

VISTAR HOLDINGS LIMITED

熒德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8535

THIRD QUARTERLY REPORT 2022



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		
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	% Change
Revenue	218,646	310,912	(29.67)
Gross profit	31,076	55,661	(44.16)
Profit attributable to equity holders of the Company	5,888	14,803	(60.20)
Basic and Diluted earnings per share	0.49 cents	1.23 cents	(60.16)

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2022 (nine months ended 31 December 2021: Nil).

- Revenue decreased from approximately HK\$310.91 million for the nine months ended 31 December 2021 to approximately HK\$218.65 million for the nine months ended 31 December 2022 (the “**Reporting Period**”), representing a significant decrease of approximately HK\$92.26 million or 29.67%.
- The decrease in total revenue was mainly attributed to the decrease in revenue from installation services of approximately HK\$98.89 million. Such decrease in total revenue was mainly due to the completion of many existing projects but new projects commenced only for a short period. Thus, less amount of revenue was generated from installation services and recognised for the Reporting Period.
- Gross profit decreased by approximately HK\$24.58 million or 44.16% from approximately HK\$55.66 million for the nine months ended 31 December 2021 to approximately HK\$31.08 million for the Reporting Period. The gross profit margin decreased from 17.90% for the nine months ended 31 December 2021 to 14.21% for the Reporting Period. This decrease is attributable to the rising cost of revenue driven by global inflation on cost of material and labor.

- Profit attributable to shareholders for Reporting Period was approximately HK\$5.89 million. 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 (the “**Proposed Transfer of Listing**”) as disclosed in the announcements of the Company dated 17 June 2021, 31 December 2021 and 28 June 2022, the Group operated with a normalized profit of approximately HK\$6.92 million. The Board considers that such profit decrement was mainly attributable to events including the decrease in gross profit generated from the core business of the Group of approximately HK\$24.58 million which was driven by less revenue being recognised from the projects of installation services in the completion or substantial completion stage and the new projects still being at an early stage with only marginal work performed during the Reporting Period, which in turn was offset by (i) the reduction of listing expenses incurred of approximately HK\$10.33 million during the Reporting Period, and (ii) the reduction of income tax expenses of approximately HK\$4.30 million attributable to the decrease in taxable income net of deductions.

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 Reporting Period together with the comparative unaudited figures for the corresponding period in 2021 as follows:

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

FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

		(Unaudited) Three months ended 31 December 2022 HK\$'000	(Unaudited) Three months ended 31 December 2021 HK\$'000	(Unaudited) Nine months ended 31 December 2022 HK\$'000	(Unaudited) Nine months ended 31 December 2021 HK\$'000
	Notes				
Revenue	3	74,983	98,496	218,646	310,912
Cost of revenue		(67,564)	(79,801)	(187,570)	(255,251)
Gross profit		7,419	18,695	31,076	55,661
Other income and gains	4	547	250	1,217	671
Reversal of impairment losses/ (impairment losses) of trade receivable and contract assets, net		416	(155)	516	(165)
Administrative and other operating expenses	5	(5,791)	(9,098)	(22,963)	(23,322)
Listing expenses		–	(2,821)	(1,030)	(11,360)
Finance costs	6	(435)	(162)	(1,018)	(474)
Profit before income tax		2,156	6,709	7,798	21,011
Income tax		(554)	(2,309)	(1,910)	(6,208)
Profit and total comprehensive income for the period attributable to equity holders of the Company		1,602	4,400	5,888	14,803
Earnings per share – Basic and Diluted (HK cents)	7	0.13 cents	0.37 cents	0.49 cents	1.23 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

	Share capital HK\$'000	Share premium HK\$'000	Other & Legal reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2022 (Audited)	12,000	14,441	38,884	87,424	152,749
Profit and total comprehensive income for the period	-	-	-	5,888	5,888
Final dividend paid	-	-	-	(6,000)	(6,000)
At 31 December 2022 (Unaudited)	12,000	14,441	38,884	87,312	152,637
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

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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, the Cayman Islands. Its principal place of business is located at Unit 2, 13/F, Tak King Industrial Building, 27 Lee Chung Street, Chai Wan, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries (the “**Group**”) are 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 December 2022, the particulars of the Company’s subsidiaries are as follows:

