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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 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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 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 2024 (the “**Reporting Period**”), the revenue of the Group increased to approximately HK\$313.39 million from approximately HK\$287.06 million for the year ended 31 March 2023, representing an increment of approximately HK\$26.33 million or 9.17%.
- The increase in total revenue was mainly attributed to the increment in revenue from installation services of approximately HK\$19.76 million and from alteration and addition works of approximately HK\$6.52 million during the Reporting Period.
- The profit attributable to equity holders of the Company increased to approximately HK\$5.08 million for the Reporting Period as compared to the profit attributable to equity holders of the Company of approximately HK\$4.86 million for the year ended 31 March 2023.
- The Board does not recommend the payment of a final dividend in respect of the Reporting Period (2023: Nil).

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 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
Revenue	6	313,390	287,061
Cost of revenue		<u>(280,146)</u>	<u>(255,089)</u>
Gross profit		33,244	31,972
Other income and gains and losses	7	1,434	1,392
Reversal of impairment losses of trade receivables and contract assets, net		236	1,345
Administrative and other operating expenses		(27,027)	(26,417)
Transfer listing expenses		–	(1,064)
Finance costs	9	<u>(2,151)</u>	<u>(1,504)</u>
Profit before income tax	8	5,736	5,724
Income tax	10(a)	<u>(658)</u>	<u>(868)</u>
Profit for the year		<u>5,078</u>	<u>4,856</u>
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit plan obligations		<u>178</u>	<u>–</u>
Total comprehensive income for the year		<u>5,256</u>	<u>4,856</u>
Earnings per share			
– Basic and diluted (HK cents)	11	<u>0.42 cents</u>	<u>0.40 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		3,423	5,371
Intangible assets		81	61
Pledged deposits		820	–
Pledged bank deposits		7,709	2,981
Prepayments		1,463	–
Deferred tax assets	<i>10(b)</i>	497	400
Total non-current assets		13,993	8,813
Current assets			
Trade and other receivables	<i>13</i>	37,014	48,918
Contract assets	<i>14(a)</i>	199,951	168,195
Financial assets at fair value through profit or loss		–	4,453
Income tax recoverable		–	920
Pledged deposits		225	1,045
Pledged bank deposits		34	2,608
Bank balance and cash		52,612	39,356
Total current assets		289,836	265,495
Current liabilities			
Trade and other payables	<i>15</i>	84,245	77,968
Contract liabilities	<i>14(b)</i>	8,839	4,628
Lease liabilities		1,784	3,052
Bank borrowings, secured	<i>16</i>	50,107	34,171
Income tax payable		41	–
Total current liabilities		145,016	119,819
Net current assets		144,820	145,676
Total assets less current liabilities		158,813	154,489
Non-current liabilities			
Lease liabilities		664	1,830
Long service payment liabilities		1,288	1,054
Total non-current liabilities		1,952	2,884
Net assets		156,861	151,605
Capital and reserves			
Share capital		12,000	12,000
Reserves		144,861	139,605
Total equity		156,861	151,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 June 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares have been listed on GEM of The Stock Exchange since 12 February 2018. The Company's registered office is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, 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 principally 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 31 March 2024 and 31 March 2023, 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. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new and amended HKFRSs

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

HKFRS17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

Impact of the adoption of these new and amended HKFRSs on the Group’s results, financial position and disclosure for current or prior period are discussed below.

HKFRS 17, Insurance Contracts

HKFRS 17 was issued by the HKICPA in 2018 and replaces HKFRS 4 for annual reporting periods beginning on or after 1 April 2023.

HKFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to HKFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with HKFRS 4 permitting many previous accounting approaches to be followed.

Since HKFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers such as the Group. The Group carried out an assessment of its contracts and operations and concluded that the adoption of HKFRS 17 has had no effect on the consolidated financial statements of the Group.

