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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 2023**

#### **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 2023 (the “**Reporting Period**”), the revenue of the Group decreased to approximately HK\$287.06 million from approximately HK\$405.17 million for the year ended 31 March 2022, representing a significant decrease of approximately HK\$118.11 million or 29.15%.
- The decrease in total revenue was mainly attributed to the decrease in revenue from installation services of approximately HK\$126.57 million. Such decrease in revenue from installation services was mainly due to the completion of many existing projects but new projects commenced only for a short period. Thus, less amount of revenue was generated from installation services and recognised for the Reporting Period.
- The profit attributable to equity holders of the Company decreased to approximately HK\$4.86 million for the Reporting Period as compared to the profit attributable to equity holders of the Company of approximately HK\$20.78 million for the year ended 31 March 2022.
- The Board does not recommend the payment of a final dividend in respect of the Reporting Period (2022: HK cent 0.50 per share).

## ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated financial results of the Group for the Reporting Period, together with the comparative figures for the year ended 31 March 2022 as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>	6	<b>287,061</b>	405,171
Cost of revenue		<u>(255,089)</u>	<u>(336,330)</u>
<b>Gross profit</b>		<b>31,972</b>	68,841
Other income and gains and losses	7	<b>1,392</b>	827
Reversal of impairment losses of trade receivables and contract assets, net		<b>1,345</b>	1,065
Administrative and other operating expenses		<b>(26,417)</b>	(29,972)
Transfer listing expenses		<b>(1,064)</b>	(12,276)
Finance costs	9	<u><b>(1,504)</b></u>	<u>(673)</u>
<b>Profit before income tax</b>	8	<b>5,724</b>	27,812
Income tax	10(a)	<u><b>(868)</b></u>	<u>(7,030)</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>4,856</b></u>	<u>20,782</u>
<b>Earnings per share</b>			
– Basic and diluted (HK cents)	11	<u><b>0.40 cents</b></u>	<u>1.73 cents</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 MARCH 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>5,371</b>	6,676
Intangible assets		<b>61</b>	89
Pledged bank deposits		<b>2,981</b>	–
Deferred tax assets	<i>10(b)</i>	<b>400</b>	426
<b>Total non-current assets</b>		<b>8,813</b>	7,191
<b>Current assets</b>			
Trade and other receivables	<i>13</i>	<b>48,918</b>	43,080
Contract assets	<i>14(a)</i>	<b>168,195</b>	157,975
Financial assets at fair value through profit or loss		<b>4,453</b>	4,504
Income tax recoverable		<b>920</b>	–
Pledged deposits		<b>1,045</b>	4,502
Pledged bank deposits		<b>2,608</b>	2,105
Cash and cash equivalents		<b>39,356</b>	37,081
<b>Total current assets</b>		<b>265,495</b>	249,247
<b>Current liabilities</b>			
Trade and other payables	<i>15</i>	<b>79,022</b>	78,290
Contract liabilities	<i>14(b)</i>	<b>4,628</b>	1,021
Lease liabilities		<b>3,052</b>	2,788
Bank borrowings, secured	<i>16</i>	<b>34,171</b>	14,647
Income tax payable		<b>–</b>	3,872
<b>Total current liabilities</b>		<b>120,873</b>	100,618
<b>Net current assets</b>		<b>144,622</b>	148,629
<b>Total assets less current liabilities</b>		<b>153,435</b>	155,820
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,830</b>	3,071
<b>Net assets</b>		<b>151,605</b>	152,749
<b>Capital and reserves</b>			
Share capital		<b>12,000</b>	12,000
Reserves		<b>139,605</b>	140,749
<b>Total equity</b>		<b>151,605</b>	152,749

## 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 of Hong Kong Limited (“**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, 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 Group is engaged in the provision of installation services, alteration and addition works and maintenance services of electrical and mechanical engineering systems in Hong Kong (the “**Construction Works**”). As at 31 March 2023 and 31 March 2022, the particulars of the Company’s subsidiaries are as follows:

