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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 2018**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, 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”), 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 2018, the revenue of the Group increased to approximately HK\$279.76 million from approximately HK\$161.17 million for the year ended 31 March 2017. Our revenue increment was mainly due to more contracts secured before year ended 31 March 2018 and contracts signed during the reporting period for which works were performed.
- The Group's profit attributable to shareholders was approximately HK\$18.73 million for the year ended 31 March 2018 (2017: HK\$14.99 million). An increase of 25% of profit attributable to shareholders when compared to the previous year. The reason for increase was mainly due to significantly higher amount of (i) more contracts secured and the works performed during the reporting period; (ii) the inclusion of the operating results on acquisition of Guardian Engineering Limited ("GEL") since 3 August 2017. The profit and revenue contributed by GEL for the current year was HK\$4.01 million and HK\$53.20 million respectively; and (iii) an exceptional gain on disposal of property of approximately HK\$12.13 million.

Excluding non-recurring listing expenses of approximately HK\$16.72 million, the profit attributable to shareholders was approximately HK\$35.45 million, representing a significant increase of 136.50% in comparison to the previous year.

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (for the year ended 31 March 2017: HK\$Nil).

## ANNUAL RESULTS

The board of directors (the “Board”) of Vistar Holdings Limited (the “Company”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2018, together with the comparative figures for the previous year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	5	<b>279,760</b>	161,167
Cost of revenue		<u>(233,966)</u>	<u>(135,342)</u>
<b>Gross profit</b>		<b>45,794</b>	25,825
Other income and gains	6	<b>13,914</b>	1,084
Administrative and other operating expenses		<b>(19,450)</b>	(8,736)
Listing expenses		<b>(16,719)</b>	–
Finance costs		<u>(106)</u>	<u>(149)</u>
<b>Profit before income tax</b>	7	<b>23,433</b>	18,024
Income tax	8	<u>(4,700)</u>	<u>(3,037)</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>18,733</b></u>	<u>14,987</u>
<b>Earnings per share</b>			
– Basic and Diluted (HK cents)	9	<u><b>1.99 cents</b></u>	<u>1.67 cents</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	<i>Notes</i>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		1,247	1,359
Deferred tax assets		73	–
		<u>1,320</u>	<u>1,359</u>
<b>Current assets</b>			
Trade and other receivables	<i>11</i>	51,965	32,071
Amounts due from customers of contract work	<i>12</i>	50,196	43,641
Amounts due from directors		–	28,784
Pledged deposits		4,004	5,601
Pledged bank deposits		360	8,231
Cash and cash equivalents		45,799	19,455
		<u>152,324</u>	<u>137,783</u>
<b>Total current assets</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	53,227	54,043
Amounts due to customers of contract work	<i>12</i>	1,246	1,879
Obligations under finance leases		–	212
Bank borrowings, secured		6,460	1,911
Amount due to a director of a subsidiary		–	4,300
Amount due to a related company		–	33,154
Income tax payable		4,277	4,498
		<u>65,210</u>	<u>99,997</u>
<b>Total current liabilities</b>			
<b>Net current assets</b>			
		<u>87,114</u>	<u>37,786</u>
<b>Total assets less current liabilities</b>			
		<u>88,434</u>	<u>39,145</u>
<b>Non-current liabilities</b>			
Obligations under finance leases		–	285
<b>Total non-current liabilities</b>			
		<u>–</u>	<u>285</u>
<b>Net assets</b>			
		<u>88,434</u>	<u>38,860</u>
<b>Capital and reserves</b>			
Share capital		12,000	–
Reserves		76,434	38,860
<b>Total equity</b>			
		<u>88,434</u>	<u>38,860</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Vistar Holdings Limited (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 of Hong Kong Limited (the “Stock Exchange”) since 12 February 2018 (the “Listing”). The Company’s registered office is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, the Cayman Islands. Its principal place of business is located at Unit 2, 13/F, Tak King Industrial Building, 27 Lee Chung Street, Chai Wan, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (“the Group”) are engaged in the provision of installation, alteration and addition works and maintenance services of electrical and mechanical engineering systems in Hong Kong.