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

The HKICPA issued HKFRS Practice Statement 2 *Making Materiality Judgements* in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose “significant accounting policies” with “material accounting policy information”. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

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

(a) Adoption of new and amended HKFRSs – *Continued*

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

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

The Group has revisited the accounting policy information and considered it is consistent with the amendments.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments to HKAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments do not have a material impact on these consolidated financial statements as the Group’s approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

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

In June 2021, the HKICPA issued amendments to HKAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of HKFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

Prior to the amendments, the Group determined the temporary difference arising from a right-of-use assets and the related lease liabilities on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

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

(a) Adoption of new and amended HKFRSs – *Continued*

Amendments to HKAS 12, International Tax Reform – Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development (“**OECD**”) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns with International Accounting Standards Board (“**IASB**”) about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final amendments International Tax Reform – Pillar Two Model Rules, in response to stakeholder concerns, on 23 May 2023. The HKICPA published the equivalent amendments to HKAS 12 (the “**Amendments**”) on 21 July 2023. The amendments were effective immediately upon being released.

The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The Amendments also provide for additional disclosure requirements with respect to an entity’s exposure to Pillar Two income taxes.

Although the Group operates in jurisdictions that fall within the scope of OECD’s Pillar Two model rules, the domestic tax laws of these jurisdictions have not been enacted or substantively enacted as at 31 March 2024. Therefore the Amendments to HKAS 12 are not applicable to the Group.

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

(b) **New guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA**

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“**MPF**”) to offset severance payment (“**SP**”) and long service payments (the “**LSP**”) (the “**Abolition**”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the “**Transition Date**”). The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer’s MPF contributions and its LSP obligation and the accounting for offsetting mechanism could become material in light of the Abolition, the HKICPA published ‘Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong (the “**Guidance**”) in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches, for the offsetting mechanism being:

Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee’s LSP benefits in terms of HKAS 19.93(a)

Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

After the assessment by the Group, the application of the Guidance had no material effect on the consolidated financial statements of the Group.

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

(c) 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 ”) ^{1,2}
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ 2022 Amendments ”) ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after 1 April 2024.

² As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 April 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 (Revised) 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.

³ Effective for annual periods beginning on or after 1 April 2025.

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 Group does not anticipate that the application of the amendments in the future will have significant impact on the consolidated financial statements.

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

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

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 2024, the Group does not anticipate that the application of the amendments will result in reclassification of the Group’s liabilities.

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 to use it retains.

The Group does not anticipate that the application of the amendments in the future will have significant impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The Group does not anticipate that the application of the amendments and revision in the future will have significant impact on the consolidated financial statements.

Amendments to HKAS 21, Lack of Exchangeability

The amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

The Group is currently assessing the impact that the application of the amendments will have on the Group’s 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.

(d) Restatement of comparative figures

The following comparative figures in consolidated statement of financial position have been reclassified to conform with the current year’s presentation of the Group:

- Reclassification of the long service payment liabilities in the amount of approximately HK\$1,054,000 from trade and other payables included in current liabilities to non-current liabilities as the liabilities was expected to be settled after more than one year.

3. **BASIS OF PREPARATION** – *Continued*

(d) **Restatement of comparative figures** – *Continued*

The following table summarises the impacts of the reclassification of on the comparatives presented in the Group’s consolidated statement of financial position and consolidated statement of cash flows:

	As previously reported <i>HK\$'000</i>	Impacts <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Consolidated statement of financial position			
as at 31 March 2023:			
Trade and other payables	79,022	(1,054)	77,968
Total current liabilities	120,873	(1,054)	119,819
Net current assets	144,622	1,054	145,676
Total assets less current liabilities	153,435	1,054	154,489
Long service payment liabilities	–	1,054	1,054
Total non-current liabilities	1,830	1,054	2,884
Consolidated statement of cash flows for			
the year ended 31 March 2023:			
Increase in trade and other payables	732	(185)	547
Increase in long service payment liabilities	–	185	185

In the opinion of the directors of the Company, the reclassification made to the comparative figures has insignificant impact on the Group’s consolidated statement of financial position as at 31 March 2023.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

(a) *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 costs incurred up to the reporting date as a proportion of the total estimated cost of each construction 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, if any, and revises the estimated contract costs where necessary.

Notwithstanding that the management regularly reviews and revises the estimates of total 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 2024, the Group's gross trade receivables and contract assets and their related impairment allowances amounted to HK\$24,843,000, HK\$200,120,000 and HK\$797,000 (2023: HK\$39,508,000, HK\$168,446,000 and HK\$1,033,000) 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 2024, the Group’s lease liabilities amounted to HK\$2,448,000. (2023: HK\$4,882,000).

