VISTAR HOLDINGS LIMITED
熒德控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code : 8535

ANNUAL REPORT
2024/25

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

*This 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 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
17th Floor, Far East Finance Centre
No. 16 Harcourt Road
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
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

STOCK CODE

8535

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Vistar Holdings Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**We**") for the year ended 31 March 2025 (the "**Reporting Period**") to the shareholders of the Company ("**Shareholders**").

BUSINESS AND FINANCIAL OVERVIEW

The Group's profit attributable to Shareholders was approximately HK$1.10 million for the Reporting Period (2024: approximately HK$5.08 million). A decrease of approximately 78.35% of profit attributable to Shareholders was recorded as compared to the year ended 31 March 2024.

During the Reporting Period, the revenue of the Group decreased to approximately HK$274.62 million from approximately HK$313.39 million for the year ended 31 March 2024.

The Board considers that such profit decrement was mainly attributable to events including (i) a decrease of gross profit amounting to approximately HK$4.44 million driven by a decrease in revenue from installation projects; and (ii) impairment loss of trade receivable and contract assets amounting to approximately HK$0.55 million for the Reporting Period compared to a reversal on those losses recorded for the year ended 31 March 2024.

PROSPECT

Despite facing various challenges and difficulties, the Group operations remained stable during the Reporting Period. Looking forward, the Group will strive to maintain a better financial position to ensure it is ready to grasp new business opportunities when they arise. We are confident in striving for continuous growth.

APPRECIATION

On behalf of the Board, I wish to take this opportunity to thank our dedicated employees for their continued loyalty, diligence and contributions throughout the year. I would also like to express my sincere gratitude to my fellow board members, management team, staff members, business partners and most importantly, our Shareholders and customers for their support to our Group.

Vistar Holdings Limited
Poon Ken Ching Keung
Chairman and Chief Executive Officer

Hong Kong, 30 June 2025

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 design and installation of fire service systems for buildings under construction or re-development; alteration and addition works on existing fire service systems based on customer specification or updated regulatory compliance guidelines; and repair and maintenance on fire service systems for built premises.

During the Reporting Period, the global and local economies demonstrated modest growth momentum, but the overall market sentiment remained weak, and with a lack of high margin construction projects being launched, competition in the construction industry intensified. Heightened financial costs, chronic shortage of skilled labour, and prolonged geopolitical uncertainties continued to weigh on the local market, exacerbating the industry's strategic challenges and outlook. In response, the Group has adopted a pragmatic and positive attitude towards those market risks directly affecting our service and ability to secure new project, including added focus on quality control in the project management process, and improving cost control to stay within budgets of existing contracts and new contract tenders.

For the year ended 31 March 2025, the Group recorded a profit of approximately HK$1.10 million compared to a profit of approximately HK$5.08 million for the year ended 31 March 2024. The decrement of profit during the Reporting Period was mainly attributable to (i) a decrease of gross profit amounting to approximately HK$4.44 million driven by a decrease in revenue from installation projects amounting to approximately HK$50.88 million; and (ii) impairment loss of trade receivable and contract assets amounting to approximately HK$0.55 million for the Reporting Period compared to a reversal on those losses recorded for the year ended 31 March 2024.

The Group will continue to monitor the progress of its ongoing projects with a cost-conscious mindset while delivering products and services of highest standard. Meanwhile, the Group will continue to identify suitable opportunities and tender for potential projects to maximise the Group's profits and return to the Company's shareholders.

The Directors do not recommend the payment of a final dividend in respect of the Reporting Period (2024: Nil).

OUTLOOK

Business outlook in Asia across all industries have been affected by global market uncertainties as a result of international events including trade tariff disputes, geopolitical instability, global interest rate hike cycle, and economic slowdown. In particular, since early April 2025, a global trade war has been brewing as the United States (the "**U.S.**") has imposed tariffs on a growing list of countries, heightening concerns about economic growth and roiling stock markets around the world. On 2 April 2025, the U.S. President announced so-called reciprocal tariffs on imports from about 90 countries, including a 10% across-the-board tariff applied to all imports to the U.S.. The U.S. President claimed that the new tariffs are needed to erase trade deficits between the U.S. and other countries, ranging from China to the European Union, and at the same time to boost domestic manufacturing and level the playing field with other countries that impose higher tariffs on U.S. imports than the U.S. charges for their products.

Most economists forecast that the tariffs will cause inflation to reignite, while also prompting some U.S. trade partners to retaliate with higher tariffs on American imports to their countries.

China being one of the countries targeted by the tariffs, these threats in turn pose significant challenges to the economy of Hong Kong. As part of the Group's risk management strategy, balancing cost control and service delivered has become a top priority for the Group as mentioned in the section above headed "Business Review".

Despite the aforementioned global business outlook, the prospects of the Hong Kong construction market are expected to improve in the coming years, driven by large scale infrastructure projects. We will closely monitor potential business and opportunities associated with Hong Kong's development strategy, including the "Lantau Tomorrow", the "Northern Metropolis" and the public housing development scheme.

Though the Group faces complexities of the global economic environment, it remains steadfast in addressing challenges with alertness and diligence. The focus is on ensuring that the business is well-prepared to adapt to economic fluctuations and capitalize on emerging opportunities in 2025 and beyond.

Looking forward, the Group maintains a cautious outlook for the reminder of 2025 and will continue to explore partnerships with new and existing suppliers and customers and optimise resource utilisation and efficiencies in order to maximise return to the Company's shareholders. The Group will stay alert by regularly reviewing its business and tendering strategies and enhancing its operational efficiency and financial performance. The Directors are of the view that the Company will achieve a 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 decreased to approximately HK$274.62 million from approximately HK$313.39 million for the year ended 31 March 2024, representing a decrease of approximately HK$38.77 million or 12.37%.

Such decrease was mainly attributed to a decrease in revenue from installation projects. The decrement was approximately HK$50.88 million or 25.43%.

The decrease in revenue from installation services was attributable to less 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 decreased from approximately HK$280.15 million for the year ended 31 March 2024 to approximately HK$245.81 million for the Reporting Period, representing a decrease of approximately HK$34.34 million or 12.26%.

The decrease in cost of revenue was in line with the decrease in revenue but at a slightly lower proportional rate. Notwithstanding this, the percentage cost of revenue decreased by a smaller extent during the Reporting Period compared with the year ended 31 March 2024. These are mainly due to a combination of global events as discussed in the section above headed "Outlook" 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. Considering these factors in our tendering process, the most recent awarded projects had a lower gross margin compared to the past.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK$4.43 million or 13.33% from approximately HK$33.24 million for the year ended 31 March 2024 to approximately HK$28.81 million for the Reporting Period. The gross profit margin slightly decreased from 10.61% to 10.49%. The decrement of overall gross profit margin was mainly driven by decrement of gross profit margin on installation projects.

Administrative and other operating expenses

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

The Group's administrative and other operating expenses decreased by approximately HK$0.31 million or 1.14% from approximately HK$27.03 million for the year ended 31 March 2024 to approximately HK$26.72 million for the Reporting Period. The decrease in administrative and other operating expenses was primarily due to the decrease in the professional fees incurred during the Reporting Period.

Finance costs

Finance costs of the Group incurred were approximately HK$2.22 million for the Reporting Period (2024: approximately HK$2.15 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 interest on bank overdraft secured for operation.

Income tax credit/(expense)

Income tax for the Group change from approximately HK$0.66 million tax expense for the year ended 31 March 2024 to approximately HK$51,000 tax credit for the Reporting Period. The change was mainly due to the decrease in taxable profit for the Reporting Period.

Profit for the year attributable to owners of the Company

For the year ended 31 March 2025, the Group recorded a profit of approximately HK$1.10 million as compared to a profit of approximately HK$5.08 million for the year ended 31 March 2024. The decrement of profit during the Reporting Period was mainly attributable to (i) a decrease of gross profit amounting to approximately HK$4.44 million driven by a decrease in revenue from installation projects; and (ii) impairment loss of trade receivable and contract assets amounting to approximately HK$0.55 million for the Reporting Period compared to a reversal on those losses recorded for the year ended 31 March 2024.

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 2025, the Group had cash and bank balances of approximately HK$55.70 million (2024: approximately HK$52.61 million).

As at 31 March 2025, the Group's total equity attributable to owners of the Company amounted to approximately HK$158.29 million (2024: approximately HK$156.86 million). As at the same date, the Group's total debt, comprising bank borrowings and lease liabilities, amounted to approximately HK$44.04 million (2024: approximately HK$52.55 million).

BORROWINGS AND GEARING RATIO

As at 31 March 2025, the Group had borrowings of approximately HK$38.77 million which was denominated in Hong Kong Dollars (2024: approximately HK$50.11 million). The Group's bank borrowings were primarily used in financing the working capital requirement of its operations.

As at 31 March 2025, the gearing ratio of the Group, calculated as the total interest-bearing liabilities divided by the total equity, was approximately 27.82% (2024: approximately 33.50%).

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 2025, 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 2025, the Group did not have any material capital commitments (2024: Nil).

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2025, the Group did not have any charges on the Group's assets (2024: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 31 March 2025, 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 acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 March 2025, the Group did not have any material contingent liabilities (2024: Nil).

FINAL DIVIDENDS

The Directors do not recommend the payment of a final dividend in respect of the Reporting Period (2024: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group had 109 employees in total (2024: 116). The staff costs of the Group including directors' emoluments, and management, administrative and operational staff costs for the Reporting Period were approximately HK$15.68 million (2024: HK$15.88 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 (the "**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).

Subject to the requirements under the GEM Listing Rules and the terms and conditions of the Share Option Scheme, there is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before the option can be exercised upon its grant.

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). 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. Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

As the Company has not refreshed the scheme mandate limit since the adoption of the Share Option Scheme, based on 1,200,000,000 shares in issue at the time dealings in the shares of the Company commenced on the Stock Exchange, the total number of Shares which the Company was authorised to issue assuming the full exercise of all options to be granted was 120,000,000 shares, representing 10% of the total number of shares then in issue.

Pursuant to Rule 23.03D(1) of the GEM Listing Rules, the total number of shares issued and to be issued in respect of all options granted to a participant of the Share Option Scheme in any 12-month period up to the date of grant must not exceed 1% of the shares in issue of the Company.

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, at the beginning and end of the Reporting Period and as at the date of this announcement. Therefore, the number of shares which may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the Reporting Period was nil.

EVENTS AFTER THE REPORTING PERIOD

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

EXECUTIVE DIRECTORS

Mr. Poon Ken Ching Keung (潘正強) ("Mr. Ken Poon"), aged 67, being one of the controlling shareholders of the Company ("**Controlling Shareholders**"), was appointed as an executive Director on 27 June 2017, and was appointed as the chief executive officer of the Company and the Chairman of the Company on 17 July 2017. Mr. Ken Poon is responsible for our Group's overall management, corporate development, and strategic planning. He has also been a director of Guardian Fire Engineers and Consultants Limited ("**GFE**") since August 1991 and a director of Guardian Engineering Limited ("**GEL**") since May 2000, both companies are subsidiaries of the Company. He graduated from the University of Regina in Canada with a bachelor's degree in Administration in May 1981. He obtained his professional qualification as a certified management accountant in October 1985 from the Society of Management Accountants of Alberta, Canada. He has been a Class 3 Registered Fire Service Installation Contractor registered with the Fire Services Department of Hong Kong since July 1981. He is a Licensed Plumber (Grade 1) licensed by the Water Supplies Department.

Mr. Ken Poon has over 37 years of experience in the fire services and water pump installation services. From 1981 to 1983, Mr. Ken Poon served as the assistant to deputy general manager of GFE, during which he was responsible for project planning and general management. He was regional financial controller of C.T.G. Inc., Alberta Canada (a company primarily engaged in telecommunication services) from 1987 to 1988. During both periods, he was responsible for operations and financial reporting. From January 1989 to March 1990, Mr. Ken Poon was employed as a controller of the Calgary Distribution Centre for Core – Mark Distributors, Inc. (a company primarily engaged in distribution of retail products), during which he was responsible for accounting and control procedures for improving the accuracy of financial information. From 1990 to 1991, he was responsible for corporate planning, marketing, and office administration as corporate controller of Liquidation World Inc. Canada (a company primarily engaged in the re-sell of discontinued products). As director and deputy general manager of GFE from 1991 to 2011, he was responsible for project management and office administration. From 2011 until present, he served as managing director, responsible for overall project management, administration, and internal control. Mr. Ken Poon is the elder brother of Mr. Poon Ching Tong Tommy, a project director of the Group, and Ms. Poon Kam Yee Odilia, the non-executive Director.

Mr. Ng Kwok Wai (吳國威), aged 57, was appointed as our senior project manager on 1 April 2016 and appointed as an executive Director on 27 June 2017. He has been responsible for project management and project operations of the Group. He has also been a director of GFE since April 2016. Mr. Ng Kwok Wai obtained his high school diploma in Yu Chun Keung Memorial College in December 1985.

Mr. Ng Kwok Wai has over 27 years of experience of engineering work in Fire Services and Water Pump Installation. Mr. Ng Kwok Wai was appointed as assistant project manager for General Engineering (China) Co. Ltd. (a company primarily engaged in engineering services) in December 1996 which he was responsible for the supervision of site works.

From July 1997, Mr. Ng Kwok Wai was appointed as project manager of Mansion Fire Engineering Company Ltd. (a company primarily engaged in fire engineering). Since 10 March 1998, he has been project manager of GFE, where he has also been responsible for the supervision of projects.

Ms. Lee To Yin (李桃賢), aged 65, was appointed as an executive Director on 31 October 2019. She is mainly responsible for tendering, general office administration and human resources. She is a director of GEL since May 2004. She is also a director of GFE, the principal operating subsidiary of the Group, since 1 February 2005. She has over 44 years of experience in accounting, administration and human resources management attained from previous posts in her career history. She joined GFE in April 1982 and since then has held different posts within the company. It ranges from overseeing the financials for the whole company to general administrative management.

Ms. Lee To Yin obtained the General Certificate of Education Examination in Principles of Accounts from the University of London in June 1980 and further obtained the Higher Stage Certificate in Accounting from The London Chamber of Commerce and Industry in 1980. She has also received the General Certificate of Education in Accounting from The Associated Examining Board in June 1983 and obtained the Higher Stage Certificate in Costing from The London Chamber of Commerce and Industry in 1984 and the Certificate in Accountancy from the Vocational Training Council Hong Kong in June 1984.

NON-EXECUTIVE DIRECTOR

Ms. Poon Kam Yee Odilia (潘錦儀) ("Ms. Odilia Poon"), aged 64, was appointed as a non-executive Director on 27 June 2017 and is responsible for the strategic planning of the Group. She has also been a director of GFE since December 1986. She graduated from the University of East Asia, Macau, with a bachelor's degree in Business Administration in September 1985. She later received a master degree of Science, majoring in Business Studies, from the University of Salford, United Kingdom in July 1987. In June 1990, she obtained a diploma in marketing from the Chartered Institute of Marketing, United Kingdom.

Ms. Odilia Poon has over 37 years of experience in marketing and promotion as well as in human resources management and consultancy. From April 1988 to January 1994, she served with Rothmans (Far East) Limited (a company primarily engaged in the tobacco business) with her last position as the marketing manager. She then joined Tait (HK) Limited (a company primarily engaged in marketing and distribution) from February 1994 to August 1996 as a sales and marketing director. From September 1996 to July 1997, she served as a promotion and packaging director in Pepsico. Inc. (a company primarily engaged in the sale of soft drinks) and during August 1997 to December 1998, she worked as a marketing director for Carlsberg Brewery Hong Kong Limited (a company primarily engaged in selling of beer). From May 1999 to April 2005, she served Hudson Global Resources (HK) Limited (a company primarily engaged in recruitment) with her last role as a country manager. From April 2005 to October 2005, she was with Agilent Technologies Hong Kong Limited (a company primarily engaged in distribution of professional equipment) as the staffing manager. She then joined Talent2 Shanghai Co., Limited (a company primarily engaged in human resources business process outsourcing) and held the positions of operations director of the recruitment managing services division and the managing director in China from November 2005 to July 2013. From January 2014 to June 2017, she has been serving as a director in Motiva Consulting Limited (a company primarily engaged in recruitment) where she has been overseeing the overall management of the company. She has been a non-executive director of Luk Hing Entertainment Group Holdings Limited (a company primarily engaged in entertainment services), which is listed on GEM (stock code: 8052), since 2 March 2016, and resigned as non-executive director on 9 September 2021, and director of The Chapman Consulting Group Limited (a company primarily engaged in human resources) since 3 August 2015 and the title was changed to executive advisor since January 2019. Ms. Odilia Poon is the sister of Mr. Ken Poon and Mr. Poon Ching Tong Tommy, our Project Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yung Chung Hing (翁宗興), aged 64, was appointed as an independent non-executive Director on 24 January 2018. Mr. Yung Chung Hing obtained a Professional Diploma in Management Accountancy from Hong Kong Polytechnic (now Hong Kong Polytechnic University) in November 1984 and a Master degree of Business Administration from University of Hong Kong in November 1991. Mr. Yung Chung Hing has been an associate member of the Chartered Institute of Management Accountant in the United Kingdom since 27 January 1988 and an associate member of the Hong Kong Society of Accountants (now the Hong Kong Institute of Certified Public Accountants) in Hong Kong since 19 April 1988.

Mr. Yung Chung Hing has over 34 years of experience in financial management. He served at The Hongkong Land Property Company Limited (a company primarily engaged in property development) from April 1986 to June 1995, with his last position as the group cash manager and chief money dealer of the company. From 1995 to 2012, Mr. Yung Chung Hing served with The Hongkong Land Group Limited (a company primarily engaged in property development) as assistant treasurer. During January 2013 to January 2015, he was the corporate finance manager (treasury) with the Hospital Authority. Within this period, he was the deputizing senior manager of financial control and operations for six months. He has held a number of executive positions for companies engaging in insurance and private wealth management services since June 2016.

Mr. Lam Chung Wai (林仲煒), aged 45, was appointed as an independent non-executive Director on 24 January 2018. Mr. Lam Chung Wai graduated from the University of Hong Kong with a bachelor's degree in Laws in July 2001. He then obtained his Postgraduate Certificate in Laws in July 2002. Mr. Lam Chung Wai has qualified as a Barrister-at-law since September 2002.

Mr. Lam Chung Wai has been practicing as a Barrister-at-law since September 2002. He has been serving as a part time lecturer at the Department of Professional Legal Education of the University of Hong Kong intermittently during 2016 to present.

Mr. Chan Shu Yan Stephen (陳樹仁), aged 42, was appointed as an independent non-executive Director on 2 September 2019. Mr. Chan Shu Yan Stephen is a registered architect in the Netherlands. He graduated from the University of Hong Kong with Bachelor of Arts in Architectural Studies, and Delft University of Technology, The Netherlands with Master of Science in Architecture, Urbanism and Sciences, respectively. Since 2015, Mr. Chan Shu Yan Stephen co-founded a design services studio in Hong Kong named AaaM Limited, to provide services on architecture, interior design, and master planning projects, and to promote architectural culture by engaging with the public as curator and columnist on both online and paper media platforms. Mr. Chan Shu Yan Stephen is currently a serving Director of AaaM Limited. Prior to this, Mr. Chan Shu Yan Stephen was employed by UNStudio (Shanghai) Limited from February 2011 to December 2014 and served with UNStudio Hong Kong Limited from January 2015 to March 2017 as an associate director/senior architect. He also served as guest lecturer for the University of Nottingham Ningbo China in the academic year 2020 and 2021. In 2023, he was commended by the Hong Kong government for his outstanding achievement to the cultural and creative sectors.