### 2. REORGANISATION AND BASIS OF PRESENTATION

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

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

Accordingly, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the years ended 31 March 2017 and 2018 have included the results, changes in equity and cash flows of the companies now comprising the Group from the earliest date presented or since their respective dates of incorporation, whichever was shorter, as if the current group structure had been in existence through those years. The consolidated statements of financial position of the Group as at 31 March 2017 and 2018 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates. No adjustment is made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

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

#### Adoption of new or revised HKFRSs – effective 1 April 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12 – Disclosure of Interests in Other Entities

#### Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the note to the consolidated statement of cash flows.

#### Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets and there were no debt instruments measured at fair value.

#### Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity’s interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the Group did not have any interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

#### **4. BASIS OF PREPARATION**

##### **(a) Statement of compliance**

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

##### **(b) Basis of measurement**

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

##### **(c) Functional and presentation currency**

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

#### **5. SEGMENT REPORTING**

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

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

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

- Installation work – supply and carrying out 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 not considered necessary.

(a) **Business segment**

**For the year ended 31 March 2018**

	<b>Installation work <i>HK\$'000</i></b>	<b>Alteration and addition services <i>HK\$'000</i></b>	<b>Maintenance services <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Segment revenue</b>				
Revenue from external customers	<u>185,028</u>	<u>92,188</u>	<u>2,544</u>	<u>279,760</u>
Segment profit	<u>25,567</u>	<u>19,824</u>	<u>403</u>	45,794
Other income and gains				13,914
Unallocated staff costs				(8,775)
Unallocated corporate expenses				(10,675)
Listing expenses				(16,719)
Finance costs				<u>(106)</u>
Profit before income tax				<u>23,433</u>

**For the year ended 31 March 2017**

	<b>Installation work <i>HK\$'000</i></b>	<b>Alteration and addition services <i>HK\$'000</i></b>	<b>Maintenance services <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Segment revenue</b>				
Revenue from external customers	<u>116,224</u>	<u>40,554</u>	<u>4,389</u>	<u>161,167</u>
Segment profit	<u>17,287</u>	<u>8,414</u>	<u>124</u>	25,825
Other income and gains				1,084
Unallocated staff costs				(4,458)
Unallocated corporate expenses				(4,278)
Finance costs				<u>(149)</u>
Profit before income tax				<u>18,024</u>

**(b) Information about major customers**

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Installation work:		
Customer I	<b>61,226</b>	N/A <sup>1</sup>
Customer II	<u>N/A<sup>1</sup></u>	<u>34,745</u>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year.

**6. OTHER INCOME AND GAINS**

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Handling fee income	<b>190</b>	797
Bank interest income	<b>15</b>	7
Net exchange gains	<b>295</b>	–
Investment income	–	50
Gain on disposal of financial assets at fair value through profit or loss	–	54
Gain on disposal of property, plant and equipment	<b>12,128</b>	119
Rental income	<b>19</b>	57
Reversal of impairment of trade receivables	<b>822</b>	–
Others	<u>445</u>	<u>–</u>
	<u><b>13,914</b></u>	<u>1,084</u>

## 7. PROFIT BEFORE INCOME TAX

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Auditor's remuneration	898	2
Depreciation in respect of:		
– Owned assets	430	419
– Leased assets	254	453
	<u>684</u>	<u>872</u>
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	21,937	14,227
– Contribution to defined contribution retirement plan	876	658
	<u>22,813</u>	<u>14,885</u>
Operating lease payments in respect of:		
– Land and buildings	641	565
– Equipment	121	114
	<u>762</u>	<u>679</u>
Net exchange (gains)/losses	<u>(295)</u>	<u>4</u>

## 8. INCOME TAX

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current tax		
– Hong Kong profits tax	4,704	2,871
– Macau complementary tax	–	166
– Under-provision for prior years	73	–
Deferred tax	<u>(77)</u>	<u>–</u>
	<u>4,700</u>	<u>3,037</u>

Hong Kong profits tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong for the reporting period.

Macau complementary tax is calculated at progressive rates up to 12% (2017: 12%) on estimated taxable profits arising in Macau for the reporting period.

## 9. BASIC AND DILUTED EARNINGS PER SHARE

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings		
<b>Profit for the year</b>	<b><u>18,733</u></b>	<u>14,987</u>
	<b>2018</b> <i>Number'000</i>	2017 <i>Number'000</i>
Number of shares		
<b>Weighted average number of ordinary shares</b>	<b><u>939,450</u></b>	<u>900,000</u>

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue had been effective on 1 April 2016.

