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 2019

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 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") 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 2019, the revenue of the Group increased to approximately HK$365.66 million from approximately HK$279.76 million for the year ended 31 March 2018. Our revenue increment was mainly due to contracts secured before year ended 31 March 2019 ("reporting period") and contracts signed during the reporting period for which works were performed.

- The Group's profit attributable to equity holders was approximately HK$22.95 million for the year ended 31 March 2019 (year ended 31 March 2018: approximately HK$18.73 million). The profit for current year attributable to shareholders was mainly due to increased revenue from core activities including installation work, alteration and addition services and maintenance services.

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2019 (for the year ended 31 March 2018: Nil).

ANNUAL RESULTS

The board of Directors (the "Board") 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 2019, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

		Year ended 31 March	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**365,662**	279,760
Cost of revenue		**(311,010)**	(233,966)
Gross profit		**54,652**	45,794
Other income and gains	*6*	**245**	13,914
Administrative and other operating expenses		**(26,451)**	(19,450)
Listing expenses		**–**	(16,719)
Finance costs		**(109)**	(106)
Profit before income tax	*7*	**28,337**	23,433
Income tax	*8*	**(5,391)**	(4,700)
Profit and total comprehensive income for the year		**22,946**	18,733
Earnings per share			
– Basic and Diluted (HK cents)	*10*	**1.91 cents**	1.99 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	As at 31 March 2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**3,052**	1,247
Intangible asset		**585**	–
Deferred tax assets		**1,148**	73
		4,785	1,320
Current assets			
Trade and other receivables	*11*	**28,726**	51,965
Amounts due from customers of contract work	*12*	**–**	50,196
Contract assets	*13*	**88,462**	–
Pledged deposits		**5,339**	4,004
Pledged bank deposits		**490**	360
Cash and cash equivalents		**62,280**	45,799
Total current assets		**185,297**	152,324
Current liabilities			
Trade and other payables	*14*	**78,085**	53,227
Amounts due to customers of contract work	*12*	**–**	1,246
Contract liabilities	*13*	**1,529**	–
Obligations under finance leases		**77**	–
Bank borrowings, secured		**1,865**	6,460
Income tax payable		**99**	4,277
Total current liabilities		**81,655**	65,210
Net current assets		**103,642**	87,114
Total assets less current liabilities		**108,427**	88,434
Non-current liabilities			
Obligations under finance leases		**166**	–
Total non-current liabilities		**166**	–
Net assets		**108,261**	88,434
Capital and reserves			
Share capital		**12,000**	12,000
Reserves		**96,261**	76,434
Total equity		**108,261**	88,434

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 work, alteration and addition services and maintenance services of electrical and mechanical engineering systems in Hong Kong.

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

Adoption of new and revised HKFRSs – effective from 1 April 2018

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on or after 1 April 2018.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration

HKFRS 9 – Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

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

Adoption of new and revised HKFRSs – effective from 1 April 2018 – *Continued*

HKFRS 9 – Financial Instruments – Continued

(i) Classification and measurement of financial instruments – *Continued*

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained earnings as at 1 April 2018 (increase/(decrease)):

	HK$'000
Retained earnings	
Retained earnings as at 31 March 2018	8,709
Increase in expected credit losses ("ECLs") on trade receivables and contract assets *(Note (ii)(a) below)*	(3,735)
Increase in deferred tax asset of ECLs on trade receivables and contract assets	616
	(3,119)
Restated retained earnings as at 1 April 2018	5,590

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets at fair value through other comprehensive income ("FVTOCI"); or (iii) FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed; and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivative is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

– It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

– The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

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

Adoption of new and revised HKFRSs – effective from 1 April 2018 – *Continued*

HKFRS 9 – Financial Instruments – Continued

(i) Classification and measurement of financial instruments – *Continued*

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVTOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI or FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policy would be applied to the Group's financial assets:

Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 April 2018 under HKFRS 9** *HK$'000*
Trade and other receivables	Loans and receivables *(Note (ii)(a))*	Amortised cost	30,569	29,734
Contract assets (comprising amounts due from customers of contract work and retention receivables)	Loans and receivables *(Note (ii)(a))*	Amortised cost	70,992	68,092
Pledged deposits	Loans and receivables	Amortised cost	4,004	4,004
Pledged bank deposits	Loans and receivables	Amortised cost	360	360
Cash and cash equivalents	Loans and receivables	Amortised cost	45,799	45,799

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

Adoption of new and revised HKFRSs – effective from 1 April 2018 – *Continued*

HKFRS 9 – Financial Instruments – Continued

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "ECL model". HKFRS 9 requires the Group to recognise ECLs for trade receivables, financial assets at amortised cost and contract assets earlier than incurred loss model under HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; or (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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

Adoption of new and revised HKFRSs – effective from 1 April 2018 – *Continued*

HKFRS 9 – Financial Instruments – Continued

(ii) Impairment of financial assets – *Continued*

Impact of the ECL model

(a) Impairment of trade receivables and contract assets

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables and contract assets. To measure the ECLs, trade receivables and contract assets as at 1 April 2018 have been grouped based on shared credit risk characteristics and the days past due.

	ECL rate	**Gross carrying amount**	**Loss allowance**
	%	*HK$'000*	*HK$'000*
Current (not past due)	0.3	80,681	243
0 – 60 days past due	0.6	11,357	65
61 – 90 days past due	3.4	236	8
91 – 180 days past due	0.9	4,724	43
181 – 365 days past due	5.2	737	38
Over 365 days past due	100	4,600	4,600
		102,335	4,997

The increase in loss allowances for trade receivables and contract assets upon the transition to HKFRS 9 as at 1 April 2018 were HK$835,000 and HK$2,900,000 respectively. The increase in the loss allowances also led to an increase in deferred tax assets arising from deductible temporary differences of HK$616,000. The loss allowances for trade receivables and contract assets further increased by HK$470,000 and HK$2,750,000 respectively during the year ended 31 March 2019.

(b) Impairment of other receivables

No impairment for other receivables as at 1 April 2018 is recognised as the amount of impairment measured under the ECL model is immaterial.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECL model are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position as at 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings as at 1 April 2018. Accordingly, the information presented for the prior year does not reflect the requirements of HKFRS 9 but rather those of HKAS 39. The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9.

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

Adoption of new and revised HKFRSs – effective from 1 April 2018 – *Continued*

HKFRS 15 – Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method with practical expedients. The Group has recognised the reclassification adjustments at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for the prior year has not been restated.

The following table summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019. There was no material impact on the Group's consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 31 March 2019.

Impact on the consolidated statement of financial position as of 31 March 2019 (increase/(decrease)):

	HK$'000
Assets	
Current assets	
Contract assets *(Notes (i) and (ii) below)*	94,112
Amounts due from customers of contract work *(Notes (i) and (ii) below)*	(70,400)
Trade and other receivables *(Notes (i) and (ii) below)*	(23,712)
Total current assets	–
Total assets	–
Liabilities	
Current liabilities	
Contract liabilities *(Notes (i) and (ii) below)*	1,529
Amounts due to customers of contract work *(Notes (i) and (ii) below)*	(1,529)
Total current liabilities	–
Total liabilities	–

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

Adoption of new and revised HKFRSs – effective from 1 April 2018 – *Continued*

HKFRS 15 – Revenue from Contracts with Customers – Continued

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various services are set out below:

Note	Services	Nature of the services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 April 2018
(i)	Installation work and alteration and addition services	Installation work involves supplying and carrying out fire prevention system installation work; while alteration and addition services involve provision of alternation and additional services on existing fire prevention system of customers. The Group considers the installation work and alteration and addition services (the "construction work") provides a distinct and significant integration contract work which are considered a single performance obligation with regard to the contracts. In addition, the performance obligation on the contracts is assessed to be satisfied over time as the Group provides the construction work on customers' sites which creates an asset that the customers control. As a result, revenue from these contracts is recognised over time during the course of performance of the construction work.	The application of HKFRS 15 did not result in significant impact on the Group's accounting policies. A contract asset or contract liability is recognised under HKFRS 15 instead of amounts due from customers of contract work and amounts due to customers of contract work respectively under HKAS 11. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, 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. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