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

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

### (a) Adoption of amended HKFRSs

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

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

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

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

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) <sup>2,3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 April 2024

<sup>3</sup> As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

## 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*

The 2020 Amendments provide clarification that if an entity’s right to defer settlement of a liability is subject to compliance with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The 2020 Amendments also clarify the situations that are considered as a settlement of a liability. The 2020 Amendments are effective for annual periods beginning on or after 1 April 2024 and shall be applied retrospectively. Earlier application of the 2020 Amendments is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

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

#### *Amendments to HKAS 1, Non-current Liabilities with Covenants*

The 2022 Amendments clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The 2022 Amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The 2022 Amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or non-current. The 2022 Amendments are effective for annual periods beginning on or after 1 April 2024 and shall be applied retrospectively. Earlier application of the 2022 Amendments is permitted.

Based on the Group’s outstanding liabilities as at 31 March 2023, the Directors of the Company do not anticipate that the application of the amendments will result in reclassification of the Group’s liabilities.

#### *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.

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

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

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 8, Definition of Accounting Estimates*

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

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

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

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

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

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

#### *Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback*

The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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



### **3. BASIS OF PREPARATION**

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

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards and Interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules.

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

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

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

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

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

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

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

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

##### **Key sources of estimation uncertainty**

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

(a) *Revenue recognition of provision of Construction Works*

Management measured the progress towards complete satisfaction of performance obligation of individual construction contract using the input method by reference to the total contract costs to completion and stage of completion of each contract. Total contract costs to completion of individual contract, which mainly comprise subcontracting charges, cost of materials and direct labour, are estimated based on latest available budgets prepared by the management on the basis of estimated costs quoted by subcontractors, suppliers or vendors as well as the experience of the project team. In order to ensure that the total estimated contract costs are accurate and up-to-date such that contract revenue can be estimated reliably, management reviews the contract budget, costs incurred to date and costs to completion regularly, in particular in the case of costs over-runs, and revises the estimated contract costs where necessary.

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

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

The impairment allowances for trade receivables and contract assets are measured by lifetime ECLs. The management estimated the ECLs rates by considering the market conditions, management's knowledge about the customers (including their reputation, financial capability and historical payment history), and the current and forward-looking information on macroeconomic factors that relevant to determine the ability of customers to settle the receivables at the end of each of the Reporting Period. As at 31 March 2023, the Group's gross trade receivables and contract assets and their related impairment allowances amounted to HK\$39,508,000, HK\$168,446,000, and HK\$1,033,000 (2022: HK\$41,746,000, HK\$158,602,000, and HK\$2,378,000) respectively.

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

##### Key sources of estimation uncertainty – *Continued*

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

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and condition of the lease. The Group estimates the IBR using observable inputs (such as market interest rate) when available and is required to make certain entity specific estimates (such as the subsidiary’s stand-alone credit rating). As at 31 March 2023, the Group’s lease liabilities amounted to HK\$4,882,000 (2022: HK\$5,859,000).

(d) *Fair value measurement*

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

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

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

The Group estimates the fair value of the financial assets at FVTPL using unobservable inputs (such as the value of the underlying investments held by the investment fund) by assessing the appropriateness of the net asset value as provide by the relevant fund administrator. As at 31 March 2023, the fair value of the Group’s financial assets at FVTPL amounted to HK\$4,453,000 (2022: HK\$4,504,000).

