

VISTAR HOLDINGS LIMITED

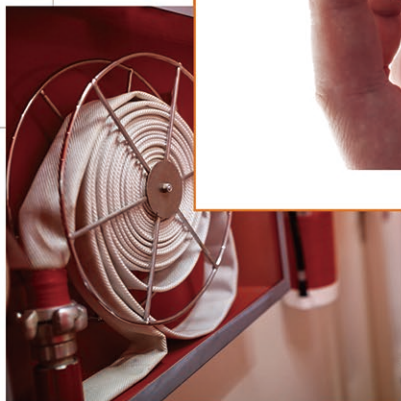
熒德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8535

2018

THIRD QUARTERLY REPORT



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “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 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.

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This report, for which the directors (the “Directors”) of Vistar Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of the Exchange 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.

FINANCIAL HIGHLIGHTS

- During the nine months ended 31 December 2018, the revenue of the Group increased to approximately HK\$276.53 million from approximately HK\$186.30 million for the corresponding nine months ended 31 December 2017. Our revenue increment was mainly due to having more contracts secured for the nine months ended 31 December 2018 and contracts signed during the reporting period for which works were performed.
- The Group's profit attributable to shareholders was approximately HK\$18.65 million for the nine months ended 31 December 2018 (2017: HK\$3.73 million). An increase of 400.12% of profit was attributable to shareholders when compared to the corresponding last period. The reason for the increase was mainly due to (i) having significantly higher amount of contracts secured and the works performed during the reporting period; and (ii) the inclusion of the operating results on acquisition of Guardian Engineering Limited ("GEL") since 3 August 2017. The profit and revenue contributed by GEL for the current period was HK\$7.06 million and HK\$61.58 million respectively whilst the profit and revenue contributed by GEL for the corresponding last period was HK\$1.08 million and HK\$30.83 million.

Excluding the non-recurring listing expenses of approximately HK\$10.62 million incurred in the corresponding last period, the profit attributable to shareholders for the current period represents a significant increase of 30.03% in comparison to the corresponding last period.

- The Board does not recommend the payment of a dividend for the nine months ended 31 December 2018 (2017: HK\$Nil).

FINANCIAL RESULTS

The board of directors (the “Board”) of Vistar Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the nine months ended 31 December 2018 together with the comparative unaudited figures for the corresponding last period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

	(Unaudited) Three months ended 31 December 2018 HK\$'000	(Unaudited) Three months ended 31 December 2017 HK\$'000	(Unaudited) Nine months ended 31 December 2018 HK\$'000	(Unaudited) Nine months ended 31 December 2017 HK\$'000
<i>Notes</i>				
Revenue	93,063	70,624	276,528	186,295
Cost of revenue	(81,146)	(60,201)	(234,196)	(157,096)
Gross profit	11,917	10,423	42,332	29,199
Other income and gains	8	36	191	278
Administrative and other operating expenses	(6,603)	(5,211)	(18,805)	(12,287)
Listing expenses	-	-	-	(10,616)
Finance costs	(70)	(18)	(154)	(65)
Profit before income tax	5,252	5,230	23,564	6,509
Income tax	(1,440)	(857)	(4,910)	(2,779)
Profit and total comprehensive income for the period attributable to owners of the Company	3,812	4,373	18,654	3,730
Earnings per share				
– Basic and Diluted (HK cents)	0.32	0.49	1.55	0.41

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2018 (Audited)	12,000	28,841	38,884	8,709	88,434
Profit and total comprehensive income for the year	-	-	-	18,654	18,654
At 31 December 2018 (Unaudited)	12,000	28,841	38,884	27,363	107,088
At 1 April 2017 (Audited)	-	-	2,524	36,336	38,860
Profit and total comprehensive income for the year	-	-	-	3,730	3,730
Dividend	-	-	-	(10,000)	(10,000)
At 31 December 2017 (Unaudited)	-	-	2,524	30,066	32,590

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

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 Exchange since 12 February 2018 (the “Listing”). The Company’s registered office is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, the Cayman Islands. Its principal place of business is located at Unit 2, 13/F, Tak King Industrial Building, 27 Lee Chung Street, Chai Wan, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (the “Group”) is engaged in the provision of installation, alteration and addition works and maintenance services of electrical and mechanical engineering systems in Hong Kong.

The condensed consolidated financial information has been reviewed by the audit committee of the Company.

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the nine months ended 31 December 2018 have been prepared in accordance with Hong Kong Financial Reporting Standard (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated financial information should be read in conjunction with the Company’s combined financial statements for the year ended 31 March 2018, which have been prepared in accordance with HKFRSs issued by the HKICPA.

