstanding that the management regularly reviews and revises the estimates of contract costs for each construction contract as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

(b) *Impairment of trade receivables and contract assets*

The impairment allowances for trade receivables and contract assets are measured by lifetime ECLs. The management estimated the ECLs rates by considering the market conditions, management's knowledge about the customers (including their reputation, financial capability and historical payment history), and the current and forward-looking information on macroeconomic factors that relevant to determine the ability of customers to settle the receivables at the end of each of the Reporting Period.

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

Key sources of estimation uncertainty– *Continued*

(c) *Estimated incremental borrowing rate (the “IBR”) in the lease*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its 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).

(d) *Fair value measurement*

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

- 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 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 services – supply and carrying out installation services;
- Alteration and addition works – provision of alteration and addition works on existing system of customers; and
- Maintenance services – provision of repair and maintenance services.

5. SEGMENT REPORTING – *Continued*

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 and losses, net reversal of impairment losses of trade receivables and contract assets, administrative and other operating expenses and finance 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 consolidated assets of the Group are located outside Hong Kong, geographical segment information is therefore not presented.

(a) Business segment

For the year ended 31 March 2022

	Installation services <i>HK\$'000</i>	Alteration and addition works <i>HK\$'000</i>	Maintenance services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
Revenue from external customers	<u>306,900</u>	<u>91,152</u>	<u>7,119</u>	<u>405,171</u>
Segment profit	<u>56,467</u>	<u>11,333</u>	<u>1,041</u>	<u>68,841</u>
Other income and gains and losses				827
Reversal of impairment losses of trade receivables and contract assets, net				1,065
Staff costs				(14,481)
Corporate expenses				(15,491)
Transfer listing expenses				(12,276)
Finance costs				<u>(673)</u>
Profit before income tax				<u>27,812</u>

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

(a) **Business segment** – *Continued*

For the year ended 31 March 2021

	Installation services <i>HK\$'000</i>	Alteration and addition works <i>HK\$'000</i>	Maintenance services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
Revenue from external customers	197,823	101,327	6,008	305,158
Segment profit	40,244	15,320	176	55,740
Other income and gains and losses				791
Reversal of impairment losses of trade receivables and contract assets, net				2,194
Staff costs				(10,797)
Corporate expenses				(14,545)
Finance costs				(358)
Profit before income tax				<u>33,025</u>

(b) **Information about major customers**

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Installation services:		
Customer I	N/A ¹	33,175
Customer II	N/A ¹	46,702
Customer III	90,524	N/A ¹
Customer IV	90,245	N/A ¹
Alteration and addition works:		
Customer V	<u>N/A¹</u>	<u>37,675</u>

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 services, alteration and addition works and maintenances services during the Reporting Period.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from installation services	306,900	197,823
Revenue from alteration and addition works	91,152	101,327
Revenue from maintenance services	7,119	6,008
	<u>405,171</u>	<u>305,158</u>

Installation services, alteration and addition works 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 following 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Provision of installation services	188,499	274,416
Provision of alteration and addition works	9,441	6,070

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\$197,940,000 (2021: HK\$280,486,000) allocated to the contracts under installation services and alteration and addition works as at 31 March 2022 will be recognised as revenue in the next 28 months (2021: 29 months).

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 AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	4	12
Interest income from financial assets at fair value through profit or loss	225	84
Effect of lease modifications	8	125
Rent concessions related to COVID-19	–	161
Changes in fair value of financial assets at fair value through profit or loss	(34)	38
Others	624	371
	<u>827</u>	<u>791</u>

8. PROFIT BEFORE INCOME TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration:	860	830
Depreciation in respect of:		
– Owned assets	787	923
– Right-of-use assets	3,114	2,829
	<u>3,901</u>	<u>3,752</u>
Amortisation of intangible assets	218	195
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	37,222	26,826
– Contribution to defined contribution retirement plan	1,451	1,421
	<u>38,673</u>	<u>28,247</u>
Loss on disposal of property, plant and equipment	53	283
Interest on lease liabilities	288	300
Short-term lease expenses	235	163
Government grants (<i>Note</i>)	–	(5,549)
Net exchange gain	–	(1)
	<u>–</u>	<u>(1)</u>

Note: The amount represented government grants of HK\$5,549,000 obtained from Employment Support Scheme (“**ESS**”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees during the year ended 31 March 2021. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group had no unfulfilled obligations relating to this program as at 31 March 2021. The grants were deducted from payroll expenses recorded in cost of revenue and administrative and other operating expenses respectively.

9. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings (<i>Note</i>)	385	58
Interest on lease liabilities	<u>288</u>	<u>300</u>
	<u>673</u>	<u>358</u>

Note: This represents 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 2022 and 31 March 2021, 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
– Hong Kong profits tax	6,938	3,970
– (Over)/under-provision in prior years	(3)	104
Deferred tax (<i>Note (b)</i>)	<u>95</u>	<u>440</u>
	<u>7,030</u>	<u>4,514</u>

For the years ended 31 March 2022 and 31 March 2021, 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before income tax	<u>27,812</u>	<u>33,025</u>
Tax thereon at Hong Kong profits rate of 16.5% (2021: 16.5%)	4,589	5,449
Tax effect of revenue not taxable for tax purposes	(32)	(916)
Tax effect of expenses not deductible for tax purposes	2,661	62
Income tax at concessionary rate	(165)	(165)
(Over)/under-provision in prior years	(3)	104
Tax relief	<u>(20)</u>	<u>(20)</u>
Income tax	<u>7,030</u>	<u>4,514</u>

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

	Depreciation allowances <i>HK\$'000</i>	Provision for impairment of trade receivables and contract assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2020	(181)	1,142	961
Credited/(charged) to profit or loss	<u>43</u>	<u>(483)</u>	<u>(440)</u>
As at 31 March 2021 and 1 April 2021	(138)	659	521
Credited/(charged) to profit or loss	<u>176</u>	<u>(271)</u>	<u>(95)</u>
As at 31 March 2022	<u>38</u>	<u>388</u>	<u>426</u>

11. BASIC AND DILUTED EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Profit for the year	<u>20,782</u>	<u>28,511</u>
	Number <i>'000</i>	Number <i>'000</i>
Number of shares		
Weighted average number of ordinary shares	<u>1,200,000</u>	<u>1,200,000</u>

Weighted average 1,200,000,000 shares for the years ended 31 March 2022 and 31 March 2021 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 dilutive potential ordinary shares during the years ended 31 March 2022 and 31 March 2021.

12. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend of HK cents 0.35 per share (2021: HK cents 0.25 per share)	4,200	3,000
Final dividend in respect of prior year of HK cents 0.60 per share (2021: Nil)	<u>7,200</u>	<u>–</u>
	<u>11,400</u>	<u>3,000</u>

The Directors recommend the payment of a final dividend of HK0.50 cents per share for the Reporting Period (2021: HK0.60 cents per share). The proposed final dividend is subject to shareholders' approval at the 2022 AGM.

13. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK\$'000	HK\$'000
Trade receivables	41,746	31,793
Less: Provision for impairment (<i>Note (b)</i>)	(1,751)	(2,889)
	<hr/>	<hr/>
Trade receivables, net (<i>Note (a)</i>)	39,995	28,904
Deposits, prepayments and other receivables	3,085	6,375
	<hr/>	<hr/>
	43,080	35,279
	<hr/>	<hr/>

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 the end of each of the Reporting Period is as follows:

	2022	2021
	HK\$'000	HK\$'000
Within 30 days	20,928	16,906
31–60 days	10,119	6,334
61–90 days	5,839	1,381
91–180 days	1,397	2,521
181–365 days	1,712	1,667
Over 365 days	–	95
	<hr/>	<hr/>
	39,995	28,904
	<hr/>	<hr/>

- (b) The Group recognised impairment of the trade and other receivables for the years ended 31 March 2022 and 31 March 2021 based on the accounting policies adopted.

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract assets		
Arising from performance under installation services and alteration and addition works	129,374	107,367
Retention receivables (<i>Note (i)</i>)	<u>29,228</u>	<u>23,710</u>
	158,602	131,077
Less: Provision for impairment (<i>Note (ii)</i>)	<u>(627)</u>	<u>(554)</u>
Contract assets, net	<u><u>157,975</u></u>	<u><u>130,523</u></u>

Notes:

- (i) Invoices on revenue from installation services and alteration and addition works 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 services 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 of the Reporting Period are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	142,990	112,449
More than one year and less than two years	10,574	13,150
More than two years and less than three years	<u>4,411</u>	<u>4,924</u>
Total contract assets	<u><u>157,975</u></u>	<u><u>130,523</u></u>

- (ii) The Group recognised impairment of contract assets for the years ended 31 March 2022 and 31 March 2021 based on the accounting policies adopted.