SENIOR MANAGEMENT

Mr. Poon Ching Tong Tommy (潘正棠) ("Mr. Tommy Poon"), aged 58, being one of our Controlling Shareholders, was appointed our executive Director on 27 June 2017 and resigned on 31 October 2019. He is now the project director of the Group and is responsible for overseeing and managing the projects of our Group. He has also been a director of GFE since July 1991. He graduated from the University of Toronto in Canada with a bachelor's degree in Applied Science in June 1989.

He then graduated from the University of London's external program with a Master of Science in Financial Management in December 1998. Mr. Tommy Poon is a Hong Kong Registered Professional Engineer, and has been registered as a Chartered Engineer of the United Kingdom. He has been a Class 3 Registered Fire Service Installation Contractor registered with the Fire Services Department. He is a Licensed Plumber (Grade 1) licensed by the Water Supplies Department and an electrical worker (Grade C) registered with Electrical and Mechanical Services Department.

Mr. Tommy Poon has over 33 years of experience in electrical, mechanical, and building services engineering work. As of 2006, Mr. Tommy Poon was a technical director of our Group responsible for managing and overseeing our projects. Prior to 2007, Mr. Tommy Poon served as project manager, senior engineer, and engineer in construction and maintenance projects of our Group during which he was responsible for on-site coordination, since he joined the Group in July 2001 as engineer. Mr. Tommy Poon is the youngest brother of Mr. Ken Poon, an executive Director, and Ms. Odilia Poon, the non-executive Director.

Mr. Ng Kam Por, Garry (吳錦波), aged 62, is the financial controller of the Group. He is principally responsible for supervision of the Group's financial reporting, financial control, treasury and company secretarial matters. Mr. Ng Kam Por, Garry joined the Group in December 2017.

Mr. Ng Kam Por, Garry has about 37 years of experience in the areas of auditing, taxation, financial management and company secretarial. Prior to joining the Company, Mr. Ng Kam Por, Garry worked in an international audit firm, Inland Revenue Department, and held senior financial position as financial controller in several companies including listed companies. Before joining the Company, Mr. Ng Kam Por, Garry is a company secretary of a Main Board listed company from November 2015 to March 2017.

Mr. Ng Kam Por, Garry obtained a Master Degree of Corporate Governance from The Open University of Hong Kong (now known as Hong Kong Metropolitan University) in November 2014. He is a member of the Hong Kong Institute of Certified Public Accountants and fellow member of the Association of Chartered Certified Accountants.

Mr. Or Sek Hey Seky (柯錫熙), aged 44, was appointed as our company secretary on 24 January 2018 and the authorised representative of our Company. He graduated from The University of Western Ontario with a Degree of Bachelor of Administrative and Commercial Studies in June 2003 and a Diploma in Accounting in October 2003. He was admitted as Chartered Accountant of the Institute of Chartered Accountants of Ontario in May 2009 and admitted as Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants in May 2017.

Mr. Or Sek Hey Seky has more than 20 years of experience in the accounting and finance industry. He is currently the Associate Director of AE Majoris Advisory Company Limited (a company principally engaged in corporate finance advisory). From July 2011 to May 2016, he worked at Goldman Sachs (Asia) L.L.C. (a company primarily engaged in financial services) with his last position being Associate in the Controllers Department. From August 2009 to April 2011, Mr. Or Sek Hey Seky worked at Excelsior Capital Asia (HK) Limited (a company primarily engaged in direct investment) as fund accountant, and from September 2004 to March 2009, he worked at Deloitte Touche Tohmatsu (a company primarily engaged in the provision of auditing services) in Toronto with his last position being a senior staff accountant in the Assurance & Advisory Practice.

Mr. Lee Siu Ki (李兆琪), aged 39, was appointed as our project manager on 1 April 2016. He obtained a higher diploma in Building Services Engineering from the Hong Kong Institute of Vocational Education in July 2007. He then obtained a training certificate in Safe Use of Abrasive Wheels in April 2008 from the Occupational Safety and Health Council of Hong Kong, and further obtained a certificate of completion of a 42-hour Construction Safety Supervisor Course in August 2008 from the Construction Industry Council Training Academy of Hong Kong. Mr. Lee Siu Ki then graduated from the City University of Hong Kong in February 2012 with a bachelor's degree in Engineering in Building Services Engineering.

Mr. Lee Siu Ki has over 18 years of experience for engineering work in Fire Services and Water Pump Installation. On 1 June 2007, he joined GFE as assistant engineer, where he was responsible for on-site coordination and inspection until 31 March 2012. From 1 April 2012 to 31 March 2016, he was responsible for progress monitoring and site supervision. He has been project manager since 1 April 2016 and has been responsible for overall management, checking, and supervision of contract works.

Mr. Lo Chi Kok (盧自覺), aged 60, has been appointed as our drafting department manager since 18 April 1988. He obtained his Diploma in Electrical Engineering in July 1986 from the Haking Wong Technical Institute of the Vocational Training Council. He is an electrical worker (Grade B) registered with the Electrical and Mechanical Services Department.

Mr. Lo Chi Kok has over 37 years of experience in engineering, design, and technical hardware production. As our drafting department manager, he has been responsible for overseeing the preparation and design of fire services layout shop drawings and details, progress programmes, and submission schedules. From October 1986 to March 1988, he served as a technician with Micro Electronics Limited (a company primarily engaged in semi-conductor manufacturing), where he was responsible for the repair and maintenance of semi-conductor bonder equipment of the production line.

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is a registered E&M engineering service contractor in Hong Kong with a full range of E&M licenses including installation services, alteration and addition works, inspection, testing and maintenance qualifications of fire prevention systems, water and plumbing systems, ventilating systems and certain electrical works. With extensive experience and expertise in the provision of fire prevention system services, majority of the Group's revenue for the Reporting Period can be accounted to this business stream.

The business review of the Group for the Reporting Period is set out in the "Chairman's Statement" and "Management Discussion and Analysis" of this report.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of comprehensive income of this report. The state of affairs of the Group as at 31 March 2025 are set out in the consolidated statement of financial position. The Board does not recommend the payment of dividend for the year ended 31 March 2025 (2024: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group, as extracted from the consolidated financial statements of the Group in Annual Report since the year ended 31 March 2021 are set out in page 132 of this report.

SHARE CAPITAL

Details of movements of the share capital of the Company during the Reporting Period are set out in note 25 to the consolidated financial statements of this report.

RESERVES

Details of movements of the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity and note 28 to the consolidated financial statements of this report, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2025, the Company's distributable reserves, subject to solvent test, amounted to HK$12,279,000.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the memorandum and articles of association of the Company or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of our Group during the Reporting Period are set out in note 15 to the consolidated financial statements of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out in pages 8 to 9 of this report and note 26 to the consolidated financial statements of this report, no equity-linked agreements were entered into by our Group, or existed during the Reporting Period.

KEY RELATIONSHIPS WITH STAKEHOLDERS

Employees

Our Group recognises employees as our valuable assets. We provide competitive remuneration package to attract, motivate and retain appropriate and suitable personnel to serve our Group. We have also adopted an annual review system to assess the performance of our staff, which forms the basis of our decisions with respect to salary raises and promotions.

Customers

Our five largest customers have long-standing business relationships with us for over ten years and we therefore endeavor to accommodate their demands with our services to capture more opportunities for larger scale projects in the future. Our Group's experience as a quality subcontractor for handling civil engineering projects ensures projects are executed in accordance with standardised quality.

Suppliers and subcontractors

Our Group encompasses working relationships with suppliers and subcontractors to meet customers' needs in an effective and efficient manner. Our Group has set up an approved list of suppliers. We select our suppliers based on the listed prices, quality, past performances and timeliness of delivery.

Subject to our capacity, resources level, types of civil engineering works, cost effectiveness, complexity of the projects and customers' requirements, we may subcontract our works to other subcontractors. We maintain an internal list of approved subcontractors and carefully evaluate the performance of our subcontractors for selection. It is based on their background, technical capability, experience, fee quotation, service quality, labour resources, timeliness of delivery, reputation and safety performance.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

For the Reporting Period, our largest customer accounted for approximately 21.52% (2024: approximately 20.34%) of our total revenue, while the percentage of our total revenue is attributable to our five largest customers in aggregate which was approximately 53.80% (2024: approximately 53.13%).

For the Reporting Period, our largest supplier accounted for approximately 16.03% (2024: approximately 16.68%) of our total purchases incurred (excluding subcontracting charges incurred), while the percentage of our total purchases incurred (excluding subcontracting charges incurred) is attributable to our five largest suppliers in aggregate which was approximately 58.72% (2024: approximately 43.94%).

For the Reporting Period, our largest subcontractor amounted to approximately 15.39% (2024: approximately 10.48%) of our total subcontracting charges incurred, while the percentage of our subcontracting charges incurred is attributable to our five largest subcontractors in aggregate which was approximately 38.48% (2024: approximately 44.53%).

None of the Directors, their close associates, or any Shareholders, with the knowledge of the Directors, owned more than 5% of the issued shares of the Company while possessing any interest in any of our five largest customers, suppliers and subcontractors during the Reporting Period.

ENVIRONMENTAL POLICY

Our Group's operations are subject to certain environmental requirements pursuant to the laws in Hong Kong. In order to comply with the applicable environmental protection laws, we had implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001:2004. Apart from following the environmental protection policies formulated and required by our customers, we have also established our environmental management policy to ensure proper management of environmental protection, compliance with environmental laws and regulations by both subcontractors and our employees among air pollution, noise control and waste disposal.

During the Reporting Period, our Group did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against our Group.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the Reporting Period.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**2025 AGM**") of the Company will be held on 27 August 2025 at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong.

TAX ALLOWANCES

The Company is not aware of any particular tax allowances granted to the Company's Shareholders due to their interests in its securities.

DIRECTORS

The composition of the Board during the year and up to the date of this report is set out as follows:

Executive Directors

Mr. Poon Ken Ching Keung *(Chairman)*
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

In accordance with Article 108(a) of the articles of association of the Company (the "**Articles of Association**"), at each annual general meeting of the Company ("**AGM**"), one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third), shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Particulars of Directors seeking re-election at the 2025 AGM are set out in the related circular to Shareholders.

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

The Company has received an annual confirmation of independence from each independent non-executive Director ("**INED**") pursuant to the requirements under Rule 5.09 of the GEM Listing Rules. The Company considers the INEDs to remain independent as at the date of this report.

DIRECTORS' SERVICE CONTRACT

None of the Directors proposed for election at the 2025 AGM has or is proposed to have a service contract with the Company or any of its subsidiaries which is not determinable by our Group within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY OF DIRECTORS

Pursuant to the Articles of Association, each Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

Since the listing date of the Company on 12 February 2018, the Company has arranged appropriate insurance cover in respect of claims and legal actions against the Directors and its officers.

DIRECTORS' INTERESTS IN CONTRACT

Apart from the contracts relating to the reorganisation of our Group in relation to the listing of the shares of the Company (the"**Listing**") and save as disclosed in this report, no transactions, arrangements and contracts of significance in relation to our Group's business to which the Company or any of its subsidiaries were a party and in which the Directors or an entity connected the Directors had a material interest, whether directly or indirectly, subsisted at any time during the Reporting Period.

DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of our Group are set out in note 14 to the consolidated financial statements in this report.

RETIREMENT BENEFITS PLANS

The Group contributes to defined contribution retirement schemes which are available to all employees. For forfeited contributions that are not vested fully, if any, they may be used to reduce the existing level of contributions. As at 31 March 2025, there were no forfeited contributions available to reduce future obligations (2024: Nil). The Group does not have defined benefit plans.

REMUNERATION POLICY

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to our Group and the performance of our Group. The Directors may also receive options to be granted under the Share Option Scheme.

DIRECTORS' INTEREST IN COMPETING INTERESTS

Other than members of the Group, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) has interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

INTEREST OF CONTROLLING SHAREHOLDERS

Save as disclosed in this report, the Directors are not aware of any business or interest of the Controlling Shareholders nor any of their respective associates (as defined in the GEM Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Reporting Period.

Save as disclosed in this report, no transactions, arrangements and contracts of significance in relation to our Group's business, to which the Company or any of its subsidiaries was a party and in which the Directors or an entity connected to the Directors, the Controlling Shareholders or the substantial shareholders of the Company had a material interest, whether directly or indirectly, subsisted at any time during the Reporting Period.

COMPLIANCE AND ENFORCEMENT OF THE NON-COMPETITION UNDERTAKINGS FROM CONTROLLING SHAREHOLDERS

As disclosed in the prospectus of the Company dated 31 January 2018 (the "**Prospectus**"), all Controlling Shareholders have entered into the deed of non-competition undertakings ("**Deed of Non-competition**") in favour of the Company (for its own and on behalf of all members of the Group) on 26 January 2018, pursuant to which each of the Controlling Shareholders, irrevocably and unconditionally, undertakes and covenants with the Company that during the period that the Deed of Non-competition remains effective, each of the Controlling Shareholders shall not, and shall procure that none of his/her/its associates (except any member of the Group), directly or indirectly (other than through the Group) engage, participate or hold any right or interest in or render any services to or otherwise be involved, whether as a shareholder, director, employee, partner, agent or otherwise (as the case may be), in any business in competition with or likely to be in competition with the Group's existing business activity and any business activities which may be undertaken by the Group from time to time and/or which any member of the Group may undertake in Hong Kong from time to time. Details of the Deed of Non- competition have been set out in the section headed "Relationship with Controlling Shareholders — Deed of Non-competition" in the Prospectus.

The Company received an annual confirmation in writing from each of the Controlling Shareholders confirming that he/it had complied with the non-competition undertakings provided to the Company under the Deed of Non-competition. The INEDs have reviewed and confirmed that they were not aware of any non-compliance of the undertakings under the Deed of Non-competition by the Controlling Shareholders for the Reporting Period.

As at the date of this report, the Company is not aware of any other matters regarding the compliance of the Deed of Non-competition and there has not been any change in the terms of the Deed of Non-competition since the Listing.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

CONNECTED/RELATED PARTY TRANSACTIONS

On 28 February 2022, the lease agreement (the "**Lease Agreement**") entered into between Vistar Alliance Limited owned as to 50% by Mr. Ken Poon and 50% by Mr. Tommy Poon, respectively (the "**Lessor**") and GFE (the "**Lessee**") for the Lessor to lease Workshop 2 on 13th Floor, Tak King Industrial Building, No. 27 Lee Chung Street, Chai Wan, Hong Kong of approximately 2,937 square feet to the Lessee was renewed for the term from 1 April 2022 to 31 March 2023 at a monthly rental of HK$48,000.

On 8 March 2023, the Lease Agreement was renewed for the term from 1 April 2023 to 31 March 2025 at a monthly rental of HK$50,000. Details of these transactions entered into by our Group are also set out in note 29 to the consolidated financial statements of this report.

On 3 March 2025, the Lease Agreement was renewed for the term from 1 April 2025 to 31 March 2027 at a monthly rental of HK$50,000. Details of these transactions entered into by our Group are also set out in note 29 to the consolidated financial statements of this report.

The related party transactions do not constitute connected transactions of the Company for the Reporting Period. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 24 to 39 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum public float of 25% as required under the GEM Listing Rules as at the date of this report.

DONATIONS

Total donations made by our Group for charitable and other purposes during the year amounted to HK$50,000 (2024: HK$55,000).

AUDITOR

The consolidated financial statements for the Reporting Period have been audited by BDO Limited ("**BDO**"). BDO shall retire in the 2025 AGM and, being eligible, offer themselves for re-appointment. A resolution for the reappointment as auditor of the Company will be proposed at the 2025 AGM. There has been no change in auditor since the date of the Listing.

DISCLOSURE OF INTERESTS

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

As at 31 March 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the shares

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares Held (Note 1)	Percentage of Issued Share Capital (Note 2)
Mr. Poon Ken Ching Keung (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 (Notes 4 and 5)	Interest in a controlled corporation	90,000,000	7.50%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 31 March 2025.

(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.

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.

Save as disclosed above, as at 31 March 2025, 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 2025, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be 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 31 March 2025.

(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 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 2025, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section "A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

On behalf of the Board
Vistar Holdings Limited
Poon Ken Ching Keung
Chairman and Chief Executive Officer

Hong Kong, 30 June 2025

INTRODUCTION

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the Reporting Period.

The Directors and the management of our Group recognise the significance of sound corporate governance to the long-term and continuing development of our Group. Therefore, the Board is committed to upholding good corporate standards and procedures for the best interests of the Shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to fulfilling its responsibilities to the 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 2025 and up to the date of this report, 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 37 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 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.

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

BOARD OF DIRECTORS

Responsibilities of the Board

The key responsibilities of the Board include formulation of our Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of our Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this report.

Corporate Governance Functions

The Board is responsible for, among others, performing the corporate governance duties as set out in code provision A.2.1 of the CG Code, which includes:

(a) to develop and review our Group's policies and practices on corporate governance and make recommendations;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to review and monitor our Group's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and

(e) to review our Group's compliance with the CG Code and disclosure in the corporate governance report.

COMPOSITION OF THE BOARD

As at 31 March 2025, our Board consisted of seven Directors, comprising three executive Directors, namely Mr. Ken Poon, Mr. Ng Kwok Wai and Ms. Lee To Yin, one non-executive Director, namely Ms. Odilia Poon and three INEDs, namely Mr. Yung Chung Hing, Mr. Lam Chung Wai and Mr. Chan Shu Yan Stephen.

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" of this report.

Pursuant to the code provision B.1.3 of the CG Code, the board should review the implementation and effectiveness of the issuer's policy on board diversity on an annual basis. The Board has adopted the board diversity policy with a view to achieve a sustainable and balanced development of our Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. This board diversity policy is reviewed annually by the nomination committee of the Company (the "**Nomination Committee**"), and where appropriate, revisions will be made with the approval from the Board.

Relationships between members of the Board

Ms. Odilia Poon was appointed as a non-executive Director and she is also the sister of Mr. Ken Poon, our executive Director. The biographical details of each of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this report.

Save as disclosed above, the Directors have no financial, business, family or other material or relevant relationship with each other.

BOARD DIVERSITY POLICY

The Board has adopted a policy of the Board diversity (the "**Board Diversity Policy**") which set out the approach to achieve a sustainable and balanced development of the Company and also enhance the quality of performance of the Company.

The Company recognizes and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.

The Board Diversity Policy is available on the website of the Company at *www.vistarholdings.com* for public information.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness. The Nomination Committee will discuss any revision that may be required and recommend any such revisions to the Board for consideration and approval.

