

# VISTAR HOLDINGS LIMITED

## 熒德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8535

# 2022

## INTERIM REPORT



## 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, 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 report 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 report misleading.*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Poon Ken Ching Keung  
(*Chairman and Chief Executive Officer*)  
Mr. Ng Kwok Wai  
Ms. Lee To Yin

#### Non-Executive Director

Ms. Poon Kam Yee Odilia

#### Independent Non-Executive Directors

Mr. Yung Chung Hing  
Mr. Lam Chung Wai  
Mr. Chan Shu Yan Stephen

### AUDIT COMMITTEE

Mr. Yung Chung Hing (*Chairman*)  
Mr. Lam Chung Wai  
Mr. Chan Shu Yan Stephen

### REMUNERATION COMMITTEE

Mr. Chan Shu Yan Stephen (*Chairman*)  
Mr. Poon Ken Ching Keung  
Mr. Yung Chung Hing

### NOMINATION COMMITTEE

Mr. Poon Ken Ching Keung (*Chairman*)  
Mr. Lam Chung Wai  
Mr. Chan Shu Yan Stephen

### COMPANY SECRETARY

Mr. Or Sek Hey Seky

### AUTHORISED REPRESENTATIVES

Mr. Poon Ken Ching Keung  
Mr. Or Sek Hey Seky

### COMPLIANCE OFFICER

Mr. Poon Ken Ching Keung

### REGISTERED OFFICE IN CAYMAN ISLANDS

Windward 3, Regatta Office Park,  
P.O. Box 1350,  
Grand Cayman KY1-1108,  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2, 13/F., Tak King Industrial Building  
27 Lee Chung Street  
Chai Wan  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park,  
P.O. Box 1350,  
Grand Cayman KY1-1108  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### AUDITOR

BDO Limited  
Certified Public Accountants  
25/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

### PRINCIPAL BANKER

The Hong Kong and Shanghai Banking Corporation Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### COMPANY WEBSITE ADDRESS

[www.vistarholdings.com](http://www.vistarholdings.com)

### STOCK CODE

8535

## FINANCIAL RESULTS

The board of Directors of the Company (the “**Board**”) is pleased to announce the unaudited consolidated financial results of the Group for the six months ended 30 September 2022 (the “**Reporting Period**”) together with the comparative unaudited figures for the six months ended 30 September 2021 as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

		(Unaudited) Three months ended 30 September 2022 HK\$'000	(Unaudited) Three months ended 30 September 2021 HK\$'000	(Unaudited) Six months ended 30 September 2022 HK\$'000	(Unaudited) Six months ended 30 September 2021 HK\$'000
	Notes				
Revenue	6	71,824	105,105	143,662	196,213
Cost of revenue		(61,397)	(84,838)	(120,005)	(159,871)
Gross profit		10,427	20,267	23,657	36,342
Other income and gains	7	348	258	670	396
(Impairment losses)/reversal of impairment losses of trade receivables and contract assets, net		444	(175)	100	15
Administrative and other operating expenses	8	(9,166)	(7,107)	(17,172)	(14,883)
Listing expenses written back/ (Listing expenses)		201	(2,367)	(1,030)	(9,360)
Finance costs	9	(356)	(165)	(583)	(312)
<b>Profit before income tax</b>		<b>1,898</b>	<b>10,711</b>	<b>5,642</b>	<b>12,198</b>
Income tax	10	(560)	(1,770)	(1,356)	(3,302)
<b>Profit and total comprehensive income for the period attributable to equity holders of the Company</b>		<b>1,338</b>	<b>8,941</b>	<b>4,286</b>	<b>8,896</b>
<b>Earnings per share</b>					
– Basic and Diluted (HK cents)	11	<b>0.11 cents</b>	0.75 cents	<b>0.36 cents</b>	0.74 cents