Diluted earnings per share were the same as the basic earnings per shares as the Group had no potential dilutive ordinary shares during the years ended 31 March 2017 and 2018.

## 10. DIVIDENDS

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Special dividend	<b><u>10,000</u></b>	<u>–</u>

On 31 December 2017, the Company declared a special dividend of HK\$10,000,000 to its shareholders.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2018.

## 11. TRADE AND OTHER RECEIVABLES

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables, net	<b>30,081</b>	16,698
Retention receivables	<b>20,796</b>	13,406
Deposits, prepayments and other receivables	<b>1,088</b>	1,967
	<b><u>51,965</u></b>	<u>32,071</u>

The movement in the allowance for impairment of trade receivables is as follows:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
At the beginning of the year	–	–
Acquisition of a subsidiary	<b>2,084</b>	–
Reversal of impairment loss recognised in prior years	<b>(822)</b>	–
	<b><u>1,262</u></b>	<u>–</u>

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:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 30 days	<b>21,969</b>	9,883
31 – 60 days	<b>4,609</b>	5,985
61 – 90 days	<b>1,584</b>	487
91 – 180 days	<b>550</b>	310
181 – 365 days	<b>725</b>	33
Over 365 days	<b>644</b>	–
	<b><u>30,081</u></b>	<u>16,698</u>

The credit period granted to customers is normally 14 days.

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

As at 31 March 2018, retention receivables were aged within 1 year, except that the retention receivables in the amounts of HK\$11,060,000 (2017: HK\$2,523,000) are aged over 1 year.

## 12. AMOUNTS DUE FROM/(TO) CUSTOMERS OF CONTRACT WORK

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Costs incurred to date plus recognised profits	238,385	140,800
Less: Progress billings to date	<u>(189,435)</u>	<u>(99,038)</u>
	<b><u>48,950</u></b>	<b><u>41,762</u></b>
Amounts due from customers of contract work	50,196	43,641
Amounts due to customers of contract work	<u>(1,246)</u>	<u>(1,879)</u>
	<b><u>48,950</u></b>	<b><u>41,762</u></b>

## 13. TRADE AND OTHER PAYABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables ( <i>Note (a)</i> )	43,863	35,653
Retention payables ( <i>Note (b)</i> )	6,446	3,958
Other payables, accruals and deposits received	<u>2,918</u>	<u>14,432</u>
	<b><u>53,227</u></b>	<b><u>54,043</u></b>

*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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 – 30 days	23,577	13,587
31 – 60 days	6,632	3,596
61 – 90 days	3,901	5,158
Over 90 days	<u>9,753</u>	<u>13,312</u>
	<b><u>43,863</u></b>	<b><u>35,653</u></b>

- (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. As at 31 March 2018, retention payables were aged within one year (2017: within one year), except that the retention payables in the amount of HK\$5,079,000 (2017: HK\$2,975,000) as at 31 March 2018 is aged over 1 year.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company and its subsidiaries (together, the “Group”) maintained its position as one of the leading electrical and mechanical (“E&M”) engineering companies in Hong Kong, specializing in installation, alteration and addition works and maintenance of fire service systems. Our installation services include design and installation of fire service systems for buildings under construction or re-development, our alteration and addition works services cover the alteration and addition works on existing fire service systems, and our maintenance services cover the maintenance and repair of fire service systems for built premises.

The Group holds a full range of E&M licences and qualifications, and implements effective and stringent tendering strategies in managing its risks and returns. In addition, the Group has comprehensive operating and control procedures, strong networks of well-established customers and suppliers, and an experienced workforce to support all of its operations. As a result, the Group is confident in securing and undertaking sizeable and desirable E&M engineering projects in Hong Kong in the years ahead.

Looking forward, the Group faces a variety of business opportunities and challenges, but will continue to focus on applying its core competencies to improve customer satisfaction and ensure sustainable growth and profitability of its business.

### Financial Review

#### *Revenue*

The Group’s revenue for the year ended 31 March 2018 amounted to approximately HK\$279.76 million which represented an increase of approximately HK\$118.59 million or 73.58% from approximately HK\$161.17 million for the year ended 31 March 2017. Our revenue increment was mainly due to (i) more contracts secured before year ended 31 March 2018 and contracts signed during the reporting period for which works were also performed during the year; and (ii) the inclusion of the operating results on acquisition of Guardian Engineering Limited (“GEL”) during the year.