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.

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, net reversal of impairment losses of trade receivables and contract assets, 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.

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

(a) **Business segment**

For the year ended 31 March 2024

	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>
Segment revenue				
Revenue from external customers	<u>200,090</u>	<u>105,150</u>	<u>8,150</u>	<u>313,390</u>
Segment profit	<u>20,451</u>	<u>11,960</u>	<u>833</u>	<u>33,244</u>
Other income and gains and losses				1,434
Reversal of impairment losses of trade receivables and contract assets, net				236
Staff costs				(15,340)
Corporate expenses				(11,687)
Finance costs				<u>(2,151)</u>
Profit before income tax				<u><u>5,736</u></u>

For the year ended 31 March 2023

	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>
Segment revenue				
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><u>5,724</u></u>

5. SEGMENT REPORTING – *Continued*

(b) Information about major customers

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Installation services:		
Customer I	53,623	N/A ¹
Customer II	40,932	50,815
Alteration and addition works:		
Customer III	<u>35,697</u>	<u>N/A¹</u>

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

6. REVENUE

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

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from installation services	200,090	180,329
Revenue from alteration and addition works	105,150	98,627
Revenue from maintenance services	<u>8,150</u>	<u>8,105</u>
	<u>313,390</u>	<u>287,061</u>

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

6. REVENUE – *Continued*

(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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision of installation services	225,664	298,417
Provision of alteration and addition works	9,584	10,251

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\$235,248,000 (2023: HK\$308,668,000) allocated to the contracts under installation services and alteration and addition works as at 31 March 2024 will be recognised as revenue in the next 31 months (2023: 36 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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	878	249
Interest income from financial assets at fair value through profit or loss	113	225
Gain on lease modifications	29	–
Changes in fair value of financial assets at fair value through profit or loss	–	(51)
Loss on disposal of financial assets at fair value through profit or loss	(22)	–
Gain on disposal of property, plant and equipment	5	–
Others	431	969
	1,434	1,392

8. PROFIT BEFORE INCOME TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration:	880	860
Depreciation in respect of:		
– Owned assets	381	684
– Right-of-use assets	3,183	3,113
	<u>3,564</u>	<u>3,797</u>
Amortisation of intangible assets	40	28
Bad debt expenses	93	–
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	36,140	34,348
– Contribution to defined contribution retirement plan (<i>Note (ii)</i>)	1,363	1,609
– Long service payments	412	185
	<u>37,915</u>	<u>36,142</u>
Government grants (<i>Note (i)</i>)	–	(3,132)
Net exchange loss/(gain)	<u>70</u>	<u>(272)</u>

Notes:

- (i) During the Reporting Period, there were no government grants 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. (2023: HK\$3,132,000). 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 for the year ended 31 March 2023.
- (ii) For the years ended 31 March 2024 and 31 March 2023, 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 2024 and 31 March 2023, 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

	2024	2023
	HK\$'000	HK\$'000
Interest on bank borrowings	1,953	1,288
Interest on lease liabilities	198	216
	<u>2,151</u>	<u>1,504</u>

10. INCOME TAX AND DEFERRED TAX

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

	2024	2023
	HK\$'000	HK\$'000
Current tax		
– Hong Kong profits tax	749	852
– Under/(over) provision in prior years	6	(10)
Deferred tax (<i>Note (b)</i>)	<u>(97)</u>	<u>26</u>
	<u>658</u>	<u>868</u>

For the years ended 31 March 2024 and 31 March 2023, 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:

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:

	2024	2023
	HK\$'000	HK\$'000
Profit before income tax	<u>5,736</u>	<u>5,724</u>
Tax thereon at Hong Kong profits tax rate of 16.5% (2023: 16.5%)	947	944
Tax effect of income not taxable for tax purposes	(135)	(640)
Tax effect of expenses not deductible for tax purposes	17	749
Income tax at concessionary rate	(165)	(165)
Under/(over) provision in prior years	6	(10)
Tax relief	<u>(12)</u>	<u>(10)</u>
Income tax	<u>658</u>	<u>868</u>

