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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 2021

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Vistar Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- During the year ended 31 March 2021 (the “**Reporting Period**”), the revenue of the Group increased to approximately HK\$305.16 million from approximately HK\$235.03 million for the year ended 31 March 2020. The increase in total revenue was mainly due to an increase from installation work with its yearly revenue amounted to approximately HK\$197.82 million. Such increase in revenue was mainly contributed by incremental revenue on installation work performed based on the volume of ongoing installation projects during the year.
- The profit attributable to equity holders of the Company increased to approximately HK\$28.51 million for the Reporting Period as compared to the profit attributable to equity holders of the Company of approximately HK\$9.60 million for the year ended 31 March 2020.
- The board of Directors (the “**Board**”) considers that such increase in profit was mainly due to several factors as follows:
 - (i) the increase in principal business revenue for the Reporting Period compared to the year ended 31 March 2020; (ii) the increase in gross profit contribution due to fully utilising the prefabrication technology operated at workshop leading to a reduction in cost of revenue in installation during the Reporting Period; and (iii) the subsidy received under the “Employment Support Scheme” of the Government of HKSAR.
- An interim dividend of HK cents 0.25 per share in respect of the nine months ended 31 December 2020 was approved on 8 February 2021, and payments were made on 11 March 2021 for an amount of HK\$3.0 million. The Directors recommend the payment of a final dividend of HK cents 0.60 per share for the Reporting Period (2020: Nil). The proposed final dividend is subject to shareholders’ approval at the forthcoming annual general meeting of the Company.

ANNUAL RESULTS

The Board is pleased to announce the consolidated financial results of the Group for the Reporting Period, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

		2021	2020
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue	6	305,158	235,027
Cost of revenue		<u>(249,418)</u>	<u>(198,586)</u>
Gross profit		55,740	36,441
Other income and gains	7	791	404
Reversal of impairment losses of trade receivables and contract assets, net		2,194	1,253
Administrative and other operating expenses		(25,342)	(25,900)
Finance costs	9	<u>(358)</u>	<u>(263)</u>
Profit before income tax	8	33,025	11,935
Income tax	10(a)	<u>(4,514)</u>	<u>(2,340)</u>
Profit and total comprehensive income for the year		<u>28,511</u>	<u>9,595</u>
Earnings per share			
– Basic and Diluted (HK cents)	11	<u>2.38 cents</u>	<u>0.80 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		8,865	6,273
Intangible assets		195	390
Deferred tax assets	<i>10(b)</i>	521	961
		<u>9,581</u>	<u>7,624</u>
Current assets			
Trade and other receivables	<i>13</i>	35,279	33,571
Contract assets	<i>14(a)</i>	130,523	108,959
Financial assets at fair value through profit or loss		4,538	–
Pledged deposits		5,115	7,524
Pledged bank deposits		4,117	4,477
Cash and cash equivalents		49,395	26,885
		<u>228,967</u>	<u>181,416</u>
Current liabilities			
Trade and other payables	<i>15</i>	77,820	65,805
Contract liabilities	<i>14(b)</i>	1,044	503
Lease liabilities		2,686	2,035
Bank borrowings, secured	<i>16</i>	7,058	861
Income tax payable		1,807	17
		<u>90,415</u>	<u>69,221</u>
Net current assets		<u>138,552</u>	<u>112,195</u>
Total assets less current liabilities		<u>148,133</u>	<u>119,819</u>
Non-current liabilities			
Lease liabilities		4,766	1,963
Net assets		<u>143,367</u>	<u>117,856</u>
Capital and reserves			
Share capital		12,000	12,000
Reserves		131,367	105,856
Total equity		<u>143,367</u>	<u>117,856</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 June 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares have been listed on GEM of the Stock Exchange since 12 February 2018. The Company's registered office is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at Unit 2, 13/F, Tak King Industrial Building, 27 Lee Chung Street, Chai Wan, Hong Kong.