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Notes	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	5,834	6,676
Intangible assets		75	89
Deferred tax assets		426	426
<b>Total non-current assets</b>		<b>6,335</b>	<b>7,191</b>
<b>Current assets</b>			
Trade and other receivables	14	29,987	43,080
Contract assets	15(a)	182,312	157,975
Financial assets at fair value through profit or loss		4,474	4,504
Pledged deposits		2,944	4,502
Pledged bank deposits		5,549	2,105
Cash and cash equivalents		43,706	37,081
<b>Total current assets</b>		<b>268,972</b>	<b>249,247</b>
<b>Current liabilities</b>			
Trade and other payables	16	78,976	78,290
Contract liabilities	15(b)	5,067	1,021
Lease liabilities		2,834	2,788
Bank borrowings, secured	17	30,728	14,647
Income tax payable		4,305	3,872
<b>Total current liabilities</b>		<b>121,910</b>	<b>100,618</b>
<b>Net current assets</b>		<b>147,062</b>	<b>148,629</b>
<b>Total assets less current liabilities</b>		<b>153,397</b>	<b>155,820</b>
<b>Non-current liabilities</b>			
Lease liabilities		2,362	3,071
<b>Total non-current liabilities</b>		<b>2,362</b>	<b>3,071</b>
<b>Net assets</b>		<b>151,035</b>	<b>152,749</b>
<b>Capital and reserves</b>			
Share capital	18	12,000	12,000
Reserves		139,035	140,749
<b>Total equity</b>		<b>151,035</b>	<b>152,749</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Legal reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>As at 1 April 2022 (Audited)</b>	<b>12,000</b>	<b>14,441</b>	<b>38,860</b>	<b>24</b>	<b>87,424</b>	<b>152,749</b>
Profit and total comprehensive income for the period	–	–	–	–	4,286	4,286
Final dividend paid	–	–	–	–	(6,000)	(6,000)
<b>At 30 September 2022 (Unaudited)</b>	<b>12,000</b>	<b>14,441</b>	<b>38,860</b>	<b>24</b>	<b>85,710</b>	<b>151,035</b>
<b>At 31 March 2021 and 1 April 2021 (Audited)</b>	<b>12,000</b>	<b>25,841</b>	<b>38,860</b>	<b>24</b>	<b>66,642</b>	<b>143,367</b>
Profit and total comprehensive income for the period	–	–	–	–	8,896	8,896
Final dividend paid	–	(7,200)	–	–	–	(7,200)
<b>At 30 September 2021 (Unaudited)</b>	<b>12,000</b>	<b>18,641</b>	<b>38,860</b>	<b>24</b>	<b>75,538</b>	<b>145,063</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	(Unaudited) Six months ended 30 September 2022 HK\$'000	(Unaudited) Six months ended 30 September 2021 HK\$'000
<b>Operating activities</b>		
Profit before income tax	5,642	12,197
Adjustments for:		
Depreciation and amortisation on property, plant and equipment and intangible assets	1,898	2,060
Changes in fair value of financial assets at fair value through profit or loss	30	11
Effect of lease modifications	(140)	(8)
Bank interest income	(69)	(3)
Reversal of impairment of trade receivables and contract assets, net	(100)	(15)
Finance costs	583	312
Operating profit before working capital changes	7,844	14,554
Decrease/(Increase) in trade and other receivables	13,486	(2,450)
Increase in contract assets	(24,630)	(13,764)
Decrease in pledged deposits	1,558	613
Increase in pledged bank deposits	(3,444)	(1,975)
Increase/(Decrease) in trade and other payable	686	(1,832)
Increase in contract liabilities	4,046	–
Cash used in operating activities	(454)	(4,854)
Income tax paid	(923)	–
<b>Net cash used in operating activities</b>	<b>(1,377)</b>	<b>(4,854)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(83)	(208)
Purchase of intangible assets	–	(113)
Interest received	69	3
<b>Net cash used in investing activities</b>	<b>(14)</b>	<b>(318)</b>
<b>Financing activities</b>		
Proceeds from bank borrowing	34,266	5,182
Repayments of bank borrowings	(18,185)	(2,669)
Capital elements of finance lease payments	(1,482)	(1,486)
Interest paid on bank borrowings	(460)	(155)
Interest paid on lease liabilities	(123)	(157)
Dividend paid	(6,000)	(7,200)
<b>Net cash generated from/(used in) financing activities</b>	<b>8,016</b>	<b>(6,485)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,625</b>	<b>(11,657)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>37,081</b>	<b>49,395</b>
<b>Cash and cash equivalents at end of period</b>	<b>43,706</b>	<b>37,738</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	43,706	37,738

## NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

### 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 “Listing”). The Company’s registered office is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at Unit 2, 13/F, Tak King Industrial Building, 27 Lee Chung Street, Chai Wan, Hong Kong.

The principal activity of the Company is investment holding. The Group is engaged in the provision of installation services, alteration and addition works and maintenance services of electrical and mechanical engineering systems in Hong Kong. As at 30 September 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 (“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 services, alteration and addition works, 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 services, alteration and addition works, and maintenance services of electrical and mechanical engineering systems in Hong Kong

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The condensed consolidated financial statements of the Group for the six months ended 30 September 2022 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34: Interim Financial Reporting and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 March 2022.

### (b) Basis of measurement

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain investments which have been measured at fair value.

### (c) Functional and presentation currency

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

These condensed consolidated financial statements are unaudited and have been reviewed by the audit committee of the Company (the “Audit Committee”).

## 3.1 NEW AND AMENDMENTS TO HKFRSs THAT ARE EFFECTIVE FOR CURRENT PERIOD

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA in the current period’s financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform – Phase 2

## 3.2 NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <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 Transactions <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The Group will apply the above appropriate amendments to HKFRSs when they become effective.