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

	Tax losses carried forward	Accelerated tax depreciation	Provision for impairment of trade receivables and contract assets	Provision for long service payment and annual leave	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	–	38	388	–	426
Credited/(charged) to profit or loss	<u>194</u>	<u>(1)</u>	<u>(219)</u>	<u>–</u>	<u>(26)</u>
At 31 March 2023 and 1 April 2023	194	37	169	–	400
(Charged)/credited to profit or loss	<u>(113)</u>	<u>20</u>	<u>(39)</u>	<u>229</u>	<u>97</u>
At 31 March 2024	<u>81</u>	<u>57</u>	<u>130</u>	<u>229</u>	<u>497</u>

11. BASIC AND DILUTED EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Profit for the year	<u>5,078</u>	<u>4,856</u>
	Number <i>'000</i>	Number <i>'000</i>
Number of shares		
Weighted average number of ordinary shares	<u>1,200,000</u>	<u>1,200,000</u>

Weighted average 1,200,000,000 shares for the years ended 31 March 2024 and 31 March 2023 represents the number of shares in issue throughout the year.

Diluted earnings per share was the same as the basic earnings per shares as the Group had no dilutive potential ordinary shares during the years ended 31 March 2024 and 31 March 2023.

12. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Final dividend in respect of prior year of HK cents 0.50 per share	<u>–</u>	<u>6,000</u>

The Directors do not recommend the payment of a final dividend in respect of the Reporting Period (2023: Nil).

13. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK\$'000	HK\$'000
Trade receivables	24,843	39,508
Less: Provision for impairment	(628)	(782)
	<hr/>	<hr/>
Trade receivables, net (<i>Note (a), note (b) and note (d)</i>)	24,215	38,726
Prepayments (<i>Note (c)</i>)		
– Non-current	1,463	–
– Current	10,839	8,525
Deposits and other receivables (<i>Note (d)</i>)	1,960	1,667
	<hr/>	<hr/>
	38,477	48,918
	<hr/>	<hr/>

Notes:

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

	2024	2023
	HK\$'000	HK\$'000
Within 30 days	9,573	21,406
31–60 days	3,608	12,761
61–90 days	7,398	1,893
91–180 days	2,634	873
181–365 days	1,002	1,793
	<hr/>	<hr/>
	24,215	38,726
	<hr/>	<hr/>

- (b) As at 1 April 2022, the balance of trade receivables, net of impairment, was HK\$39,995,000.
- (c) The prepayments mainly included prepaid material costs for Construction Works of the Group to suppliers, prepaid costs for Construction Works of the Group which had subcontracted to outsider service providers and prepaid professional fee to a service provider.
- (d) The Group recognised impairment of trade and other receivables for the years ended 31 March 2024 and 31 March 2023 based on the related accounting policies adopted.

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets		
Arising from performance under installation services and alteration and addition work (<i>Note (i)</i>)	178,358	146,816
Retention receivables (<i>Note (i)</i>)	21,762	21,630
	200,120	168,446
Less: Provision for impairment (<i>Note (iii)</i>)	(169)	(251)
Contract assets, net	199,951	168,195

Changes of contract assets during the year ended 31 March 2024 were mainly due to net impact on: (1) increase in the amount of retention receivables in accordance with the increase of certified amount of revenue during the year; and (2) increase in unbilled revenue due to the size and number of contracts in respect of the 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:

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	179,794	152,564
More than one year and less than two years	7,639	12,625
More than two years and less than three years	12,518	3,006
	<hr/>	<hr/>
Total contract assets	199,951	168,195
	<hr/>	<hr/>

- (ii) As at 1 April 2022, the balance of contract assets, net of impairment, was HK\$157,975,000.

- (iii) The Group recognised impairment of contract assets for the years ended 31 March 2024 and 31 March 2023 based on the related accounting policies adopted.