The principal activity of the Company is investment holding. The Group is engaged in the provision of installation work, alteration and addition services and maintenance services of electrical and mechanical engineering systems in Hong Kong. As at 31 March 2021, the particulars of the Company's subsidiaries are as follows:

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

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

(a) Adoption of amended HKFRSs

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

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendment to HKFRS 16	COVID-19-Related Rent Concessions (early adopted)
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

The Group has not early applied any amended HKFRSs that is not yet effective for the current accounting period except for the amendments to HKFRS 16, COVID-19-Related Rent Concessions. Impact on the applications of amended HKFRS 16 are summarised below.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions (early adopted)

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

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

(a) Adoption of amended HKFRSs – *Continued*

Amendment to HKFRS 16, COVID-19-Related Rent Concessions (early adopted) – Continued

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 April 2020 on initial application of the amendment.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

The amendment extends the practical expedient available to lessees in accounting for COVID-19 related rent concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted.

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

The following amended HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Noncurrent and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁴
Amendments to HKAS 16	Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 ²

¹ Effective for annual periods beginning on or after 1 January 2021

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

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁴ Effective for annual period beginning on or after 1 January 2023

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

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

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

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

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

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

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

The key amendments to HKAS 1 include:

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

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

The Directors of the Company are currently assessing the impact that the application of the amendments will have on the consolidated financial statements.

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

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

Amendments to HKAS 8, Definition of Accounting Estimates

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

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

The Directors of the Company are currently assessing the impact that the application of the amendments will have on the consolidated financial statements.

Amendments to HKAS 16, Proceeds before Intended Use

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

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

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

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

The Directors of the Company are currently assessing the impact that the application of the amendments will have on the consolidated financial statements.

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

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

Amendments to HKFRS 3, Reference to the Conceptual Framework

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

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

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

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

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

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

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

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

Details of the amendments are as follows:

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

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

3. BASIS OF PREPARATION

(a) **Statement of compliance**

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

(b) **Basis of measurement**

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

(c) **Functional and presentation currency**

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have significant risks of resulting in material adjustments to the carrying amounts of assets and liabilities within next financial year are as follows:

(a) Construction contracts

Progress towards complete satisfaction of performance obligation of construction contract is measured according to the input method of individual engineering contract, which is measured by reference to the estimated contract costs and gross profit of each contract. Contract assets or liabilities are determined based on contract costs incurred, progress billings, any foreseeable losses and recognised profit which is also dependent on estimation of contract costs. The recognition of contract revenue and contract assets or liabilities requires significant management judgement and involves estimation uncertainty. Estimated contract costs of individual contract, which mainly comprise subcontracting charges, materials and direct labour, are supported by contract budget which was prepared by the management of the Group on the basis of estimated subcontracting charges, cost of materials and cost of direct labour based on quotations provided by subcontractors, suppliers or vendors as well as the experience of the management. In order to ensure that the total estimated contract costs are accurate and up-to-date such that contract revenue can be estimated reliably, management reviews the contract budget, costs incurred to date and costs to completion regularly, in particular in the case of costs over-runs, and revises the estimated contract costs where necessary. For the purpose of updating the contract budget, the management may request for updated quotations from the subcontractors, suppliers or vendors. Recognition of variations and claims also requires estimation and judgement by the management.

Notwithstanding that the management regularly reviews and revises the estimates of both contract costs and gross profit margin for the construction contracts as the contracts progress, the actual contract costs and gross profit margin may be higher or lower than the estimations and that will affect the revenue and gross profit recognised.

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

Key sources of estimation uncertainty – *Continued*

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

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

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

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

(d) *Fair value measurement*

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

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

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

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

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

5. SEGMENT REPORTING

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

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

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

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

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

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

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

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

(a) **Business segment**

For the year ended 31 March 2021

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

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

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

For the year ended 31 March 2020

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Installation work:		
Customer I	33,175	N/A ¹
Customer II	46,702	39,752
Alteration and addition services:		
Customer III	<u>37,675</u>	<u>39,776</u>

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

6. REVENUE

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from installation work	197,823	116,079
Revenue from alteration and addition services	101,327	112,987
Revenue from maintenance services	<u>6,008</u>	<u>5,961</u>
	<u>305,158</u>	<u>235,027</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Provision of installation work	274,416	303,391
Provision of alteration and addition services	<u>6,070</u>	<u>16,667</u>

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\$280,486,000 (2020: HK\$320,058,000) allocated to the contracts under installation work and alteration and addition services as at 31 March 2021 will be recognised as revenue in the next 29 months (2020: 31 months).