#### *Cost of Revenue*

The Group’s cost of sales increased from approximately HK\$135.34 million for the year ended 31 March 2017 to approximately HK\$233.97 million for the year ended 31 March 2018, representing an increase of approximately HK\$98.63 million or 72.87%. Such increase was mainly due to higher material costs and subcontracting charges for the year ended 31 March 2018, parallel to the increase in revenue.

### *Gross profit and gross profit margin*

Our gross profit increased by approximately HK\$19.97 million or 77.32% from approximately HK\$25.82 million for the year ended 31 March 2017 to approximately HK\$45.79 million for the year ended 31 March 2018. During the year ended 31 March 2018, the gross profit margin increased slightly from 16.02% for the year ended 31 March 2017 to 16.37% for the year ended 31 March 2018. The gross profit margin is considered stable for both years.

### *Administrative and other Operating expenses*

Administrative and other Operating expenses mainly include the salaries and benefits of administrative and management staff, rental expenses, insurance cost, legal and professional fees, depreciation expense of plant and equipment and other expenses. Our administrative and other Operating expenses increased by approximately HK\$10.71 million or 122.64% from approximately HK\$8.74 million for the year ended 31 March 2017 to approximately HK\$19.45 million for the year ended 31 March 2018.

### *Listing expense*

The Group incurred listing expenses in the amount of approximately HK\$16.72 million for the year ended 31 March 2018 (31 March 2017: HK\$Nil). These expenses are non-recurring in nature and outside of the Group's ordinary business operations.

### **Finance Costs**

Finance costs of the Group are approximately HK\$0.11 million for the years ended 31 March 2018 (2017: HK\$0.15 million). Finance costs consist of interest on bank borrowings and overdrafts and interest on obligations under finance leases. The Group's finance costs remained stable for both years.

### **Income Tax Expense**

Income tax expense for the Group increased by approximately HK\$1.66 million or 54.76% from approximately HK\$3.04 million for the year ended 31 March 2017 to approximately HK\$4.7 million for the year ended 31 March 2018. The increase was mainly due to the increase in taxable profit for the year ended 31 March 2018.

### *Profit for the year attributable to owners of the Company*

The Group profit attributable to shareholders was approximately HK\$18.73 million for the year ended 31 March 2018 (2017: HK\$14.99 million). An increase of 25% of profit attributable to shareholders when compared to last year. The reason for increase was mainly due to significantly higher amount of (i) more contracts secured and the works performed during the reporting period; (ii) the inclusion of the operating results on acquisition of GEL since 3 August 2018. The profit contributed by GEL for current year was HK\$4.01 million; and (iii) an exceptional gain on disposal of property of approximately HK\$12.13 million.

### *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 2018, the Group had cash and bank balances of approximately HK\$45.80 million (2017: HK\$19.46 million).

As at 31 March 2018, the Group's total equity attributable to shareholders of the Company amounted to approximately HK\$88.43 million (2017: HK\$38.86 million). As of the same date, the Group's total debt, comprising bank borrowings and liability of the finance lease obligations, amounted to approximately HK\$6.46 million (2017: HK\$2.41 million).

On 12 February 2018, the Company was listed on GEM by way of placement and public offer and completed the share offer of 300,000,000 shares at HK\$0.17 per share. The net proceeds from the Listing amounted to approximately HK\$24.12 million. The Directors believe that with the new capital from the share offer, the Group is in a healthy financial position to expand its business and achieve its business objectives.

### **BORROWINGS AND GEARING RATIO**

As at 31 March 2018, the Group had borrowings of approximately HK\$6.46 million which was denominated in Hong Kong Dollars (2017: HK\$1.91 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2018, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 7.30% (2017: 6.20%).

### **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 2018, 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 2018 and 2017, the Group did not have any significant capital commitments.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the prospectus of the Company dated 31 January 2018 (the "Prospectus") and in this announcement, the Group did not have other plans for material investments or capital assets as of 31 March 2018.

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

During the year ended 31 March 2018, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures saved for those related to the corporate reorganisation (as detailed in the Prospectus).

## **CONTINGENT LIABILITIES**

As at 31 March 2018, the Group did not have any material contingent liabilities (2017: HK\$Nil).

