

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

VISTAR HOLDINGS LIMITED

熒德控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8535)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2019

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 announcement, for which the directors (the “**Directors**”) of Vistar Holdings Limited (the “**Company**”) 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 enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- The Group recorded revenue of approximately HK\$57.30 million for the three months ended 30 June 2019 (three months ended 30 June 2018: approximately HK\$92.76 million).
- Profit attributable to equity holders of the Company for the three months ended 30 June 2019 amounted to approximately HK\$3.16 million (three months ended 30 June 2018: HK\$6.74 million).
- The Board does not recommend the payment of dividend for the three months ended 30 June 2019 (2018: 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 three months ended 30 June 2019 together with the comparative unaudited figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 JUNE 2019

		(Unaudited) Three months ended 30 June 2019 HK\$'000	(Unaudited) 2018 HK\$'000
	<i>Notes</i>		
Revenue	4	57,300	92,763
Cost of revenue		<u>(47,656)</u>	<u>(77,853)</u>
Gross profit		9,644	14,910
Other income and gains		<u>10</u>	<u>3</u>
Administrative and other operating expenses	5	(5,964)	(6,294)
Finance costs		<u>(20)</u>	<u>(33)</u>
Profit before income tax		3,670	8,586
Income tax	6	<u>(510)</u>	<u>(1,850)</u>
Profit and total comprehensive income for the period attributable to equity holders of the Company		<u>3,160</u>	<u>6,736</u>
Earnings per share			
Basic and diluted (HK cents)	8	<u>0.26</u>	<u>0.56</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 JUNE 2019

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 April 2019 (Audited)	12,000	28,841	38,884	28,536	108,261
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,160</u>	<u>3,160</u>
Balance at 30 June 2019 (Unaudited)	<u>12,000</u>	<u>28,841</u>	<u>38,884</u>	<u>31,696</u>	<u>111,421</u>
At 31 March 2018 as originally presented	12,000	28,841	38,884	8,709	88,434
Initial application of HKFRS 9	<u>–</u>	<u>–</u>	<u>–</u>	<u>(3,119)</u>	<u>(3,119)</u>
Restated at 1 April 2018 (Audited)	12,000	28,841	38,884	5,590	85,315
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,736</u>	<u>6,736</u>
Balance at 30 June 2018 (Unaudited)	<u>12,000</u>	<u>28,841</u>	<u>38,884</u>	<u>12,326</u>	<u>92,051</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Vistar Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 27 June 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 12 February 2018 (the “**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.

2 BASIS OF PREPARATION

This unaudited condensed consolidated financial statements for the three months ended 30 June 2019 (the “**First Quarterly Financial Statements**”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Besides, the First Quarterly Financial Statements include applicable disclosures required by the GEM Listing Rules. The First Quarterly Financial Statements have been prepared under the historical cost convention and are presented in Hong Kong dollars (“**HK\$**”), which is same as the functional currency of the Company. The First Quarterly Financial Statements are unaudited, but have been reviewed by the audit committee of the Company.

The preparation of the First Quarterly Financial Statements requires the Company’s management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income and expenses. Actual results may differ from these estimates.

The accounting policies and methods of computation in the First Quarterly Financial Statements are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2019, except for the adoption of the new and revised HKFRSs that have become effective from 1 January 2019.

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

3 ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

- (a) The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2019:

Annual Improvements Project	Annual Improvements 2015 – 2017 Cycle
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases (New Standard)
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments (new interpretation)

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

- (b) The following new standards and revisions to standards have been issued, but are not effective and have not been early adopted by the Group:

HKFRS 17	Insurance Contracts (New Standard)
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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.

HKFRS 16, “Leases”

HKFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on the statements of financial position for lessees. The Group is a lessee of certain premises and properties which are currently classified as operating leases. HKFRS 16 provides a new provision for the accounting treatment of leases when the Group is the lessee, almost all leases should be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statements of financial position. As for the financial performance impact in the consolidated statements of comprehensive income, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to consolidated income statements in the initial years of the lease, and decreasing expenses during the latter part of the lease term.