The Board also recognises the importance of diversity at the workforce level. As at 31 March 2025, the gender ratio of the workforce of the Group (including senior management) was 3:1 male to female. For further details related to the Group's employee profile, please refer to the Environmental, Social and Governance Report in this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Ken Poon has been managing our Group's overall management, corporate development, and strategic planning since August 1991. Our Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Ken Poon is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group. In addition, due to the presence of three INEDs, our Board considers that no one individual has unfettered power of decision. Accordingly, our Company has not segregated the roles of its chairman and chief executive officer as required by code provision C. 2.1 of the CG Code.

BOARD MEETINGS

Pursuant to code provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments, and the final version of the draft minutes are endorsed in the subsequent Board meeting. During the Reporting Period, four Board meetings were held on 19 June 2024, 14 August 2024, 11 November 2024 and 20 February 2025 and an AGM was held on 14 August 2024. The individual attendance record of the Board meetings and the AGM is set out as follows:

Number of Meetings and Directors' Attendance

Name of Directors	Meetings attended/ Eligible to attend Board meetings	Annual General Meeting
Executive Directors		
Mr. Poon Ken Ching Keung	4/4	1/1
Mr. Ng Kwok Wai	3/4	0/1
Ms. Lee To Yin	4/4	1/1
Non-Executive Director		
Ms. Poon Kam Yee Odilia	4/4	1/1
Independent Non-Executive Directors		
Mr. Yung Chung Hing	4/4	1/1
Mr. Lam Chung Wai	4/4	1/1
Mr. Chan Shu Yan Stephen	4/4	1/1

Under code provision F.2.2 of the CG Code, the chairman of the Board should attend annual general meetings of the Company and should also invite the chairmen of the audit committee (the "**Audit Committee**"), Remuneration Committee, Nomination Committee and any other committees (as appropriate) of the Company to attend.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings 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 during the Reporting Period and up to the date of this report.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The Nomination Committee has from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board. The main consideration in selecting candidates for directorships is whether their characters, qualifications and experiences are appropriate for the businesses of our Group. Each of the executive Directors and the non-executive Director has entered into a service contract with the Company for three years. Each INED was appointed under a letter of appointment for a fixed term of three years.

In accordance with Article 108(a) of the Articles of Association, at each AGM one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. In accordance with Article 112 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Particulars of Directors seeking re-election at the 2025 AGM are set out in the related circular to Shareholders.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Our Group acknowledges the importance of continuing professional development for the Directors for better corporate governance and internal control system. In this regard and in compliance with code provision C.1.4 of the CG Code, our Group has provided funding to all Directors to participate in continuous professional development organised in the form of in-house training and seminars to keep them refreshed of their knowledge and skills and understanding of our Group and its business to update their skills and knowledge on the latest development or changes in the relevant statutes, the GEM Listing Rules and corporate governance practices.

Pursuant to the code provision C.1.4 of the CG Code, during the Reporting Period, all Directors had participated in continuous professional development in the following manner:

Name of Directors	Attending training on Director's responsibilities provided by the Company's legal consultant	Reading materials issued during the training session
Executive Directors		
Mr. Poon Ken Ching Keung	✓	✓
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	✓	✓

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, Remuneration Committee and Nomination Committee on 24 January 2018 in compliance with the GEM Listing Rules and to assist the Board to discharge its duties. The relevant terms of reference of each of the three committees can be found on our Group's website (www.vistarholdings.com) and the website of the Stock Exchange.

AUDIT COMMITTEE

The Audit Committee has been established 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. As at 31 March 2025, the Audit Committee comprised three members, namely Mr. Yung Chung Hing, Mr. Lam Chung Wai and Mr. Chan Shu Yan Stephen, all being INEDs. Mr. Yung Chung Hing currently serves as the chairman of the Audit Committee.

The Audit Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits.

With reference to its terms of reference, the primary duties of the Audit Committee, among others, are as follows:

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve and review the remuneration and terms of engagement of the external auditors;

(b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) to develop and implement policy on engaging an external auditor to supply non-audit services;

(d) to monitor the integrity of financial statements and the annual report and accounts, half-year report and quarterly reports of the Company, and to review significant financial reporting judgments contained in them; and

(e) to discuss the internal control system of the Company with management to ensure that management has performed its duty to have an effective internal control system.

The members of the Audit Committee should meet at least twice a year. During the Reporting Period, two meetings of the Audit Committee were held on 19 June 2024 and 11 November 2024.

The attendance of each member at the Audit Committee meetings during the Reporting Period is set out as follows:

Name of Audit Committee members	Meeting attended/ Eligible to attend
Mr. Yung Chung Hing *(Chairman)*	2/2
Mr. Lam Chung Wai	2/2
Mr. Chan Shu Yan Stephen	2/2

During the Reporting Period, the Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the senior management regarding the auditing, internal control and financial reporting matters.

The Group's audited annual results in respect of the Reporting Period have been reviewed by the Audit Committee which 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. There was no disagreement between the Board and the Audit Committee regarding selection and appointment of the external auditors during the Reporting Period.

REMUNERATION COMMITTEE

The Remuneration Committee has been established with its terms of reference in compliance with code provision E.1.2 of the CG Code. As at 31 March 2025, the Remuneration Committee comprised three members, namely Mr. Ken Poon, the executive Director, chairman and chief executive officer of the Company, and Mr. Yung Chung Hing and Mr. Chan Shu Yan Stephen, being INEDs of the Company. Mr. Chan Shu Yan Stephen currently serves as the chairman of the Remuneration Committee.

The Remuneration Committee is obliged to report to the Board on its decisions or recommendations. With reference to its terms of reference, the primary duties of the Remuneration Committee, among others, are as follows:

(a) to assess, review and make recommendations to the Board, once a year, or, as and when required, in respect of the remuneration packages and overall benefits for the Chairman, the executive Directors and the senior management of the Company;

(b) to make recommendations to the Board in relation to all consultancy agreements and service contracts, or any variations, renewals or modifications thereof, entered into between the Company and the Directors of the Company or any associate company or any of them;

(c) to consider what details of the Chairman's and executive Directors' and senior management's remuneration payable should be disclosed in addition to those required by law or the GEM Listing Rules in the Company's annual report and how those details should be presented;

(d) to be charged with the responsibility of making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing policy on such remuneration and also placing recommendations before the Board concerning the total remuneration and/or benefits granted to the Directors and senior management from time to time;

(e) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(f) to determine with delegated responsibility, the remuneration packages of individual executive Directors and senior management, or to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(g) to make recommendations to the Board on the remuneration of non-executive Directors;

(h) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;

(i) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(j) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(k) to ensure that no Director or any of his/her associates (as defined in the GEM Listing Rules) is involved in deciding his own remuneration;

(l) to ensure that adequate retirement arrangements are put in place and maintained in respect of the Chairman, executive Directors and the senior management of the Company in the light of their performance during their time with the Company and not merely in regard to the previous one year's performance;

(m) to enable the Company to be in a position to offer and maintain competitive and attractive overall benefits to recruit and maintain high quality personnel at the Board level;

(n) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;

(o) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the GEM Listing Rules or applicable law;

(p) to ensure the chairman of the Committee, or in the absence of the chairman, another member of the Committee or failing this his duly appointed delegate, to be available to answer questions at the AGM of the Company; and

(q) to review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules.

The members of the Remuneration Committee should meet at least once a year. A meeting of the Remuneration Committee was held on 11 November 2024 during the Reporting Period. The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the Reporting Period.

The attendance of each member at the Remuneration Committee meetings during the Reporting Period is set out as follows:

Name of Remuneration Committee members	Meetings attended/ Eligible to attend
Mr. Chan Shu Yan Stephen *(Chairman)*	1/1
Mr. Poon Ken Ching Keung	1/1
Mr. Yung Chung Hing	1/1

NOMINATION COMMITTEE

The Nomination Committee has been established with its terms of reference in compliance with paragraph B.3.1 of the CG Code. As at 31 March 2025, the Nomination Committee comprised three members, namely Mr. Ken Poon, the executive Director, chairman and chief executive officer of the Company, and Mr. Lam Chung Wai and Mr. Chan Shu Yan Stephen, being INEDs of the Company. Mr. Ken Poon currently serves as the chairman of the Nomination Committee.

The Nomination Committee is obliged to report to the Board on its decisions or recommendations. With reference to its terms of reference, the primary duties of the Nomination Committee, among others, are as follows:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of INEDs; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer of the Company.

Board Nomination Policy

Selection and appointment of new directors will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background, educational background, ethnicity, professional ethnicity, skills, knowledge, length of services and such qualities and attributes that may be required by the Board. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

In assessing the suitability of the candidate to the Board regarding the appointment or re-appointment of any existing Director(s), the Nomination Committee will consider the following factors:

(a) commitment for responsibilities of the Board in respect of available time and effort;

(b) qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;

(c) reputation for integrity;

(d) experience in the Company's principal business and/or the industry in which the Company operates;

(e) in the case of an INED, the independence requirements set out in the GEM Listing Rules; and

(f) diversity in aspects including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and the number of directorships in other listed/public companies, and in the case of INEDs, the length of service, where an INED serving more than nine years could be relevant to the determination of a non-executive Director's independence.

Director Nomination Procedures

The Nomination Committee shall convene a meeting to invite nominations of candidates from Directors (if any) or it may also nominate candidates for its consideration. The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks. Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The members of the Nomination Committee should meet at least once a year. A meeting of the Nomination Committee was held on 19 June 2024 during the Reporting Period. The Nomination Committee has reviewed the board diversity policy including its purpose, vision, policy statement, measurable objectives, monitoring and reporting procedures. The Nomination Committee has also reviewed the structure, size and composition of the Board and made recommendations related to its re-election.

The attendance of each member at the Nomination Committee meeting during the Reporting Period is set out as follows:

Name of Nomination Committee members	Meeting attended/ Eligible to attend
Mr. Poon Ken Ching Keung *(Chairman)*	1/1
Mr. Lam Chung Wai	1/1
Mr. Chan Shu Yan Stephen	1/1

AUDITORS' REMUNERATION

BDO is appointed as the external auditor of the Group.

For the Reporting Period, the remuneration paid or payable to BDO in respect of audit and non-audit services provided is set out below:

Services rendered	Remuneration paid/payable (HK$'000)	
	2025	2024
Audit services:		
– Annual audit	**870**	880
Non-audit service:		
– Hong Kong Tax Return Preparation Service	**60**	60
Total	**930**	940

COMPANY SECRETARY

Mr. Or Sek Hey Seky was appointed as the company secretary of the Company on 24 January 2018. Please refer to the section "Biographical Details of Directors and Senior Management" for his biographical information. During the Reporting Period, Mr. Or Sek Hey Seky has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. Ken Poon, an executive Director and the chief executive officer, the chairman, and one of the Controlling Shareholders of our Company, was appointed as the compliance officer of the Company on 27 June 2017. Please refer to the section "Biographical Details of Directors and Senior Management" for his biographical information.

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published on the websites of the Company and the Stock Exchange its memorandum and articles of association. There was no significant change in the memorandum and articles of association of the Company during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems, reviewing their effectiveness on an annual basis. The Board is also responsible for overseeing the design, implementation and monitoring of the risk management and internal control systems, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operating systems or in achievement of the Group's business objectives.

Under the enterprise risk management framework, policies and procedures are in place to identify, assess, manage, control and report risks. Such risks include strategic, credit, operational (administrative, system, human resources, tangible and reputation), market, liquidity, legal and regulatory risks, as well as environmental, social and climate-related risks. Exposure to these risks is continuously monitored by the Board through the Audit Committee.

In specific terms, the risk management process of the Group is described as follows:

- Risk identification – identify the current risks confronted.
- Risk analysis – conduct analysis on the risks, including the impact extent and possibility of occurrence. The risk scoring and prioritisation process is then performed.
- Risk response – choose proper risk response methods and develop risk mitigation plans.
- Control measures – propose up-to-date internal control measures, policies and processes.
- Risk control – continuously monitor the risks identified and implement relevant internal control measures to ensure the effective operation of the risk mitigation plans.
- Risk monitoring and reporting – enable the Board, the Audit Committee and the division head to determine whether the risk mitigation plans are functioning properly. It is to ensure the plans are properly communicated to those who are responsible for taking actions to address them effectively.

The risk management and internal control mechanisms also include a defined management structure with specified limits of authority. The Board has clearly defined the authorities and key responsibilities of each division to ensure adequate checks and balances. The captioned mechanisms have been designed to safeguard the Group's assets against unauthorised use or disposition, to ensure the maintenance of proper accounting records for producing reliable financial information, and to ensure compliance with applicable laws, regulations and industry standards.

In addition, the Company's Internal Audit Function monitors the Group's internal governance and strives to provide objective assurance to the Board that appropriate, adequate and effective risk management and internal control systems are in place. It has unrestricted access to review all aspects of the Group's activities and internal controls. It also conducts special audits of areas of concern identified by management or the Audit Committee. The Internal Audit Function adopts a risk-based audit approach. All audit reports are brought to the attention of the Audit Committee to ensure that prompt remedial action is taken. The recommendations will be properly followed up to ensure they are implemented within a reasonable period of time. The Internal Audit Function is also responsible for following up the implementation of recommendations and corrective actions.

For the Reporting Period, the Audit Committee, as delegated by the Board, reviewed and discussed the risk management and internal control systems with management, ensuring that management has performed its duty to have effective risk management and internal control systems in place. The Board has also ensured the resources, staff qualifications and experience, training programmes and the budget of the accounting, internal audit, financial reporting functions, and that the environmental, social and governance performance and reporting were adequate.

The Group has engaged independent professionals, for the Reporting Period, to assess and review its overall risk management system, internal controls and operation processes; and have given recommendations to make relevant enhancements. It has been reported that there were no material deficiencies found. The Board concluded that in general, the Group had set up a control environment and installed necessary control mechanisms to monitor and correct noncompliance or material internal control defects, if any. No significant areas of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group have been identified. As a result of the above review, the Board confirms, and management has also confirmed to the Board, that the Group's risk management and internal control systems during the Reporting Period were effective and adequate and have complied with the requirements of the CG Code in respect of risk management and internal control requirements during the Reporting Period and up to the date of this annual report.

Whistle-blowing Policy

The Group has adopted a whistle-blowing policy to allow the employees or other stakeholders (such as suppliers and customers) of the Group to raise concerns, in confidence, with the Audit Committee about the possible improprieties in any matter related to the Group.

Anti-corruption Policy

The Group does not allow or tolerate any forms of corruption. The Group has adopted the Anti-corruption Policy, which outlines the Group's zero-tolerance stance against bribery and corruption, setting out the responsibilities of all business units and employees of the Group, ensuring that they comply with the applicable anti-corruption laws, rules and regulations.

Procedures and internal controls for the handling and dissemination of inside information

The Group has developed an inside information policy for the handling and dissemination of inside information. The policy is compiled with the relevant applicable requirements of the SFO and the GEM Listing Rules in respect of the dissemination of inside information. The Group has disclosed inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided for in the SFO. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group will immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements and other public disclosures are not false or misleading as to a material fact, or as a result of the omission of a material fact by presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of our Group that give a true and fair view of the state of affairs, results and cash flows of the Group, and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules. As of 31 March 2025, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon our Group's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing consolidated financial statements.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. The independent auditor's report by external auditor, BDO, about their reporting responsibility on the consolidated financial statements of our Group is set out in the independent auditor's report on pages 63 to 68 of this report.

DIVIDEND POLICY

The Board has adopted a revised dividend policy effective on 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 the Shareholders shall not be less than 30% of the Group's consolidated net profit attributable to 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.

SHAREHOLDERS' RIGHTS

The AGM is an opportunity for the Board and the Shareholders to communicate directly and exchange views concerning the affairs and overall performance of our Group, and its future developments.

At the AGM, the Directors (including the INEDs) are available to attend to questions raised by the Shareholders. The external auditors of the Company are also invited to be present at the AGM to address the queries of the Shareholders concerning the audit procedures and the auditors' report.

Enquiries to the Board or the Company may be sent by post to the Company's head office and principal place of business in Hong Kong. Information about the head office and principal place of business in Hong Kong of the Company is set out in the section headed "Corporate Information".

Procedures for Shareholders to Convene an Extraordinary General Meeting and Procedures for Shareholders to put Forward Proposals at Shareholders' Meetings

The following procedures for the Shareholders to convene an extraordinary general meeting are subject to the Article 64 of the Articles of Association, and the applicable legislation and regulation, in particular the GEM Listing Rules:

The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the voting rights on an one vote per share basis in the share capital of the Company. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may also use this same method to put forward proposals for the general meeting.

Procedures for Raising Enquiries

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this report).

Should there be any enquiries and concerns from Shareholders, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong at Unit 2, 13/F., Tak King Industrial Building, 27 Lee Chung Street, Chai Wan, Hong Kong, by post for the attention of the Board and/or the Company Secretary. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

INVESTOR RELATIONS AND COMMUNICATION

The Company has established a range of communication channels between itself and its Shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.vistarholdings.com and meetings with investors and Shareholders. News update of our Group's business development and operation are also available on the Company's website.

A Shareholder's communication policy was adopted by the Board at the Board meeting held on 9 February 2018 aiming at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. The Board reviewed the implementation and effectiveness of the Shareholder's communication policy during the Reporting Period and considered it to be effective.

INTRODUCTION

Vistar Holdings Limited, together with its subsidiaries (the "**Group**") is an established electrical and mechanical ("**E&M**") engineering service provider in Hong Kong, specialising in the installation, maintenance, alterations and other modifications of fire service systems. Unless specified, this Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**") encompasses the most significant ESG impacts contributed by the Group.

This ESG Report summarises the ESG initiatives, plans and performances of the Group and demonstrates its efforts toward sustainable development. The Group is committed to handling its ESG affairs effectively and responsibly, with its core strategy aligned to make optimal use of resources and create a sustainable future for all.

The ESG Governance Structure

The Group conducts a top-down management approach regarding its ESG issues. The board of directors ("**Board**") oversees and sets out ESG strategies for the Group. It is responsible for ensuring the effectiveness of the Group's risk management and internal controls, as well as evaluating, prioritising and managing material ESG-related issues. The Board sets ESG-related goals for the Group and reviews the progress towards these goals regularly, with an ultimate aim of achieving low-carbon operations.

To manage ESG issues systematically, the Group has set up an ESG working group ("**ESG Working Group**") comprised of staff from various departments. The ESG Working Group is responsible for collecting ESG data and compiling the ESG Report. It periodically reports to the Board, assists in the assessment and identification of the Group's ESG risks, and evaluates the effectiveness of internal controls. The ESG Working Group also reviews the Group's ESG performance, including environmental aspects, employment and labour practices, among others.

The Group is in the process of establishing an ESG Committee in place of the ESG Working Group to enhance the Group's governance on ESG matters. The ESG Committee will take further responsibilities to identify ESG issues relevant to the Group and make timely recommendations to the Board.

The ESG Report has been approved by the Board on 30 June 2025.