14. CONTRACT ASSETS AND CONTRACT LIABILITIES – Continued**(b) Contract liabilities**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract liabilities		
Billings in advance of performance under installation services and alteration and addition works	<u>1,021</u>	<u>1,044</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Movements in contract liabilities		
As at 1 April	1,044	503
Decrease in a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(779)	(481)
Increase as a result of billing in advance of installation services and alteration and addition works	<u>756</u>	<u>1,022</u>
As at 31 March	<u>1,021</u>	<u>1,044</u>

15. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (<i>Note (a)</i>)	64,407	65,512
Retention payables (<i>Note (b)</i>)	6,220	7,724
Accruals	6,682	3,271
Other payables	<u>981</u>	<u>1,313</u>
	<u>78,290</u>	<u>77,820</u>

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 at the end of each of the Reporting Period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	28,352	40,967
31-60 days	15,453	11,276
61-90 days	8,843	3,101
Over 90 days	11,759	10,168
	64,407	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.

16. BANK BORROWINGS, SECURED

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current liabilities		
Secured and interest-bearing bank borrowings		
Bank loans subject to repayment on demand clause		
– Bank loans due for repayment within one year	11,693	3,138
– Bank loans due for repayment after one year (<i>Note (b)</i>)	2,954	3,920
	14,647	7,058

16. BANK BORROWINGS, SECURED – *Continued*

Notes:

- (a) Bank loans are interest-bearing at floating rate. The interest rates of the Group's bank loans as at 31 March 2022 granted under banking facilities are ranged from 0.5% to 2.5% (2021: 2.1% to 4.0%) per annum.
- (b) The current liabilities as at 31 March 2022 include such bank loans that are not scheduled to repay within one year after the end of the Reporting Period. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.
- (c) The Group's bank facilities are secured by corporate guarantee of the Company.

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
On demand or within one year	11,693	3,138
More than one year, but not exceeding two years	1,005	967
More than two years but less than five years	1,949	2,953
	<u>14,647</u>	<u>7,058</u>

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

17. 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:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aggregate value of the surety bonds issued in favour of customers	<u>22,288</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 deposits in financial institutions; and
- (ii) corporate guarantees of group companies 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 services, 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 work on existing fire service systems; and repair and maintenance on fire service systems for built premises.

During the Reporting Period, the Group has achieved a remarkable performance with the highest revenue recorded for any given year since the Company’s listing on GEM of the Stock Exchange in 2018. Revenue recognised for the Reporting Period amounted to approximately HK\$405.17 million, representing an increment of approximately HK\$100.01 million or 32.77%, in comparison with approximately HK\$305.16 million for the year ended 31 March 2021.

The Board considers this to be an outstanding achievement especially the COVID-19 affects most industries in Hong Kong. However, the Group’s core business remains to be sizeable installation projects of the city’s most important and elemental infrastructures associated with key development plans of the Government of the Hong Kong Special Administrative Region such as the Three-runway System (3RS) developments at the Hong Kong International Airport surrounding supportive infrastructure facilities, Wong Chuk Hang MTR station expansions, and Hong Kong island east central business district redevelopments (Taikoo Place). The Group’s ability to raise capital on these prestige projects were enabled by its reputation, network and experience gained over its 50 years track record together with long-term investments and commitments made by management and shareholders on the Company’s infrastructure, trade licenses and skilled workforce.

Revenue from installation services recognised during the Reporting Period amounted to approximately HK\$306.90 million. The Group has substantially completed five sizeable installation projects combining for a total revenue of approximately HK\$187.15 million.

Normalised profit for the Reporting Period was approximately HK\$33.06 million before listing expenses incurred of approximately HK\$12.28 million in relation to the Proposed Transfer of Listing (“**Listing Expenses**”) as disclosed in the announcement of the Company dated 17 June 2021. This represents a significant increase compared to the net profit in the prior year of approximately HK\$28.51 million, or an improvement of approximately 15.95% year-over-year. The Group’s net profit attributable to shareholders was approximately HK\$20.78 million for the Reporting Period after deducting the non-recurring Listing Expenses.

The Directors recommend the payment of a final dividend of HK0.50 cents per share for the Reporting Period (2021: HK0.60 cents per share). The proposed final dividend is subject to shareholders' approval at the 2022 AGM.