Pursuant to the group reorganisation (the “Reorganisation”) as detailed in the prospectus of the Company dated 31 January 2018 (the “Prospectus”) under the section headed “History, reorganisation and corporate structure”, the Vistar Holdings Limited became the holding company of the companies. The Group has been under the control and beneficially owned by controlling shareholders. Accordingly, the Reorganisation has been accounted for as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the nine months ended 31 December 2018 or since their respective dates of incorporation to 31 December 2018.

This unaudited condensed consolidated financial information has been prepared on the historical cost basis.

2. BASIS OF PREPARATION (continued)

The accounting policies used in this unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018 except the following new or revised HKFRSs, potentially relevant to the Group, have been issued, but are not yet effective and have not been adopted by the Group in the preparation of unaudited condensed consolidated financial information.

2.1 The following new and amended standards have been adopted by the Group for the financial period beginning on or after 1 April 2018

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers
Amendments to HKAS 40	Transfer of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to the following two HKFRSs: <ul style="list-style-type: none">– HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards– HKAS 28 Investments in Associates and Joint Ventures

The adoption of the above HKFRSs did not have any significant financial impact on the unaudited condensed consolidated financial statements.

2. BASIS OF PREPARATION (continued)

2.2 The following new standards and revisions to standards have been issued, but are not effective and have not been early adopted by the Group

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 16	Leases
HKFRS 17	Insurance Contracts
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK (IFRC) – Int 23	Uncertainty over Income Tax Treatments
Annual Improvements to 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The Group will apply the above HKFRSs when they become effective. The Group is in the process of assessing the impact of the above HKFRSs.

3. REVENUE AND SEGMENT INFORMATION

	(Unaudited) Three months ended 31 December 2018 HK\$'000	(Unaudited) Three months ended 31 December 2017 HK\$'000	(Unaudited) Nine months ended 31 December 2018 HK\$'000	(Unaudited) Nine months ended 31 December 2017 HK\$'000
Installation	49,461	35,375	178,834	115,104
Alteration and additions works	42,782	31,689	93,565	64,285
Maintenance	820	3,560	4,129	6,906
	93,063	70,624	276,528	186,295

4. OTHER INCOME AND GAINS

	(Unaudited) Three months ended 31 December 2018 HK\$'000	(Unaudited) Three months ended 31 December 2017 HK\$'000	(Unaudited) Nine months ended 31 December 2018 HK\$'000	(Unaudited) Nine months ended 31 December 2017 HK\$'000
Handling fee income	–	–	–	190
Bank interest income	8	13	10	12
Net exchange gain	–	23	–	23
Gain on disposal of property, plant and equipment	–	–	33	–
Rental income	–	–	–	29
Others	–	–	148	24
	8	36	191	278

5. ADMINISTRATION AND OTHER OPERATING EXPENSES

	(Unaudited) Three months ended 31 December 2018 HK\$'000	(Unaudited) Three months ended 31 December 2017 HK\$'000	(Unaudited) Nine months ended 31 December 2018 HK\$'000	(Unaudited) Nine months ended 31 December 2017 HK\$'000
Staff costs, including Directors' emoluments	3,227	2,859	9,460	6,263
Travelling expenses	330	280	1,154	875
Depreciation	223	199	757	634
Legal and professional fee	571	595	2,262	1,995
Audit fee	180	42	540	125
Entertainment	599	282	1,152	590
Rent	334	105	1,089	321
Repair and maintenance	13	40	98	112
Insurance	281	147	402	255
Others	845	662	1,891	1,117
	6,603	5,211	18,805	12,287

6. FINANCE COSTS

	(Unaudited) Three months ended 31 December 2018 HK\$'000	(Unaudited) Three months ended 31 December 2017 <i>HK\$'000</i>	(Unaudited) Nine months ended 31 December 2018 HK\$'000	(Unaudited) Nine months ended 31 December 2017 <i>HK\$'000</i>
Interest on finance leases and bank charges	48	3	79	15
Interest on bank and other borrowings	22	15	75	50
	70	18	154	65

7. EARNINGS PER SHARE

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

	(Unaudited) Three months ended 31 December 2018	(Unaudited) Three months ended 31 December 2017	(Unaudited) Six months ended 31 December 2018	(Unaudited) Six months ended 31 December 2017
Profit for the period attributable to owners of the Company (HK\$'000)	3,812	4,373	18,654	3,730
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	1,200,000	900,000	1,200,000	900,000
Basic earnings per share (HK cent)	0.32	0.49	1.55	0.41

Diluted earnings per share is equal to the basic earnings per share as there was no dilutive potential shares.

8. SHARE OPTION SCHEME

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

No share options were granted under the Scheme during the period. Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Our Group is a registered fire service installation contractor in Hong Kong and is qualified to undertake works in respect of the installation, maintenance, repair or inspection of fire safety systems. Fire safety systems mainly consist of fire alarm systems, water and gas expression systems, fire hydrant and hose reel systems, emergency lighting systems and portable fire equipment. Besides that, the Group is also an established E&M engineering service provider in Hong Kong.