SCOPE OF REPORTING

This ESG Report covers the Group's major business of providing E&M engineering services, which is under the Group's direct control. The scope of reporting aligns with the Group's annual report for the year ended 31 March 2025. The ESG key performance indicators ("**KPIs**") data are gathered from the Group's offices at Chai Wan, Tsim Sha Tsui and a workshop at Yuen Long. The Group will extend the scope of disclosures when and where applicable. The KPIs and explanatory notes are shown in the ESG Report to establish benchmarks for gauging performance.

REPORTING FRAMEWORK

The ESG Report has been prepared in compliance with all applicable provisions set out in the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") contained in Appendix C2 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the "**HKEX**"). For the Group's corporate governance practices, please refer to the section "Corporate Governance Report" included in pages 24 to 39 of this annual report for the year.

During the Reporting Period, the Group has implemented appropriate and effective risk management policies and internal control systems for ESG issues and confirmed that the disclosure is adequate and in compliance with the requirements of the ESG Reporting Guide.

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 March 2025 (the "**Reporting Period**").

REPORTING PRINCIPLES

During the preparation for this ESG Report, the Group has applied the following reporting principles:

Materiality: The Group has collected opinions from stakeholders and conducted a comprehensive materiality assessment for its principal business. The matters material to the Group have been prioritizing, reviewed and confirmed by the management. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: The standards, methodologies and applicable assumptions used in the calculation of KPIs data were supplemented by explanatory notes.

Consistency: Unless otherwise stated, the preparation approach of this ESG Report is consistent with the previous report for comparison. If there are any changes in the scope of disclosure or calculation methodologies that may affect the comparison with previous reports, explanations will be provided to the corresponding data.

Balance: The ESG Report impartially describes the Group's performance during the Reporting Period to avoid any improper influence on the decisions or judgements of readers.

FORWARD LOOKING STATEMENT

This ESG Report contains forward-looking statements which are based on the current expectations, estimations, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it operates. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes may differ from the assumptions made and the statements contained in this ESG Report.

STAKEHOLDER ENGAGEMENT

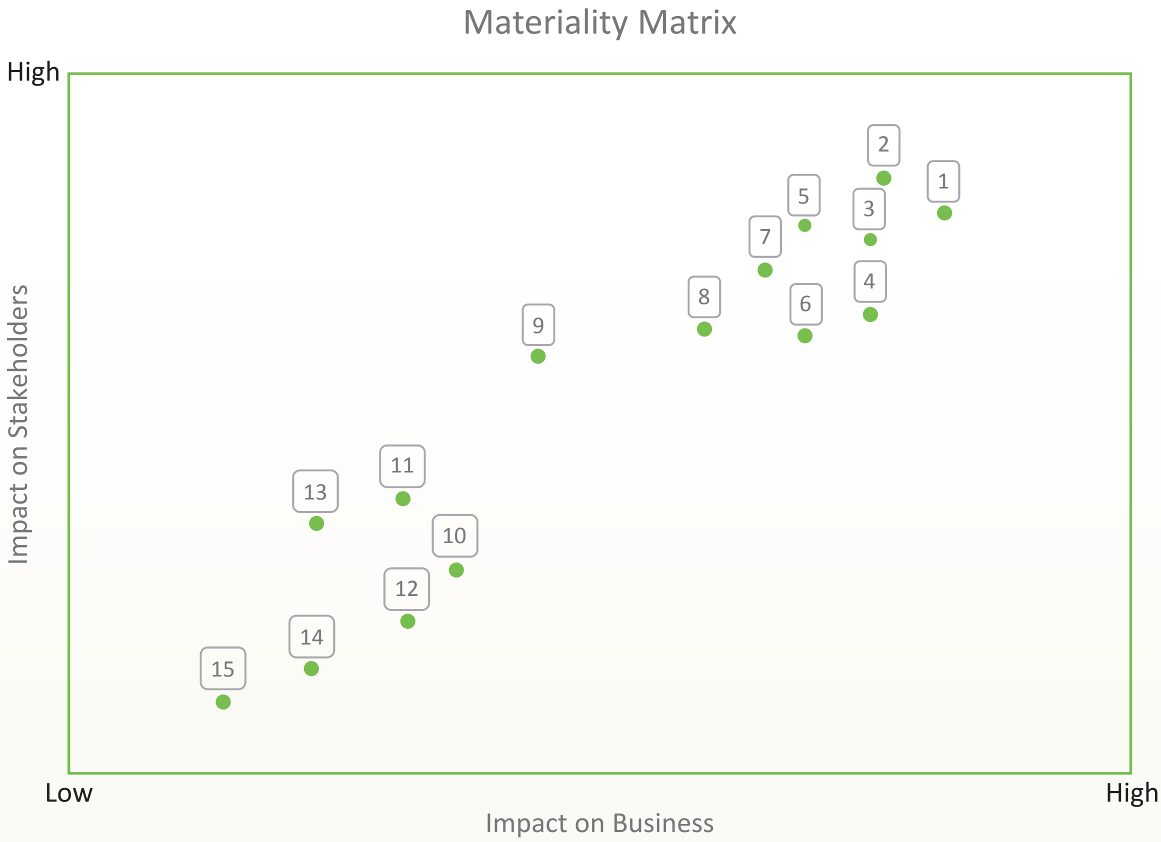
The Group values its stakeholders and their feedback. It takes stakeholders' expectations into consideration while formulating its businesses and ESG strategies. In order to understand and address their key concerns, the Group has established communication channels with its key stakeholders, including but not limited to shareholders and investors, the Board, customers and business partners, employees, suppliers and subcontractors, regulatory bodies and government authorities, as well as media, non-governmental organisations ("**NGOs**") and the public. The key engagement channels and stakeholder expectations are outlined below:

Stakeholder Expectations and Engagement Channels

Stakeholders	Expectations and Concerns	Communication Channels
Shareholders and investors	• Return on investment • Corporate governance • Business compliance	• General meeting and other shareholder meetings • Financial reports • Announcements and circulars • Group website
The Board	• Corporate governance • Financial performance • Strategic development	• Board meetings • Board committee meetings
Customers and business partners	• High quality products and services • Protect the rights of customers	• Service Improvement Team • Customer support hotline and email
Employees	• Employees' compensation and benefits • Career development • Health and safety working environment	• Training, seminars and briefing sessions • Regular performance reviews • Emails and notice boards
Suppliers and subcontractors	• Sustainable supply chain • Fair and open procurement • Stable business relationship	• Subcontractors management • Supplier audit • Regular meetings • Vendor evaluations
Regulatory bodies and government authorities	• Compliance with laws and regulations • Environmental protection • Contribution to society	• Group company secretary • Compliance manager • On-site inspections • IT audit manager • Project manager of regulatory bodies • Regulatory newsletters
Media, NGOs and the public	• Involvement in communities • Environmental protection awareness	• Community investment activities and partner programs • Public welfare events • ESG reports • Media

MATERIALITY ASSESSMENT

The Group has considered feedback from the relevant stakeholders to identify ESG issues and assess the importance of these issues to its businesses and its stakeholders. The materiality of these issues was reviewed and confirmed by the management, and the results of which are shown below:



Key ESG Issues

1. Compliance with laws and regulations
2. Health and safety
3. Employment practice
4. Anti-corruption
5. Customer satisfaction
6. Development and training
7. Service quality and standard
8. Technology innovation and fire fighting equipment
9. Supply chain management
10. Waste management
11. Prevention of child and forced labour
12. Energy management
13. Community participation
14. Climate change
15. Greenhouse gas emissions

Similar to the previous year, "compliance with laws and regulations" and "health and safety" continue to rank the highest among the key concerns of the Group's stakeholders. The Group will focus on improving and monitoring these material issues to meet stakeholder expectations.

CONTACT US

The Group welcomes stakeholders' opinions and suggestions. You can provide valuable input related to this ESG Report or the Group's performances in sustainable development by sending an email to info@vistarholdings.com.

SUSTAINABILITY PERFORMANCE OVERVIEW

Environmental KPIs	Unit	2025	2024
Exhaust Gas Emissions (KPI A1.1)			
Nitrogen Oxides (NOx)	kg	**247.47**	244.06
Sulphur Oxides (SOx)	kg	**0.30**	0.30
Respirable Suspended Particulates (PM)	kg	**18.43**	18.10
GHG Emissions[1] (KPI A1.2)			
Direct GHG Emissions (Scope 1)	tonnes CO_2e	**50.61**	51.17
Energy Indirect GHG Emissions (Scope 2)	tonnes CO_2e	**33.42**	36.52
Total GHG Emissions (Scope 1 & Scope 2)	tonnes CO_2e	**84.02**	87.68
Emission Intensity[2]	tonnes CO_2e/employee	**0.77**	0.76
Solid Waste (KPI A1.3, KPI A1.4)			
Hazardous Waste	tonnes	**–**	–
Hazardous Waste Intensity	kg/employee	**–**	–
Non-hazardous Waste	tonnes	**1,950.41**	2,753.80
Non-hazardous Waste Intensity	kg/employee	**17.89**	23.74
Energy Consumption[3] (KPI A2.1)			
Direct Energy Consumption			
Unleaded Petrol	kWh	**60,948.95**	65,430.14
Diesel Oil	kWh	**136,198.66**	133,640.59
Indirect Energy Consumption			
Electricity	kWh	**71,729.00**	72,947.00
Total Energy Consumption	kWh	**268,876.61**	272,017.73
Energy Intensity	kWh/employee	**2,466.76**	2,344.98
Water Consumption (KPI A2.2)			
Water	m^3	**461.00**	378.00
Water Intensity	m^3/employee	**4.23**	3.26
Consumption of Packaging Materials (KPI A2.5)			
Packaging Materials	tonnes	**300.00**	300.00
Packaging Materials Intensity	kg/employee	**2.75**	2.59

Notes:

1. GHG emissions data is presented in carbon dioxide equivalent and was in reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the "Sustainability Report 2024" published by the Hong Kong Electric Investments Limited, the "2024 Sustainability Report" published by the CLP Power Hong Kong, and "Global Warming Potential Values" from the IPCC Fifth Assessment Report (AR5), 2014.

2. As of the end of the Reporting Period, the Group had a total of 109 employees (2024: 116 employees). The data is also used for calculating other intensity data.

3. The calculation of unit conversion refers to the Energy Statistics Manual issued by the International Energy Agency.

A. ENVIRONMENTAL

Environmental Goal Setting (KPI A1.5, KPI A1.6, KPI A2.3, KPI A2.4)

The Group has set environmental targets in four areas, namely GHG reduction, waste management, energy conservation and water conservation. The Group will strive to achieve its targets by implementing appropriate measures and reviewing the progress periodically. The progress towards the targets set will be reported to the Board by the ESG Working Group at least once a year, and recommendations on related matters will be made to the Board when appropriate. The corresponding measures to achieve such target are disclosed in detail in the sections headed "Emissions", "Waste Management", "Energy Conservation" and "Water Conservation".

The following table summarises the goals set by the Group:

Aspect	Targets
GHG Emissions	Using FY2022 as the baseline year, the Group will gradually reduce its total GHG intensity.
Waste Management	Using FY2022 as the baseline year, the Group will gradually reduce its total non-hazardous waste intensity.
Energy Conservation	Using FY2022 as the baseline year, the Group will gradually reduce its total energy consumption intensity.
Water Conservation	Using FY2022 as the baseline year, the Group will gradually reduce its total water consumption intensity.

A1. EMISSIONS

The Group recognises its responsibilities towards the potential direct and indirect negative environmental impacts associated with its business operations. A firm-wide philosophy of "Green Construction and Energy Conservation" has been ingrained in the Group's day-to-day operations, and it serves to direct the Group's collective efforts in becoming a green enterprise. It also conveys the Group's vision for a sustainable future, and inspires and raises employee awareness on environmental protection.

Specifically, the Group has integrated environmental considerations into its decision-making process. This is achieved through implementing measures that promote energy conservation, waste reduction and any other green initiatives in its procurement and provision of E&M engineering service. The Group is also committed to complying with the relevant environmental laws and regulations.

In order to minimize wastage, the Group has adopted policies to apply the waste management principle of "Reduce", "Reuse", "Recycle" and "Replace" ("**4Rs**"). Along with the green philosophy mentioned above, the Group's waste management principle serves to ensure wastes generated from its operations are disposed of in an environmentally-responsible manner.

The Group has obtained the certification of ISO 14001 Environmental Management System since 2010, which manifested the Group's efforts on ESG aspects. Apart from the regular review and adjustments made to existing measures, the Group has also appointed external consultants to assess the relevant environmental matters for ensuring compliance with the Group's overall environmental strategy.

In conclusion, the Group has well-established measures that encompass all major areas for carbon reduction during the Reporting Period. The Group strictly complies with the relevant laws and regulations including but not limited to the Air Pollution Control Ordinance, the Water Pollution Control Ordinance and the Building (Demolition Works) Regulations. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

Exhaust Gas Emissions (KPI A1.1, KPI A1.2, KPI A1.5)

Due to the Group's business nature, air emissions generated from the Group's business operations are limited. The diesel consumption by the Group's heavy goods vehicle was the major contribution to air emissions. The diesel consumption has noted a slight increase due to more frequent deliveries to customers. The Group will continue to strive for reducing the exhaust gas generated from its operations as much as possible.

GHG Emissions (KPI A1.2, KPI A1.5)

The major sources of the Group's GHG emissions are electricity consumed in its offices and workshop, as well as petrol and diesel consumed by company-owned vehicles. The Group has adopted the following measures to reduce emissions from these sources:

- Use local suppliers to the greatest extent possible to reduce unnecessary transportation;
- Include more construction projects in the "BEAM Plus New Buildings" certification to reduce the impact of the projects to the environment;
- Transition from petrol-powered vehicles to hybrid vehicles to lower the usage of fossil fuels; and
- Apply biodegradable engine oil as needed to increase the life span of vehicles and minimize any repairment required.

The Group's total GHG emissions generated has decreased during the Reporting Period, mainly due to the lower petrol consumption by the Group's private vehicles, and lower electricity consumption at the Group's operating locations. Other electricity conservation measures are further described under the section headed "Energy Conservation".

Waste Management

Hazardous Waste Handling Method (KPI A1.3, KPI A1.6)

Due to the Group's business nature, hazardous wastes generated from the Group's business operations are insignificant, and therefore no targets for the reduction of hazardous wastes have been set. The Group has established guidelines governing the management and disposal of hazardous wastes. When hazardous wastes are produced, the Group will use government waste disposal facilities, and comply with the relevant environmental rules and regulations.

Non-hazardous Waste Management (KPI A1.4, KPI A1.6)

The Group adheres to the 4Rs waste management principle mentioned above, and strives to manage and dispose wastes properly as per established guidelines. Its waste management practices comply with the prevailing laws and regulations related to environmental protection. The non-hazardous wastes generated by the Group mainly consist of paper waste from its offices. Due to the current economic conditions, there were fewer projects inviting tenders, and the Group has submitted fewer proposals to undertake projects, resulting in a significant decrease in paper consumption.

The Group strictly abides by the laws and regulations from the Environmental Protection Department of the Hong Kong Special Administration Region regarding construction projects. The Group's Environmental Plan effectively put the 4Rs waste management principle into actual practice. Guidelines for classifying and handling non-hazardous wastes are well-established. The Group advises all its employees to implement and follow such plan closely. It also conducts monthly inspection using the Environmental Monthly Office Inspection Checklist.

Administrative staff of the Group collectively take the responsibilities for waste management in the Group's offices and they have been actively promoting the implementation of the following measures:

- Use electronic communication among staff to the extent possible;
- Recycle paper and toners by placing recycle bins and collection boxes for single-sided paper in the offices;
- Provide waste classification boxes for processing recyclables;
- Sort wastes into appropriate receptacles, and educate employees on proper sorting;
- Encourage double-sided printing and reduce the frequency of printing by using the Enterprise Resource Planning ("**ERP**") system and reviewing before printing; and
- Engage a qualified metal recycling company to collect and recycle metal waste.

Sewage Discharges

Sewage discharges are insignificant, as the Group has subcontracted out the construction projects to its main contractors. The Group will increase its scope of disclosure on sewage discharges when appropriate.

A2. USE OF RESOURCES

The Group endeavours to optimise the use of resources on all fronts of its business operations. For energy and water consumption, the Group has put in place procedures and policies to ensure efficient use of energy and water resources, and reduce unnecessary consumption.

Energy Conservation (KPI A2.1, KPI A2.3)

The Group has positioned itself as a green enterprise through adherence to the aforementioned "Green Construction and Energy Conservation" philosophy. The Group participated in the Earth Hour organised by World Wide Fund ("**WWF**") as an effort to protect the earth by consuming less energy. A certificate of appreciation was presented to the Group by the WWF as recognition. The Group pledges to maintain the indoor temperature between 24-26°C so as to reduce energy consumption and electricity cost. The Group also keeps updated with the latest environmental news and trends for optimising existing services, thereby reducing emissions and pollution. The Group's offices have taken the following energy conservation measures to reduce energy consumption:

- Control the air-conditioning systems and maintain indoor temperature at 24-26°C;
- Turn off air-conditioners, lights, computers, printers, photocopiers and electrical appliances during non-office hours;
- Display signages to remind employees to turn off lights in the offices after work; and
- Turn on energy saving mode when computers are idled for 20 minutes or more.

During the Reporting Period, the use of unleaded petrol has reduced, but the use of diesel has increased due to more frequent deliveries to customers located farther away from the Group's workshop. The Group is striving to reduce unnecessary use of company-owned vehicles and rationalize logistics requirements of its operations.

The Group's total energy consumption has reduced correspondingly during the Reporting Period. Its energy intensity, however, has increased due to reduction in the number of employees. In the long run, the Group will continue to track its energy consumption for any substantial surge of usage and improve through its energy-saving management where appropriate.

The Use of Renewable Energy

The Group has installed solar panels on the rooftop of its Yuen Long workshop since 2023. Solar power is a renewable energy source to as opposed to depletable fossil fuels. The area of solar panels installed totalled 225 m^2.

The use of solar power results in various advantages to the Group and the environment, the following being the major benefits:–

Clean Source of Power

- Solar energy is clean, it powers the business operations but does not result in any carbon emissions.

Lower Electricity Costs

- Excess solar energy generated can be sold back to the utility company via the power grid, resulting in a reduction of the Group's expenses.

Mitigation of Climate Risks

- Increasing the use of alternative energy will lower the Group's reliance on fossil fuels, which is an effective mitigation of climate risks.

Positive Corporate Image

- The use of solar power greatly enhances the Group's corporate image, and with the global consumer preference shifting towards a favour for socially-responsible corporations, this will result in more business opportunities for the Group in the future.

Water Conservation (KPI A2.2, KPI A2.4)
The Group does not consume a significant amount of water due to its business nature. Nonetheless, the Group has displayed prominent signages to remind employees to save water and enhance their environmental awareness. The Group also endeavours to foster a culture of cherishing natural resources among its employees and encourage them to better utilise water whenever possible.

The increase of water consumption and intensity during the Reporting Period was mainly the result of a washing machine being installed at the Yuen Long workshop for washing work clothes. The washing machine has subsequently been moved out of the workshop. The Group will continue to monitor the use of water and reduce consumption wherever possible.