OUTLOOK

The Directors consider that the business environment and general outlook of the industry remain difficult and challenging due to global economic and political issues, but the Group can be cautiously optimistic on its near-term performance as we witness signs of recovery in the local economy fuelled by market speculation on upcoming policies to be introduced by the administration of the Sixth-Term Chief Executive of the Hong Kong Special Administrative Region. In addition, the Group's own competitive advantage proves to be vital in its ability rebound quickly riding on these policy changes post-recession.

On a global scale, the Russo-Ukrainian War has worsened the inflationary problems on resources and supply-chain disruptions caused by COVID-19 pandemic, successive interest rate hikes from a few power nations with an objective to combat inflation has created uncertainty on the capital markets as a by-product. For local situation, Hong Kong is now dealing with the fifth wave of the COVID-19 pandemic while China is also experiencing unprecedented effects of the virus caused by the Omicron variant overwhelming major cities of the country.

On the positive side, the Board has great confidence on the newly elected Chief Executive-designate of Hong Kong, Mr. John Lee Ka-Chiu, as the primary objectives of his election manifesto are vastly promising and undoubtedly favourable to the construction industry as a whole. Boosting land and housing supply is one of the headlined focus and Mr. John Lee Ka-Chiu tackles this with two policies that are directly related and beneficial to our Group. First of all, the two mega land development projects of Lantau Vision and Northern Metropolis will be launched simultaneously, where the Company has well-established track record from past projects in these regions and will certainly be considered as leading candidate for future installation services projects. Secondly, adopting innovative technologies such as Modular Integrated Construction (“**MiC**”) and Building Information Modelling (“**BIM**”) in the development process of public housing precisely aligns with the Group's current revolutionary visions in improving quality and efficiency of outputs by standardisation through innovations, for example investing and establishing the prefabrication workshop as a key execution vehicle for MiC adoption. Mr. John Lee Ka-Chiu's “result-oriented” pledge signifies a potential improvement in the bureaucratic system, the Directors consider that shortening the review and approval process of government projects, especially those of public housing constructions, would provide tremendous clarity on the outcomes and timetable to the projects tendered or secured by the Group.

In the years to come, the Directors are optimistic on the performance of the Group as it has already established sustainable business pipelines especially in the segment of installation projects. During the Reporting Period, the Group has commenced three sizeable projects with initial contract sum of approximately HK\$113.12 million combined. The Group will devote substantial resources and efforts to complete these projects over the 2022-2023 fiscal year, on top of the many other secured or identified business projects of promising yields, to deliver applauding results to its shareholders. On the expansion front, the Directors are confident that the Proposed Transfer of Listing would provide greater access to capital, on top of profits reinvested over the years, to fund the various planned initiatives of the entire expansion scheme that will firmly establish the Group as the leading E&M engineering company in the future.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group increased to approximately HK\$405.17 million from approximately HK\$305.16 million for the year ended 31 March 2021, representing a significant increase of approximately HK\$100.01 million or 32.77%.

Such increase is mainly attributed to an increase from installation services with yearly revenue amounted to approximately HK\$306.90 million. The Group has substantially completed five sizeable installation projects combining for a total revenue of approximately HK\$187.15 million.

Cost of revenue

The Group's cost of revenue increased from approximately HK\$249.42 million for the year ended 31 March 2021 to approximately HK\$336.33 million for the Reporting Period, representing an increase of approximately HK\$86.91 million or 34.85%.

Such increase in cost of revenue was in line with the increase in revenue but in a slightly greater proportional rate as a result of the savings in cost of revenue of installation projects by fully utilising the prefabrication technology operated at workshop since the beginning of the Reporting Period.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$13.10 million or 23.50% from approximately HK\$55.74 million for the year ended 31 March 2021 to approximately HK\$68.84 million for the Reporting Period. The gross profit margin was relatively stable for both years and maintained at the level from 17.00% to 18.27%.

The increase in gross profit generated from core business of the Group of approximately HK\$13.10 million driven by increased from installation services performed.

Administrative and other operating expenses

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

The Group's administrative and other operating expenses were increased by approximately HK\$4.63 million or 18.27% from approximately HK\$25.34 million for the year ended 31 March 2021 to approximately HK\$29.97 million for the Reporting Period. The increase in administrative and other operating expenses was major due to the increase in the salary and benefits of the administrative and management staff.

Finance costs

Finance costs of the Group were approximately HK\$0.67 million for the Reporting Period (2021: HK\$0.36 million). Finance costs consist of interest on bank borrowings and interest on lease liabilities. The increase in Group's finance costs for the Reporting Period was due to the increase in bank loans interest.