## **FINAL DIVIDENDS**

The Board does not recommend the payment of final dividend for the year ended 31 March 2018 (2017: HK\$Nil).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2018, the Group had 89 employees in total. The staff costs of the Group including directors' emoluments, management, administrative and operational staff for the year ended 31 March 2018 were approximately HK\$22.81 million (2017: HK\$14.89 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.

## **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. For further details, please refer to the section headed "E. Share Option Scheme" in Appendix V of the Prospectus.

No share option has been granted under the 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.

## **ACHIEVEMENT OF BUSINESS OBJECTIVES AS COMPARED WITH ACTUAL BUSINESS PROGRESS**

An analysis comparing the achievement of business objectives as set out in the Prospectus with the Group's actual business progress for the period from the date of Listing (i.e. 12 February 2018, the "Listing Date") to 31 March 2018 is set out below:

### **Business strategies**

Expand and increase our capacity to provide installation and maintenance services for fire safety system

Expand our manpower for project execution

Expand to the dealership network for building management system and automatic fire alarm system

Develop central pre-fabrication workshop

### **Implementation plan**

For providing performance bonds amounting to approximately HK\$8.0 million for the two coming pipeline projects in Kwun Tong and Shau Kei Wan

- Recruit two project managers for project execution
- Recruit two assistant engineers for project execution
- Recruit four technicians for project execution
- Recruit one administration clerk for administration and operation
- Recruit one safety officer for safety supervision

- Recruit one project manager for project execution
- Recruit one assistant engineer for project execution
- Recruit one technician for project execution

- Identify and rent premise for constructing a workshop in Hong Kong, enter into tenancy agreement and pay rental deposit

## USE OF PROCEEDS

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

An analysis of the utilisation of net proceeds from the Listing as at 31 March 2018 is set out below:

	<b>Adjusted Planned use of net proceeds up to 31 March 2018 <i>HK\$ million</i></b>	<b>Actual use of net proceeds up to 31 March 2018 <i>HK\$ million</i></b>
Used for expanding and increasing our capacity in providing installation and maintenance services for fire safety system	8.88	–
Used for expanding our manpower for project execution	3.84	–
Used for expansion to the dealership network for building management system and automatic fire alarm system	1.30	–
Used for streamlining the process of providing the fire safety services by developing a central pre-fabrication workshop	4.92	0.17
Used for developing a 3D design system and an ERP system to enhance our project planning, management and implementation	3.04	–
Used for additional working capital and other general corporate purposes	2.14	–
Total	<u>24.12</u>	<u>0.17</u>

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

## **Business Outlook**

According to an independent market research report prepared by Frost & Sullivan International Limited, due to rising standards demanded for building safety and quality of works, resulting in increase in supply of land and expedited urban renewal would continue to boost the needs for automatic fire alarm systems, water and gas suppression systems and fire equipment. The estimated gross value of fire safety services in Hong Kong is forecasted to reach HK\$24,942.0 million in 2021, at a compound annual growth rate 12.2% from 2016 to 2021. For details, please refer to the section headed “Industry Overview” in the Prospectus.

In light of growing business opportunities, the Group plans to further expand its operational capacity to capitalize on such change in demand. To achieve this, the Group will continue to identify suitable business opportunities with potential customers and has also committed to undertake new installation and maintenance projects.

## **CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE**

The Company has complied with the principles and applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules for the year ended 31 March 2018, except the deviation from CG Code provision A.2.1.

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

Mr. Poon Ken Ching Keung is the chairman and the chief executive officer of the Company. Mr. Poon has been the key leadership figure of the Group for over 29 years of experience in the fire services and water pump installation services in Hong Kong. Mr. 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 Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules.

## **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 year ended 31 March 2018.

## **AUDIT COMMITTEE**

An audit committee has been established on 24 January 2018 with its terms of reference in compliance with Rules 5.28 of the GEM Listing Rules, and paragraphs C.3.3 of the CG Code.

The audit committee consists of three members, namely Dr. Wong Kam Din, Mr. Yung Chung Hing and Mr. Lam Chung Wai, all being independent non-executive Directors. Mr. Yung Chung Hing currently serves as the chairman of the audit committee.

The 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 annual results of the Group for the year ended 31 March 2018 and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## **REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT**

The annual results announcement has been reviewed by the audit committee.

## **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, 20 June 2018

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

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://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](http://www.vistarholdings.com).*