Due to the Group's business nature and its operations being based in Hong Kong, the Group does not experience any difficulty in sourcing water that is fit for its purpose.

Use of Packaging Material (KPI A2.5)
The use of packaging materials is not considered to be a material ESG aspect for the Group, as it is principally a provider of E&M engineering services, and the final products delivered to customers are typically being packaged by its suppliers. The Group may pack certain pre-fabrication materials in hem bags for ease of deployment at construction sites. These hem bags are generally made from eco-friendly materials and are durable for repeated use. The usage and consumption intensity of hem bags during the Reporting Period has maintained at the same level as that of the previous year.

A3. The Environment and Natural Resources

The Group pursues the best practices in environment protection and focuses on controlling the impact of its business operations on the environment and surrounding neighbourhood. In addition, the Group has integrated the concept of environmental protection into its decision-making process and daily operations, with the aim of moving towards carbon neutrality.

The Group strictly complies with the relevant environmental laws and regulations. During the Reporting Period, the Group was not aware of any material non-compliance of laws and regulations relating to the environment and natural resources that would have a significant impact to the Group.

Indoor Air Quality (KPI A3.1)
Indoor air quality in the Group's offices is regularly observed and monitored. Policies such as the "No Smoking Policy" has been enforced in the workplace to maintain the quality of indoor air, thereby protecting the health of the Group's office employees.

Minimising Environmental Impact of Projects (KPI A3.1)
The potential environmental impact of the Group's projects includes air pollution and non-hazardous waste discharge. In order to control and mitigate the adverse environmental impacts of its projects, the Group has formulated a series of procedures to assess the environmental risks of its projects in accordance with the standard of ISO 14001 Environmental Management System. Measures to minimize the corresponding environment risks are carried out with regard to the result of the assessment. Moreover, an internal audit on the effectiveness and adequate compliance of the Environmental Management System is carried out annually.

A4. Climate Change

The management of the Group understands that climate change may adversely impact its business and the global economy as a whole. Therefore, other than reducing the carbon footprint caused by the Group's operations, the Group also strives to identify any physical and transition risks caused by climate change, and formulate relevant policies to adapt to any sudden changes and mitigate those identified major risks.

Physical Risks (KPI A4.1)

Extreme weather events are occurring more frequently with increasing severity. Disasters such as floods, rainstorms, and typhoons can greatly impact the Group's supply chain and assets. Events like typhoons pose risks to operations as they may affect power supply, and damage the operation sites. Employees also face the risk of work disruption, injuries and casualties. Damages to the Group's assets and interruption to its supply chain and production are detrimental to the Group's business due to incremental repair costs and suspension of business operations.

In view of these risks, the Group has established relevant policies to better adapt and mitigate these potential risks and to protect its employees and facilities when extreme weather events are about to occur.

Transition Risks (KPI A4.1)

Governments around the world are tightening environmental regulations and enacting climate-related legislation under the global movement for decarbonisation. Hong Kong government has also announced the "Hong Kong's Climate Action Plan 2050" with the participation of the whole community in order to achieve the carbon neutrality before 2050. It is expected that the government authorities will implement more stringent policies and regulations to reduce GHG emissions and waste to promote the awareness of the public on the climate change.

Other than tightening emission regulations, businesses are also required to follow increasingly stringent disclosure and compliance measures for the ESG reporting. The general public is also becoming more aware of the sustainability of different businesses and their commitment to green operations. Thus, the Group recognises the potential compliance risks such as lawsuits and claims, as well as reputational risks if non-compliance occurs.

The Group will closely monitor the changes in the business environment and policy, and capitalise on the opportunities whenever possible to fulfil its role as a global citizen. In addition, the Group will also adjust and formulate appropriate business strategies to support the global vision of decarbonisation.

B. SOCIAL

B1. Employment

Human resources are the Group's most valuable assets. Hence, the Group has established the Employment Policy for better talent management and capitalise on the full potential of its employees. The Employment Policy is formally documented, and covers topics such as recruitment, compensation, promotion, working hours, rest periods, diversity and equal opportunity. The Group reviews and revises its policy and its employment practices periodically to ensure continuous improvement of its employment standards.

The Group strictly complies with the relevant laws and regulations including but not limited to the Employment Ordinance, the Mandatory Provident Fund Schemes Ordinance and the Minimum Wages Ordinance. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, that would have a significant impact on the Group.

Employee Composition (KPI B1.1, KPI B1.2)

As of 31 March 2025, the Group had a total of 109 employees (2024: 116 employees), and all of them are full-time employees located in Hong Kong. The employee breakdown by gender, age, and employee category are illustrated below:

	Number of Employees	Percentage
By Gender		
Male	**75**	**68.81%**
Female	**34**	**31.19%**
By Age		
Below 30 years old	**29**	**26.61%**
30-50 years old	**65**	**59.63%**
Above 50 years old	**15**	**13.76%**
By Employee Category		
Management	**20**	**18.35%**
Technical Staff	**20**	**18.35%**
General Staff	**69**	**63.30%**

Recruitment, Promotion and Dismissal

The Group hires its employees through open recruitment, as well as fair and just appraisals with reference to a set of clear and transparent appraisals standards. The assessment criteria are based on the qualifications, capabilities and work experience of the applicants.

Any promotion of the Group's employees is based on the result of regular performance appraisals. The Group offers promotion and development opportunities for employees with exceptional performance through an open and fair assessment system, so as to give opportunities for employees to develop their full potential, build their careers and meet the Group's needs for continuous growth. The Group ensures that the promotion of employees will not be affected by their genders, ages, nationalities, races, religions, or sex orientations.

Any appointment, promotion or termination of recruitment is based on reasonable and lawful grounds, and is in alignment with the Group's internal policies, such as the Employee Handbook. The Group strictly prohibits any kind of unfair or illegitimate dismissal.

During the Reporting Period, the Group's employee total turnover rate is approximately 28.44% (2024: 27.59%)[4]. The Group noted a high turnover rate for employees aged over 50 years old due an attrition of retired employees and some probationary staff departures. The detailed employee turnover rates by gender and age are as follows:

	Turnover[4] Rate
By Gender[5]	
Male	**32.00%**
Female	**20.59%**
By Age[5]	
Below 30 years old	**17.24%**
30-50 years old	**18.46%**
Above 50 years old	**93.33%**

Notes:

4. Employee total turnover rate = Total number of employees leaving employment during the Reporting Period/Total number of employees at the end of the Reporting Period x 100%.

5. Employee turnover rate by category = Total number of employees leaving employment during the Reporting Period in a specific category/Total number of employees as at the end of the Reporting Period in that category x 100%.

6. The breakdown by geographical region is irrelevant to the Group as all its employees are located in Hong Kong.

Compensation and Remuneration

The Group regularly reviews its remuneration and benefits package with reference to the prevailing market benchmarks and is committed to safeguarding the rights and interests of its staff. Remuneration and benefits are adjusted on an annual basis in accordance with the employees' individual performance, contribution and market conditions. For certain individuals with unsatisfactory performance, the Group will give out a verbal warning before issuing a written warning. For those who commit a serious dereliction of duty, or is involved in a severe violation of local laws and regulations, the Group will dismiss the concerned person in accordance with relevant laws in Hong Kong. The Group conducts exit interviews to collect feedback from resigned employees for continuous improvement.

Working Hours and Rest Periods

The Group is concerned with employee health and ensures that its employees can achieve a work-life balance. In addition to basic paid annual leaves and statutory holidays as stipulated by the Employment Ordinance, employees are also entitled to various allowances and leaves such as transportation allowance, training allowance and examination leaves. For employees living in remote areas, flexible working hours are arranged.

Diversity, Equal Opportunities and Anti-discrimination

The Group is dedicated to providing equal opportunities in recruitment and promotion. It endeavours to maintain a workplace that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. The Group has published an Employee Handbook outlining the terms and conditions of employment, expectations for employee conduct and behaviours, as well as employee rights and benefits. The Group has also established and implemented policies that promote a harmonious and respectful workplace. The Group has zero tolerance for sexual harassment or abuse in any form.

The Group has received certification for its commitment in equal opportunities, and has been enlisted in the list of organisations that have pledged to adopt the Code of Practice again discrimination, as detailed below:

Issuing Organisation	Participation/Recognition
Labour and Welfare Bureau	A participating organisation of the Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme
Constitutional and Mainland Affairs Bureau	A pledging organisation to adopt the Code of Practice against Discrimination in Employment on the Ground of Sexual Orientation
Equal Opportunities Commission	Certification received in support of the Racial Diversity & Inclusion Charter for Employers

Communication with Employees

The Group upholds an open and equal work environment. Direct communication with employees is essential to realising this goal. The Group's employees are encouraged to make suggestions or complaints in horizontal or vertical communications via different communication channels, including emails or meetings.

B2. Health and Safety (KPI B2.1, KPI B2.2)

The Group prides itself in providing a safe, effective and congenial work environment to its employees. It takes responsibility of the occupational health and safety at all of its offices and construction sites, and follows the Occupational Health and Safety Guidelines recommended by the Labour Department and Occupational Safety and Health Council.

In order to enhance employee health and safety in the workplace, the Group has introduced suitable plant and equipment, and provided adequate training and protective equipment, to avoid any accidents that may happened in the workplace. All employees are required to wear protective equipment such as helmet with chinstrap and safety shoes when working at construction sites.

The Group strictly complies with the relevant laws and regulations including but not limited to the Employment Ordinance, the Employees' Compensation Ordinance and the Occupational Safety and Health Ordinance. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards, that would have a significant impact on the Group.

The number of lost days due to work injury and the number of work-related fatalities in the last three years are listed below. The Group has recorded zero work-related fatalities in the last three years.

	2025	2024	2023
Number of Lost Days Due to Work Injury	**65**	100	100
Work-related Fatalities	**0**	0	0

Risk Assessment (KPI B2.3)

In order to control and mitigate the safety risks of the Group's construction projects, the Group has formulated an occupational health and safety plan in advance to assess the risks of each project.

Moreover, an internal audit on the effectiveness and adequate compliance of occupational health and safety management system is carried out annually. Measures to mitigate any safety risks are carried out in accordance with the results of the project assessment. Different types of protective equipment will be provided with reference to the circumstances of the projects.

Occupational Health and Safety Management (KPI B2.3)

The Group has outlined specific instructions on workplace safety, and it actively promotes the importance of occupational health and safety among its employees. The Group has set up an accountability mechanism regarding safety affairs. It has also appointed a third-party organisation to conduct annual assessment, to ascertain the quality and effectiveness of its safety management measures. Measures to avoid accidents include regular safety inspections of construction sites and site equipment, and the implementation of corrective measures when risks are identified.

The Group has acquired the certification of ISO 45001 Occupational Health and Safety Management System Standard, which manifested the Group's efforts to improve employee safety, reduce workplace risks and create better, safer working conditions.

Since the COVID-19 pandemic, the Group has strengthened the sanitization of facilities and provided disinfection supplies in the offices. Precautionary measures such as temperature screening before entering the office premises are also taken.

Safety Training (KPI B2.3)
Employees are required to attend the safety training organised by the Group. Emergency and evacuation procedures have been established to respond timely and orderly in event of major accidents. Employees are also encouraged to provide feedback on improving workplace safety.

B3. Development and Training

Employee Development and Training (KPI B3.1, KPI B3.2)
The professional development of employees is essential to the success of the Group. The Group provides ongoing training to help employees refresh existing skills, while acquiring new skills to cope with the fast-changing and evolving industrial landscape.

The Group encourages and supports employees' effort in personal and professional training. On-the-job training is provided to engineers and new joiners, and the culture of knowledge and experience sharing is nurtured within the Group.

During the Reporting Period, approximately 93.58% (2024: 55.17%)[7] of employees participated in training. The figure is inclusive of employees who received company training but left during the year. The average training hours per employee is approximately 3.48 hours (2024: 1.99 hours)[8]. The breakdown of the number of employees trained, percentage of employees trained and the amount of average training hours by gender and employee category are as follows:

	Breakdown of employees trained[9]	Percentage of employees trained[10]	Average training hours per employee[11]
By Gender			
Male	66.67%	90.67%	3.68
Female	33.33%	100.00%	3.04
By Employee Category[12]			
Management	18.63%	95.00%	2.76
Technical Staff	49.02%	250.00%	8.74
General Staff	32.35%	47.83%	2.17

Notes:

7. Total percentage of employees trained = Total employees trained during the Reporting Period/Total number of employees at the end of the Reporting Period*100%.

8. Average training hours per employee = Total training hours during the Reporting Period/Total number of employees at the end of the Reporting Period.

9. Breakdown of employees trained = Total employees trained during the Reporting Period in a specific category/Total employees trained during the Reporting Period x 100%.

10. Percentage of employees trained by category = Number of employees trained in a specific category during the Reporting Period/Number of employees in that category at the end of the Reporting Period x 100%.

11. The average training hours per employee by category = Number of training hours in a specific category during the Reporting Period/Number of employees in that category at the end of the Reporting Periods.

12. The percentage of employees trained may exceed 100% as the figure is based on the number of attendances for all trainings during the Reporting Period.

Professional Training and Skill Development

In order to enhance employees' professional skills and keep them abreast with the latest technological trends in fire service installation, the Group provides on-the-job training and organises seminars periodically for its employees. The Group is also dedicated to establishing a technical team to enhance employees' professional knowledge, techniques and skills.

Orientation and Induction Training

The Group has organised orientation and induction training for new employees to help them adapt to the Group's culture and environment. Topics of induction training include an introduction of the Group's background, general practices and briefing on the Employee Handbook. Employees will then be able to get familiar with their responsibilities and benefits.

B4. Labour Standards

During the Reporting Period, the Group strictly complies with child and forced labour related laws and regulations including but not limited to the Employment Ordinance and Employment of Children Regulations. The Group was not aware of any material non-compliance with relevant laws and regulations relating to preventing child and forced labour, that would have a significant impact to the Group.

Prevention of Child Labour and Forced Labour (KPI B4.1, KPI B4.2)

Child labour is strictly prohibited during the recruitment process. Identification records are collected during the recruitment process to assist in the selection of suitable candidates and to verify candidates' personal data. The Human Resources Department also ensures identity documents are carefully checked.

Forced labour is strictly prohibited within the Group, and standard office hours are regulated by the Employee Handbook. The Group has offered flexible working hours subject to the job requirement. If any violation of the child or forced labour is discovered, it will be handled strictly according to the policy stated in the Group's Employee Handbook.

B5. Supply Chain Management

The Group understands the importance of supply chain management in mitigating indirect environmental and social risks. The Group takes consideration of the environmental and social practices of its suppliers and subcontractors, and tries to engage suppliers and subcontractors who has more comprehensive measures towards environmental protection.

Local Sourcing (KPI B5.1)

During the Reporting Period, the Group had a total of 98 major suppliers (2024: 84 suppliers), all of which are located in Hong Kong.

Supplier Appointment (KPI B5.2, KPI B5.3)

In order to ensure that the suppliers and subcontractors have met the Group's requirements regarding quality, environmental and safety standards, the Group has formulated standards and stringent procedures in selecting suppliers and subcontractors. Suppliers' and subcontractors' environmental and social performances are also considered as criteria for establishing a long-term relationship. The project directors will maintain an approved list of suppliers and subcontractors. During the Reporting Period, the Group has implemented supplier engagement related practices for all major suppliers.

Assessments of the work performed and materials sourced from suppliers and subcontractors are conducted by the project directors and managing director on a regular basis. If the suppliers or subcontractors continuously fail to meet the standards of the Group, they may be suspended or removed from the approved list. The supplier relationship may also be terminated in the event of any substantial violation of environmental and labour laws and regulations. The Group will review supply chain policies and practices to ensure their effectiveness regularly.

Fair and Open Procurement (KPI B5.2)

The Group has formulated related procedures to ensure that the suppliers and the subcontractor could participate in competitions in a fair and open way. The Group should not have differentiated or discriminated treatment on certain suppliers and subcontractors. It will strictly monitor and prevent all kinds of business bribery. Employees or personnel having any conflict of interest with the supplier should not be involved in the related business activity.

Sustainable Procurement (KPI B5.4)

The Group has adopted the green procurement philosophy and formulated strategies for daily operations. It has actively advocated green procurement when evaluating suppliers. The Group implements its sustainable procurement practices by including environment and social factors as part of its supplier selection consideration. Procurement personnel will inquire on and understand suppliers' operational practices to make an overall assessment of their competence. Specifically, factors such as suppliers' energy efficiency and the use of low-carbon, recyclable materials will be taken into consideration. The procurement process is continuously monitored by respective procurement personnel for effective execution. Improvement to the procurement process will be made when appropriate.

The Group will leverage on its green procurement strategy to manage risks in its supply chain. It will also take advantage of the Group's purchasing power to build a sustainable supply chain.

B6. Product Responsibility

Maintenance of high-quality services is crucial to the sustainable development of the Group. Satisfactory project completion is instrumental to growing the business, building reputation and also increasing business opportunities in the future. In order to ensure that the Group delivers high-quality services to its customers, the process of projects is controlled and monitored regularly by the ISO 9001 Quality Management System.

The Group strictly complies with related laws and regulations in Hong Kong, including but not limited to the Trade Description Ordinance, the Sale of Goods Ordinance, the Personal Data (Privacy) Ordinance and the Supply of Services (Implied Terms) Ordinance of Hong Kong. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress, that would have a significant impact to the Group.

Quality Assurance (KPI B6.1, KPI B6.2, KPI B6.4)

With Quality Management System established in accordance with the requirements of ISO 9001, the Group has developed a sustainable culture to pursue continuous improvement on quality rather than adopting a short-term and project-based approach. It has developed a customer satisfaction review for evaluating the quality of customer service. In event of any complaints on quality and safety, the Group will immediately conduct an investigation to find out the cause, and adopt appropriate measures to minimise its impacts.

In the Reporting Period, there were no product recalls for safety and health reasons and no significant written complaints related to the Group's products and services. In an event when a product recall is required or may be required, the Group will apply the following procedures:

- Communicate with the customer to understand any defects or safety concerns;
- Respond promptly to retrieve the defective products when it is determined that a recall is necessary;
- Notify the production department for a thorough quality inspection and identification of the problem;
- Review the production process thoroughly and make appropriate improvements to avoid occurrence of the same events;
- Notify suppliers if the problem has originated from their products and re-assess their eligibility as the Group's suppliers; and
- Provide adequate training and periodic reminders to all employees on the importance of product quality.

Protection of Intellectual Property Rights (KPI B6.3)
To protect the intellectual property rights, the Group complies with relevant industry standards and specifications and it will only purchase genuine products under its procurement policy.

Protection of Customer Information and Privacy (KPI B6.5)
To protect customer data and privacy, the Group strictly complies with the Hong Kong Personal Data (Privacy) Ordinance. The IT system and server of the Group are properly protected by security system and only authorised persons with passwords can access such information. The system is monitored continuously, if there is any data leakage or violations, the Group will take appropriate actions.

Advertising and Labelling
The Group has formulated the sales and promotion campaigns to strengthen relationships with customers and to ensure the advertisement of its products are truthful, fair and reasonable, and free of misleading elements for protection of the customers' interests.