#### 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 judgements, 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 the next financial year are as follows:

##### (a) *Construction contracts*

Progress towards the complete satisfaction of the performance obligation of a 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 contracts, which mainly comprise subcontracting charges, materials and direct labour, are supported by a 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 of the Group. In order to ensure that the total estimated contract costs are accurate and up-to-date such that contract revenue can be estimated reliably, the management of the Group 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 of the Group may request for updated quotations from the subcontractors, suppliers or vendors. Recognition of variations and claims also requires estimation and judgement by the management of the Group. Notwithstanding that the management of the Group 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.

##### (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 IBR in the lease*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate ("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 standalone credit rating).

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

### UNCERTAINTY (continued)

#### Key sources of estimation uncertainty (continued)

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

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

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

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

Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before income tax. The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax except that unallocated income and gains, finance costs, as well as corporate expenses are excluded from such measurement.

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

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

## 5. SEGMENT REPORTING (continued)

### Business segments

#### (a) For the six months ended 30 September 2022 (Unaudited)

	Installation services HK\$'000	Alteration and addition works HK\$'000	Maintenance services HK\$'000	Total HK\$'000
<b>Segment revenue</b>				
Revenue from external customers	93,123	47,110	3,429	143,662
Segment profit	14,908	8,438	311	23,657
Other income and gains				670
Reversal of impairment losses of trade receivables and contract assets, net				100
Administrative and other operating expenses				(17,172)
Listing expenses				(1,030)
Finance costs				(583)
Profit before income tax				5,642
Income tax				(1,356)
Profit after tax				4,286

#### (b) For the six months ended 30 September 2021 (Unaudited)

	Installation services HK\$'000	Alteration and addition works HK\$'000	Maintenance services HK\$'000	Total HK\$'000
<b>Segment revenue</b>				
Revenue from external customers	158,937	34,563	2,713	196,213
Segment profit	30,817	5,380	145	36,342
Other income and gains				396
Reversal of impairment losses of trade receivables and contract assets, net				15
Administrative and other operating expenses				(14,883)
Listing expenses				(9,360)
Finance costs				(312)
Profit before income tax				12,198
Income tax				(3,302)
Profit after tax				8,896

## 6. REVENUE

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

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

	(Unaudited) Three months ended 30 September 2022 HK\$'000	(Unaudited) Three months ended 30 September 2021 HK\$'000	(Unaudited) Six months ended 30 September 2022 HK\$'000	(Unaudited) Six months ended 30 September 2021 HK\$'000
Revenue from installation services	44,700	87,300	93,123	158,937
Revenue from alteration and additions works	25,268	16,481	47,110	34,563
Revenue from maintenance services	1,856	1,324	3,429	2,713
	<b>71,824</b>	<b>105,105</b>	<b>143,662</b>	<b>196,213</b>

The chief operating decision-maker has been identified as the Board. The Board regards the Group's business as three single operating segments and reviews financial statements accordingly. Also, the Group only engages its business in Hong Kong, therefore, no segment information on a geographical basis is presented.

## 7. OTHER INCOME AND GAINS

	(Unaudited) Three months ended 30 September 2022 HK\$'000	(Unaudited) Three months ended 30 September 2021 HK\$'000	(Unaudited) Six months ended 30 September 2022 HK\$'000	(Unaudited) Six months ended 30 September 2021 HK\$'000
Bank interest income	2	2	69	3
Interest income from financial assets at fair value through profit or loss	56	56	113	113
Effect of lease modifications	140	5	140	8
Changes in fair value of financial assets at fair value through profit or loss	(12)	(11)	(30)	(11)
Others	162	206	378	283
	<b>348</b>	<b>258</b>	<b>670</b>	<b>396</b>

## 8. ADMINISTRATION AND OTHER OPERATING EXPENSES

	(Unaudited) Three months ended 30 September 2022 HK\$'000	(Unaudited) Three months ended 30 September 2021 HK\$'000	(Unaudited) Six months ended 30 September 2022 HK\$'000	(Unaudited) Six months ended 30 September 2021 HK\$'000
Staff costs, including Directors' emoluments	5,036	3,980	9,692	8,003
Travelling expenses	227	321	503	571
Depreciation	809	935	1,571	1,859
Legal and professional fee	930	590	1,858	1,233
Business development expenses	538	370	754	500
Rental expenses	74	53	134	84
Office expenses	557	458	1,105	1,041
Others	995	400	1,555	1,592
	<b>9,166</b>	<b>7,107</b>	<b>17,172</b>	<b>14,883</b>

## 9. FINANCE COSTS

	(Unaudited) Three months ended 30 September 2022 HK\$'000	(Unaudited) Three months ended 30 September 2021 HK\$'000	(Unaudited) Six months ended 30 September 2022 HK\$'000	(Unaudited) Six months ended 30 September 2021 HK\$'000
Interest on bank loans and other borrowings	295	88	460	155
Interest on lease liabilities	61	77	123	157
	<b>356</b>	<b>165</b>	<b>583</b>	<b>312</b>

## 10. INCOME TAX EXPENSES

Under the two-tiered profits tax rates regime, the profits tax rate for the first \$2 million of assessable profits will be lowered to 8.25% (half of the rate specified in Schedule 8 to the Inland Revenue Ordinance) for corporations. Assessable profits above \$2 million will continue to be subject to the rate of 16.5% for corporations for the current period (2021: 16.5%).