#### 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.

## 5. SEGMENT REPORTING – *Continued*

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

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

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

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

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

### (a) Business segment

#### For the year ended 31 March 2023

	<b>Installation services <i>HK\$'000</i></b>	<b>Alteration and addition works <i>HK\$'000</i></b>	<b>Maintenance services <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Segment revenue</b>				
Revenue from external customers	<u>180,329</u>	<u>98,627</u>	<u>8,105</u>	<u>287,061</u>
Segment profit	<u>22,090</u>	<u>9,199</u>	<u>683</u>	<u>31,972</u>
Other income and gains and losses				1,392
Reversal of impairment losses of trade receivables and contract assets, net				1,345
Staff costs				(13,809)
Corporate expenses				(12,608)
Transfer listing expenses				(1,064)
Finance costs				<u>(1,504)</u>
Profit before income tax				<u>5,724</u>

5. **SEGMENT REPORTING – Continued**

(a) **Business segment – Continued**

**For the year ended 31 March 2022**

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

(b) **Information about major customers**

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

	<b>2023</b> <b><i>HK\$'000</i></b>	2022 <i>HK\$'000</i>
Installation services:		
Customer I	– <sup>1</sup>	90,524
Customer II	<u>50,815</u>	<u>90,245</u>

<sup>1</sup> There is no revenue contributed from the customer for the respective year.

## 6. REVENUE

Revenue mainly represents income from provision of installation services, alteration and addition works and maintenances services during the Reporting Period.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from installation services	180,329	306,900
Revenue from alteration and addition works	98,627	91,152
Revenue from maintenance services	8,105	7,119
	<u>287,061</u>	<u>405,171</u>

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

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Provision of installation services	298,417	188,499
Provision of alteration and addition works	10,251	9,441

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\$308,668,000 (2022: HK\$197,940,000) allocated to the contracts under installation services and alteration and addition works as at 31 March 2023 will be recognised as revenue in the next 36 months (2022: 28 months).

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

## 7. OTHER INCOME AND GAINS AND LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	249	4
Interest income from financial assets at fair value through profit or loss	225	225
Effect of lease modifications	–	8
Changes in fair value of financial assets at fair value through profit or loss	(51)	(34)
Others	969	624
	<u>1,392</u>	<u>827</u>

## 8. PROFIT BEFORE INCOME TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration:	860	860
Depreciation in respect of:		
– Owned assets	684	787
– Right-of-use assets	<u>3,113</u>	<u>3,114</u>
	<u>3,797</u>	<u>3,901</u>
Amortisation of intangible assets	28	218
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	34,533	37,222
– Contribution to defined contribution retirement plan ( <i>Note (ii)</i> )	<u>1,609</u>	<u>1,451</u>
	<u>36,142</u>	<u>38,673</u>
Loss on disposal of property, plant and equipment	–	53
Interest on lease liabilities	216	288
Short-term lease expenses	314	235
Government grants ( <i>Note (i)</i> )	(3,132)	–
Net exchange gain	<u>(272)</u>	<u>–</u>

*Notes:*

- (i) The amount represented government grants of HK\$3,132,000 obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees during the year ended 31 March 2023. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group had no unfulfilled obligations relating to this program as at 31 March 2023. The grants were deducted from payroll expenses recorded in cost of revenue and administrative and other operating expenses respectively.
- (ii) For the years ended 31 March 2023 and 31 March 2022, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 31 March 2023 and 31 March 2022, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the government defined contribution retirement benefit scheme.

## 9. FINANCE COSTS

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Interest on bank borrowings	<b>1,288</b>	385
Interest on lease liabilities	<b>216</b>	288
	<b>1,504</b>	673

## 10. INCOME TAX AND DEFERRED TAX

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Current tax		
– Hong Kong profits tax	<b>852</b>	6,938
– Overprovision in prior years	<b>(10)</b>	(3)
Deferred tax ( <i>Note (b)</i> )	<b>26</b>	95
	<b>868</b>	7,030

For the years ended 31 March 2023 and 31 March 2022, subsidiaries operating in Hong Kong are subject to Hong Kong profits tax. Under two-tiered profits tax rates regime, if the entity has one or more connected entity, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates. Hong Kong profits tax of the nominated entity is calculated at 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profits over HK\$2 million.