The Group is principally engaged in the provision of E&M engineering services and specialize in the installation, alteration and addition works and maintenance of fire services system. Our installation services include design and installation of fire service systems for buildings under construction or re-development, our alteration and addition works services cover the alteration and addition works on existing fire service systems, and our maintenance services cover the maintenance and repair of fire service systems for built premises.

Outlook

Looking forward, despite that there is still an economic slowdown driven by China's macro-economic conditions, the trade war between China and the United States of America as well as the property market in Hong Kong, our Group continues to be strong in capitalising on our extensive experience in installation, alteration & addition and maintenance of fire servicing system.

With the Company's successful listing on the GEM on 12 February 2018, the net proceeds from the public offer of the Company's shares thereby provide financial resources to the Group to achieve its business objectives and strategies, to expand its business and improve its capability to bid for public and private projects and thereby broadening our customer base and accelerating its development.

In the years to come, we are confident to contribute a sustainable growth and will further strengthen the Group's market position in the installation, alteration and addition and maintenance works of fire servicing system.

Financial Review

Revenue

The Group's revenue for the nine months ended 31 December 2018 amounted to approximately HK\$276.53 million which represented an increase of approximately HK\$90.23 million or 48.44% from approximately HK\$186.30 million for the corresponding last period ended 31 December 2017.

Our revenue increment was mainly due to (i) having more contracts secured before period ended 31 December 2018 and contracts signed during the reporting period for which works were also performed during the period; and (ii) the inclusion of the operating results on acquisition of GEL on 03 August 2017. The profit and revenue contributed by GEL for the current period was HK\$7.06 million and HK\$61.58 million respectively whilst the profit and revenue contributed by GEL for the corresponding last period was HK\$1.08 million and HK\$30.83 million.

Cost of Revenue

The Group's cost of revenue increased from approximately HK\$157.10 million for the nine months ended 31 December 2017 to approximately HK\$234.20 million for the nine months ended 31 December 2018, representing an increase of approximately HK\$77.10 million or 49.08%. Such an increase was mainly due to higher material costs and subcontracting charges for the nine months ended 31 December 2018, parallel to the increase in revenue.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately HK\$13.13 million or 44.98% from approximately HK\$29.20 million for the nine months ended 31 December 2017 to approximately HK\$42.33 million for the nine months ended 31 December 2018. During the period ended 31 December 2018, the gross profit margin decreased slightly from 15.67% for the nine months ended 31 December 2017 to 15.31% for the nine months ended 31 December 2018. The gross profit margin is considered stable for both periods.

Administrative and Other Operating Expenses

Administrative and other operating expenses mainly include the salaries and benefits of administrative and management staff, rental expenses, insurance cost, legal and professional fees, depreciation expense of plant and equipment and other expenses.

Our administrative and other operating expenses increased by approximately HK\$6.52 million or 53.05% from approximately HK\$12.29 million for the nine months ended 31 December 2017 to approximately HK\$18.81 million for the nine months ended 31 December 2018.

Listing Expense

The Group did not incur listing expenses for the nine months ended 31 December 2018 (2017: HK\$10.62 million). These expenses are non-recurring in nature and are outside of the Group's ordinary business operations.

Finance Costs

Finance costs of the Group are approximately HK\$0.15 million for the nine months ended 31 December 2018 (2017: HK\$0.07 million). Finance costs consist of interest on bank borrowings, overdrafts and interest on obligations under finance leases. The Group's finance costs remained stable for both periods.

Income Tax Expense

Income tax expense for the Group increased by approximately HK\$2.13 million or 76.62% from approximately HK\$2.78 million for the nine months ended 31 December 2017 to approximately HK\$4.91 million for the nine months ended 31 December 2018. The increase was mainly due to the increase in taxable profit for the nine months ended 31 December 2018.

Profit for the Period Attributable to Shareholder of the Company

The Group's profit attributable to shareholders was approximately HK\$18.65 million for the nine months ended 31 December 2018 (2017: HK\$3.73 million), an increase of 400.12% of profit attributable to shareholders when compared to corresponding last period. The reason for increase was mainly due to (i) significantly higher amount of contracts secured and the works performed during the reporting period; and (ii) the inclusion of full current period of the operating results of GEL since acquisition on 3 August 2017. The profit and revenue contributed by GEL for the current period was HK\$7.06 million and HK\$61.58 million respectively whilst the profit and revenue contributed by GEL for the corresponding last period was HK\$1.08 million and HK\$30.83 million.

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.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any material contingent liabilities (2017: HK\$ Nil).

DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 December 2018 (2017: HK\$ Nil).