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

7. OTHER INCOME AND GAINS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	12	28
Interest income from financial assets at fair value through profit or loss	84	–
Effect of lease modifications	125	–
Rent concessions related to COVID-19	161	–
Changes in fair value of financial assets at fair value through profit or loss	38	–
Others	<u>371</u>	<u>376</u>
	<u>791</u>	<u>404</u>

8. PROFIT BEFORE INCOME TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration:		
– Current year	830	800
– Over provision for prior years	–	(50)
	<u>830</u>	<u>750</u>
Depreciation in respect of:		
– Owned assets	923	1,120
– Right-of-use assets	2,829	1,230
	<u>3,752</u>	<u>2,350</u>
Amortisation of intangible assets	195	195
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	26,826	30,354
– Contribution to defined contribution retirement plan	1,421	1,153
	<u>28,247</u>	<u>31,507</u>
Loss on disposal of property, plant and equipment	283	–
Interest on lease liabilities	300	183
Short-term lease expenses	163	763
Low-value assets lease expenses	–	9
Government grants (<i>Note</i>)	(5,549)	–
Net exchange (gain)/loss	<u>(1)</u>	<u>9</u>

Note: The amount represented government grants of HK\$5,549,000 (2020: Nil) obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program as at 31 March 2021. The grants are deducted from payroll expenses recorded in cost of revenue and administrative and other operating expenses respectively.

9. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank loans (<i>Note</i>)	58	80
Interest on lease liabilities	<u>300</u>	<u>183</u>
	<u>358</u>	<u>263</u>

Note: This analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with scheduled repayment dates set out in the loan agreements. For the years ended 31 March 2021 and 31 March 2020, all agreements of bank borrowings contain a repayment on demand clause.

10. INCOME TAX AND DEFERRED TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
– Hong Kong profits tax	3,970	2,019
– Under-provision for prior years	104	134
Deferred tax (<i>Note (b)</i>)	<u>440</u>	<u>187</u>
	<u>4,514</u>	<u>2,340</u>

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

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

10. INCOME TAX AND DEFERRED TAX – *Continued*

(a) – *Continued*

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before income tax	<u>33,025</u>	<u>11,935</u>
Tax thereon at Hong Kong profits rate of 16.5% (2020: 16.5%)	5,449	1,969
Tax effect of revenue not taxable for tax purposes	(916)	(95)
Tax effect of expenses not deductible for tax purposes	62	537
Income tax at concessionary rate	(165)	(165)
Under-provision for prior years	104	134
Tax relief	<u>(20)</u>	<u>(40)</u>
Income tax	<u>4,514</u>	<u>2,340</u>

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

	Depreciation allowances <i>HK\$'000</i>	Provision for impairment of trade receivables and contract assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2019	(185)	1,333	1,148
Credited/(charged) to profit or loss	<u>4</u>	<u>(191)</u>	<u>(187)</u>
As at 31 March 2020 and 1 April 2020	(181)	1,142	961
Credited/(charged) to profit or loss	<u>43</u>	<u>(483)</u>	<u>(440)</u>
As at 31 March 2021	<u>(138)</u>	<u>659</u>	<u>521</u>

11. BASIC AND DILUTED EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Profit for the year	<u>28,511</u>	<u>9,595</u>
	<i>Number</i> <i>'000</i>	<i>Number</i> <i>'000</i>
Number of shares		
Weighted average number of ordinary shares	<u>1,200,000</u>	<u>1,200,000</u>

Weighted average 1,200,000,000 shares for the year ended 31 March 2021 and 31 March 2020 represents the number of shares in issue throughout the year.

