

VISTAR HOLDINGS LIMITED

熒德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8535



2021

THIRD QUARTERLY REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

FINANCIAL HIGHLIGHTS

	For the nine months ended 31 December		
	2021 HK\$'000	2020 HK\$'000	% Change
Revenue	310,912	201,595	54.23
Gross profit	55,661	42,029	32.43
Profit attributable to equity holders of the Company	14,803	18,040	(17.94)
Basic and Diluted earnings per share	1.23 cents	1.50 cents	(18.00)

- Revenue increased from approximately HK\$201.60 million for the nine months ended 31 December 2020 to approximately HK\$310.91 million for the nine months ended 31 December 2021, representing a significant increase of approximately HK\$109.31 million or 54.23%.
- Total revenue was mainly attributed to revenue from installation work which accounts to approximately HK\$244.09 million. The Group has substantially completed seven sizeable installation projects combining for a total revenue of approximately HK\$186.64 million.
- Profit attributable to shareholders for the Reporting Period was approximately HK\$14.80 million, or HK1.23 cents per share. Excluding the listing expenses incurred during the Reporting Period in relation to the proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange as disclosed in the announcements of the Company dated 17 June 2021 and 31 December 2021, the Group operated with a normalized profit of approximately HK\$26.16 million.
- The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2021 (2020: On 8 February 2021, the Board has resolved to declare an interim dividend of HK\$0.25 cents per share for the nine months ended 31 December 2020).

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 2021 (“**Reporting Period**”) together with the comparative unaudited figures for the nine months ended 31 December 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

	Notes	(Unaudited) Three months ended 31 December 2021 HK\$'000	(Unaudited) Three months ended 31 December 2020 HK\$'000	(Unaudited) Nine months ended 31 December 2021 HK\$'000	(Unaudited) Nine months ended 31 December 2020 HK\$'000
Revenue	4	98,496	72,349	310,912	201,595
Cost of revenue		(79,801)	(55,881)	(255,251)	(159,566)
Gross profit		18,695	16,468	55,661	42,029
Other income and gains (Impairment losses)/reversal of impairment losses of trade receivable and contract assets, net	5	253 (155)	67 90	674 (165)	235 (1,023)
Administrative and other operating expenses	6	(9,101)	(6,720)	(23,325)	(19,287)
Listing expenses		(2,821)	–	(11,360)	–
Finance costs	7	(162)	(130)	(474)	(292)
Profit before income tax		6,709	9,775	21,011	21,662
Income tax		(2,309)	(1,671)	(6,208)	(3,622)
Profit and total comprehensive income for the period attributable to equity holders of the Company		4,400	8,104	14,803	18,040
Earnings per share – Basic and Diluted (HK cents)	8	0.37 cents	0.68 cents	1.23 cents	1.50 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR NINE MONTHS ENDED 31 DECEMBER 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other & Legal reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2021 (Audited)	12,000	25,841	38,884	66,642	143,367
Profit and total comprehensive income for the period	-	-	-	14,803	14,803
Final dividend paid	-	(7,200)	-	-	(7,200)
Interim dividend paid	-	(4,200)	-	-	(4,200)
At 31 December 2021 (Unaudited)	12,000	14,441	38,884	81,445	146,770
At 1 April 2020 (Audited)	12,000	28,841	38,884	38,131	117,856
Profit and total comprehensive income for the period	-	-	-	18,040	18,040
At 31 December 2020 (Unaudited)	12,000	28,841	38,884	56,171	135,896

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 June 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock 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**”) are engaged in the provision of installation work, alteration and addition services and maintenance services of electrical and mechanical engineering systems in Hong Kong. As at 31 December 2021, the particulars of the Company’s subsidiaries are set 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%	Installation, 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%	Installation, alteration and addition works, and maintenance services of electrical and mechanical engineering systems in Hong Kong

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the nine months ended 31 December 2021 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 2021, which have been prepared in accordance with HKFRSs issued by the HKICPA.

This unaudited condensed consolidated financial information has been prepared on the historical cost basis, have not been audited by the Company’s independent auditors, but have been reviewed by the Company’s Audit Committee.