OTHER INFORMATION

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

As at 31 December 2018, 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 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 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 (Note 1)	Percentage of issued share capital of the Company (Note 2)
Mr. Poon Ken Ching Keung ("Mr. Ken Poon") (Notes 3 and 6)	Interest in a controlled corporation	508,500,000	42.38%
Mr. Poon Ching Tong Tommy ("Mr. Tommy Poon") (Notes 4 and 6)	Settlor and beneficiary of a discretionary trust	481,500,000	40.13%
Mr. Ng Kwok Wai (Notes 5 and 6)	Interest in a controlled corporation	90,000,000	7.50%
Ms. Poon Kam Yee Odilia ("Ms. Odilia Poon") (Notes 5 and 6)	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 December 2018.
- (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 6 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) Unity Trust Limited (“Unity Trust”), the trustee of the Alderhill Trust, holds the entire issued share capital of Alderhill Holdings Limited. Alderhill Holdings Limited, in turn, holds the entire issued share capital of Noble Capital Concept Limited (“Noble Capital”). The Alderhill Trust is a discretionary trust established by Mr. Tommy Poon (as the settlor) and the discretionary beneficiaries of which include Mr. Tommy Poon and his family members. 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 6 below. As such, Mr. Tommy Poon is deemed to be interested in the 481,500,000 Shares which Noble Capital is deemed to be interested in.
- (5) 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.
- (6) 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, Alderhill Holdings Limited, Unity Trust 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 December 2018, 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 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 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.

Substantial Shareholders’ and Other Persons’ Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2018, 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 (Note 1)	Percentage of issued share capital of the Company (Note 2)
Success Step (Notes 3 and 5)	Beneficial owner	418,500,000	34.88%
	Holder of equity derivative	90,000,000	7.50%
		508,500,000	42.38%
Noble Capital (Notes 4 and 5)	Beneficial owner	391,500,000	32.63%
	Holder of equity derivative	90,000,000	7.50%
		481,500,000	40.13%
Alderhill Holdings Limited (Notes 4 and 5)	Interest in a controlled corporation	481,500,000	40.13%
Unity Trust (Notes 4 and 5)	Trustee of trust	481,500,000	40.13%
Legend Advanced (Note 6)	Beneficial owner	90,000,000	7.50%
Ms. Deng Anna Man Li (Note 7)	Interest of spouse	508,500,000	42.38%
Mr. Roberts Christopher John (Note 8)	Interest of spouse	90,000,000	7.50%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 31 December 2018.
- (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) Unity Trust, the trustee of the Alderhill Trust, holds the entire issued share capital of Alderhill Holdings Limited, Alderhill Holdings Limited, in turn, holds the entire issued share capital of Noble Capital. The Alderhill Trust is a discretionary trust established by Mr. Tommy Poon (as the settlor) and the discretionary beneficiaries of which include Mr. Tommy Poon and his family members. 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, Alderhill Holdings Limited, Unity Trust 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 December 2018, 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 “Other information” 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 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the company or any other member of the Group.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 31 December 2018.

Competition and Conflict of Interests

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with Group during the nine months ended 31 December 2018.

Directors’ Securities Transactions

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the nine months ended 31 December 2018.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Group has appointed Kingsway Capital Limited as our compliance adviser, which provides advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. As notified by the Group's compliance adviser, neither our compliance adviser nor its Directors, employees or close associates had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE

The Company has complied with the principles and applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules for the nine months ended 31 December 2018, except the deviation from CG Code provision A.2.1.

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

Mr. Ken Poon is the chairman and the chief executive officer of the Company. Mr. Ken Poon has been the key leadership figure of the Group for over 29 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 factor, the Board considers that the Company has complied with the principles and applicable code provision of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules.

AUDIT COMMITTEE

An audit committee has been established on 24 January 2018 with its terms of reference in compliance with Rules 5.28 of the GEM Listing Rules, and paragraphs C.3.3 of the CG Code. The audit committee consists of three members, namely Dr. Wong Kam Din, Mr. Yung Chung Hing and Mr. Lam Chung Wai, all being independent non-executive Directors. Mr. Yung Chung Hing currently serves as the chairman of the audit committee.

The 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. The audit committee has reviewed the unaudited consolidated financial results of the Group for the nine months ended 31 December 2018 and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

REVIEW OF THIS THIRD QUARTERLY REPORT

The third quarterly report has been reviewed by the audit committee.

By order of the Board
Vistar Holdings Limited
Poon Ken Ching Keung
Chairman and chief executive officer

Hong Kong, 31 January 2019

As at the date of this report, the executive Directors are Mr. Poon Ken Ching Keung (Chairman), Mr. Poon Ching Tong, Tommy and Mr. Ng Kwok Wai and the non-executive Director is Ms. Poon Kam Yee, Odilia and the independent non-executive Directors are Dr. Wong Kam Din, Mr. Yung Chung Hing and Mr. Lam Chung Wai.