B7. Anti-corruption

The Group strives to achieve high standards of ethics in its business operations. It is committed to building and cultivating a corporate culture with the highest level of integrity and ethics. Employees must follow the Code of Conduct when carrying out daily operations. Fraudulent behaviours such as corruption, bribery, and collusion are strictly prohibited. Employees should comply with the rules stated in the Employee Handbook when performing business activities, and they should report to the management if they suspect any professional misconduct.

The Group strictly complies with the relevant laws and regulations, including but not limited to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Prevention of Bribery Ordinance, the Personal Data (Privacy) Ordinance, and the Supply of Services (Implied Terms) Ordinance. During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group.

Anti-corruption (KPI B7.1)
The Group does not tolerate any forms of corruption. The Group has adopted the Code of Conduct governing anti-corruption for business activities. Regulations formulated are:

- Directors and employees should avoid conflicts between personal interests and their professional functions;
- Employees shall declare any conflicts of interest to their corresponding managers; and
- Employees are strictly prohibited from using their powers to influence the Group's decisions and actions, or accessing the Group's assets and information for private or personal benefits.

During the Reporting Period, the Group did not have any concluded legal cases regarding corrupt practices brought against the Group or its employees.

Whistle-blowing Mechanism (KPI B7.2)
The Group adopts a Whistle-blowing Policy for all levels. Employees can raise concerns, in confidence, about possible improprieties such as misconduct and malpractice in any matter related to the Group. Reports and complaints received will be handled in a prompt and fair manner. All cases will be kept confidential so as to protect the whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions. The Group will review the policy regularly to ensure its effectiveness.

Anti-corruption Training (KPI B7.3)
During the Reporting Period, seven directors and a member of the senior management have attended approximately eight hours of training in total. Such training serves to enrich their professional skills and knowledge regarding anti-corruption and business ethics.

B8. Community Investment

Being a responsible corporation, the Group is committed to emboldening and supporting the public by the means of community participation. The Group formulated internal policy to understand the needs of the community and allocate appropriate resources to empower the community.

Corporate Social Responsibility (KPI B8.1, KPI B8.2)
The Group has identified youth empowerment and local charity as our focus of community investment. The Group participates in various community activities, for example, donations, volunteering services, and sponsorships. Apart from active participation in community events to help the needy, the Group also regularly communicates with local charities to understand the community's needs. The Group believes it helps to connect with the local community, and maintain a mutually beneficial relationship with society as a whole.

During the Reporting Period, the Group donated HK$1,500 to the Lighthouse Club of Hong Kong ("Lighthouse Club") for the Lap Dog Challenge 2024. The event involved competition among teams who target to complete as many laps of a 400-meter running track as possible within five hours, raising funds for the Lighthouse Club Hong Kong Benevolent Fund. To echo the Lighthouse Club's theme to celebrate "women in construction", the event also alloted 20% of the sponsorship raised to support the Hong Kong Breast Cancer Foundation.

Social Responsibility Education (KPI B8.1, KPI B8.2)
The Group encourages employees to participate in charity events, volunteer works, and environmental protection activities in order to make contributions to the society. The Group believes that through participation in these activities, its employees can build positive value and be a socially-responsible citizen.

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香港
干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF VISTAR HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Vistar Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 69 to 131, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Revenue recognition of provision of Construction Works

Refer to Notes 4(d), 5(a) and 7 to the consolidated financial statements.

The Group is engaged in the provision of installation services, alteration and addition works of electrical and mechanical engineering systems in Hong Kong (together the "**Construction Works**"). The Group's revenue from provision of the Construction Works of approximately HK$267,116,000 for the year ended 31 March 2025 was recognised over time using the input method by reference to the costs incurred up to the reporting date as a proportion of the total estimated costs of each construction contract.

KEY AUDIT MATTERS *(Continued)*

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

We identified the revenue recognition of provision of the Construction Works as a key audit matter given the significant judgements and estimates involved in determining the total estimated contract costs and the contract costs incurred for work performed to date as the contract progress towards complete satisfaction of the performance obligation on individual contract.

Our response:

Our procedures in relation to the revenue recognition of provision of the Construction Works included the following:

(i) Evaluating the Group's estimation of revenue and profit recognised from the provision of the Construction Works, on a sample basis, by:

- Comparing the contract sum and budgeted costs to respective signed contracts or related documents and approved budgets;
- Obtaining an understanding from management and project managers about how the approved budgets were prepared and the progress towards complete satisfaction of the performance obligation was determined with reference to the status of completion of each contract at the end of the reporting period;
- Checking the existence and valuation of variations to correspondences with customers; and
- Testing the calculations of contract revenue based on the estimate of the progress of contract work.

(ii) Assessing the reliability of the approved budgets by comparing the actual outcome against management's estimation of completed contracts on a sample basis; and

(iii) Assessing the appropriateness of the Group's revenue recognition policy under the requirements of HKFRS 15 by inspecting a sample of representative contracts with customers.

KEY AUDIT MATTERS *(Continued)*

Impairment assessment on trade receivables and contract assets

Refer to Notes 4(c)(ii), 5(b), 17, 18(a) and 34(a) to the consolidated financial statements.

As at 31 March 2025, the Group's gross trade receivables and contract assets and their related impairment allowances amounted to HK$32,641,000, HK$198,728,000, and HK$1,344,000 respectively.

The Group applied the HKFRS 9 simplified approach to measure lifetime expected credit losses ("**ECLs**") of trade receivables and contract assets. Management estimated the ECLs rates of trade receivables and contract assets by considering the market conditions, their knowledge about the customers (including their reputation, financial capability and payment history), and the current and forward-looking information on macroeconomic factors that relevant to determine the ability of customers to settle the receivables in the future. The Group determined the ECLs rates of contract assets based on those rates applied to trade receivables, as contract assets and trade receivables are from the same customer bases.

We identified impairment of trade receivables and contract assets as a key audit matter because of the management's judgements involved in the impairment assessment and the significance of the trade receivables and contract assets balances to the Group's consolidated financial statements.

Our response:

Our procedures in relation to the impairment assessment on trade receivables and contract assets included the following:

(i) Discussing with management to understand the methodologies, inputs and estimates used to assess the ECLs rates for trade receivables and contract assets. Evaluating management's estimated ECLs by considering the reputation and financial capability of the customers against the publicly available information, and the cash collection performance against the historical payment records and also considering and evaluating the appropriateness of the ECLs model adopted by management;

(ii) Evaluating management's judgement in determining the ECLs of trade receivables and contract assets, including reasonableness of ECLs rates for customers that are assessed individually;

(iii) Evaluating whether management's assessment on the current and forward-looking macroeconomic factors that impact on the ability of customers to settle the receivables in the future was appropriate by considering the external market information; and

(iv) Testing the accuracy of information prepared by management to assess ECLs including aging categories of trade receivables by checking to the related invoices on a sample basis.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Fong Wai Yee Wendy
Practising Certificate Number: P06821

Hong Kong
30 June 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	7	**274,619**	313,390
Cost of revenue		**(245,813)**	(280,146)
Gross profit		**28,806**	33,244
Other income and gains and losses	8	**1,726**	1,434
(Impairment losses)/reversal of impairment losses of trade receivables and contract assets, net		**(547)**	236
Administrative and other operating expenses		**(26,718)**	(27,027)
Finance costs	10	**(2,223)**	(2,151)
Profit before income tax	9	**1,044**	5,736
Income tax credit/(expense)	11(a)	**51**	(658)
Profit for the year		**1,095**	5,078
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan obligations		**333**	178
Total comprehensive income for the year		**1,428**	5,256
Earnings per share – basic and diluted (HK cents)	12	**0.09 cents**	0.42 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Property, plant and equipment	15	**6,216**	3,423
Intangible assets	16	**39**	81
Pledged deposits	19	**–**	820
Pledged bank deposits	20	**636**	7,709
Prepayments	17	**732**	1,463
Deferred tax assets	11(b)	**820**	497
Total non-current assets		**8,443**	13,993
Current assets			
Trade and other receivables	17	**39,972**	37,014
Contract assets	18(a)	**198,141**	199,951
Income tax recoverable		**427**	–
Pledged deposits	19	**820**	225
Pledged bank deposits	20	**7,459**	34
Bank balances and cash		**55,697**	52,612
Total current assets		**302,516**	289,836
Current liabilities			
Trade and other payables	21	**92,480**	84,245
Contract liabilities	18(b)	**15,003**	8,839
Lease liabilities	22	**3,205**	1,784
Bank borrowings, secured	23	**36,682**	50,107
Income tax payable		**–**	41
Total current liabilities		**147,370**	145,016
Net current assets		**155,146**	144,820
Total assets less current liabilities		**163,589**	158,813
Non-current liabilities			
Bank borrowings, secured	23	**2,083**	–
Lease liabilities	22	**2,068**	664
Long service payment liabilities	24	**1,149**	1,288
Total non-current liabilities		**5,300**	1,952
Net assets		**158,289**	156,861

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	**2025** **HK$'000**	2024 HK$'000
Capital and reserves			
Share capital	25	**12,000**	12,000
Reserves	28	**146,289**	144,861
Total equity		**158,289**	156,861

On behalf of the board of directors

Mr. Poon Ken Ching Keung
Executive Director

Mr. Ng Kwok Wai
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

		Reserves					
	Share capital (Note 25)	Share premium (Note 28(a))	Other reserve (Note 28(b))	Legal reserve (Note 28(c))	Retained earnings	Total reserves	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 April 2023	12,000	14,441	38,860	24	86,280	139,605	151,605
Profit for the year	–	–	–	–	5,078	5,078	5,078
Other comprehensive income							
Remeasurement of defined benefit plan obligations (Note 24)	–	–	–	–	178	178	178
Balance at 31 March 2024 and 1 April 2024	**12,000**	**14,441**	**38,860**	**24**	**91,536**	**144,861**	**156,861**
Profit for the year	**–**	**–**	**–**	**–**	**1,095**	**1,095**	**1,095**
Other comprehensive income							
Remeasurement of defined benefit plan obligations (Note 24)	**–**	**–**	**–**	**–**	**333**	**333**	**333**
Balance at 31 March 2025	**12,000**	**14,441**	**38,860**	**24**	**92,964**	**146,289**	**158,289**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
Operating activities		
Profit before income tax	**1,044**	5,736
Adjustments for:		
Amortisation of intangible assets	**42**	40
Bad debt expenses	**–**	93
Depreciation on property, plant and equipment (including right-of-use assets)	**3,763**	3,564
Gain on lease modifications	**(7)**	(29)
Finance costs	**2,223**	2,151
Interest income	**(1,584)**	(991)
Loss on disposal of financial assets at fair value through profit or loss	**–**	22
Gain on disposal of property, plant and equipment	**–**	(5)
Impairment losses/(reversal of impairment losses) of trade receivables and contract assets, net	**547**	(236)
Operating profit before working capital changes	**6,028**	10,345
(Increase)/decrease in trade and other receivables	**(2,357)**	10,502
Decrease/(increase) in contract assets	**1,392**	(31,674)
Decrease in pledged deposits	**225**	–
Increase in pledged bank deposits	**(352)**	(2,154)
Increase in trade and other payables	**8,235**	6,277
Increase in contract liabilities	**6,164**	4,211
Increase in long service payment liabilities	**194**	412
Cash generated from/(used in) operating activities	**19,529**	(2,081)
Income tax (paid)/refunded	**(740)**	206
Net cash generated from/(used in) operating activities	**18,789**	(1,875)
Investing activities		
Purchase of property, plant and equipment	**(494)**	(793)
Purchase of intangible assets	**–**	(60)
Proceeds from disposal of financial assets at fair value through profit or loss	**–**	4,431
Proceeds from disposal of property, plant and equipment	**–**	5
Interest received	**1,584**	991
Net cash generated from investing activities	**1,090**	4,574

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	2025 HK$'000	2024 HK$'000
Financing activities (Note 32(b))		
Proceeds from bank borrowings	**67,237**	19,685
Repayment of bank borrowings	**(70,305)**	(15,861)
Interest paid on bank borrowings	**(2,028)**	(1,953)
Repayment of principal portion of the lease liabilities	**(3,230)**	(3,228)
Interest paid on lease liabilities	**(194)**	(198)
Net cash used in financing activities	**(8,520)**	(1,555)
Net increase in cash and cash equivalents	**11,359**	1,144
Cash and cash equivalents at beginning of year	**34,652**	33,508
Cash and cash equivalents at end of year	**46,011**	34,652
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**55,697**	52,612
Bank overdrafts (Note 23)	**(9,686)**	(17,960)
	46,011	34,652

1. GENERAL INFORMATION

Vistar Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 27 June 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 12 February 2018. The 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 Company and its subsidiaries (together the "**Group**") are 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 2025 and 31 March 2024, 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 HKFRS ACCOUNTING STANDARDS

(a) Adoption of amended HKFRS Accounting Standards

The Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") has issued a number of amended HKFRS Accounting Standards those are first effective for the current accounting period of the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

None of these amendments to HKFRS Accounting Standards has a material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not early applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants

The amendments to HKAS 1 clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.

- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.

- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.

- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

The Group has reassessed the terms and conditions of its liabilities as at 1 April 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments do not have any impact on these consolidated financial statements.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS *(Continued)*

(a) Adoption of amended HKFRS Accounting Standards *(Continued)*

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.

As the Group does not have supplier finance arrangements, the amendments do not have any impact on these consolidated financial statements.

Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback

Prior to the amendments, HKFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the amendments require a seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on these consolidated financial statements.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS *(Continued)*

(b) New and amended HKFRS Accounting Standards that have been issued but are not yet effective

The following new and amended HKFRS Accounting Standards, 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 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards- Volume 11[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

[1]Effective for annual periods beginning on or after 1 January 2025
[2]Effective for annual periods beginning on or after 1 January 2026
[3]Effective for annual/reporting periods beginning on or after 1 January 2027
[4]No mandatory effective date yet determined but available for adoption

Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability

Amendments to HKAS 21 and HKFRS 1 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application.

The Group expected the adoption of these amendments will not have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity

The amendments include clarifying the application of the 'own-use' requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on Company's financial performance and cash flows.

The Group expected the adoption of these amendments will not have any significant impact on its operations or consolidated financial statements.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS *(Continued)*

(b) New and amended HKFRS Accounting Standards that have been issued but are not yet effective *(Continued)*

Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

These amendments clarify the following:

- the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income.

The Group expected the adoption of these amendments will not have any significant impact on its operations or consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Since the Group has no investment on associate or joint venture, the amendments did not have any impact on these consolidated financial statements.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS *(Continued)*

(b) New and amended HKFRS Accounting Standards that have been issued but are not yet effective *(Continued)*

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which supersedes HKAS 1, with a focus on updates to the consolidated statement of profit or loss and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8. Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 – Subsidiaries without Public Accountability: Disclosures

HKFRS 19 allows for certain eligible subsidiaries of parent entities that report under HKFRS Accounting Standards to apply reduced disclosure requirements.

As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Property, plant and equipment (other than right-of-use assets)

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each of the reporting period. The estimated useful lives are as follows:

Leasehold improvements	Over the shorter of lease terms or 3 years
Furniture and equipment	4 to 5 years
Motor vehicles	4 years
Machinery	4 years

An asset is impaired immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount (see Note 4(g)).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset or disposal.

The gain and loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(b) Leases

The Group as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months and do not contain a purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated on a straight line basis over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The Group presents right-of-use assets within the same line item of "property, plant and equipment".

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(b) Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, which is generally the case of the Group, the Group uses the lessee's incremental borrowing rate (the "**IBR**").

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

(i) fixed lease payments less any lease incentives receivable;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;

(iii) amounts expected to be payable by the lessee under residual value guarantees;

(iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(b) Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liability (Continued)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights to use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

(c) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the assets and the cash flow characteristics of the asset.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("**ECLs**") on trade receivables, contract assets and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience except for the amounts have been assessed individually which represents different credit risk characteristics. The ECLs also adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortised cost, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status.

The Group considers a financial asset to be credit-impaired upon occurrence of the following:

- the debtor is in significant financial difficulty;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Financial instruments *(Continued)*

(iii) Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECLs provision measured in accordance with principles of the accounting policy; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(d) Revenue recognition

Provision of Construction Works

The Group provides the installation services and alteration and addition works (together the "Construction Works") based on contracts entered into with customers before commencement of the construction projects. Installation services involves supplying and carrying out fire prevention system installation services; while alteration and addition works involve provision of alternation and addition services on existing fire prevention system of customers. The Construction Works provide a distinct and significant integration contract work which are considered a single performance obligation with regard to the contracts. In addition, the performance obligation on the contracts is assessed to be satisfied over time as the Group provides the Construction Works on customers' sites which creates an asset that the customers control. Progress towards complete satisfaction of performance obligation on the contracts is measured using the input method that is established by reference to the costs incurred up to the reporting date as a proportion of the total estimated costs.

Contract costs incurred comprise cost of materials sourced from outside vendors, engineer cost and other costs of personnel directly engaged in the contracts and where applicable subcontracting cost and attributable overheads.

For warranty included in the construction contracts, the Group accounts for the warranty in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets unless the warranty provides the customer with a service in addition to the assurance that the Construction Works comply with the agreed-upon specifications.

If at any time the unavoidable costs of meeting contractual obligations are estimated to exceed the remaining amount of the economic benefits expected to be received under the contract, a provision is recognised in accordance with the policy set out in "Onerous contracts" below.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Provision of maintenance services

The Group provides maintenance services based on contracts entered with customers. Under the terms of the contracts, the customers simultaneously receive and consume the benefits as and when the Group provides these services. Accordingly, the Group recognises revenue from maintenance services over time on a straight line basis over the terms of the maintenance contracts.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(d) Revenue recognition *(Continued)*

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration or an amount of consideration is due from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(e) Income taxes

Income taxes comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(e) Income taxes *(Continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits and does not give rise to equal taxable and deductible temporary differences, taxable temporary differences arising on investments in subsidiaries, where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit and does not give rise to equal taxable and deductible temporary differences. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

(f) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(f) Employee benefits *(Continued)*

(ii) Defined contribution retirement plans

The Group's subsidiaries which operates in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees. For forfeited contributions that are not vest fully, if any, may be used to reduce the existing level of contributions.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(iv) Employee benefits – Defined benefit schemes

Long service payment under ("**LSP**") the Hong Kong Employment Ordinance (the "**Ordinance**") is categorised as a defined benefit plan. Employees qualified under the Ordinance are entitled to LSP in certain circumstances specified in the Ordinance. There are no legal funding requirements on employers and the Group does not have any arrangement in place to settle its payment obligation in the future.