Diluted earnings per share were the same as the basic earnings per shares as the Group had no potential dilutive ordinary shares during the years ended 31 March 2021 and 31 March 2020.

12. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim dividend of HK cents 0.25 (2020: Nil) per share	<u>3,000</u>	<u>–</u>

An interim dividend of HK cents 0.25 per ordinary share was declared and approved on 8 February 2021 and paid on 11 March 2021. The Directors recommend the payment of a final dividend of HK cents 0.60 per share for the Reporting Period (2020: Nil). The proposed final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

13. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK\$'000	HK\$'000
Trade receivables	31,793	37,213
Less: Provision for impairment (<i>Note (b)</i>)	(2,889)	(6,238)
	<hr/>	<hr/>
Trade receivables, net (<i>Note (a)</i>)	28,904	30,975
Deposits, prepayments and other receivables	6,375	2,596
	<hr/>	<hr/>
	35,279	33,571
	<hr/>	<hr/>

Notes:

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

	2021	2020
	HK\$'000	HK\$'000
Within 30 days	16,906	14,873
31 – 60 days	6,334	4,135
61 - 90 days	1,381	3,108
91 - 180 days	2,521	7,005
181 - 365 days	1,667	1,171
Over 365 days	95	683
	<hr/>	<hr/>
	28,904	30,975
	<hr/>	<hr/>

- (b) The Group recognised impairment of the trade receivables for the years ended 31 March 2021 and 31 March 2020 based on the accounting policies adopted.

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract assets		
Arising from performance under installation work and alteration and addition services	107,367	90,929
Retention receivables (<i>Note (i)</i>)	<u>23,710</u>	<u>18,756</u>
	131,077	109,685
Less: Provision for impairment (<i>Note (ii)</i>)	<u>(554)</u>	<u>(726)</u>
Contract assets, net	<u>130,523</u>	<u>108,959</u>

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 recognised contract asset. Similarly, a contract liability is recognized when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within one year	112,449	101,708
More than one year and less than two years	13,150	3,243
More than two years and less than three years	<u>4,924</u>	<u>4,008</u>
Total contract assets	<u>130,523</u>	<u>108,959</u>

- (ii) The Group recognised impairment of contract assets for the year ended 31 March 2021 and 31 March 2020 based on the accounting policies adopted.

14. CONTRACT ASSETS AND CONTRACT LIABILITIES – Continued

(b) Contract liabilities

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract liabilities		
Billings in advance of performance under installation work and alteration and addition services	<u>1,044</u>	<u>503</u>

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Movements in contract liabilities		
Balance at the beginning of the year	503	1,529
Decrease in a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(481)	(1,253)
Increase as a result of billing in advance of installation work and alteration and addition services	<u>1,022</u>	<u>227</u>
Balance at the end of the year	<u>1,044</u>	<u>503</u>

15. TRADE AND OTHER PAYABLES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables (<i>Note (a)</i>)	65,512	52,437
Retention payables (<i>Note (b)</i>)	7,724	8,454
Other payables, accruals and deposit received	<u>4,584</u>	<u>4,914</u>
	<u>77,820</u>	<u>65,805</u>

15. TRADE AND OTHER PAYABLES – *Continued*

Notes:

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	40,967	31,829
31-60 days	11,276	7,891
61-90 days	3,101	1,756
Over 90 days	10,168	10,961
	65,512	52,437

- (b) Retention monies are retained by the Group when the relevant projects are completed. The retention payables will be released upon expiry of defect liability period as specified in the subcontracting agreements, which is usually 12 months.