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

Adoption of new and revised HKFRSs – effective from 1 April 2018 – *Continued*

HKFRS 15 – Revenue from Contracts with Customers – Continued

Note	Services	Nature of the services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 April 2018
		The Group measures the progress towards complete satisfaction of performance obligation on the contracts using the input method that is established by reference to the costs incurred up to the reporting date as a proportion of the total estimated costs. Invoices are issued according to the payment certificate approved by customers and the credit term is normally 14 days.	
(ii)	Maintenance services	Revenue is recognised over time on a straight line basis over the terms of the contracts because the customers receive and consume the benefits as and when the Group provides these services. Invoices for those services are issued either on monthly basis or according to the contractual term. The credit term is normally 14 days.	The application of HKFRS 15 did not result in significant impact on the Group's accounting policies. A contract asset and a contract liability is recognised under HKFRS 15 as set out in detail under Note (i) above relating to installation work and alteration and addition services.

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group first adopted HKFRS 15 including the clarifications for the accounting year beginning on 1 April 2018.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

4. 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.

4. **SEGMENT REPORTING** – *Continued*

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 2019

	Installation work *HK$'000*	**Alteration and addition services** *HK$'000*	**Maintenance services** *HK$'000*	**Total** *HK$'000*
Segment revenue				
Revenue from external customers	**234,657**	**125,335**	**5,670**	**365,662**
Segment profit	**30,814**	**23,384**	**454**	**54,652**
Other income and gains				**245**
Unallocated staff costs				**(10,305)**
Unallocated corporate expenses				**(16,146)**
Finance costs				**(109)**
Profit before income tax				**28,337**

For the year ended 31 March 2018

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

4. **SEGMENT REPORTING** – *Continued*

(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:

	2019	2018
	HK$'000	*HK$'000*
Installation work:		
Customer I	**54,316**	61,226
Alteration and addition services		
Customer II	**40,617**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 March 2018.

5. **REVENUE**

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

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from installation work	**234,657**	185,028
Revenue from alteration and addition services	**125,335**	92,188
Revenue from maintenance services	**5,670**	2,544
	365,662	279,760

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

(b) **Transaction price allocated to the remaining performance obligations**

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

	2019
	HK$'000
Provision of installation work	**141,213**
Provision of alteration and addition services	**18,695**

5. **REVENUE** – *Continued*

(b) Transaction price allocated to the remaining performance obligations – *Continued*

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$159,908,000 allocated to the contracts under installation work and alteration and addition services as at 31 March 2019 will be recognised as revenue on or before 31 March 2021.

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

6. OTHER INCOME AND GAINS

	2019	2018
	HK$'000	*HK$'000*
Handling fee income	**–**	190
Bank interest income	**20**	15
Net exchange gains	**–**	295
Gain on disposal of property, plant and equipment	**33**	12,128
Rental income	**–**	19
Reversal of impairment of trade receivable, net	**–**	822
Others	**192**	445
	245	13,914

7. PROFIT BEFORE INCOME TAX

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

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**880**	898
Depreciation in respect of:		
– Owned assets	**799**	430
– Leased assets	**65**	254
	864	684
Amortisation of intangible assets	**195**	–
Impairment of trade receivables and contract assets, net	**3,220**	–
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	**28,610**	21,937
– Contribution to defined contribution retirement plan	**1,018**	876
	29,628	22,813
Operating lease payments in respect of:		
– Land and buildings	**1,623**	641
– Equipment	**121**	121
	1,744	762
Net exchange losses/(gains)	**–**	(295)

8. INCOME TAX

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

	2019	2018
	HK$'000	*HK$'000*
Current tax		
– Hong Kong profits tax	**5,253**	4,704
– Under provision for prior years	**597**	73
Deferred tax	**(459)**	(77)
	5,391	4,700

Hong Kong profits tax is calculated at two-tiered rates on the estimated assessable profits arising in Hong Kong at 8.25% on assessable profits up to HK$2 million and 16.5% on any part of assessable profits over HK$2 million (2018: 16.5% on the estimated assessable profits).

9. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Special dividend	**–**	10,000

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 years ended 31 March 2018 and 2019.

10. BASIC AND DILUTED EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit for the year	**22,946**	18,733

	2019	2018
	Number	*Number*
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares	**1,200,000**	939,450

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation for the Listing and the capitalisation issue had been effective on the beginning of all the periods presented in these consolidated financial statements.

Diluted earnings per share was the same as the basic earnings per share as the Group had no potential dilutive ordinary shares during the years ended 31 March 2018 and 2019.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**28,353**	31,343
Less: Provision for impairment	**(2,567)**	(1,262)
Trade receivables, net *(Note (a))*	**25,786**	30,081
Retention receivables *(Note (b))*	**–**	20,796
Deposits, prepayments and other receivables	**2,940**	1,088
	28,726	51,965

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 periods, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**10,204**	21,969
31 – 60 days	**3,111**	4,609
61 – 90 days	**9,631**	1,584
91 – 180 days	**2,201**	550
181 – 365 days	**550**	725
Over 365 days	**89**	644
	25,786	30,081

(b) Upon the adoption of HKFRS 15, retention receivables are included in contract assets disclosed in Note 13.

As at 31 March 2018, retention receivables were aged within 1 year, except that the retention receivables in the amount of HK$11,060,000 were aged over 1 year.

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

	2019	2018
	HK$'000	*HK$'000*
Costs incurred to date plus recognised profits	–	238,385
Less: Progress billings to date	–	(189,435)
	–	48,950
Amounts due from customers of contract work	–	50,196
Amounts due to customers of contract work	–	(1,246)
	–	48,950

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Contract assets			
Arising from performance under installation work and alteration and addition services	**70,400**	50,196	–
Retention receivables *(Note (i))*	**23,712**	20,796	–
	94,112	70,992	–
Less: Provision for impairment	**(5,650)**	(2,900)	–
Contract assets, net	**88,462**	68,092	–

13. CONTRACT ASSETS AND CONTRACT LIABILITIES – *Continued*

(a) Contract assets – *Continued*

Note:

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

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

As at 31 March 2019, retention receivables were aged within 1 year, except that the retention receivables in the amounts of HK$5,665,000 were aged over 1 year.

The expected timing of recovery or settlement for contract assets as 31 March 2019 is as follows:

	2019 ***HK$'000***
Within one year	**81,913**
More than one year and less than two years	**1,489**
More than two years and less than three years	**5,060**
Total contract assets	**88,462**

13. CONTRACT ASSETS AND CONTRACT LIABILITIES – *Continued*

(b) Contract liabilities

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities			
Billings in advance of performance under installation work and alteration and addition services	**1,529**	1,246	–

Typical payment terms which impact on the amount of contract liabilities are set in Note 13(a) above.

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

14. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**62,224**	43,863
Retention payables *(Note (b))*	**10,218**	6,446
Other payables, accruals and deposit received	**5,643**	2,918
	78,085	53,227

Notes:

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

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

	2019	2018
	HK$'000	*HK$'000*
0-30 days	**37,150**	23,577
31-60 days	**10,817**	6,632
61-90 days	**2,189**	3,901
Over 90 days	**12,068**	9,753
	62,224	43,863

(b) Retention monies are retained by the Group when the relevant projects are completed. The retention payables will be released upon expiry of defect liability period as specified in the subcontracting agreements, which is usually 12 months. As at 31 March 2019, retention payables were aged within one year, except that the retention payables in the amount of HK$5,779,000 (2018: HK$5,079,000) were aged over 1 year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group is a registered fire service installation contractor in Hong Kong and possesses a full range of electrical and mechanical ("E&M") licenses and qualifications which the Group maintained its position as one of the leading E&M engineering companies in Hong Kong, focusing in installation work, alteration and addition services and maintenance services of fire service systems. Our services cover installation of the design of fire service systems for buildings under construction or re-development; our alteration and addition 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 has teams of well-experienced and skilled project engineering staff. Besides, our Group also implements comprehensive operating and control procedures including effective and stringent tendering strategies in managing risks and returns. In addition, our Group maintains strong networks of well-established customers and suppliers. As available with our own advantages, our Group is confident in securing and undertaking sizable and desirable E&M engineering projects in Hong Kong in the years ahead.