Name of subsidiary	Place and date of incorporation and type of legal entity	Place of operations	Issued and paid-up capital	Effective interest held by the Company		Principal activities
				Directly	Indirectly	
Guardian Team Limited (“ GTL ”)	Incorporated in the British Virgin Islands on 6 June 2017 Limited liability company	Hong Kong	1 share of US\$1	100%	–	Investment holding
Guardian Fire Engineers and Consultants, Limited (“ GFE ”)	Incorporated in Hong Kong on 1 August 1972 Limited liability company	Hong Kong	HK\$2,500,000	–	100%	Provision of installation services, alteration and addition works, and maintenance services of electrical and mechanical engineering systems in Hong Kong
Guardian Engineering Limited (“ GEL ”)	Incorporated in Hong Kong on 15 May 2000 Limited liability company	Hong Kong	HK\$100,000	–	100%	Provision of installation services, alteration and addition works, and maintenance services of electrical and mechanical engineering systems in Hong Kong

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Company for the Reporting Period have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules. The condensed consolidated financial statements for the Reporting Period have been prepared under the historical cost convention, except for certain other assets at fair value through profit or loss which are measured at fair value.

The preparation of the condensed consolidated financial statements for the Reporting Period requires the Company’s management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements for the Reporting Period.

Certain new or revised HKFRSs, potentially relevant to the Group’s accounting policies, have been issued, but not yet effective and have not been adopted by the Group.

3. REVENUE AND SEGMENT INFORMATION

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

Disaggregation of the Group's revenue from contracts with customers

	(Unaudited) Three months ended 31 December 2022 HK\$'000	(Unaudited) Three months ended 31 December 2021 HK\$'000	(Unaudited) Nine months ended 31 December 2022 HK\$'000	(Unaudited) Nine months ended 31 December 2021 HK\$'000
Installation services	52,076	69,837	145,200	244,086
Alteration and additions works	20,803	26,765	67,913	62,218
Maintenance services	2,104	1,894	5,533	4,608
	74,983	98,496	218,646	310,912

4. OTHER INCOME AND GAINS

	(Unaudited) Three months ended 31 December 2022 HK\$'000	(Unaudited) Three months ended 31 December 2021 HK\$'000	(Unaudited) Nine months ended 31 December 2022 HK\$'000	(Unaudited) Nine months ended 31 December 2021 HK\$'000
Bank interest income	47	–	116	3
Interest income from financial assets at fair value through profit or loss	56	56	169	169
Effect of lease modification	–	–	141	8
Changes in fair value of financial assets at fair value through profit or loss	(10)	–	(41)	(11)
Others	454	194	832	502
	547	250	1,217	671

5. ADMINISTRATION AND OTHER OPERATING EXPENSES

	(Unaudited) Three months ended 31 December 2022 HK\$'000	(Unaudited) Three months ended 31 December 2021 HK\$'000	(Unaudited) Nine months ended 31 December 2022 HK\$'000	(Unaudited) Nine months ended 31 December 2021 HK\$'000
Staff costs and employee benefit expenses	2,496	5,707	12,188	13,051
Travelling expenses	210	236	713	809
Depreciation	840	929	2,412	2,787
Professional fee	877	656	2,735	1,889
Business development expenses	435	336	1,189	837
Rental expenses	123	101	257	185
Office expenses	509	551	1,614	1,592
Others	301	582	1,855	2,172
	5,791	9,098	22,963	23,322

6. FINANCE COSTS

	(Unaudited) Three months ended 31 December 2022 HK\$'000	(Unaudited) Three months ended 31 December 2021 HK\$'000	(Unaudited) Nine months ended 31 December 2022 HK\$'000	(Unaudited) Nine months ended 31 December 2021 HK\$'000
Interest on bank and other borrowings	381	82	841	237
Interest on lease liabilities	54	80	177	237
	435	162	1,018	474

7. EARNINGS PER SHARE

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

	(Unaudited) Three months ended 31 December 2022	(Unaudited) Three months ended 31 December 2021	(Unaudited) Nine months ended 31 December 2022	(Unaudited) Nine months ended 31 December 2021
Profit for the period attributable to owners of the Company (HK\$'000)	1,602	4,400	5,888	14,803
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)	0.13 cents	0.37 cents	0.49 cents	1.23 cents

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

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

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue at the time dealings in the shares first commenced on the Stock Exchange (excluding the shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme) which amounts to 120,000,000 shares. Options lapsed in accordance with the terms of the Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

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

8. 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, exercised, cancelled or lapsed 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 services, alteration and addition works and maintenance services of fire service systems. The Group’s services cover installation and design of fire service systems for buildings under construction or re-development; alteration and addition works on existing fire service systems; and repair and maintenance on fire service systems for built premises.