The amount of income tax expense charged to the unaudited condensed consolidated statement of profit or loss and other comprehensive income represents:

	<b>(Unaudited)</b> <b>Three months</b> <b>ended</b> <b>30 September</b> <b>2022</b> <b>HK\$'000</b>	(Unaudited) Three months ended 30 September 2021 <i>HK\$'000</i>	<b>(Unaudited)</b> <b>Six months</b> <b>ended</b> <b>30 September</b> <b>2022</b> <b>HK\$'000</b>	(Unaudited) Six months ended 30 September 2021 <i>HK\$'000</i>
Current income tax				
– Hong Kong profits tax	560	1,770	1,356	3,302
Deferred income tax	–	–	–	–
Income tax expenses	<b>560</b>	1,770	<b>1,356</b>	3,302

## 11. EARNINGS PER SHARE

The calculation of earnings per share is based on the following data.

	<b>(Unaudited)</b> <b>Three months</b> <b>ended</b> <b>30 September</b> <b>2022</b>	(Unaudited) Three months ended 30 September 2021	<b>(Unaudited)</b> <b>Six months</b> <b>ended</b> <b>30 September</b> <b>2022</b>	(Unaudited) Six months ended 30 September 2021
Profit for the period attributable to equity holders of the Company ( <i>HK\$'000</i> )	1,338	8,941	4,286	8,896
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share ( <i>in thousand</i> )	1,200,000	1,200,000	1,200,000	1,200,000
Basic earnings per share ( <i>HK cent</i> )	<b>0.11 cents</b>	0.75 cents	<b>0.36 cents</b>	0.74 cents

Diluted earnings per share is equal to the basic earnings per share as there was not dilutive potential shares.

## 12. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 September 2021: HK\$0.35 cents per share).

### 13. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Machineries <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>						
At 1 April 2022 (Audited)	11,941	634	2,996	2,535	916	19,022
Additions	206	–	83	–	–	289
Effect of lease modifications	753	–	–	–	–	753
At 30 September 2022	12,900	634	3,079	2,535	916	20,064
<b>Accumulated depreciation</b>						
At 1 April 2022 (Audited)	6,221	495	2,671	2,292	667	12,346
Charge for the period	1,524	48	83	148	81	1,884
At 30 September 2022	7,745	543	2,754	2,440	748	14,230
<b>Net book value</b>						
At 30 September 2022	5,155	91	325	95	168	5,834
At 31 March 2022 (Audited)	5,720	139	325	243	249	6,676

During the Reporting Period, the Group acquired assets with aggregate cost of approximately HK\$289,000 (31 March 2022: approximately HK\$2,359,000).

The Group incurred depreciation expenses for the Reporting Period of approximately HK\$1,884,000 (31 March 2022: approximately HK\$3,901,000) and was recorded in administrative expenses.

## 14. TRADE AND OTHER RECEIVABLES

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
Trade receivables	24,569	41,746
Less: Provision for impairment	(1,358)	(1,751)
Trade receivables, net	23,211	39,995
Deposits, prepayments and other receivables	6,776	3,085
	<b>29,987</b>	<b>43,080</b>

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

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
Within 30 days	14,252	20,928
31 – 60 days	5,470	10,119
61 – 90 days	100	5,839
91 – 180 days	2,888	1,397
181 – 365 days	501	1,712
Over 365 days	–	–
	<b>23,211</b>	<b>39,995</b>

## 15. CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
<b>Contract assets</b>		
Arising from performance under installation services and alteration and addition works ( <i>Note (i)</i> )	156,159	129,374
Retention receivables	27,073	29,228
	<b>183,232</b>	<b>158,602</b>
Less: Provision for impairment ( <i>Note (ii)</i> )	(920)	(627)
Contract assets, net	<b>182,312</b>	<b>157,975</b>

*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 becomes 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.

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

### (b) Contract liabilities

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
<b>Contract liabilities</b>		
Billing in advance of performance under installation services and alteration and addition works	5,067	1,021

## 16. TRADE AND OTHER PAYABLES

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
Trade payables (Note (a))	66,428	64,407
Retention payables (Note (b))	5,300	6,220
Accruals	6,345	6,682
Other payables	903	981
	<b>78,976</b>	<b>78,290</b>

*Notes:*

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

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

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
0 – 30 days	35,893	28,352
31 – 60 days	2,321	15,453
61 – 90 days	5,723	8,843
Over 90 days	22,491	11,759
	<b>66,428</b>	<b>64,407</b>

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

## 17. BANK BORROWINGS, SECURED

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
Current liabilities		
Secured and interest-bearing bank borrowings		
Bank loans subject to repayment on demand clause ( <i>Note (a)</i> )		
– Bank loans due for repayment within one year	28,269	11,693
– Bank loan due for repayment after one year	2,459	2,954
	30,728	14,647

*Notes:*

- (a) Bank loans are interest-bearing at floating rates. The interest rates of the Group's bank loan as at 30 September 2022 granted under banking facilities are ranged from 2% to 4.7% (31 March 2022: 2.4% to 4.0%) per annum.
- (b) As at the end of the Reporting Period, unless stated otherwise, the Group's bank facilities are secured by corporate guarantee of the Company upon the Listing.