16. BANK BORROWINGS, SECURED

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities		
<i>Secured and interest-bearing bank borrowings</i>		
Bank loans subject to repayment on demand clause		
– Bank loans due for repayment within one year	3,138	861
– Bank loans due for repayment after one year (<i>Note (b)</i>)	3,920	–
	7,058	861

Notes:

- (a) Bank loans are interest-bearing at floating rate. The interest rates of the Group's bank loans as at 31 March 2021 granted under banking facilities are ranged from 2.1% to 4.0% (2020: 3.0%) per annum.
- (b) The current liabilities as at 31 March 2021 include such bank loans that are not scheduled to repay within one year after the end of the reporting period. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.
- (c) The Group's bank facilities are secured by corporate guarantee of the Company.

16. BANK BORROWINGS, SECURED – *Continued*

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
On demand or within one year	3,138	861
More than one year, but not exceeding two years	967	–
More than two years but less than five years	2,953	–
	<u>7,058</u>	<u>861</u>

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

17. GUARANTEES

The Group provided guarantees in respect of the surety bonds issued in favour of the customers of certain engineering contracts. Details of these guarantees as of the end of the reporting period are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Aggregate value of the surety bonds issued in favour of customers	<u>30,056</u>	<u>35,238</u>

The Directors are of the opinion that it is not probable that the financial institutions would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfil the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made as at the end of reporting period.

As at the end of the reporting period or during the reporting period, unless stated otherwise, the Group's bonding lines granted by the financial institutions are secured by:

- (i) the Group's bank deposits in financial institutions; and
- (ii) corporate guarantees of group companies and the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

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

The Group implements effective and stringent tendering strategies in managing its risks and returns. With internal teams of skilled and qualified engineering staff, on top of a wide network of experienced suppliers and subcontractors maintained, the Group manages to meet the highest demands from its customers with quality and satisfaction. Riding on these strengths, foundation and reputation in the industry, the Group is confident in securing and undertaking sizable and challenging E&M engineering projects in Hong Kong.

The profit attributable to equity holders of the Company increased to approximately HK\$28.51 million for the Reporting Period as compared to the profit attributable to equity holders of the Company of approximately HK\$9.60 million for the year ended 31 March 2020.

The Board considers that such increase in profit was mainly due to several factors:

(i) the increase in principal business revenue for the Reporting Period compared to the year ended 31 March 2020; (ii) the increase in gross profit contribution due to fully utilizing the prefabrication technology operated at workshop leading to a reduction in cost of revenue in installation during the Reporting Period; and (iii) the subsidy received under the “Employment Support Scheme” of the Government of HKSAR.

Looking forward, the Directors are of the view that the general outlook of the industry and the business environment in which the Group operates remain difficult and challenging. The outbreak of the novel coronavirus (“COVID-19”) has generated unprecedented disruptions in business operations on a global scale. With the recent implementation of vaccine programs for COVID-19, signs of recovery are shown and both business corporations and government bodies are taking assertive actions to ensure business activities are back on track.

Recently, the Government Policy Address indicated its top priorities including the Government of HKSAR's intent to speed up the construction process of public housing which will provide various opportunities to the construction industry. The Group will proactively participate in the tender or bidding of these projects on top of existing private projects in the pipeline.

The Directors will do their best to capitalise on these opportunities by leveraging on the Group's competitive advantages in installation work, alteration & addition, and maintenance services of fire servicing system including comprehensive range of licences and qualification in fire systems related services, experienced and well-trained workforce, and strong network and business relationships with its peers in the industry, to bid and negotiate higher contract prices and reduced materials and subcontracting cost to improve overall profitability performance.

In addition, the Group will continue to invest in infrastructure and technology such as the prefabrication workshop that is in full operation during the Reporting Period. The workshop strives to improve the flow and quality of its supply chain, by centrally procuring, managing and customizing input materials most significant to the projects. The Directors expect benefits from both profitability and environmentally friendly standpoint due to material cost savings and effective wastage control.

In the years to come, the Group will continue to improve its internal processes, workforce capabilities and technological infrastructure to maximize returns on existing business, and will identify suitable expansion opportunities in new project types, business sectors and market regions.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Period recorded amounted to approximately HK\$305.16 million which represented an increase of approximately HK\$70.13 million or 29.84% from approximately HK\$235.03 million for the last year ended 31 March 2020.