The Group's obligation to LSP is measured at:

– Gross LSP obligation which is estimated using the projected unit credit method discounted to its present value using market yields available on high quality corporate bonds (or government bonds if there is no deep market in such high quality corporate bonds) that have maturity dates approximating to the terms of the liabilities and are denominated in Hong Kong Dollars which is the currency of the LSP obligations; less

– Negative service costs. Under the Ordinance and the MFP Schemes Ordinance, the Group can offset the accrued benefits derived from the Group's MPF contributions against the Group's LSP obligations. The Group regards these MPF contributions are deemed contributions by employees towards the LSP benefits. The nature is negative service costs. These deemed contributions are estimated by applying an expected investment return rate on the MPF contributions and then attributed to periods of service using the same attribution method for gross LSP obligation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

(f) Employee benefits *(Continued)*

(iv) Employee benefits – Defined benefit schemes *(Continued)*

Service costs are recognised in profit or loss, and include current and past service costs (including result from a plan amendment).

Interest expense is recognised in profit or loss, and is calculated by applying the discount rate used to measure the LSP obligation at the beginning of the annual period to the balance of the LSP obligation, considering the effects of benefit payments during the period.

Remeasurements of the LSP obligation, including actuarial gains and losses, are recognised in other comprehensive income.

The offsetting mechanism of accrued benefits derived from an employer's mandatory MPF contributions against the employer's LSP obligations would be abolished with effect from 1 May 2025 ("Transition Date"). The HKSAR Government launched a scheme to subsidise a portion of the post-transition LSP payable by an employer. With reference to the education guidance published by the HKICPA in January 2025, the Group consider the LSP Subsidy (defined in Note 24) meets the definition of a government grants and therefore the LSP is accounted for as a government grant in accordance with HKAS 20 Accounting for Government Grants and Disclosure of Government Assistance. After taking into consideration of the eligibility for LSP, the conditions for the LSP Subsidy and the recognition threshold in HKAS 20, the Group determine that the recognition criteria for the LSP Subsidy is generally met when the Group has paid or is about to pay the LSP to the employees in accordance with the Employment Ordinance and is eligible to claim the related LSP Subsidy from the HKSAR Government. Where there are specific facts and circumstances suggesting the recognition criteria is met earlier, the Group would assess the cases with particular care in terms of the exercise of judgement regarding the reasonable assurance threshold in HKAS 20.

(g) Impairment of non-financial assets

At the end of each of the reporting period, the Group reviews the carrying amounts of property, plant and equipment (including right-of-use assets) and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the higher of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

5. 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 next financial year are as follows:

(a) Revenue recognition of provision of the 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 costs 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 payment history), and the current and forward-looking information on macroeconomic factors that relevant to determine the ability of customers to settle the receivables in the future. As at 31 March 2025, the Group's gross trade receivables and contract assets and their related impairment allowances amounted to HK$32,641,000, HK$198,728,000, and HK$1,344,000 (2024: HK$24,843,000, HK$200,120,000, and HK$797,000) respectively.

6. 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 impairment losses of trade receivables and contract assets, administrative and other operating expenses and finance costs.

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

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

6. SEGMENT REPORTING *(Continued)*

(a) Business segments

For the year ended 31 March 2025

	Installation services HK$'000	Alteration and addition works HK$'000	Maintenance services HK$'000	Total HK$'000
Segment revenue				
Revenue from external customers	**149,208**	**117,908**	**7,503**	**274,619**
Segment profit	**12,042**	**16,351**	**413**	**28,806**
Other income and gains and losses				**1,726**
Impairment losses of trade receivables and contract assets, net				**(547)**
Staff costs				**(15,324)**
Corporate expenses				**(11,394)**
Finance costs				**(2,223)**
Profit before income tax				**1,044**

For the year ended 31 March 2024

	Installation services HK$'000	Alteration and addition works HK$'000	Maintenance services HK$'000	Total HK$'000
Segment revenue				
Revenue from external customers	200,090	105,150	8,150	313,390
Segment profit	20,451	11,960	833	33,244
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				(2,151)
Profit before income tax				5,736

6. 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:

	2025 **HK$'000**	2024 HK$'000
Installation services:		
Customer I	**29,623**	53,623
Customer II	**76,977**	40,932
Alteration and addition works:		
Customer III	**53,039**	35,697

7. REVENUE

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

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

	2025 **HK$'000**	2024 HK$'000
Revenue from installation services	**149,208**	200,090
Revenue from alteration and addition works	**117,908**	105,150
Revenue from maintenance services	**7,503**	8,150
	274,619	313,390

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

7. 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) at the end of the reporting period:

	2025 **HK$'000**	2024 HK$'000
Provision of installation services	**174,774**	225,664
Provision of alteration and addition works	**9,272**	9,584

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$184,046,000 (2024: HK$235,248,000) allocated to the contracts under installation services and alteration and addition works as at 31 March 2025 will be recognised as revenue in the next 34 months (2024: 31 months).

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

8. OTHER INCOME AND GAINS AND LOSSES

	2025 **HK$'000**	2024 HK$'000
Bank interest income	**1,584**	878
Others	**135**	431
Gain on lease modifications (Note 22(b))	**7**	29
Interest income from financial assets at fair value through profit or loss	**–**	113
Loss on disposal of financial assets at fair value through profit or loss	**–**	(22)
Gain on disposal of property, plant and equipment	**–**	5
	1,726	1,434

9. PROFIT BEFORE INCOME TAX

This is arrived at after charging the followings:

	2025	2024
	HK$'000	HK$'000
Auditor's remuneration	**870**	880
Depreciation in respect of:		
– Owned assets	**557**	381
– Right-of-use assets	**3,206**	3,183
	3,763	3,564
Amortisation of intangible assets	**42**	40
Bad debt expenses	**–**	93
Employee benefit expenses (including directors' emoluments (Note 14))		
– Salaries, allowances and other benefits	**36,239**	36,140
– Contribution to defined contribution retirement plan (note)	**1,315**	1,363
– Long service payments (Note 24)	**194**	412
	37,748	37,915
Net exchange loss	**42**	70

Note: For the years ended 31 March 2025 and 31 March 2024, 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 2025 and 31 March 2024, 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.

10. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest on bank borrowings	**2,029**	1,953
Interest on lease liabilities (Note 22(b))	**194**	198
	2,223	2,151

11. INCOME TAX AND DEFERRED TAX

(a) The amount of income tax in the consolidated statement of comprehensive income represents:

	2025 HK$'000	2024 HK$'000
Current tax		
– Hong Kong profits tax	**225**	749
– Under provision in prior years	**47**	6
Deferred tax (note (b))	**(323)**	(97)
Income tax (credit)/expense	**(51)**	658

For the years ended 31 March 2025 and 31 March 2024, 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.

11. INCOME TAX AND DEFERRED TAX *(Continued)*

(a) The amount of income tax in the consolidated statement of comprehensive income represents: *(Continued)*

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.

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:

	2025 **HK$'000**	2024 HK$'000
Profit before income tax	**1,044**	5,736
Tax thereon at Hong Kong profits tax rate of 16.5% (2024: 16.5%)	**172**	947
Tax effect of income not taxable for tax purposes	**(294)**	(135)
Tax effect of expenses not deductible for tax purposes	**192**	17
Income tax at concessionary rate	**(165)**	(165)
Under provision in prior years	**47**	6
Tax relief	**(3)**	(12)
Income tax (credit)/expense	**(51)**	658

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

	Tax losses carried forward HK$'000	**Accelerated tax depreciation** HK$'000	**Provision for impairment of trade receivables and contract assets** HK$'000	**Provision for long service payment and annual leave** HK$'000	**Total** HK$'000
At 1 April 2023	194	37	169	–	400
(Charged)/credited to profit or loss	(113)	20	(39)	229	97
At 31 March 2024 and 1 April 2024	81	57	130	229	497
(Charged)/credited to profit or loss	(81)	285	(71)	190	323
At 31 March 2025	–	342	59	419	820

12. BASIC AND DILUTED EARNINGS PER SHARE

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

	2025 HK$'000	2024 HK$'000
Earnings		
Profit for the year	**1,095**	5,078

	2025 Number'000	2024 Number'000
Number of shares		
Weighted average number of ordinary shares	**1,200,000**	1,200,000

Weighted average of 1,200,000,000 shares for the years ended 31 March 2025 and 31 March 2024 represents the number of shares in issue throughout the year.

Diluted earnings per share was the same as the basic earnings per share as the Group had no dilutive potential ordinary shares during the years ended 31 March 2025 and 31 March 2024.

13. DIVIDENDS

The directors do not recommend the payment of a final dividend in respect of the year ended 31 March 2025 (2024: Nil).

14. DIRECTORS' EMOLUMENTS, HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of each of the directors for the reporting period are set out below:

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonuses HK$'000	Contribution to pension scheme HK$'000	Total HK$'000
Year ended 31 March 2025					
Executive directors (note (i))					
Mr. Poon Ken Ching Keung *(Chairman and Chief Executive Officer)*	–	1,320	–	–	1,320
Mr. Ng Kwok Wai	–	948	–	18	966
Ms. Lee To Yin	–	948	–	11	959
Total	–	3,216	–	29	3,245
Non-executive director (note (i))					
Ms. Poon Kam Yee Odilia	–	126	–	–	126
Independent non-executive directors (note (ii))					
Mr. Yung Chung Hing	120	–	–	–	120
Mr. Lam Chung Wai	120	–	–	–	120
Mr. Chan Shu Yan	120	–	–	–	120
Total	360	–	–	–	360

14. DIRECTORS' EMOLUMENTS, HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonuses HK$'000	Contribution to pension scheme HK$'000	Total HK$'000
Year ended 31 March 2024					
Executive directors (note (i))					
Mr. Poon Ken Ching Keung	–	1,294	–	–	1,294
Mr. Ng Kwok Wai	–	966	–	18	984
Ms. Lee To Yin	–	966	–	18	984
Total	–	3,226	–	36	3,262
Non-executive director (note (i))					
Ms. Poon Kam Yee Odilia	–	126	–	6	132
Independent non-executive directors (note (ii))					
Mr. Yung Chung Hing	120	–	–	–	120
Mr. Lam Chung Wai	120	–	–	–	120
Mr. Chan Shu Yan	120	–	–	–	120
Total	360	–	–	–	360

Notes:

(i) Salaries, allowance and benefits in kind paid to or for the executive directors and non-executive director are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

(ii) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

(iii) During the years ended 31 March 2025 and 31 March 2024, no emoluments were paid by the Group to the directors or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived or agreed to waive any emoluments during the years.

14. DIRECTORS' EMOLUMENTS, HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year included 3 (2024: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two highest paid non-director individuals are as follows:

	2025	2024
	HK$'000	HK$'000
Salaries, allowances and other benefits	**1,836**	1,932
Contribution to pension scheme	**36**	36
	1,872	1,968

Remuneration of these individuals was within the following bands:

	2025	2024
	Number of individuals	Number of individuals
HK$Nil – HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**1**	1

(c) Senior management's emoluments

Emoluments paid or payable to members of senior management who are not directors were within the following bands:

	2025	2024
	Number of individuals	Number of individuals
HK$Nil – HK$1,000,000	**3**	3
HK$1,000,001 – HK$1,500,000	**1**	1

15. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Machinery HK$'000	Total HK$'000
Cost						
At 1 April 2023	14,059	634	3,185	2,702	916	21,496
Additions	785	–	41	752	–	1,578
Disposals	–	–	–	(632)	–	(632)
Effect of lease modifications	(320)	–	–	–	–	(320)
At 31 March 2024 and 1 April 2024	**14,524**	**634**	**3,226**	**2,822**	**916**	**22,122**
Additions	**6,795**	**400**	**94**	**–**	**–**	**7,289**
Effect of lease modifications	**(785)**	**–**	**–**	**–**	**–**	**(785)**
At 31 March 2025	**20,534**	**1,034**	**3,320**	**2,822**	**916**	**28,626**
Accumulated depreciation						
At 1 April 2023	9,334	583	2,833	2,545	830	16,125
Charge for the year	3,183	49	140	125	67	3,564
Disposals	–	–	–	(632)	–	(632)
Effect of lease modifications	(358)	–	–	–	–	(358)
At 31 March 2024 and 1 April 2024	**12,159**	**632**	**2,973**	**2,038**	**897**	**18,699**
Charge for the year	**3,206**	**201**	**109**	**230**	**17**	**3,763**
Effect of lease modifications	**(52)**	**–**	**–**	**–**	**–**	**(52)**
At 31 March 2025	**15,313**	**833**	**3,082**	**2,268**	**914**	**22,410**
Net carrying amount						
At 31 March 2025	**5,221**	**201**	**238**	**554**	**2**	**6,216**
At 31 March 2024	2,365	2	253	784	19	3,423

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Right-of-use assets

	Properties leased for own use HK$'000	Office equipment HK$'000	Total HK$'000
At 1 April 2023	4,152	573	4,725
Additions	–	785	785
Depreciation	(2,999)	(184)	(3,183)
Effect of lease modifications	418	(380)	38
At 31 March 2024 and 1 April 2024	**1,571**	**794**	**2,365**
Additions	**6,031**	**764**	**6,795**
Depreciation	**(3,141)**	**(65)**	**(3,206)**
Effect of lease modifications	**–**	**(733)**	**(733)**
At 31 March 2025	**4,461**	**760**	**5,221**

16. INTANGIBLE ASSETS

	Computer system HK$'000
Cost	
At 1 April 2023	892
Additions	60
At 31 March 2024, 1 April 2024 and 31 March 2025	952
Accumulated amortisation	
At 1 April 2023	831
Charge for the year	40
At 31 March 2024 and 1 April 2024	871
Charge for the year	42
At 31 March 2025	913
Net carrying amount	
At 31 March 2025	39
At 31 March 2024	81

Amortisation of computer system is provided on a straight-line basis over the useful live of 4 years.

17. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables	**32,641**	24,843
Less: provision for impairment	**(757)**	(628)
Trade receivables, net (note (a) and note (c))	**31,884**	24,215
Prepayments (note (b))	**7,221**	12,302
Deposit and other receivables (note (c))	**1,599**	1,960
	40,704	38,477
Less: prepayments classified as non-current assets	**(732)**	(1,463)
	39,972	37,014

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:

	2025 HK$'000	2024 HK$'000
Within 30 days	**9,103**	9,573
31 – 60 days	**9,542**	3,608
61 – 90 days	**8,403**	7,398
91 – 180 days	**1,314**	2,634
181 – 365 days	**3,169**	1,002
Over 365 days	**353**	–
	31,884	24,215

(b) The prepayments mainly included prepaid material costs for the Construction Works of the Group to suppliers, prepaid costs for the Construction Works of the Group which had subcontracted to outsider service providers and prepaid professional fee to a service provider.

(c) The Group recognised impairment of trade and other receivables for the years ended 31 March 2025 and 31 March 2024 based on the related accounting policies stated in Note 4(c)(ii). Further details are set out in Note 34(a).

18. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2025 HK$'000	2024 HK$'000
Contract assets		
Arising from performance under installation services and alteration and addition works (note (i))	**170,220**	178,358
Retention receivables (note (i))	**28,508**	21,762
	198,728	200,120
Less: Provision for impairment (note (iii))	**(587)**	(169)
Contract assets, net	**198,141**	199,951

Changes of contract assets during the year ended 31 March 2025 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) decrease 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.

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

	2025 HK$'000	2024 HK$'000
Within one year	**183,397**	179,794
After one year	**14,744**	20,157
Total contract assets	**198,141**	199,951

(ii) The Group recognised impairment of contract assets for the years ended 31 March 2025 and 31 March 2024 based on the related accounting policies stated in Note 4(c)(ii). Further details are set out in Note 34(a).

18. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

(b) Contract liabilities

	2025 HK$'000	2024 HK$'000
Contract liabilities		
Billings in advance of performance under installation services and alteration and addition works	**15,003**	8,839

Typical payment terms which impact on the amount of contract liabilities are set in Note 18(a) above.

	2025 HK$'000	2024 HK$'000
Movements in contract liabilities		
At 1 April	**8,839**	4,628
Decrease as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(7,892)**	(3,439)
Increase as a result of billing in advance of installation services and alteration and addition works, net	**14,056**	7,650
At 31 March	**15,003**	8,839

19. PLEDGED DEPOSITS

Pledged deposits are placed with financial institutions as collaterals for the surety bonds issued in favour of the customers of certain engineering contracts (Note 30). The Group has unconditionally and irrevocably agreed to indemnify the financial institutions for claims and losses the financial institutions may incur in respect of the surety bonds.

20. PLEDGED BANK DEPOSITS

Pledged bank deposits are pledged to secure facilities of the Group granted by banks as collaterals for the surety bonds issued in favour of the customers of certain engineering contracts (Note 30). The Group has unconditionally and irrevocably agreed to indemnify the banks for claims and losses the banks may incur in respect of the surety bonds.

21. TRADE AND OTHER PAYABLES

	2025 **HK$'000**	2024 HK$'000
Trade payables (note (a))	**77,236**	71,141
Retention payables (note (b))	**2,857**	5,242
Accruals	**12,245**	7,410
Other payables	**142**	452
	92,480	84,245

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:

	2025 **HK$'000**	2024 HK$'000
Within 30 days	**15,247**	20,318
31 – 60 days	**16,281**	16,322
61 – 90 days	**8,584**	2,717
Over 90 days	**37,124**	31,784
	77,236	71,141

(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.

22. LEASE LIABILITIES

Nature of leasing activities

The Group leases a number of properties in Hong Kong for own use and certain office equipment. All leases comprise only fixed payment over the lease terms.

(a) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 HK$'000	2024 HK$'000
At 1 April	**2,448**	4,882
New leases	**6,795**	785
Interest recognised during the year	**194**	198
Lease payments	**(3,424)**	(3,426)
Effect of lease modifications	**(740)**	9
At 31 March	**5,273**	2,448

Future lease payments are due as follows:

	Future lease payments 31 March 2025 HK$'000	Interest 31 March 2025 HK$'000	Present value 31 March 2025 HK$'000
Not later than one year	**3,393**	**188**	**3,205**
Later than one year and not later than two years	**1,674**	**63**	**1,611**
Later than two years and not later than five years	**498**	**41**	**457**
	5,565	**292**	**5,273**

22. LEASE LIABILITIES *(Continued)*

(a) Lease liabilities *(Continued)*

Future lease payments are due as follows: *(Continued)*

	Future lease payments 31 March 2024 HK$'000	Interest 31 March 2024 HK$'000	Present value 31 March 2024 HK$'000
Not later than one year	1,867	83	1,784
Later than one year and not later than two years	242	35	207
Later than two years and not later than five years	497	40	457
	2,606	158	2,448

Note: The maturity analysis of lease liabilities is disclosed in Note 34(c) to the consolidated financial statements.

The present value of future lease payments are analysed as:

	2025 HK$'000	2024 HK$'000
Current liabilities	**3,205**	1,784
Non-current liabilities	**2,068**	664
	5,273	2,448

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 HK$'000	2024 HK$'000
Interest on lease liabilities (Note 10)	**194**	198
Depreciation charge of right-of-use assets (Note 15)	**3,206**	3,183
Gain on lease modifications (Note 8)	**7**	29
Short-term lease expenses (Note)	**288**	195

Note: The Group regularly entered into short-term leases for car parks and warehouses. As at 31 March 2025 and 31 March 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed above.