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



## 10. INCOME TAX AND DEFERRED TAX – *Continued*

- (a) The amounts of income tax in the consolidated statement of comprehensive income represent: –  
*Continued*

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Profit before income tax	<u>5,724</u>	<u>27,812</u>
Tax thereon at Hong Kong profits tax rate of 16.5% (2022: 16.5%)	<b>944</b>	4,589
Tax effect of income not taxable for tax purposes	<b>(640)</b>	(32)
Tax effect of expenses not deductible for tax purposes	<b>749</b>	2,661
Income tax at concessionary rate	<b>(165)</b>	(165)
Overprovision in prior years	<b>(10)</b>	(3)
Tax relief	<u><b>(10)</b></u>	<u>(20)</u>
Income tax	<u><b>868</b></u>	<u>7,030</u>

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

	<b>Tax losses carried forward</b>	<b>Accelerated tax depreciation</b>	<b>Provision for impairment of trade receivables and contract assets</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2021	–	(138)	659	521
Credited/(charged) to profit or loss	<u>–</u>	<u>176</u>	<u>(271)</u>	<u>(95)</u>
At 31 March 2022 and 1 April 2022	–	38	388	426
Credited/(charged) to profit or loss	<u>194</u>	<u>(1)</u>	<u>(219)</u>	<u>(26)</u>
<b>At 31 March 2023</b>	<u><b>194</b></u>	<u><b>37</b></u>	<u><b>169</b></u>	<u><b>400</b></u>

## 11. BASIC AND DILUTED EARNINGS PER SHARE

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Earnings</b>		
Profit for the year	<u>4,856</u>	<u>20,782</u>
	<b>Number</b> <i>'000</i>	Number <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares	<u>1,200,000</u>	<u>1,200,000</u>

Weighted average 1,200,000,000 shares for the years ended 31 March 2023 and 31 March 2022 represents the number of shares in issue throughout the year.

Diluted earnings per share were the same as the basic earnings per shares as the Group had no dilutive potential ordinary shares during the years ended 31 March 2023 and 31 March 2022.

## 12. DIVIDENDS

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend of HK cents 0.35 per share	–	4,200
Final dividend in respect of prior year of HK cents 0.50 per share (2022: HK cents 0.60 per share)	<u>6,000</u>	<u>7,200</u>
	<u>6,000</u>	<u>11,400</u>

The Directors do not recommend the payment of a final dividend in respect of the Reporting Period (2022: HK cent 0.50 per share).

### 13. TRADE AND OTHER RECEIVABLES

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>39,508</b>	41,746
Less: Provision for impairment	<b>(782)</b>	(1,751)
Trade receivables, net ( <i>Note (a), note (b) and note (d)</i> )	<b>38,726</b>	39,995
Prepayments ( <i>Note (c)</i> )	<b>8,525</b>	1,898
Deposits and other receivables ( <i>Note (d)</i> )	<b>1,667</b>	1,187
	<b>48,918</b>	43,080

*Notes:*

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Within 30 days	<b>21,406</b>	20,928
31–60 days	<b>12,761</b>	10,119
61–90 days	<b>1,893</b>	5,839
91–180 days	<b>873</b>	1,397
181–365 days	<b>1,793</b>	1,712
	<b>38,726</b>	39,995

- (b) As at 1 April 2021, the balance of trade receivables, net of impairment, was HK\$28,904,000.
- (c) The prepayments mainly included prepaid material costs for Construction Works of the Group to suppliers and prepaid costs for Construction Works of the Group which had subcontracted to outsider service providers.
- (d) The Group recognised impairment of the trade and other receivables for the years ended 31 March 2023 and 31 March 2022 based on the accounting policies stated.