As at the end of the Reporting Period, the Group's bank borrowings were scheduled to repay as follows:

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
On demand or within one year	28,269	11,693
More than one year, but not exceeding two years	1,025	1,005
More than two years, but not exceeding five years	1,434	1,949
	30,728	14,647

*Note:* 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.

## 18. SHARE CAPITAL

	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
<b>Authorised:</b>		
3,800,000,000 ordinary shares of HK\$0.01 each	38,000	38,000
<b>Ordinary shares, issued and fully paid:</b>		
1,200,000,000 ordinary shares of HK\$0.01 each	12,000	12,000

## 19. 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, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

## 20. CAPITAL COMMITMENTS

As at 30 September 2022 and 31 March 2022, the Group did not have any significant capital commitments.

## 21. RELATED PARTY TRANSACTIONS

- (a) Save for those disclosed elsewhere in these consolidated financial statements, the Group has the following significant transaction with related parties:

Related party identity and Relationship	Type of transaction	Note	(Unaudited) 30 September 2022 HK\$'000	(Audited) 31 March 2022 HK\$'000
Vistar Alliance Limited (“Vistar Alliance”), a related company	Lease payment	(i)	288	576

Note:

- (i) Vistar Alliance is owned by Mr. Poon Ken Ching Keung and Mr. Poon Ching Tong Tommy. Mr. Poon Ken Ching Keung is the executive Director and Mr. Poon Ken Ching Keung and Mr. Poon Ching Tong Tommy are the controlling shareholders of the Company.

GFE and Vistar Alliance entered into a lease agreement dated 20 February 2020, pursuant to which Vistar Alliance agreed to lease the leasehold land and buildings to GFE for a term of two years from 1 April 2020 to 31 March 2022 at a monthly rental of HK\$48,000. On 28 February 2022, GFE and Vistar Alliance entered into a lease agreement, pursuant to which Vistar Alliance agreed to renew the leasehold land and buildings to GFE for a term of one year from 1 April 2022 to 31 March 2023 at a monthly rental of HK\$48,000.

The terms of the above transaction were based on those agreed between the Group and the related parties.

### (b) Compensation of key management personnel of the Group

Key management includes Directors (executive, non-executive and independent non-executive) and the senior management staff of the Group. The compensation paid or payable to key management for employee services is disclosed as follows:

	(Unaudited) Three months ended 30 September 2022 HK\$'000	(Unaudited) Three months ended 30 September 2021 HK\$'000	(Unaudited) Six months ended 30 September 2022 HK\$'000	(Unaudited) Six months ended 30 September 2021 HK\$'000
Independent non-executive directors' fees	90	90	180	180
Salaries, discretionary bonus, allowances and benefits in kind	1,456	1,464	2,920	2,882
Contributions to retirement benefits scheme	31	30	61	61
	1,577	1,584	3,161	3,123

## 22. 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 at the end of the Reporting Period are as follows:

	<b>(Unaudited)</b> <b>30 September</b> <b>2022</b> <b>HK\$'000</b>	<b>(Audited)</b> <b>31 March</b> <b>2022</b> <b>HK\$'000</b>
Aggregate value of the surety bonds issued in favour of customers	<b>31,380</b>	<b>22,288</b>

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; and
- (ii) corporate guarantee of GFE and the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

Looking back at the major global economic events in the first half of 2022, it is undeniable that the COVID-19 pandemic and global inflation have brought enormous economic challenges. The supply chain and logistics were thus affected. The tense situation between Russia and Ukraine further disrupted the global supply chain. Thus, the forecasts of 2022 global economic growth were revised downward.

On the other hand, the interest rates of the U.S. Federal Reserve had been raised periodically since March 2022 due to inflationary pressures. For the market, whether inflation will fall in the second half of the year will affect the direction of the global economy. Commodity prices remained high, partly due to increased tariffs on some Chinese goods resulting from the tensions between the U.S. and PRC, and partly due to disruptions in the supply chain caused by the conflict between Russia and Ukraine. If inflation remains high and pushes up costs, the U.S. Federal Reserve will need to raise interest rates further. Hence, the risk of global economic recession will increase.

During the Reporting Period, the Group achieved a moderate result. Revenue recognised during the Reporting Period amounted to approximately HK\$143.66 million, representing a decrease of approximately HK\$52.55 million or 26.78%, as compared with approximately HK\$196.21 million for the six months ended 30 September 2021.