(b) Contract liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract liabilities		
Billings in advance of performance under installation services and alteration and addition works	8,839	4,628
	<hr/>	<hr/>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Movements in contract liabilities		
At 1 April	4,628	1,021
Decrease as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(3,439)	(808)
Increase as a result of billing in advance of installation services and alteration and addition works, net	7,650	4,415
	<hr/>	<hr/>
At 31 March	8,839	4,628
	<hr/>	<hr/>

15. TRADE AND OTHER PAYABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables (<i>Note (a)</i>)	71,141	64,242
Retention payables (<i>Note (b)</i>)	5,242	6,150
Accruals	7,410	7,432
Other payables	452	144
	<u>84,245</u>	<u>77,968</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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	20,318	18,748
31–60 days	16,322	17,582
61–90 days	2,717	2,644
Over 90 days	31,784	25,268
	<u>71,141</u>	<u>64,242</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

	2024	2023
	HK\$'000	HK\$'000
Current liabilities		
Secured and interest-bearing bank borrowings		
– Bank loans due for repayment within one year	29,019	28,323
– Bank loans due for repayment after one year (<i>Note (b)</i>)	3,128	–
– Bank overdrafts	17,960	5,848
	50,107	34,171

Notes:

- (a) Bank loans and bank overdrafts are interest-bearing at floating rate. The interest rates of the Group's bank loans and bank overdrafts as at 31 March 2024 granted under banking facilities ranged from 5.4% to 6.6% (2023: 4.4% to 6.5%) per annum.
- (b) The current liabilities as at 31 March 2024 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.
- (c) The Group's bank facilities are secured by corporate guarantee of the Company.

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

	2024	2023
	HK\$'000	HK\$'000
On demand or within one year	46,979	34,171
More than one year, but not exceeding two years	3,128	–
	50,107	34,171

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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aggregate value of the surety bonds issued in favour of customers	<u>36,829</u>	<u>24,309</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 and banks are secured by:

- (i) the Group's deposits in financial institutions and banks; 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 work on existing fire service systems; and repair and maintenance on fire service systems for built premises.

The recovery of Hong Kong’s economy was beneath expectation due to the weak retail market and local consumption trends.

However, upon the concerted efforts made by all staff of the Group, the Group has delivered a promising result during the Reporting Period when compared with the year ended 31 March 2023. During the Reporting Period, the Group’s profit attributable to equity holders was approximately HK\$5.08 million, representing a slight increase of approximately HK\$0.22 million when compared to the profit attributable to equity holders for the year ended 31 March 2023 which amounted to approximately HK\$4.86 million.

The Board considers that such profit increment was mainly attributable to events including the increase of gross profit generated from the core business of the Group of approximately HK\$1.27 million which was driven by the increase of revenue being recognised during the Reporting Period, that in turn was offset by the increment of administrative and other operating expenses incurred of approximately HK\$0.61 million and finance cost incurred of approximately HK\$0.65 million during the Reporting Period.

The Directors do not recommend the payment of a final dividend in respect of the Reporting Period (2023: Nil).

OUTLOOK

Recently, there are numerous market uncertainties surrounding the business environment of our Group, including trade disputes, geopolitical instability, global interest rate hike cycle, high inflation and economic slowdown. These threats pose significant challenges to the global economy and in turn dampen the economy of Hong Kong where our Group operates in.

In the years to come, the prospects of the Hong Kong market are expected to be driven by large scale infrastructure projects and we will closely monitor potential business and opportunities associated with Hong Kong's development strategy, including the "Lantau Tomorrow", the "Northern Metropolis" and the vast public housing development scheme. The Group believes that the construction industry will continue to expand as Hong Kong progresses and further develops.

Looking forward, amid many uncertainties, the Directors are of the view that the general outlook of the industry and business environment in which the Group operates remains difficult and challenging. However, the Group will adopt a conservative change approach where we would not overreact to adversities, but rather maintain consistent operating measures in line with our competitive strengths and long term strategic plans. Notwithstanding this, the Group will also closely monitor its existing projects' progress, manage relationships 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.

The Directors are of the view that we can achieve sustainable growth and will identify the right expansion opportunities in the years to come.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group increased to approximately HK\$313.39 million from approximately HK\$287.06 million for the year ended 31 March 2023, representing an increase of approximately HK\$26.33 million or 9.17%.

Such increase was mainly attributed to an increase in all segments of revenue. Compared with the year ended 31 March 2023, the installation projects revenue increased the most. The increment was approximately HK\$19.76 million or 10.96%.

The increase in revenue from installation services was attributable to more revenue being recognised in the current projects of its completion or substantial completion stage and new projects which its work was performed during the Reporting Period.