To heighten the Group's recognition and enhance its capital base, the Company listed its shares on GEM of the Stock Exchange on 12 February 2018 by ways of placing and public offer (the "Listing").

Financial Review

Revenue

The Group's revenue for the year ended 31 March 2019 amounted to approximately HK$365.66 million which represented an increase of approximately HK$85.90 million or 30.71% from approximately HK$279.76 million for the year ended 31 March 2018. The increase in total revenue was mainly due to an increase from installation work, alteration and addition services and maintenance services with its yearly revenue amounted to approximately HK$234.66 million, HK$125.34 million and HK$5.67 million respectively. Our revenue increment was mainly due to contracts secured before year ended 31 March 2019 and contracts signed during the reporting period for which works were performed during the year.

Cost of Revenue

The Group's cost of revenue increased from approximately HK$233.97 million for the year ended 31 March 2018 to approximately HK$311.01 million for the year ended 31 March 2019, representing an increase of approximately HK$77.04 million or 32.93%. Such increase was mainly due to the increase in construction costs and subcontracting charges for the year ended 31 March 2019.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately HK$8.86 million or 19.34% from approximately HK$45.79 million for the year ended 31 March 2018 to approximately HK$54.65 million for the year ended 31 March 2019. During the year ended 31 March 2019, the gross profit margin decreased from 16.37% for the year ended 31 March 2018 to 14.95% for the year ended 31 March 2019. The change was due to the increases in material costs and labour costs, as well as the revenue mix between installation work, alteration and addition services, and maintenance service which contributes different gross profit margin between each other.

Administrative and Other Operating Expenses

Administrative and other operating expenses mainly represented the salaries and benefits of the administrative and management staff, rental expenses, insurance, legal and professional fees, depreciation of plant and equipment, amortisation of an intangible asset and other expenses. Our administrative and other operating expenses increased by approximately HK$7.0 million or 35.99% from approximately HK$19.45 million for the year ended 31 March 2018 to approximately HK$26.45 million for the year ended 31 March 2019. The increase was mainly due to (i) increase in rental payment in prefabrication workshop and office; (ii) increase in staff cost; (iii) and the new accounting standard for the expected credit loss provision in trade receivable and contract assets.

Finance Costs

Finance costs of the Group remained stable at approximately HK$0.11 million for the years ended 31 March 2019 and 2018. Finance costs consist of interest on bank borrowings and interest on finance lease payments.

Income Tax Expense

Income tax expense for the Group increased by approximately HK$0.69 million or 14.70% from approximately HK$4.7 million for the year ended 31 March 2018 to approximately HK$5.39 million for the year ended 31 March 2019. The increase was mainly due to the increase in taxable profit generated by the Group for the year ended 31 March 2019.

Profit for the year attributable to owners of the Company

Profit for the year attributable to owners of the Company increased by approximately HK$4.22 million or 22.49% from approximately HK$18.73 million for the year ended 31 March 2018 to approximately HK$22.95 million for the year ended 31 March 2019. Excluding non-recurring and extraordinary items that materially offset each other such as Listing expenses, other gains from disposal of investment property recorded in last year; and the provision on expected credit loss for the year after adopting the new accounting standards, the Group's improved profitability is attributable to increased revenue from core activities including installation work, alteration and addition services and maintenance services. Our management team made tremendous efforts to keep the Group's direct and indirect cost level reasonable to past performance and against industry benchmark, in order to maintain a rewarding net profit attributable to owners of the Group.

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 2019, the Group had cash and bank balances of approximately HK$62.28 million (2018: HK$45.80 million).