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 2021 except the following new or revised HKFRSs, which are potentially relevant to the Group and have been issued.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unaudited condensed consolidated financial statements are consistent with those applied in the Group’s annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial statements.

Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform Phase 2

Several amendments apply for the first time in the current period. The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective.

4. REVENUE AND SEGMENT INFORMATION

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

Disaggregation of the Group's revenue from contracts with customers

	(Unaudited) Three months ended 31 December 2021 HK\$'000	(Unaudited) Three months ended 31 December 2020 HK\$'000	(Unaudited) Nine months ended 31 December 2021 HK\$'000	(Unaudited) Nine months ended 31 December 2020 HK\$'000
Installation work	69,837	51,477	244,086	123,922
Alteration and additions services	26,765	18,919	62,218	73,216
Maintenance services	1,894	1,953	4,608	4,457
	98,496	72,349	310,912	201,595

5. OTHER INCOME AND GAINS

	(Unaudited) Three months ended 31 December 2021 HK\$'000	(Unaudited) Three months ended 31 December 2020 HK\$'000	(Unaudited) Nine months ended 31 December 2021 HK\$'000	(Unaudited) Nine months ended 31 December 2020 HK\$'000
Bond interest income	57	28	169	28
Bank interest income	–	5	3	10
Unrealised gain/(loss) on investment	–	21	(11)	21
Gain on termination of lease	–	–	8	97
Others	196	13	505	79
	253	67	674	235

6. ADMINISTRATION AND OTHER OPERATING EXPENSES

	(Unaudited) Three months ended 31 December 2021 HK\$'000	(Unaudited) Three months ended 31 December 2020 HK\$'000	(Unaudited) Nine months ended 31 December 2021 HK\$'000	(Unaudited) Nine months ended 31 December 2020 HK\$'000
Staff costs and employee benefit expenses	5,707	3,280	13,051	9,933
Travelling expenses	236	198	809	726
Depreciation	929	941	2,787	2,493
Legal and professional fee	656	581	1,889	1,797
Business development expenses	336	639	837	1,558
Rental expenses	101	75	185	136
Office expenses	551	435	1,592	1,187
Others	585	571	2,175	1,457
	9,101	6,720	23,325	19,287

7. FINANCE COSTS

	(Unaudited) Three months ended 31 December 2021 HK\$'000	(Unaudited) Three months ended 31 December 2020 HK\$'000	(Unaudited) Nine months ended 31 December 2021 HK\$'000	(Unaudited) Nine months ended 31 December 2020 HK\$'000
Interest on bank and other borrowings	82	9	237	18
Interest on lease liabilities	80	121	237	274
	162	130	474	292

8. EARNINGS PER SHARE

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

	(Unaudited) Three months ended 31 December 2021	(Unaudited) Three months ended 31 December 2020	(Unaudited) Nine months ended 31 December 2021	(Unaudited) Nine months ended 31 December 2020
Profit for the period attributable to owners of the Company (HK\$'000)	4,400	8,104	14,803	18,040
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	1,200,000	1,200,000	1,200,000	1,200,000
Basic earnings per share (HK cent)	0.37	0.68	1.23	1.50

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

9. 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 at 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 price 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 at 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) shall not be greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Share Option Scheme, a period of 10 years from the date of the granting of the option).

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue. Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

No share options were granted under the Share Option Scheme during the Reporting Period. Share options do not confer rights to the holders to dividends or to vote at shareholders’ meetings.

9. SHARE OPTION SCHEME (continued)

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 under the Share Option Scheme since its adoption.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

During the Reporting Period, the Group continued its remarkable performance and recorded total revenue of approximately HK\$310.91 million for the nine months ended 31 December 2021, representing an increment of approximately HK\$109.31 million or 54.23%, as compared with approximately HK\$201.60 million for the nine months ended 31 December 2020. This revenue recorded in the Reporting Period has also exceeded the entire revenue recognized for full fiscal year ending 31 March 2021.