The increase in total revenue was mainly due to an increase from installation work with its yearly revenue amounted to approximately HK\$197.82 million. Such increase in revenue was mainly contributed by incremental revenue on installation work performed based on the volume of ongoing installation projects during the Reporting Period.

Cost of revenue

The Group's cost of revenue increased from approximately HK\$198.59 million for the year ended 31 March 2020 to approximately HK\$249.42 million for the Reporting Period, representing an increase of approximately HK\$50.83 million or 25.60%.

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

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$19.30 million or 52.96% from approximately HK\$36.44 million for the year ended 31 March 2020 to approximately HK\$55.74 million for the Reporting Period. The gross profit margin was increased from 15.51% for the year ended 31 March 2020 to 18.27% for the Reporting Period.

The increase in overall gross profit contribution was mainly due to fully utilising the prefabrication technology operated at workshop since the beginning of the Reporting Period and thus resulting in the reduction of cost of revenue in installation projects during the Reporting Period.

Administrative and other operating expenses

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

The Group's administrative and other operating expenses were relatively stable and decreased by approximately HK\$0.56 million or 2.16% from approximately HK\$25.90 million for the year ended 31 March 2020 to approximately HK\$25.34 million for the Reporting Period.

Finance Costs

Finance costs of the Group were approximately HK\$0.36 million for the Reporting Period (2020: HK\$0.26 million). Finance costs consist of interest on bank borrowings and interest on lease liabilities. The increase in Group's finance costs for the Reporting Period was due to the additions of new lease contracts resulted in increase in the interest expenses on lease liabilities.

Income Tax Expense

Income tax expense for the Group increased by approximately HK\$2.17 million or 92.74% from approximately HK\$2.34 million for the year ended 31 March 2020 to approximately HK\$4.51 million for the Reporting Period. The increase was mainly due to the increase in taxable profit for the Reporting Period.

Profit for the Year Attributable to Owners of the Company

Profit for the year attributable to owners of the Company increased by approximately HK\$18.91 million or 196.98% from approximately HK\$9.60 million for the year ended 31 March 2020 to approximately HK\$28.51 million for the Reporting Period. Such increase was primarily attributable to (i) the increase in principal business revenue for the Reporting Period compared to the year ended 31 March 2020; (ii) the increase in gross profit contribution due to fully utilising the prefabrication technology operated at workshop leading to a reduction in cost of revenue in installation during the Reporting Period; and (iii) the subsidy received under the "Employment Support Scheme" of the Government of HKSAR.

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 2021, the Group had cash and bank balances of approximately HK\$49.40 million (2020: HK\$26.89 million).

As at 31 March 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK\$143.37 million (2020: HK\$117.86 million). As of the same date, the Group's total debt, comprising bank borrowings and lease liabilities, amounted to approximately HK\$14.51 million (2020: HK\$4.86 million).

BORROWINGS AND GEARING RATIO

As at 31 March 2021, the Group had borrowings of approximately HK\$7.14 million which was denominated in Hong Kong Dollars (2020: HK\$1.03 million). The Group's bank borrowings of approximately HK\$7.06 million (2020: HK\$0.86 million) were primarily used in financing the working capital requirement of its operations.

As at 31 March 2021, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 4.98% (2020: 0.87%).

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 2021, the Company's issued share capital was HK\$12 million and the number of its issued ordinary shares was 1,200,000,000 of HK\$0.01 each.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group did not have any material capital commitments (2020: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2021, the Group did not have any charges on the Group's assets (2020: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 March 2021, the Group did not have other plans for material investments or capital assets.

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

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

CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any material contingent liabilities (2020: Nil).

USE OF PROCEEDS FROM THE SHARE OFFER

The total net proceeds (the “**Net Proceeds**”) from the share offer through the listing of the shares of the Company on GEM of the Stock Exchange on 12 February 2018 were approximately HK\$24.12 million. As at 30 September 2020, the Net Proceeds were fully utilised in the same manner and proportions as described in the prospectus of the Company dated 31 January 2018. For details of the applications of the Net Proceeds, please refer to the interim report of the Company dated 12 November 2020.