## 14. CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract assets		
Arising from performance under installation services and alteration and addition works	<b>146,816</b>	129,374
Retention receivables ( <i>Note (i)</i> )	<b>21,630</b>	29,228
	<b>168,446</b>	158,602
Less: Provision for impairment ( <i>Note (iii)</i> )	<b>(251)</b>	(627)
Contract assets, net	<b>168,195</b>	157,975

Changes of contract assets during the year ended 31 March 2023 were mainly due to net impact on: (1) decrease in the amount of retention receivables in accordance with the number of completed contracts after the defect liability period; and (2) increase in unbilled revenue due to the size and number of contracts in respect of Construction Works that the relevant services were provided but yet certified by customers or external surveyors at the end of the reporting period.

#### *Notes:*

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

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

## 14. CONTRACT ASSETS AND CONTRACT LIABILITIES – *Continued*

### (a) Contract assets – *Continued*

*Notes: – Continued*

#### (i) – *Continued*

The expected timing of recovery or settlement for contract assets as at each of the Reporting Period are as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	<b>152,564</b>	142,990
More than one year and less than two years	<b>12,625</b>	10,574
More than two years and less than three years	<b>3,006</b>	4,411
	<hr/>	<hr/>
Total contract assets	<b>168,195</b>	157,975
	<hr/>	<hr/>

(ii) As at 1 April 2021, the balance of contract assets, net of impairment, was HK\$130,523,000.

(iii) The Group recognised impairment of contract assets for the years ended 31 March 2023 and 31 March 2022 based on the accounting policies adopted.

### (b) Contract liabilities

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Contract liabilities</b>		
Billings in advance of performance under installation services and alteration and addition works	<b>4,628</b>	1,021
	<hr/>	<hr/>

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Movements in contract liabilities</b>		
At 1 April	<b>1,021</b>	1,044
Decrease in a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	<b>(808)</b>	(779)
Increase as a result of billing in advance of installation services and alteration and addition works, net	<b>4,415</b>	756
	<hr/>	<hr/>
At 31 March	<b>4,628</b>	1,021
	<hr/>	<hr/>

## 15. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables ( <i>Note (a)</i> )	64,242	64,407
Retention payables ( <i>Note (b)</i> )	6,150	6,220
Accruals	7,432	6,682
Other payables	1,198	981
	<u>79,022</u>	<u>78,290</u>

*Notes:*

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	18,748	28,352
31-60 days	17,582	15,453
61-90 days	2,644	8,843
Over 90 days	25,268	11,759
	<u>64,242</u>	<u>64,407</u>

- (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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current liabilities</b>		
Secured and interest-bearing bank borrowings		
Bank loans subject to repayment on demand clause		
– Bank loans due for repayment within one year	28,323	11,693
– Bank loans due for repayment after one year ( <i>Note (c)</i> )	–	2,954
– Bank overdrafts	5,848	–
	<u>34,171</u>	<u>14,647</u>

## 16. BANK BORROWINGS, SECURED – *Continued*

*Notes:*

- (a) Bank loans are interest-bearing at floating rate. The interest rates of the Group's bank loans as at 31 March 2023 granted under banking facilities are ranged from 4.4% to 6.5% (2022: 2.4% to 4.0%) per annum.
- (b) All bank loans contain a repayment on demand clause in the loan agreements.
- (c) The current liabilities as at 31 March 2022 include such bank loans that are not scheduled to repay within one year after the end of the Reporting Period. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that are classified as current liabilities are expected to be settled within one year. During the year ended 31 March 2023, those bank loans due for repayment more than one year were early repaid in full.
- (d) The Group's bank facilities are secured by corporate guarantee of the Company.

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

	<b>2023</b> <b><i>HK\$'000</i></b>	2022 <i>HK\$'000</i>
On demand or within one year	<b>34,171</b>	11,693
More than one year, but not exceeding two years	–	1,005
More than two years but less than five years	–	1,949
	<b><u>34,171</u></b>	<u>14,647</u>

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

## 17. GUARANTEES

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

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Aggregate value of the surety bonds issued in favour of customers	<b><u>24,309</u></b>	<u>22,288</u>

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

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

During the Reporting Period, the Group’s profit attributable to equity holders was approximately HK\$4.86 million, representing a decrease of approximately HK\$15.92 million when compared to the profit attributable to equity holders for the year ended 31 March 2022 which amounted to approximately HK\$20.78 million.