Total revenue for the Reporting Period was mainly contributed by revenue recognised from installation works accounting to approximately HK\$244.09 million, which was in turn contributed by the Group’s substantial completion of seven sizeable projects with revenue recognised of approximately HK\$186.64 million. Amongst these projects, the Group has participated in the most distinguished and high-profile projects in the construction industry of Hong Kong including Two Taikoo Place in Quarry Bay and Wong Chuk Hang Station redevelopments at Aberdeen Island. The Directors are proud of the Group’s contribution and footprints in the births of these symbolic infrastructures influencing the daily lives of many Hong Kong residents in this modern age.

Profit attributable to shareholders for the Reporting period was approximately HK\$14.80 million. Excluding the listing expenses incurred of approximately HK\$11.36 million during the Reporting Period in relation to the proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange (“**Proposed Transfer of Listing**”) as disclosed in the announcements of the Company dated 17 June 2021 and 31 December 2021, the Group operated with a normalized profit of approximately HK\$26.16 million which represents a significant improvement when compared with the profit of approximately HK\$18.04 million made in the nine months ended 31 December 2020.

The Board considers the current pandemic situation, threatened by recent virus mutations into new variants of Delta and Omicron, has again severed the global economic recovery progress, as many districts, cities and even countries have escalated anti-pandemic measures often interrupting global supply chains which directly affects the construction industry as a whole. Under these difficult macroeconomic conditions, the Directors consider that the Group’s positive results to be outperforming the market and the achievements of the Reporting Period is an understatement to the Group’s profitability given its consistently voluminous business activities.

Outlook

The Directors are optimistic about the general outlook of the industry and the business environment in which the Group operates. There had been signs of recovery in local economy against the backdrop of economic recovery in China, U.S. and several European countries, in view of the vaccines against COVID-19 being rolled out during 2021, coupled by the Hong Kong Government’s assertive actions in pushing higher vaccination rates.

In addition, the Board is pleased with the Government’s commitment to increase the production of public housing units as outlined in the recent Chief Executive’s 2021 Policy Address, where some 330,000 public housing units will be built within the next 10-year period. The Directors consider that the proposed plan on public housing supply will create a ripple effect which benefits the entire construction industry, and it creates an enormous opportunity for the Group considering its comprehensive and scalable E&M service coverage that can be readily offered.

As previously discussed, the Group and its Directors are devoting all their efforts to improve the performance of the Group including internal and external aspects of the business - internally by continuing to secure sizeable installation projects leveraging on its internal competitive strengths, as well as access to adequate working capital potentially enabled by the Proposed Transfer of Listing; externally by expanding into the Greater Bay Area market as enabled by government economic cooperation proposals, although sporadic COVID-19 outbreaks in Macau and other parts of China, coupled with the threat of a more infectious variants mentioned, have continued to cast uncertainties over the timing of the cooperation prospects between Hong Kong, Guangzhou and Macau.

In conclusion, the Directors consider the Group's strengths and opportunities will significantly outweigh the current threats. Driven by our core business in Hong Kong and pipelined installation projects, the Board is confident that the Group will be able to weather the COVID-19 global economic recession and will emerge to be a stronger and more successful organisation.

Financial Review

Revenue

During the Reporting Period, the revenue of the Group increased slightly to approximately HK\$310.91 million from approximately HK\$201.60 million for the corresponding nine months ended 31 December 2020.

The increase in total revenue was mainly due to an increase from installation work with its periodic revenue amounted to approximately HK\$244.09 million.

Cost of revenue

The Group's cost of revenue increased from approximately HK\$159.57 million for the nine months ended 31 December 2020 to approximately HK\$255.25 million for the Reporting Period, representing an increase of approximately HK\$95.68 million or 59.97%.

Such increase in cost of revenue was in line with the increase in revenue but in a greater proportional rate which it was resulted from the increase in material cost due to a slight hike in material cost per unit.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$13.63 million or 32.43% from approximately HK\$42.03 million for the nine months ended 31 December 2020 to approximately HK\$55.66 million for the Reporting Period. The gross profit margin was slightly decreased from 20.85% for the nine months ended 31 December 2020 to 17.90% for the Reporting Period.

The decrease in overall gross profit margin was attributed to the events, (i) absence of the subsidy received under the Employment Support Scheme of the Government of HKSAR during the Reporting Period which were netting off cost of revenue under absorption costing in prior period; and (ii) slight increase in the unit price of materials purchased.