Income tax expense

Income tax expense for the Group increased by approximately HK\$2.52 million or 55.74% from approximately HK\$4.51 million for the year ended 31 March 2021 to approximately HK\$7.03 million for the Reporting Period. The increase was mainly due to the increase in taxable profit for the Reporting Period.

Profit for the year attributable to owners of the Company

Profit for the year attributable to owners of the Company decreased by approximately HK\$7.73 million or 27.11% from approximately HK\$28.51 million for the year ended 31 March 2021 to approximately HK\$20.78 million for the Reporting Period. Such decrease was primarily attributable to the Listing Expenses. Excluding the Listing Expenses incurred during the Reporting Period, the Group operated with a normalised profit of approximately HK\$33.06 million and represents an improvement from prior year.

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 2022, the Group had cash and bank balances of approximately HK\$37.08 million (2021: HK\$49.40 million).

As at 31 March 2022, the Group's total equity attributable to owners of the Company amounted to approximately HK\$152.75 million (2021: HK\$143.37 million). As of the same date, the Group's total debt, comprising bank borrowings and lease liabilities, amounted to approximately HK\$20.51 million (2021: HK\$14.51 million).

BORROWINGS AND GEARING RATIO

As at 31 March 2022, the Group had borrowings of approximately HK\$14.65 million which was denominated in Hong Kong Dollars (2021: HK\$7.06 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2022, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 9.59% (2021: 4.92%).

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 of ordinary shares.

As at 31 March 2022, 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.

CAPITAL COMMITMENTS

As at 31 March 2022, the Group did not have any material capital commitments (2021: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2022, the Group did not have any charges on the Group's assets (2021: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 March 2022, 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 Reporting Period, the Group did not have any significant investments, material acquisition or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any material contingent liabilities (2021: Nil).

FINAL DIVIDENDS

An interim dividend of HK cents 0.35 per share in respect of the six months ended 30 September 2021 was approved on 8 November 2021, and payments were made on 3 December 2021 for an amount HK\$4.2 million. The Directors recommend a final dividend of HK0.50 cents per share in cash. The proposed final dividend is subject to shareholders' approval at the 2022 AGM. The proposed final dividend is expected to be distributed on or about Tuesday, 13 September 2022 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 23 August 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (a) from Thursday, 11 August 2022 to Tuesday, 16 August 2022 (both days inclusive), for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2022 AGM. In order to be entitled to attend and vote at the 2022 AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Wednesday, 10 August 2022; and
- (b) from Monday, 22 August 2022 to Tuesday, 23 August 2022 (both days inclusive), for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to be qualified for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited of 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Friday, 19 August 2022.

During the periods mentioned in sub-paragraphs (a) and (b) above, no transfer of shares will be registered.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group had 133 employees in total (2021: 132). The staff costs of the Group including directors' emoluments, and management, administrative and operational staff costs for the Reporting Period were approximately HK\$15.97 million (2021: HK\$11.76 million) in the Hong Kong.

The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel were recruited for reviewing and restructuring the Group's 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 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 "**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.

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 2022, 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 31 March 2022.
- (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 31 March 2022, 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 2022, 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 31 March 2022.
- (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 31 March 2022, 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.

CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE

The Company has complied with the principles and applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules for the Reporting Period, except the deviations as disclosed below from code.

Code provision A.2.1 of the CG Code (which has been renumbered as code provision C.2.1 of the CG Code with effect from 1 January 2022) 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 33 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.

Under code provision E.1.2 of the CG Code (which has been renumbered as code provision F.2.2 of the CG Code with effect from 1 January 2022), the chairman of the Board should attend annual general meetings of the Company and should also invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) of the Company to attend. Mr. Chan Shu Yan Stephen, the chairman of the remuneration committee of the Company was absent from the annual general meeting of the Company held on 16 August 2021 (“**AGM**”) due to the COVID-19 and he was out of town. Other members of the remuneration committee of the Company were available to answer questions at the AGM.

Having considered the above factors, the Board considers that the deviation from the code provisions A.2.1 and E.1.2 of the CG Code is appropriate and that the Company has complied with the principles and applicable code provision of the CG Code during the Reporting Period.

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 Reporting Period and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the Reporting Period.

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 the 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 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.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The annual results announcement has been reviewed by the Audit Committee.

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 Reporting Period 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 Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

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

Hong Kong, 17 May 2022

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.