The decrease in total revenue was mainly due to a decrease in revenue from installation services of approximately HK\$65.82 million. Such decrease in revenue was mainly due to less revenue being recognised from the projects of installation services in the completion or substantial completion stage during the Reporting Period and the new projects still being at an early stage with only marginal work performed during the Reporting Period.

During the Reporting Period, the Group’s profit attributable to equity holders was approximately HK\$4.29 million, representing a decrease of approximately HK\$4.61 million when compared to the profit attributable to equity holders for the six months ended 30 September 2021 which amounted to approximately HK\$8.90 million.

The Board considers that such profit decrement was mainly attributable to events including the decrease in gross profit generated from the core business of the Group of approximately HK\$12.7 million which was driven by less revenue being recognised from the projects of installation services in the completion or substantial completion stage during the Reporting Period and the new projects still being at an early stage with only marginal work performed during the Reporting Period, which in turn was offset by the reduction of listing expenses incurred of approximately HK\$8.3 million during the Reporting Period in relation to the Proposed Transfer of Listing 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.

## Outlook

Looking forward to the second half of the year, despite signs of a gradual recovery in global consumption and economic activities, there are still uncertainties in the development of the pandemic. In addition, the market is facing challenges such as high inflation, substantial increase in interest rates and the weakening economy. The approach of the management of the Group is rigorous and prudent given the fluctuating global economy.

The Directors are optimistic about the general outlook of the industry in which the Group operates. The assertive actions of the government of the Hong Kong Special Administrative Region (the “**Hong Kong Government**”) such as the recent implementation of vaccine programs for COVID-19 and consumption voucher scheme are major catalysts to economic recovery in ensuring business activities are back on track in Hong Kong.

In particular, the Board is most excited to learn of the commitment of the Hong Kong Government to increase the production of public housing units as outlined in the recent 2022 Policy Address by the Chief Executive, where some 30,000 new Light Public Housing units will be built together with traditional public rental housing units to increase the public overall housing production by 50% to 158,000 units in the next five years. The Directors consider that the proposed plan on public housing supply will create a ripple effect which benefits the entire construction industry and create an enormous opportunity for the Group considering its comprehensive and scalable E&M service coverage that can be readily offered.

Riding on the driving initiatives discussed, the Group and the Directors are devoting all their efforts to improve the performance of the Group including internal and external aspects of the business.

With these corporate developments, along with the market and regulatory stimulus, the Group will continue to focus on applying its core competencies to ensure the sustainable growth and profitability of the business.

## Financial Review

### *Revenue*

The Group’s revenue for the Reporting Period amounted to approximately HK\$143.66 million which represented a decrease of approximately HK\$52.55 million or 26.78% from approximately HK\$196.21 million for the six months ended 30 September 2021.

The decrease in total revenue was mainly due to a decrease in revenue from installation services of approximately HK\$65.82 million. Such decrease in revenue was mainly due to less revenue being recognised from the projects of installation services in the completion or substantial completion stage during the Reporting Period and the 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\$159.87 million for the six months ended 30 September 2021 to approximately HK\$120.01 million for the Reporting Period, representing a decrease of approximately HK\$39.86 million or 24.93%. Such decrease in cost of revenue was in line with the decrease in revenue but in a smaller proportional rate as a result of the savings in cost of revenue of installation projects by utilising the prefabrication technology which is fully operated at workshop since the year ended 31 March 2021.

### *Gross profit and gross profit margin*

The gross profit of the Group decreased by approximately HK\$12.68 million or 34.89% from approximately HK\$36.34 million for the six months ended 30 September 2021 to approximately HK\$23.66 million for the Reporting Period. The gross profit margin slightly decreased from 18.52% for the six months ended 30 September 2021 to 16.47% for the Reporting Period. The decrease in overall gross profit margin was attributed to the margin of the cost of installation services which increased during the Reporting Period in comparison with the six months ended 30 September 2021.

### *Administrative and other operating expenses*

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

The administrative and other operating expenses of the Group increased by approximately HK\$2.29 million or 15.39% from approximately HK\$14.88 million for the six months ended 30 September 2021 to approximately HK\$17.17 million for the Reporting Period. The increase of administrative and other operating expenses was mainly due to the increase in staff salaries cost and professional fees incurred during the Reporting Period.

### *Listing expenses*

The decrease of listing expenses was mainly due to the discontinuation of the Proposed Transfer of Listing as disclosed in the announcement of the Company dated 28 June 2022.

### *Finance costs*

Finance costs of the Group are approximately HK\$0.58 million for the Reporting Period (2021: HK\$0.31 million). Finance costs consist of interests on bank loans and interests on lease liabilities. The increase in the Group's finance costs for the Reporting Period was due to the increase in interest expenses incurred on more bank loans and lease liabilities arranged during the Reporting Period when compared to six months ended 30 September 2021.