During the Reporting Period, the Group’s profit attributable to equity holders was approximately HK\$5.89 million, representing a decrease of approximately HK\$8.91 million when compared to the profit attributable to equity holders for the nine months ended 31 December 2021 which amounted to approximately HK\$14.80 million.

The Board considers that such profit decrement was mainly attributable to events including the decrease in gross profit generated from the core business of the Group of approximately HK\$24.58 million which was driven by less revenue being recognised from the projects of installation services in the completion or substantial completion stage and the new projects still being at an early stage with only marginal work performed during the Reporting Period, which in turn was offset by (i) the reduction of listing expenses incurred of approximately HK\$10.33 million during the Reporting Period in relation to the Proposed Transfer of Listing disclosed in the announcements of the Company dated 17 June 2021 and 31 December 2021 and which was discontinued as disclosed in the announcement of the Company dated 28 June 2022, and (ii) the reduction of income tax expenses of approximately HK\$4.30 million attributable to the decrease in taxable income net of deductions.

Outlook

Looking back in the first half of 2022, the COVID-19 pandemic and global inflation have caused great damage to the economies of many countries and also imposed negative impacts on the construction industry. Some relief measures carried out by the Hong Kong Government, e.g., vaccination programs for COVID-19, subsidies provided to corporations under the Employment Support Scheme, and the Consumption Voucher Scheme were implemented to help ease the current difficult situation and attempt to speed up the economic recovery in Hong Kong.

On the other hand, the interest rates of the United States Federal Reserve had been raised periodically since March 2022 due to inflationary pressures. Simultaneously, in late 2022, Hong Kong and China loosened their quarantine requirements, such that more international flights in and out of Hong Kong resumed and thus more international events were held in Hong Kong. As a result, the retail, hospitality and air travel industries in particular have striven to resume normalcy and recovery. Echoing such resumption in business activities in general, the local construction market has also shown sign of recovery since the second half of 2022. However, the construction industry still experienced fierce market competition and pricing pressure.

Looking forward, the Directors are of the view that the general outlook of the industry and the business environment in which the Group operates will remain difficult and challenging but they are cautiously optimistic. The Group will closely monitor its existing projects' progress, communicate with suppliers and subcontractors, maintain close communication with customers on the latest project work schedules and arrangements, proactively follow up with potential customers on tenders and quotations submitted, and actively respond to any business enquiries, tender and quotation invitations to maintain market competitiveness.

The Group will continue to strive to improve its operational efficiency and business profitability and will also proactively seek potential business opportunities that can broaden the sources of income of the Group and enhance value to the shareholders of the Company.

Financial Review

Revenue

During the Reporting Period, the revenue of the Group decreased to approximately HK\$218.65 million from approximately HK\$310.91 million for the nine months ended 31 December 2021.

The decrease in total revenue was mainly due to a decrease in revenue recognised from installation services of approximately HK\$98.89 million. Such decrease in total revenue was mainly due to the completion of many existing projects but new projects commenced only for a short period. Thus, less amount of revenue was generated from installation services and recognized for the Reporting Period.

Cost of revenue

The Group's cost of revenue decreased from approximately HK\$255.25 million for the nine months ended 31 December 2021 to approximately HK\$187.57 million for the Reporting Period, representing a decrease of approximately HK\$67.68 million or 26.52%.

Such decrease in cost of revenue was in line with the decrease in revenue but at a smaller proportional rate which was the result of the savings in cost of revenue of installation projects from fully utilizing the prefabrication technology operated at workshop.

Gross profit and gross profit margin

Gross profit decreased by approximately HK\$24.58 million or 44.16% from approximately HK\$55.66 million for the nine months ended 31 December 2021 to approximately HK\$31.08 million for the Reporting Period. The gross profit margin decreased from 17.90% for the nine months ended 31 December 2021 to 14.21% for the Reporting Period.

The war between Russia and Ukraine has brought enormous economic challenge, particular in global inflation. Moreover, its tense situation also disrupted the global supply chain. As such, it is undeniable that both the global inflation and disruption in global supply chain will naturally lead the material price, e.g., copper and iron ore, our major fire service equipment components soaring to a high price. Market report of precious and industrial metal also reported that their trade price raised more than 100% from between two reporting periods. In addition, the labor cost will rise sharply. The inflation and disruption in supply chain will inevitably cause the gross profit margin to decrease.

Administrative and other operating expenses

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

Our administrative and other operating expenses decreased by approximately HK\$0.36 million or 1.54% from approximately HK\$23.32 million for the nine months ended 31 December 2021 to approximately HK\$22.96 million for the Reporting Period.