FINAL DIVIDENDS

An interim dividend of HK cents 0.25 per share in respect of the nine months ended 31 December 2020 was approved on 8 February 2021, and payments were made on 11 March 2021 for an amount of HK\$3.0 million. The Directors recommend a final dividend of HK cents 0.60 per share in cash. The proposed final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company (the “**2021 AGM**”). These, together with an interim dividend of HK cents 0.25 (2019: Nil) per share paid in March 2021, will make a total dividend of HK cents 0.85 (2020: Nil) per share for the current year. The proposed final dividend is expected to be distributed on or about Monday, 13 September 2021 to shareholders whose names appear on the Register of Members of the Company on Monday, 23 August 2021.

CLOSURE OF REGISTER OF MEMBERS

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

- (a) from Wednesday, 11 August 2021 to Monday, 16 August 2021 (both days inclusive), for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2021 AGM. In order to be entitled to attend and vote at the 2021 AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Tuesday, 10 August 2021; and
- (b) from Friday, 20 August 2021 to Monday, 23 August 2021 (both days inclusive), for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to be qualified for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at the address as set out in sub-paragraph (a) above no later than 4:30 p.m. (Hong Kong Time) on Thursday, 19 August 2021.

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group had 132 employees in total. The staff costs of the Group including directors' emoluments, and management, administrative and operational staff costs for the Reporting Period were approximately HK\$11.76 million (2020: HK\$13.33 million) in the Hong Kong.

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

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

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

SHARE OPTION SCHEME

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

The Share Option Scheme is effective for a period of 10 years commencing on 12 February 2018, the listing date of the Company. Under the Share Option Scheme, the Board may in its absolute discretion determine the subscription price at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of the granting of the option; (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the granting of the option; and (iii) the nominal value of a share. An offer of grant of an option may be accepted by a participant within the date as specified in the offer letter issued by the Company, being a date not later than 28 days from the date upon which it is made, by which the participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Share Option Scheme.

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option.

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall not be greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Share Option Scheme, a period of 10 years from the date of the granting of the option).

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue. Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit. No share options were granted under the Share Option Scheme during the year. Share options do not confer rights to the holders to dividends or to vote at shareholders’ meetings.

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

- (a) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of the subsidiaries or any entity (the “**Invested Entity**”) in which the Company holds an equity interest;
- (b) any non-executive Directors (including independent non-executive Directors) of the Company, any of the subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to the Company or any of its subsidiaries or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any shareholders of the Company or any shareholder of any of its subsidiaries or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity, and for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

No share option has been granted under the Share Option Scheme since its adoption.

EVENTS AFTER THE REPORTING PERIOD

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

OTHER INFORMATION

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

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the shares

Name of Director/ Chief Executive	Capacity/ Nature of Interest	Number of Shares Held ^(Note 1)	Percentage of Issued Share Capital ^(Note 2)
Mr. Poon Ken Ching Keung (“Mr. Ken Poon”) ^(Notes 3 and 5)	Interest in a controlled corporation	508,500,000	42.38%
Mr. Ng Kwok Wai ^(Notes 4 and 5)	Interest in a controlled corporation	90,000,000	7.50%
Ms. Lee To Yin ^(Notes 4 and 5)	Interest in a controlled corporation	90,000,000	7.50%
Ms. Poon Kam Yee Odilia (“Ms. Odilia Poon”) ^(Notes 4 and 5)	Interest in a controlled corporation	90,000,000	7.50%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 31 March 2021.
- (3) Mr. Ken Poon holds the entire issued share capital of Success Step Management Limited (“**Success Step**”). Success Step, in turn, directly holds 418,500,000 shares of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced Limited (“**Legend Advanced**”) as described in note 5 below.