As at 31 March 2019, the Group's total equity attributable to owners of the Company amounted to approximately HK$108.26 million (2018: HK$88.43 million). As of the same date, the Group's total debt, comprising bank borrowings and liabilities of the finance lease obligations, amounted to approximately HK$2.11 million (2018: HK$6.46 million).

On 12 February 2018, the Listing date, the Company was listed on GEM by way of public offer and completed the public offer of 300,000,000 shares by offer price of 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 public 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 2019, the Group had borrowings of approximately HK$2.11 million which was denominated in Hong Kong Dollars (2018: HK$6.46 million). The Group's bank borrowings of approximately HK$1.87 million (2018: HK$6.46 million) were primarily used in financing the working capital requirement of its operations.

As at 31 March 2019, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 1.95% (2018: 7.30%).

TREASURY POLICY

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

FOREIGN EXCHANGE EXPOSURE

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

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 12 February 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares.

As at 31 March 2019, 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 2019, the Group did not have any significant capital commitments (2018: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2019, the Group did not have other plans for material investments or capital assets (2018: Nil).

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

During the year ended 31 March 2019, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures (2018: the Group acquired Guardian Engineering Limited).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any material contingent liabilities (2018: Nil).

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 March 2019 (2018: Nil).

Employees and remuneration policy

As at 31 March 2019, the Group had 96 employees in total. The staff costs of the Group including directors' emoluments, and management, administrative and operational staff costs for the year ended 31 March 2019 were approximately HK$10.28 million in the Hong Kong (2018: HK$8.77 million).

The Group recognizes the importance of human resources to its success, therefore qualified and experienced personnel are recruited for reviewing and restructuring our existing business, as well as exploring potential investment opportunities.

Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industrial practice.

A remuneration committee was set up for reviewing 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 of the Company dated 31 January 2018 (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.

USE OF PROCEEDS

The net proceeds from the Listing amounted to approximately HK$24.12 million, which was based on the final offer price of HK$0.17 per share (after deducting the underwriting fees and other expenses related to the Listing). Accordingly, the Company had adjusted the use of net proceeds from the Listing in the same manner and proportion as mentioned in the Prospectus. After the Listing, a part of these proceeds 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 2019 is set out below:

	Adjusted use of net proceeds up to 31 March 2019 *HK$ million*	**Actual use of net proceeds up to 31 March 2019** *HK$ million*
Used for expanding and increasing our capacity in providing installation and maintenance services for fire safety system *(Note 1)*	8.88	4.23
Used for expanding our manpower for project execution	3.84	2.45
Used for expansion to the dealership network for building management system and automatic fire alarm system *(Note 2)*	1.30	0
Used for streamlining the process of providing the fire safety services by developing a central pre-fabrication workshop	4.92	2.81
Used for developing a 3D design system and an ERP system to enhance our project planning, management and implementation *(Note 3)*	3.04	0.78
Used for additional working capital and other general corporate purposes	2.14	1.20
Total	24.12	11.47

Notes:

1. A portion of the net proceeds amounts to approximately HK$4.23 million was allocated for the provision of performance bonds in respect of the then three anticipated incoming pipeline projects. We had provided the performance bonds for two of these projects at a value lower than what we initially anticipated. The bidding process for the remaining project has been delayed.

2. We are still negotiating on the terms of the dealership arrangement with the suppliers of building management system and automatic fire alarm system. In the meantime, the Group had assigned selected technicians to attend complimentary trainings provided by these suppliers during the year ended 31 March 2019.

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

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

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

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

CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE

The Company has complied with the principles and applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules for the year ended 31 March 2019, 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 terms of effective management and business development.

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct governing dealings by all Directors in the securities of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code of Conduct"). Specific enquiries have been made with all Directors, who have confirmed that they were in compliance with the required standard of dealings and the Code of Conduct for the year ended 31 March 2019 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 Company's listed securities during the year ended 31 March 2019.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Group has appointed Kingsway Capital Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and our compliance adviser dated on 14 July 2017, neither our compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

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

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

The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits. The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2019 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 financial information 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 year ended 31 March 2019 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 and business partners for their continuous 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, 19 June 2019

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 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.