The Board considers that such profit decrement was mainly attributable to the consequence of global events including the COVID-19 pandemic, the Russo-Ukrainian War, and the China-US trade tensions, all of which have disrupted the global supply chain and logistics, causing allocation inefficiencies including labor, raw materials, and energy resources. The surging material and labour costs have directly escalated the Company’s cost of revenue, while inflationary pressure has created budgetary concerns for upstream contractors, thereby hindering project volume and work schedule, affecting revenue recognized by the Group.

The decrease in gross profit generated from the core business of the Group of approximately HK\$36.87 million was driven by less revenue being recognised from the projects of installation services in the completion or substantial completion stage during the Reporting Period, plus increased direct labour and material costs incurred on work performed as a result of inflation driven by shortage of labour and supply chain disruptions on global resources. The above decrease was offset by (i) the reduction of transfer listing expenses incurred of approximately HK\$11.21 million during the Reporting Period in relation to the proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange as disclosed in the announcements of the Company dated 17 June 2021 and 31 December 2021 and which was discontinued as disclosed in the announcement of the Company dated 28 June 2022, (ii) the reduction of administrative and other operating expenses of approximately HK\$3.55 million, and (iii) the reduction of income tax expenses of approximately HK\$6.16 million attributable to the decrease in taxable income.

The Directors do not recommend the payment of a final dividend in respect of the Reporting Period (2022: HK cent 0.50 per share).

## **OUTLOOK**

Hong Kong's economy remained weak last year and the overall business environment was tough in general. The hotel, catering and tourism industries failed to return to pre-pandemic levels, while the slowdown in the construction industry was more subtle but much more severe as it is prone to inflationary problems and political tension from global events. Although the COVID-19 pandemic has significantly clouded the global economy, there are some relief measures carried out by the Hong Kong Government, e.g., vaccination programs for COVID-19, subsidies provided to corporations under the Employment Support Scheme, and the Consumption Voucher Scheme were implemented to help ease the current difficult situation in an attempt to speed up the economic recovery in Hong Kong.

As the Central Government began to relax the anti-pandemic policy at the end of 2022, the Hong Kong Government also adjusted its measures in early 2023 accordingly, e.g., reopen the border with the Mainland is to rekindle tourism and it is a remarkable measure to boost the economy in Hong Kong. It is expected that other business industries in Hong Kong, such as the construction industry, will benefit indirectly and the economy in Hong Kong gradually reveals dawn.

Looking forward to 2023, opportunities and challenges coexist, the Directors consider that 2023 is still a challenging year for the Group due to the high inflation and tense political issues around the world. Notwithstanding this, the Group will also closely monitor its existing projects' progress, communicate with suppliers and subcontractors, maintain close communication with customers on the latest project work schedules and arrangements, proactively follow up with potential customers on tenders and quotations submitted, and actively respond to any business enquiries, tender and quotation invitations to maintain market competitiveness. The Group will continue to strive to improve its operational efficiency and business profitability and will also proactively seek potential business opportunities that can broaden the sources of income of the Group and enhance value to the shareholders of the Company. Yet, we still look positively as our management will keep a close eye on new policies to be implemented by the Hong Kong Government to enhance and speed up recovery of economy of Hong Kong and will manage its impact on the financial position and operating results of the Group.

## **FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, the revenue of the Group decreased to approximately HK\$287.06 million from approximately HK\$405.17 million for the year ended 31 March 2022, representing a significant decrease of approximately HK\$118.11 million or 29.15%.

Such decrease was mainly attributed to a decrease in installation services with yearly revenue amounted to approximately HK\$126.57 million.