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

- (4) Ms. Odilia Poon, Mr. Ng Kwok Wai and Ms. Lee To Yin are interested in approximately 40%, 30% and 30% of the issued share capital of Legend Advanced, respectively. Legend Advanced, in turn, directly holds 90,000,000 shares of the Company.
- (5) On 25 January 2018, Legend Advanced entered into the Deed of Undertaking in favour of Success Step and Noble Capital Concept Limited (“**Noble Capital**”). For further details, please refer to the paragraph headed “History, Reorganisation and Corporate Structure — Reorganisation” in the prospectus of the Company dated 31 January 2018 (the “**Prospectus**”).

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

Save as disclosed above, as at 31 March 2021, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2021, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interests in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Long position in the shares

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

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 31 March 2021.
- (3) Mr. Ken Poon holds the entire issued share capital of Success Step. Success Step, in turn, directly holds 418,500,000 shares of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced as described in note 5 below.

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

- (4) Mr. Tommy Poon holds the entire issued share capital of Noble Capital. Noble Capital, in turn directly holds 391,500,000 shares of the Company and he is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced as described in note 5 below. As such, Mr. Tommy Poon is deemed to be interested in the 481,500,000 shares of the Company which Noble Capital is deemed to be interested in.
- (5) On 25 January 2018, Legend Advanced entered into the Deed of Undertaking in favour of Success Step and Noble Capital. For further details, please refer to the paragraph headed “History, Reorganisation and Corporate Structure – Reorganisation” in the Prospectus. Accordingly, each of Success Step, Mr. Ken Poon, Noble Capital and Mr. Tommy Poon is deemed to be interested in the 90,000,000 shares of the Company held by Legend Advanced.
- (6) Ms. Odilia Poon, Mr. Ng Kwok Wai and Ms. Lee To Yin are interested in approximately 40%, 30% and 30% of the issued share capital of Legend Advanced, respectively. Legend Advanced, in turn, directly holds 90,000,000 shares of the Company.
- (7) Ms. Deng Anna Man Li is the spouse of Mr. Ken Poon. By virtue of the SFO, Ms. Deng Anna Man Li is deemed to be interested in the shares of the Company held by Mr. Ken Poon.
- (8) Mr. Roberts Christopher John is the spouse of Ms. Odilia Poon. By virtue of the SFO, Mr. Roberts Christopher John is deemed to be interested in the shares of the Company held by Ms. Odilia Poon.

Save as disclosed above, as at 31 March 2021, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “A. Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company” above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

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 Reporting Period, except the deviation from CG Code provision A.2.1.

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

Mr. Ken Poon is the chairman and the chief executive officer of the Company. Mr. Ken Poon has been the key leadership figure of the Group for over 32 years of experience in the fire services and water pump installation services in Hong Kong. Mr. Ken Poon has been primarily involved in the overall business development, technical operations and strategic planning of the Group. The Directors are of the view that it would be in the Group’s best interest for Mr. Ken Poon to continue performing the two roles in terms of effective management and business development.

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

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF THE SHARES

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

INTEREST OF COMPLIANCE ADVISER

Innovax Capital Limited was appointed as compliance adviser of the Company from 31 August 2019. None of the compliance adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules. Pursuant to the Compliance Adviser Agreement dated 20 August 2019, services of Innovax Capital Limited as compliance adviser have ended on 30 June 2020.

AUDIT COMMITTEE

An audit committee of the Company (the “**Audit Committee**”) has been established on 24 January 2018 with its terms of reference in compliance with Rules 5.28 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee consists of three members, namely Mr. Yung Chung Hing, Mr. Lam Chung Wai and Mr. Chan Shu Yan, Stephen, all being independent non-executive Directors. Mr. Yung Chung Hing currently serves as the chairman of the Audit Committee.

The Audit Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Group, and as to the adequacy of the external and internal audits. The Audit Committee has reviewed the audited consolidated financial statements and the results of the Group for the Reporting Period and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

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

SCOPE OF WORK OF BDO LIMITED ON THIS ANNUAL RESULTS ANNOUNCEMENT

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

APPRECIATION

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

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

Hong Kong, 8 June 2021

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

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.vistarholdings.com.