### *Income tax expense*

Income tax expense for the Group decreased by approximately HK\$1.94 million or 58.79% from approximately HK\$3.30 million for the six months ended 30 September 2021 to approximately HK\$1.36 million for the Reporting Period. The decrease was mainly due to the decrease in taxable profit generated for the Reporting Period.

### *Profit for the period attributable to equity holders of the Company*

During the Reporting Period, the Group's profit attributable to equity holders was approximately HK\$4.29 million, representing a decrease of approximately HK\$4.61 million when compared to the profit attributable to equity holders for the six months ended 30 September 2021.

The Board considers that such profit decrement was mainly attributable to events including the decrease in gross profit generated from the core business of the Group of approximately HK\$12.7 million which was driven by less revenue being recognised from the projects of installation services in the completion or substantial completion stage during the Reporting Period and the new projects still being at an early stage with only marginal work performed during the Reporting Period, which in turn was offset by the reduction of listing expenses incurred of approximately HK\$8.3 million during the Reporting Period in relation to the Proposed Transfer of Listing 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.

### **Liquidity, Financial Resources and Capital Structure**

The Group finances its liquidity and capital requirements primarily through cash generated from operations, bank loans and equity contribution from shareholders.

As at 30 September 2022, the Group had cash and bank balances of approximately HK\$43.71 million (31 March 2022: HK\$37.08 million). As at the end of Reporting Period, the Group's total equity attributable to shareholders of the Company amounted to approximately HK\$151.04 million (31 March 2022: HK\$152.75 million). As at the same date, the Group's total debt, comprising bank loans, liability of the finance lease obligations and lease liabilities, amounted to approximately HK\$35.92 million (31 March 2022: HK\$20.51 million).

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

As at 30 September 2022, the Company's issued share capital was HK\$12 million and the number of its issued ordinary shares was 1,200,000,000 of HK\$0.01 each.

### **Borrowings and Gearing Ratio**

As at 30 September 2022, the Group had borrowings of approximately HK\$30.73 million which were denominated in Hong Kong Dollars (31 March 2022: HK\$14.65 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 30 September 2022, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 20.34% (31 March 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 Commitments**

As at 30 September 2022 and 2021, the Group did not have any significant capital commitments.

### **Future Plans for Material Investments and Capital Assets**

The Group did not have other plans for material investments or capital assets as at 30 September 2022.

### **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 acquisitions or disposals of subsidiaries, associates or joint ventures.

### **Contingent Liabilities**

As at 30 September 2022, the Group did not have any material contingent liabilities (2021: Nil).

### **Interim Dividends**

The Board does not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 September 2021: HK\$0.35 cents per share).

### **Employees and Remuneration Policy**

As at 30 September 2022, the Group had 134 employees in total (2021: 137). The staff costs of the Group including directors' emoluments, management, administrative and operational staff costs for the Reporting Period were approximately HK\$9.69 million (2021: HK\$8.00 million).

The Group recognises that human resource is an important factor contributing to its success, therefore qualified and experienced personnel are recruited for executing, reviewing and restructuring the existing business operations of the Group, as well as exploring potential investment opportunities.

Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis and in line with industry practice. A remuneration committee has been set up to review and optimise the Group's emolument policy and structure for all Directors and senior management of the Group.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces several risk and uncertainty factors that may affect its operating results and business prospects. There may be other risks and uncertainties in addition to those listed below, which are not known to the Group or which may not be material under current business circumstances but might have an impact on the Group in the future.

- The state of the economic, political and legal environments in Hong Kong may adversely affect the business, performance and financial condition of the Group;
- The Group operates in a highly competitive industry and faces competition during project tendering process, and may not be successful in competing against its competitors;
- As the revenue of the Group is mainly derived from projects which are not recurring in nature, a significant decrease in the number of the Group's projects would affect its operations and financial results;
- The Group makes estimations of its project costs in its tenders. Any failure to accurately estimate the costs involved in the implementation of any project and delay in completion of any project may lead to cost overruns or even result in losses in the projects of the Group;
- The Group relies on subcontractors in completing installation services and alternation and addition works. Any delay or defects on their part would adversely affect the operations and financial results of the Group;
- The customers of the Group pay the Group by way of progress payment and hold retention money, and there is no guarantee that progress payment is paid to the Group on time and in full, or that retention money is fully released to the Group after the expiry of the defect liability period;
- The Group requires various registrations, licences and qualifications to operate its business in Hong Kong. Any expiry, withdrawal, revocation, downgrading of and/or failure to renew such registrations, licences and qualifications would adversely affect the business, financial condition and results of operations of the Group;
- The business of the Group is susceptible to fluctuations of production costs including staff salaries, subcontracting cost, price of raw materials and utilities cost and such fluctuations may materially and adversely affect the profitability and results of operations of the Group; and
- COVID-19 Preventive Measures  
With the outbreak of the COVID-19, the Group is highly conscious of the potential health and safety impacts brought to its staff, and actively encourages sick staff to stay at home. Apart from strengthening the sanitation of its operations to ensure a healthy and safe working environment, precautionary measures such as temperature screening before entering the office, and ensuring sufficient disinfection supplies like face masks and hand sanitisers in our operations are implemented.