The decrease in administrative and other operating expenses was mainly due to the decrease in salaries and benefits of administrative and management staff.

Finance costs

Finance costs consist of interest on bank borrowings and overdrafts, interest on obligations under finance leases, and interest on lease liabilities.

The finance costs of the Group were approximately HK\$1.02 million for the Reporting Period (nine months ended 31 December 2021: HK\$0.47 million). The increase in finance costs was mainly due to more loans for operation use being secured.

Income tax expense

The income tax expense for the Group decreased by approximately HK\$4.30 million or 69.24% from approximately HK\$6.21 million for the nine months ended 31 December 2021 to approximately HK\$1.91 million for the Reporting Period. The decrease was mainly due to the decrease 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\$5.89 million for the Reporting Period (nine months ended 31 December 2021: HK\$14.80 million), representing a decrease of HK\$8.91 million or 60.20% in profit.

The decrease in profit was mainly due to the decrement in revenue being recognised from installation projects as less revenue was recognised from the projects of installation services in the completion or substantial completion stage and the new projects were still at an early stage with only marginal work performed during the Reporting Period, which in turn was offset by (i) the reduction of listing expenses incurred of approximately HK\$10.33 million during the Reporting Period, and (ii) the reduction of income tax expenses of approximately HK\$4.30 million attributable to the decrease in taxable income net of deductions.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintaining 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 2022, the Group did not have any material contingent liabilities (nine months ended 31 December 2021: Nil).

DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 December 2022 (nine months ended 31 December 2021: Nil).

OTHER INFORMATION

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

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the shares

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 2022.
- (3) Mr. Ken Poon holds the entire issued share capital of Success Step Management Limited ("**Success Step**"). Success Step, in turn, directly holds 418,500,000 shares of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced Limited ("**Legend Advanced**") as described in note 5 below.

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

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

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

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2022, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Long position in the shares

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares Held <i>(Note 1)</i>	Percentage of Issued Share Capital <i>(Note 2)</i>
Success Step <i>(Notes 3 and 5)</i>	Beneficial owner	418,500,000	34.87%
	Holder of equity derivative	90,000,000	7.50%
		508,500,000	42.37%
Noble Capital <i>(Notes 4 and 5)</i>	Beneficial owner	391,500,000	32.63%
	Holder of equity derivative	90,000,000	7.50%
		481,500,000	40.13%
Mr. Tommy Poon <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	481,500,000	40.13%
Legend Advanced <i>(Note 6)</i>	Beneficial owner	90,000,000	7.50%
Ms. Deng Anna Man Li <i>(Note 7)</i>	Interest of spouse	508,500,000	42.37%
Mr. Roberts Christopher John <i>(Note 8)</i>	Interest of spouse	90,000,000	7.50%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 31 December 2022.
- (3) Mr. Ken Poon holds the entire issued share capital of Success Step. Success Step, in turn, directly holds 418,500,000 shares of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced as described in note 5 below.

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

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

Save as disclosed above, as at 31 December 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “A. Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company” above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates, as defined in the GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group during the nine months ended 31 December 2022.

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 is committed to fulfilling its responsibilities to its shareholders and protecting and enhancing shareholders’ value through good corporate governance.

The Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. The Company has complied with the principles and applicable code provisions of the CG Code for the Reporting Period, except the deviation from code provision C.2.1 of the CG Code.

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

Mr. Ken Poon is the chairman and the chief executive officer of the Company. Mr. Ken Poon has been the key leadership figure of the Group with over 34 years of experience in fire services and water pump installation services in Hong Kong. Mr. Ken Poon has been primarily involved in the overall business development, technical operations and strategic planning of the Group. The Directors are of the view that it would be in the Group's best interest for Mr. Ken Poon to continue performing the two roles, in order to maintain effective management and business development.

Having considered the above factors, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate and that the Company has complied with the principles and applicable code provision of the CG Code as set out in Appendix 15 of the GEM Listing Rules during the Reporting Period.

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

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 24 January 2018 with its terms of reference in compliance with Rule 5.28 to 5.33 of the GEM Listing Rules, and code provisions D.3.3 and D.3.7 of the CG Code. As at 31 December 2022, the Audit Committee consists of three members, namely Mr. Yung Chung Hing, Mr. Lam Chung Wai and Mr. Chan Shu Yan Stephen, all being independent non-executive Directors. Mr. Yung Chung Hing serves as the chairman of the Audit Committee.

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

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

DIVIDEND POLICY

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

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

REVIEW OF THIS THIRD QUARTERLY REPORT

This 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, 8 February 2023

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.