Cost of revenue

The Group's cost of revenue increased from approximately HK\$255.09 million for the year ended 31 March 2023 to approximately HK\$280.15 million for the Reporting Period, representing an increase of approximately HK\$25.06 million or 9.82%.

The increase in cost of revenue was in line with the increase in revenue but at a slightly higher proportional rate. Notwithstanding this, the percentage cost of revenue increased by a greater extent during the Reporting Period as compared with the year ended 31 March 2023. These are mainly due to a combination of events e.g., the Russo-Ukrainian War, the China-US trade tensions and the uncertain changes of US Federal interest rate, which have inflated the cost of revenue and disrupted the global supply chain and complementing logistics, causing allocation inefficiencies including in labour, raw materials, and energy resources. These material and labour costs have again directly increased the Company's cost of revenue.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$1.27 million or 3.97% from approximately HK\$31.97 million for the year ended 31 March 2023 to approximately HK\$33.24 million for the Reporting Period. The gross profit margin slightly decreased from 11.14% to 10.61%.

The overall increase in gross profit was mainly due to increase in gross profit generated from alteration and addition works and maintenance services during the Reporting Period when compared with the year ended 31 March 2023.

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 increased by approximately HK\$0.61 million or 2.31% from approximately HK\$26.42 million for the year ended 31 March 2023 to approximately HK\$27.03 million for the Reporting Period. The increase in administrative and other operating expenses was primarily due to the increase in the salary and benefits of the administrative and management staff and depreciation charge computed from leased assets under the accounting standard HKFRS 16.

Finance costs

Finance costs of the Group incurred were approximately HK\$2.15 million for the Reporting Period (2023: HK\$1.50 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 slightly decreased by approximately HK\$0.21 million or 24.14% from approximately HK\$0.87 million for the year ended 31 March 2023 to approximately HK\$0.66 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 increased slightly by approximately HK\$0.22 million or 4.53% from approximately HK\$4.86 million for the year ended 31 March 2023 to approximately HK\$5.08 million for the Reporting Period.

The Board considers that such profit increment was mainly attributable to events including the increase of gross profit generated from the core business of the Group of approximately HK\$1.27 million which was driven by the increase of revenue being recognised during the Reporting Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2024, the Group had cash and bank balances of approximately HK\$52.61 million (2023: HK\$39.36 million).

As at 31 March 2024, the Group's total equity attributable to owners of the Company amounted to approximately HK\$156.86 million (2023: HK\$151.61 million). As at the same date, the Group's total debt, comprising bank borrowings and lease liabilities, amounted to approximately HK\$52.55 million (2023: HK\$39.05 million).

BORROWINGS AND GEARING RATIO

As at 31 March 2024, the Group had borrowings of approximately HK\$50.11 million which was denominated in Hong Kong Dollars (2023: HK\$34.17 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2024, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 33.50% (2023: 25.76%).

TREASURY POLICY

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

FOREIGN EXCHANGE EXPOSURE

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

CAPITAL STRUCTURE

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

As at 31 March 2024, 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 2024, the Group did not have any material capital commitments (2023: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2024, the Group did not have any charges on the Group's assets (2023: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 March 2024, 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 2024, the Group did not have any material contingent liabilities (2023: Nil).

FINAL DIVIDENDS

The Directors do not recommend the payment of a final dividend in respect of the Reporting Period (2023: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 116 employees in total (2023: 124). The staff costs of the Group including directors' emoluments, and management, administrative and operational staff costs for the Reporting Period were approximately HK\$15.88 million (2023: HK\$14.22 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 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the shares

Name of Director/ Chief Executive	Capacity/ Nature of Interest	Number of Shares Held <i>(Note 1)</i>	Percentage of Issued Share Capital <i>(Note 2)</i>
Mr. Poon Ken Ching Keung (“ Mr. Ken Poon ”) <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 (“ Ms. Odilia Poon ”) <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 2024.
- (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 2024, 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 2024, 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

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held <i>(Note 1)</i>	Percentage of Issued Share Capital <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 2024.
- (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 2024, 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 adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the GEM Listing Rules and had complied with the CG Code throughout the year ended 31 March 2024 and up to the date of this announcement, 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 36 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 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 preliminary 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 ended 31 March 2024. 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 preliminary 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, 19 June 2024

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 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.