## EVENTS AFTER THE REPORTING PERIOD

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

## OTHER INFORMATION

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

As at 30 September 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### *Long position in the shares*

<b>Name of Director/ Chief Executive</b>	<b>Capacity/ Nature of Interest</b>	<b>Number of Shares Held (Note 1)</b>	<b>Percentage of Issued Share Capital (Note 2)</b>
Mr. Poon Ken Ching Keung ( <b>"Mr. Ken Poon"</b> ) (Notes 3 and 5)	Interest in a controlled corporation	508,500,000	42.37%
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 ( <b>"Ms. Odilia Poon"</b> ) (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 30 September 2022.
- (3) Mr. Ken Poon holds the entire issued share capital of Success Step Management Limited (“**Success Step**”). Success Step, in turn, directly holds 418,500,000 shares of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced Limited (“**Legend Advanced**”) as described in note 5 below.

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

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

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

Save as disclosed above, as at 30 September 2022, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

## **B. Substantial Shareholders’ and Other Persons’ Interests and Short Positions in Shares and Underlying Shares**

As at 30 September 2022, the following persons/entities (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

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	34.87%
	Holder of equity derivative	90,000,000	7.50%
		508,500,000	42.37%
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	42.37%
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 30 September 2022.
- (3) Mr. Ken Poon holds the entire issued share capital of Success Step. Success Step, in turn, directly holds 418,500,000 shares of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced as described in note 5 below.  
  
Accordingly, Mr. Ken Poon is deemed to be interested in the 508,500,000 shares of the Company which Success Step is deemed to be interested in.
- (4) Mr. Tommy Poon holds the entire issued share capital of Noble Capital. Noble Capital, in turn directly holds 391,500,000 shares of the Company and he is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced as described in note 5 below. As such, Mr. Tommy Poon is deemed to be interested in the 481,500,000 shares of the Company which Noble Capital is deemed to be interested in.
- (5) On 25 January 2018, Legend Advanced entered into the Deed of Undertaking in favour of Success Step and Noble Capital. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure – Reorganisation" in the Prospectus. Accordingly, each of Success Step, Mr. Ken Poon, Noble Capital and Mr. Tommy Poon is deemed to be interested in the 90,000,000 shares of the Company held by Legend Advanced.
- (6) Ms. Odilia Poon, Mr. Ng Kwok Wai and Ms. Lee To Yin are interested in approximately 40%, 30% and 30% of the issued share capital of Legend Advanced, respectively. Legend Advanced, in turn, directly holds 90,000,000 shares of the Company.
- (7) Ms. Deng Anna Man Li is the spouse of Mr. Ken Poon. By virtue of the SFO, Ms. Deng Anna Man Li is deemed to be interested in the shares of the Company held by Mr. Ken Poon.
- (8) Mr. Roberts Christopher John is the spouse of Ms. Odilia Poon. By virtue of the SFO, Mr. Roberts Christopher John is deemed to be interested in the shares of the Company held by Ms. Odilia Poon.

Save as disclosed above, as at 30 September 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “A. Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company” above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or 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.

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

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

## **COMPETITION AND CONFLICT OF INTERESTS**

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or had any other conflict of interests with Group 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 for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they complied with the required standard of dealings and the code of conduct for securities transactions by the Directors during the Reporting Period.

## **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.

Code provision C.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 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 provision of the CG Code as set out in Appendix 15 of the GEM Listing Rules during the Reporting Period.

The Board will review and monitor the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices.

## AUDIT COMMITTEE

The Audit Committee was established on 24 January 2018 with its terms of reference in compliance with Rules 5.28 of the GEM Listing Rules, and code provisions D.3.3 and D.3.7 of the CG Code. As at 30 September 2022, 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 serves as the chairman of the Audit Committee.

The Audit Committee assists 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 interim results of the Group for the Reporting Period and is of the view that such results are in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## DIVIDEND POLICY

The Board has adopted a revised dividend policy effective from 17 May 2022 as disclosed in the announcement of the Company dated 17 May 2022 (the “**Dividend Policy**”) where under normal circumstances, the annual dividend to be distributed by the Company to its shareholders shall not be less than 30% of the Group’s consolidated net profit attributable to the shareholders in any financial year, subject to the criteria set out in the Dividend Policy.

In general, any declaration, payment and amount of dividend in the future are subject to the Board’s sole discretion having regard to the Group’s actual and expected financial performance, working capital requirements and future expansion plans, general economic and market conditions and other factors that the Board deems appropriate.

## REVIEW OF THIS INTERIM REPORT

The interim report has been reviewed by the Audit Committee.

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

Hong Kong, 9 November 2022

*As at the date of this report, 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.*