The decrease in revenue from installation services was attributable to less revenue being recognised in the completion or substantial completion stage and new projects still being at an early stage with only marginal work performed during the Reporting Period.

### **Cost of revenue**

The Group's cost of revenue decreased from approximately HK\$336.33 million for the year ended 31 March 2022 to approximately HK\$255.09 million for the Reporting Period, representing a decrease of approximately HK\$81.24 million or 24.16%.

Such decrease in cost of revenue was in line with the decrease in revenue but in a slightly smaller proportional rate. Notwithstanding, the percentage cost of revenue increased during the Reporting Period as compared with the year ended 31 March 2022. Those are likely to be caused by the combination of events e.g., the COVID-19 pandemic, the Russo-Ukrainian War, and the China-US trade tensions, all of which have disrupted the global supply chain and logistics, causing allocation inefficiencies including labor, raw materials, and energy resources. The surging material and labour costs have directly escalated the Company's cost of revenue.

## **Gross profit and gross profit margin**

The Group's gross profit decreased by approximately HK\$36.87 million or 53.56% from approximately HK\$68.84 million for the year ended 31 March 2022 to approximately HK\$31.97 million for the Reporting Period. The gross profit margin was decreased from 16.99% to 11.14%.

The decrease in gross profit generated from the core business of the Group of approximately HK\$36.87 million was driven by less revenue being recognised from the projects of installation services in the completion or substantial completion stage during the Reporting Period, plus increased direct labour and material costs incurred on work performed as a result of inflation driven by shortage of labour and supply chain disruptions on global resources. Therein, the gross profit margin decreased from 16.99% for the year ended 31 March 2022 to 11.14% for 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 decreased by approximately HK\$3.55 million or 11.86% from approximately HK\$29.97 million for the year ended 31 March 2022 to approximately HK\$26.42 million for the Reporting Period. The decrease in administrative and other operating expenses was primarily due to the decrease in the salary and benefits of the administrative and management staff.

## **Finance costs**

Finance costs of the Group were approximately HK\$1.50 million for the Reporting Period (2022: HK\$0.67 million). Finance costs consist of interest on bank borrowings and interest on lease liabilities. The increase in Group's finance costs for the Reporting Period was due to the increase in bank loans interest as more loans were secured for operation.

## **Income tax expense**

Income tax expense for the Group decreased by approximately HK\$6.16 million or 87.65% from approximately HK\$7.03 million for the year ended 31 March 2022 to approximately HK\$0.87 million for the Reporting Period. The decrease was mainly due to the decrease in taxable profit for the Reporting Period.

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

Profit for the year attributable to owners of the Company decreased by approximately HK\$15.93 million or 76.63% from approximately HK\$20.78 million for the year ended 31 March 2022 to approximately HK\$4.86 million for the Reporting Period.

The Board considers that such profit decrement was mainly attributable to the consequence of global events including the COVID-19 pandemic, the Russo-Ukrainian War, and the China-US trade tensions, all of which have disrupted the global supply chain and logistics, causing allocation inefficiencies including labor, raw materials, and energy resources. The surging material and labour costs have directly escalated the Company's cost of revenue, while inflationary pressure has created budgetary concerns for upstream contractors, thereby hindering project volume and work schedule, affecting revenue recognized by 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 2023, the Group had cash and bank balances of approximately HK\$39.36 million (2022: HK\$37.08 million).

As at 31 March 2023, the Group's total equity attributable to owners of the Company amounted to approximately HK\$151.61 million (2022: HK\$152.75 million). As of the same date, the Group's total debt, comprising bank borrowings and lease liabilities, amounted to approximately HK\$39.05 million (2022: HK\$20.51 million).

## **BORROWINGS AND GEARING RATIO**

As at 31 March 2023, the Group had borrowings of approximately HK\$34.17 million which was denominated in Hong Kong Dollars (2022: HK\$14.65 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2023, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 22.54% (2022: 9.59%).