23. BANK BORROWINGS, SECURED

	2025 HK$'000	2024 HK$'000
Secured and interest-bearing bank borrowings		
– Bank loans	**29,079**	32,147
– Bank overdrafts	**9,686**	17,960
	38,765	50,107

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 2025 granted under banking facilities are ranged from 4.7% to 6.2% (2024: 5.4% to 6.6%) per annum.

(b) 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 the reporting period as follows:

	2025 HK$'000	2024 HK$'000
On demand or within one year	**36,682**	50,107
More than one year, but not exceeding two years	**2,083**	–
	38,765	50,107

The Group's non-current bank loan includes in bank borrowings amounting to HK$2,083,000 that contain covenants, which, if not met, would result in the borrowings becoming repayable on demand and classified as current liabilities. This bank loan is otherwise repayable in more than 12 months after the end of the reporting period. The covenant requires the Group's subsidiary that gearing ratio should not higher than 1 time. The covenant is required to be complied at any time throughout the loan term. As at 31 March 2025, the Group's subsidiary complied with it. The convent that is required to be complied with after the end of current reporting period does not affect the classification of the related bank loan as current or non-current as at 31 March 2025.

24. LONG SERVICE PAYMENT LIABILITIES

Defined benefit scheme characteristics and funding

Under Employment Ordinance, Cap.57, an employee who has been employed under a continuous contract for not less than 5 years of service is eligible for LSP under the following circumstances:

- The employee resigns at age of 65 or above;
- The employee dies during employment;
- The employee resigns on ground of ill health;
- The fixed term employment contract expires without being renewed;
- The employee is dismissed which is not because of redundancy or serious misconduct

The LSP benefit is determined with reference to the employee's last full month's salary (capped at HK$22,500) and number of years of service. The LSP benefit is capped at HK$390,000 for each eligible employee. The accrued benefits derived from the Group's mandatory contributions under the mandatory provident fund scheme in respect of that employee can be used to offset the LSP benefit.

Under the Mandatory Provident Fund Schemes Ordinance, Cap. 485, the Group, as an employer, is required to make mandatory MPF contribution at 5% of the employee's monthly salary (capped at HK$1,500). The Group makes the contribution to separate trustees. MPF scheme has attributes of a defined contribution plan.

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 MPF contributions to offset 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 in respect of the employment period after the Transition Date.
- The pre-transition LSP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

At the time when the HKSAR Government announced the effective date of the Abolition, it indicated that it would launch a scheme to subsidise a portion of the post-transition portion of LSP payable by employers. Subsequently in November 2024, the Finance Committee of the Legislative Council approved the creation of a commitment for implementing the subsidy scheme for the Abolition ('LSP Subsidy'). Based on the Group's accounting policy on the LSP Subsidy, the subsidy is regarded as government grants for accounting purpose. No government grants are recognised in 2025.

The accounting for the Group's LSP obligation, MPF contribution and the MPF-LSP offsetting is detailed in note 4(f).

24. LONG SERVICE PAYMENT LIABILITIES *(Continued)*

Long service payment

The net long service payment obligations are exposed to interest rate risk, the risk arising from changes in employees' average longevity at retirement or termination of employment, expected rate of future salary increase and market risk associated with investment returns of employees' MPF Scheme.

The most recent actuarial valuation of the present value of the net defined benefit obligations was carried out on 31 March 2025 by independent professional valuer, BonVision International Appraisals Limited, using the projected unit credit actuarial valuation method.

The movements in the net defined benefit obligations are as follows:

	2025 **HK$'000**	2024 HK$'000
At 1 April	**1,288**	1,054
Expenses recognised in profit or loss:		
Current service cost	**167**	326
Interest cost	**27**	86
Remeasurements recognised in other comprehensive income:		
Actuarial gains arising from changes in financial assumptions	**(333)**	(178)
At 31 March	**1,149**	1,288

The weighted average duration of the defined benefit obligation is ranged from 11 years to 14 years (2024: 18 years to 19 years).

Significant actuarial assumptions and sensitivity analysis are as follows:

	2025	2024
Discount rate	**2.9%**	3.7%
Employee turnover rate	**19.8%-24.6%**	29.5%-34.2%

24. LONG SERVICE PAYMENT LIABILITIES *(Continued)*

The below analysis shows how the defined benefit obligation would have increased/decreased as a result of 1% change in the significant actuarial assumptions:

	2025 Change in significant actuarial assumptions	**2025** HK$'000	2024 Change in significant actuarial assumptions	2024 HK$'000
Discount rate – increase	**1%**	**(139)**	1%	(155)
Discount rate – decrease	**(1)%**	**151**	(1)%	244
Employee turnover rate – increase	**1%**	**(72)**	1%	(36)
Employee turnover rate – decrease	**(1)%**	**15**	(1)%	48

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

25. SHARE CAPITAL

	Number '000	**Amount** HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	3,800,000	38,000

	Number '000	**Amount** HK$'000
Ordinary shares, issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	1,200,000	12,000

26. SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was approved and adopted by the Company on 24 January 2018.

The Scheme is effective for a period of 10 years commencing on 12 February 2018 of the Company. Under the Scheme, the board of directors 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 Scheme. A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

The period as the board of directors 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 be not greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Scheme, a period of 10 years from the date of the grant 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 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 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 Scheme) which amounts to 120,000,000 shares. Options lapsed in accordance with the terms of the Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

No share options were granted under the Scheme up to 31 March 2025. Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 HK$'000	2024 HK$'000
Non-current assets			
Investment in a subsidiary		**–***	–*
Current assets			
Amounts due from subsidiaries		**64,923**	66,433
Prepayments		**605**	892
Cash and cash equivalents		**54**	33
Total current assets		**65,582**	67,358
Current liabilities			
Accruals		**2,455**	2,454
Net assets		**63,129**	64,904
Capital and reserves			
Share capital	25	**12,000**	12,000
Reserves	28	**51,129**	52,904
Total equity		**63,129**	64,904

* The balance is less than HK$1,000

On behalf of the board of directors

Mr. Poon Ken Ching Keung
Executive Director

Mr. Ng Kwok Wai
Executive Director

28. RESERVES

Details of the movements in the Group's reserves are as set out in the consolidated statement of changes in equity in these consolidated financial statements. The natures and purposes of reserves within equity are as follows:

(a) Share premium account of the Company represents the excess of the proceeds received over the par value of the Company's shares issued.

(b) Other reserve account represents the difference between the consideration of the GFE acquisition and the par value of the shares of the Company issued in exchange thereof pursuant to a reorganisation underwent in 2017.

(c) In accordance with the provisions of the Macau Commercial Code, the Group is required to transfer a minimum of 25% of the annual net profit arising from its branch in Macau to legal reserve on the appropriation of profits to dividends until the reserve equals half of the Group's capital injection in the branch.

Details of the movements on the Company's reserves are as follows:

	Share premium HK$'000	Other reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000
Balance at 1 April 2023	14,441	38,860	1,578	54,879
Loss for the year	–	–	(1,975)	(1,975)
Balance at 31 March 2024 and 1 April 2024	**14,441**	**38,860**	**(397)**	**52,904**
Loss for the year	**–**	**–**	**(1,775)**	**(1,775)**
Balance at 31 March 2025	**14,441**	**38,860**	**(2,172)**	**51,129**

29. RELATED PARTY TRANSACTIONS

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

Related party identity and relationship	Type of transaction	2025 HK$'000	2024 HK$'000
Vistar Alliance Limited ("**Vistar Alliance**"), a related company	Lease payments (note)	**600**	600

Note:

Vistar Alliance is owned by Mr. Poon Ken Ching Keung and Mr. Poon Ching Tong Tommy. GFE and Vistar Alliance renewed a lease agreement dated 8 March 2023, pursuant to which Vistar Alliance agreed to lease a property to GFE for a term of not more than two years from the date of the lease agreement at a monthly rental of HK$50,000 (2024: HK$50,000). On 3 March 2025, the lease agreement was renewed for the term from 1 April 2025 to 31 March 2027 at a monthly rental of HK$50,000.

The terms of the above transaction was based on those agreed between the Group and the related company and the director.

(b) **Compensation of key management personnel**

Remuneration of key management personnel, who are directors of the Company, during the reporting period were disclosed in Note 14.

30. 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:

	2025	2024
	HK$'000	HK$'000
Aggregate value of the surety bonds issued in favour of customers	**39,941**	36,829

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 the 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 (Note 19 and Note 20); and

(ii) corporate guarantees of group companies and the Company.

31. CAPITAL COMMITMENTS

As at 31 March 2025 and 31 March 2024, the Group did not have any significant capital commitments.

32. NOTES SUPPORTING CASH FLOWS STATEMENT

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$6,795,000 (2024: HK$785,000) and HK$6,795,000 (2024: HK$785,000) respectively in respect of leasing arrangements for properties and office equipment (2024: office equipment).

(b) Reconciliation of liabilities arising from financing activities

Changes in the Group's liabilities arising from financing activities are detailed below. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Interest payable on bank loans, secured HK$'000	Bank loans, secured HK$'000	Lease liabilities HK$'000
At 1 April 2023	–	28,323	4,882
Changes from financing cash flows:			
Proceeds from bank loans	–	19,685	–
Repayment of bank loans	–	(15,861)	–
Interest paid	(1,953)	–	(198)
Repayment of principal portion of the lease liabilities	–	–	(3,228)
Total changes from financing cash flows	(1,953)	3,824	(3,426)
Other changes:			
New leases	–	–	785
Finance costs	1,953	–	198
Effect of lease modifications	–	–	9
Total other changes	1,953	–	992
At 31 March 2024	–	32,147	2,448

32. NOTES SUPPORTING CASH FLOWS STATEMENT *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Interest payable on bank loans, secured HK$'000	Bank loans, secured HK$'000	Lease liabilities HK$'000
At 1 April 2024	–	32,147	2,448
Changes from financing cash flows:			
Proceeds from bank loans	–	67,237	–
Repayment of bank loans	–	(70,305)	–
Interest paid	(2,029)	–	(194)
Repayment of principal portion of the lease liabilities	–	–	(3,230)
Total changes from financing cash flows	(2,029)	(3,068)	(3,424)
Other changes:			
New leases	–	–	6,795
Finance costs	2,029	–	194
Effect of lease modifications	–	–	(740)
Total other changes	–	–	6,249
At 31 March 2025	–	29,079	5,273

33. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts of financial assets and liabilities:

	2025	2024
	HK$'000	HK$'000
Financial assets at amortised cost		
– Trade and other receivables	**33,483**	26,175
– Pledged deposits	**820**	1,045
– Pledged bank deposits	**8,095**	8,563
– Bank balances and cash	**55,697**	52,612
Financial liabilities at amortised cost		
– Trade and other payables	**92,480**	84,245
– Lease liabilities	**5,273**	2,448
– Bank borrowings, secured	**38,765**	50,107

Note:

The carrying amounts of the financial assets at amortised cost included above approximate their fair values due to their short-term nature.

The carrying amounts of the financial liabilities (including current portion of bank borrowings) included above approximate their fair values due to their short-term nature.

The fair values of the non-current portion of bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for borrowings with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank borrowings as at 31 March 2025 and 31 March 2024 were assessed to be insignificant.

34. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group is exposed to a variety of financial risks which comprise credit risk, interest rate risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

Generally, the Group employs a conservative strategy regarding its financial risk management. As the directors consider that the Group's exposure to financial risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The most significant risks to which the Group is exposed to are described below:

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to its trade and other receivables, contract assets, pledged deposits, pledged bank deposits and bank balances. Management has a credit policy in place and the exposures to credit risk are monitored on an ongoing basis.

The Group does not obtain collateral from the counterparties. At the end of the reporting period, the Group has a certain concentration of credit risk as 73% (2024: 50%) of the total trade receivables was due from the Group's five largest customers.

Trade receivables and contract assets

The Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime ECLs. To measure the ECLs, the trade receivables and contracts assets have been grouped based on shared credit risk characteristics, such as past due status. The ECLs on trade receivables and contract assets are estimated using a provision matrix by reference to past default experience of the debtor over the past 3 (2024: 3) years, current market condition in relation to each debtor's exposure except for the amounts have been more than 365 days past due, except for the amounts have been assessed individually which represents different credit risk characteristics. The ECLs also incorporated forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

34. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables and contract assets *(Continued)*

At the end of each of the reporting period, the provision made against the gross amount of trade receivables and contract assets is as follows:

31 March 2025	ECLs rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Collective assessment				
Current (not past due)	0.1	200,138	417	199,721
0 – 60 days past due	0.3	17,502	70	17,432
61 – 90 days past due	0.9	8,607	97	8,510
91 – 180 days past due	1.3	1,339	18	1,321
181 – 365 days past due	6.3	3,247	206	3,041
Over 365 days past due	100	362	362	–
		231,195	1,170	230,025
Individual assessment		174	174	–
		231,369	1,344	230,025

31 March 2024	ECLs rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Collective assessment				
Current (not past due)	0.1	205,546	173	205,373
0 – 60 days past due	0.1	12,936	13	12,923
61 – 90 days past due	0.4	3,583	15	3,568
91 – 180 days past due	1.0	1,524	15	1,509
181 – 365 days past due	11.5	896	103	793
		224,485	319	224,166
Individual assessment		478	478	–
		224,963	797	224,166

34. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables and contract assets *(Continued)*

The movements in the allowances for impairment of trade receivables and contract assets are as follows:

	Trade receivables HK$'000	Contract assets HK$'000	Total HK$'000
At 1 April 2023	782	251	1,033
Impairment losses recognised during the year	478	–	478
Reversal of impairment losses recognised during the year	(632)	(82)	(714)
At 31 March 2024 and 1 April 2024	**628**	**169**	**797**
Impairment losses recognised during the year	**174**	**418**	**592**
Reversal of impairment losses recognised during the year	**(45)**	**–**	**(45)**
At 31 March 2025	**757**	**587**	**1,344**

Other receivables

ECLs model for other receivables is summarised below:

Other receivables that are not credit-impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the Group. The ECLs are measured on a 12-month basis.

- If a significant increase in credit risk (as define below) since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The ECLs are measured on lifetime basis.

- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3". The ECLs are measured on lifetime basis.

- At Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial instrument subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting period to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

34. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

Other receivables *(Continued)*

As at 31 March 2025 and 31 March 2024, no provision was made against the gross amount of other receivables because the Group considered the impact of the impairment of other receivables to be insignificant based on past credit history and the nature of the other receivables.

Pledged deposits, pledged bank deposits and bank balances

In respect of bank balances, pledged deposits and pledged bank deposits, the credit risk is limited because majority of the deposits are placed with reputable financial institutions.

The Group provides guarantees in respect of the surety bonds issued in favour of several customers. As at 31 March 2025 and 31 March 2024, the maximum exposure to credit risk of guarantees issued by the Group represented the maximum amount the Group could be required to pay if the guarantees were called on, which are disclosed in Note 30. Management considers that it is unlikely that the Group is unable to fulfil the performance requirements of the relevant contracts and accordingly, the Group's exposure to credit risk in this regard is low.

The credit policies have been consistently applied and are considered to be effective in managing the Group's exposure.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from bank borrowings. Borrowings arranged at variable rates exposes the Group to cash flow interest rate risk.

All of the Group's bank borrowings at the end of the reporting period bear interest at floating rates. Details of bank borrowings are disclosed in Note 23.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

34. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(b) Interest rate risk *(Continued)*

Sensitivity analysis

The following sensitivity analysis demonstrates the Group's exposure to a reasonably possible change in interest rates on its floating-rate bank borrowings with all other variables held constant at the end of the reporting period (in practice, the results may differ from the sensitivity analysis below and the difference could be material):

	Increase/(decrease) in profit and retained earnings	
	2025	2024
	HK$'000	HK$'000
Changes in interest rate		
+1%	**(518)**	(418)
-1%	**518**	418

The changes in interest rates do not affect the Group's other component of equity. The above sensitivity analysis is prepared based on the assumption that the borrowings period of the bank borrowing outstanding at the end of the reporting period resembles that of the corresponding financial years or periods. The assumed changes in interest rate are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the period until the next 12-month period.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, bank borrowings and lease liabilities, and also in respect of its cash flow management. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policy has been followed by the Group for years and is considered to be effective in managing liquidity risks.

The following tables summarise the remaining contractual maturities of the Group's financial liabilities including bank loans with repayment on demand clause, based on undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on rates ruling at the end of the reporting period) and the earliest date the Group can be required to pay.

Specifically, for bank loans which contains repayment on demand clause which can be exercised at banks' sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if any of the lender was to invoke its unconditional rights to call the loan with immediate effect.

34. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
At 31 March 2025					
Trade and other payables	**92,480**	**92,480**	**92,480**	**–**	**–**
Lease liabilities	**5,273**	**5,565**	**3,393**	**1,674**	**498**
Bank loans	**38,766**	**39,074**	**36,862**	**2,212**	**–**
Financial guarantee	**–**	**39,941**	**22,691**	**5,900**	**11,350**
	136,519	**177,060**	**155,426**	**9,786**	**11,848**

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
At 31 March 2024					
Trade and other payables	84,245	84,245	84,245	–	–
Lease liabilities	2,448	2,606	1,867	242	497
Bank loans	50,107	50,558	50,558	–	–
Financial guarantee	–	36,829	392	19,187	17,250
	136,800	174,238	137,062	19,429	17,747

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee.

34. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(d) Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, to maintain an optimal capital structure, to reduce the cost of capital and to support the Group's stability and growth.

The Group monitors capital using gearing ratio, which is total debts to equity. Total debts include bank borrowings and lease liabilities. Equity represents total equity of the Group.

The directors of the Company actively and regularly review and manage the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholders' returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debts or sells assets to reduce debts.

The gearing ratios as at the end of the reporting period were as follows:

	2025 **HK$'000**	2024 HK$'000
Bank borrowings, secured	**38,765**	50,107
Lease liabilities	**5,273**	2,448
Total debts	**44,038**	52,555
Total equity	**158,289**	156,861
Gearing ratio	**27.8%**	33.5%

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2025 were approved and authorised for issue by the board of directors on 30 June 2025.

FIVE-YEAR FINANCIAL SUMMARY

	2025 **HK$'000**	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000
For the year					
Revenue	**274,619**	313,390	287,061	405,171	305,158
Profit before income tax	**1,044**	5,736	5,724	27,812	33,025
Profit attributable to equity holders of the Company	**1,095**	5,078	4,856	20,782	28,511
Cashflows					
Net cash generated from/(used in) operating activities	**18,789**	(1,875)	(6,750)	(4,597)	26,962
As at year end					
Total assets	**310,959**	303,829	274,308	256,438	238,548
Total liabilities	**152,670**	146,968	122,703	103,689	95,181
Total equity	**158,289**	156,861	151,605	152,749	143,367
Bank balances and cash	**55,697**	52,612	39,356	37,081	49,395
Per share data					
Earnings per share-basic and diluted (HK cents)	**0.09 cents**	0.42 cents	0.40 cents	1.73 cents	2.38 cents

The financial figures stated in the above summary were extracted from the respective consolidated financial statements in the annual reports.

The summary above does not form part of the audited consolidated financial statements in the annual reports.