Administrative and other operating expenses

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

Our administrative and other operating expenses increased by approximately HK\$4.04 million or 20.94% from approximately HK\$19.29 million for the nine months ended 31 December 2020 to approximately HK\$23.33 million for the Reporting Period.

The increase in administrative and other operating expenses was due to (i) absence of the subsidy received under the Employment Support Scheme of the Government of HKSAR during the Reporting Period; and (ii) an increase in salary incurred during the Reporting Period.

Finance Costs

Finance costs of the Group are approximately HK\$0.47 million for the Reporting period (2020: HK\$0.29 million). Finance costs consist of interest on bank loans and interest on lease liabilities. The increase in the Group's finance costs for the Reporting Period was due to the increase in interest expenses incurred on bank loans and lease liabilities during the Reporting Period.

Income Tax Expense

Income tax expense for the Group increased by approximately HK\$2.59 million or 71.55% from approximately HK\$3.62 million for the nine months ended 31 December 2020 to approximately HK\$6.21 million for the Reporting period. The increase was mainly due to the increase in taxable profit for the Reporting period.

Profit for the period attributable to equity holders of the Company

The Group's profit attributable to shareholders was approximately HK\$14.80 million for the Reporting period, representing a decrease of approximately HK\$3.24 million or 17.94% when compared to the profit attributable to equity holder for the nine months ended 31 the December 2020.

The decrease in profit was mainly attributable to offsetting events including (i) remarkable operating profit from core business of the Group approximately HK\$26.16 million driven by improvement in installation revenue on construction work performed; and (ii) listing expenses incurred of approximately HK\$11.36 million during the Reporting Period in relation to the Proposed Transfer of Listing.

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 2021, the Group did not have any material contingent liabilities (2020: Nil).

DIVIDENDS

The Board does not recommend the payment of dividend for the Reporting Period (2020: On 8 February 2021, the Board has resolved to declare an interim dividend of HK\$0.25 cents per share for the nine months ended 31 December 2020).

OTHER INFORMATION

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

As at 31 December 2021, 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 ("Mr. Ken Poon") (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 ("Ms. Odilia Poon") (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 December 2021.
- (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. Poon Ching Tong ("**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 2021, 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 December 2021, 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 interests in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Long position in the shares

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held <i>(Note 1)</i>	Percentage of Issued Share Capital <i>(Note 2)</i>
Success Step <i>(Notes 3 and 5)</i>	Beneficial owner	418,500,000	34.87%
	Holder of equity derivative	90,000,000	7.50%
		508,500,000	42.37%
Noble Capital <i>(Notes 4 and 5)</i>	Beneficial owner	391,500,000	32.63%
	Holder of equity derivative	90,000,000	7.50%
		481,500,000	40.13%
Mr. Tommy Poon <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	481,500,000	40.13%

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held (Note 1)	Percentage of Issued Share Capital (Note 2)
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 December 2021.
- (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 shares of the Company he is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced as described in note 5 below.
- (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 December 2021, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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 Reporting Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Reporting Period.

CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE

The Company has complied with the principles and applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules for the Reporting Period, except the deviation from Code provision A.2.1 of the CG Code.

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. Poon Ken Ching Keung is the chairman and the chief executive officer of the Company. Mr. Poon has been the key leadership figure of the Group for over 32 years of experience in the fire services and water pump installation services in Hong Kong. Mr. 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. 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 deviation from code provision A.2.1 of the CG Code is appropriate and that the Company has complied with the principles and applicable code provision of the CG Code during the Reporting Period.

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 currently consists of three members, namely Mr. Yung Chung Hing, Mr. Lam Chung Wai and Chan Shu Yan Stephen, 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 quarterly results of the Group for the Reporting Period and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

REVIEW OF THIS 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, 7 February 2022

As at the date of this report, the executive Directors are Mr. Poon Ken Ching Keung (Chairman), Mr. Ng Kwok Wai and Ms. Lee To Yin and the non-executive Director is Ms. Poon Kam Yee, Odilia and the independent non-executive Directors are Mr. Yung Chung Hing, Mr. Lam Chung Wai and Mr. Chan Shu Yan, Stephen.