## **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 2023, 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 2023, the Group did not have any material capital commitments (2022: Nil).

## **CHARGES ON THE GROUP'S ASSETS**

As at 31 March 2023, the Group did not have any charges on the Group's assets (2022: Nil).

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

As of 31 March 2023, 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 2023, the Group did not have any material contingent liabilities (2022: Nil).

## **FINAL DIVIDENDS**

The Directors do not recommend the payment a final dividend in respect of the Reporting Period (2022: HK cent 0.50 per share).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2023, the Group had 124 employees in total (2022: 133). The staff costs of the Group including directors' emoluments, and management, administrative and operational staff costs for the Reporting Period were approximately HK\$14.22 million (2022: HK\$15.97 million) in 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 at the time dealings in the shares first commenced on the Stock Exchange (excluding the shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme) which amounts to 120,000,000 shares. 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, exercised, cancelled or lapsed 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 2023, 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*

<b>Name of Director/ Chief Executive</b>	<b>Capacity/Nature of Interest</b>	<b>Number of Shares Held</b> <i>(Note 1)</i>	<b>Percentage of Issued Share Capital</b> <i>(Note 2)</i>
Mr. Poon Ken Ching Keung (“ <b>Mr. Ken Poon</b> ”) <i>(Notes 3 and 5)</i>	Interest in a controlled corporation	508,500,000	42.37%
Mr. Ng Kwok Wai <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	90,000,000	7.50%
Ms. Lee To Yin <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	90,000,000	7.50%
Ms. Poon Kam Yee Odilia (“ <b>Ms. Odilia Poon</b> ”) <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	90,000,000	7.50%

*Notes:*

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 31 March 2023.
- (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 2023, 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 2023, 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 were directly or indirectly 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.

### *Long position in the shares*

<b>Name of Shareholder</b>	<b>Capacity/ Nature of Interest</b>	<b>Number of Shares Held</b> <i>(Note 1)</i>	<b>Percentage of Issued Share Capital</b> <i>(Note 2)</i>
Success Step <i>(Notes 3 and 5)</i>	Beneficial owner	418,500,000	34.87%
	Holder of equity derivative	90,000,000	7.50%
		508,500,000	42.37%
Noble Capital <i>(Notes 4 and 5)</i>	Beneficial owner	391,500,000	32.63%
	Holder of equity derivative	90,000,000	7.50%
		481,500,000	40.13%
Mr. Tommy Poon <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	481,500,000	40.13%
Legend Advanced <i>(Note 6)</i>	Beneficial owner	90,000,000	7.50%
Ms. Deng Anna Man Li <i>(Note 7)</i>	Interest of spouse	508,500,000	42.37%
Mr. Roberts Christopher John <i>(Note 8)</i>	Interest of spouse	90,000,000	7.50%

*Notes:*

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 31 March 2023.
- (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 2023, 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 were directly or indirectly 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 is committed to fulfilling its responsibilities to its shareholders and protecting and enhancing shareholders' value through good corporate governance.

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. The Company has complied with the principles and applicable code provisions of the CG Code for the Reporting Period, except the deviation from code provision C.2.1 of the CG Code as disclosed below.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate 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 with over 34 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 order to maintain effective management and business development.

Having considered the above factors, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate and that the Company has complied with the principles and applicable code provisions of the CG Code as set out in Appendix 15 of the GEM Listing Rules during the Reporting Period.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the “**Code of Conduct**”). The Company has made specific enquiry of all Directors, who have confirmed that they were in compliance with the required standard of dealings set out in the Code of Conduct for the Reporting Period and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **AUDIT COMMITTEE**

An audit committee of the Company (the “**Audit Committee**”) was established on 24 January 2018 with its terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provisions D.3.3 and D.3.7 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 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, 16 June 2023

*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 website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for a minimum period of 7 days from the date of its publication. This announcement will also be published on the website of the Company at [www.vistarholdings.com](http://www.vistarholdings.com).*