The Group conducted preliminary assessment and estimated that the adoption of HKFRS 16 would result in recognition of lease assets and lease liabilities primarily arising from leases of premises and properties in relation to the Group's various businesses.

As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$3.37 million. This will result in the recognition of an asset and a liability for future payments, and the Group expects there will not be any material effect on the profit or loss.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory to the Group's annual reporting period beginning on or after 1 January 2019. At this stage, the Group has assessed its impact and it is considered immaterial by our directors and we do not intend to adopt the standard after its effective date.

4 REVENUE

	(Unaudited) Three months ended 30 June 2019 HK\$'000	(Unaudited) 2018 HK\$'000
Installation	29,424	58,675
Alteration and additions works	26,443	31,890
Maintenance	1,433	2,198
	<u>57,300</u>	<u>92,763</u>

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

The executive Directors have been identified as the chief operating decision-makers of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The Directors regard the Group's business as a single operating segment and review financial information accordingly.

The Group primarily operates in Hong Kong with all of its non-current assets located in and capital expenditure incurred in Hong Kong. Revenue was also earned from customers located in Hong Kong.

5 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	(Unaudited) Three months ended 30 June 2019 HK\$'000	(Unaudited) 2018 HK\$'000
Staff costs, including		
Directors' emoluments	3,475	2,977
Travelling expenses	290	494
Depreciation	345	177
Legal and professional fees	447	1,082
Entertainment expenses	220	193
Rent	400	371
Repair and maintenance	25	25
Insurance	146	119
Others	616	856
	<u>5,964</u>	<u>6,294</u>

6 INCOME TAX EXPENSES

	(Unaudited) Three months ended 30 June 2019 HK\$'000	(Unaudited) 2018 HK\$'000
Hong Kong profits tax	<u>510</u>	<u>1,850</u>
	<u>510</u>	<u>1,850</u>

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the period. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. Accordingly, for the three months ended 30 June 2019, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK\$2 million.

7 DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 June 2019 (2018: Nil).

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holder of the Company by 1,200,000,000 ordinary shares issued throughout the periods, which being the total number of shares in issue of the Company immediately upon the Listing (as defined in the Company's prospectus dated 31 January 2018 (the "Prospectus")).

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

	(Unaudited) Three months ended 30 June 2019	(Unaudited) 2018
Profit for the period attributable to owners of the Company (HK\$'000)	3,160	6,736
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(losses) per share (in thousand)	<u>1,200,000</u>	<u>1,200,000</u>
Basic earnings per share (<i>HK cent</i>)	<u>0.26</u>	<u>0.56</u>

No adjustment has been made to the basic earnings per share presented for the three months ended 30 June 2018 and 2019 as the Group had no potentially diluted ordinary shares in issue during those periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a registered fire service installation contractor in Hong Kong and is qualified to undertake work in respect of the installation, maintenance, repair or inspection of fire safety systems. The Group is principally engaged in the provision of E&M engineering services and specialises 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.

We recorded a profit attributable to equity holders of the Company of approximately HK\$3.16 million for the three months ended 30 June 2019, while we recorded a profit of approximately HK\$6.74 million for the three months ended 30 June 2018.

The Group has a decrease of net profit for the three months ended 30 June 2019 as compared to the net profit recorded in corresponding period in 2018. The Board considers that such profit reduction was mainly due to decreased revenue from installation services as the Group has completed a significant portion of installation projects contracted in previous years and recognised the associated revenue prior to the beginning of this reporting period. However, a few newly secured sizeable installation projects have experienced delays to the commencement date to a later period due to various reasons at the property developers' or main contractors' level upstream to the Group, thereby creating a timing difference between revenue recognition and overhead cost incurred.

In light of the above, the Group will participate proactively in tender bidding for all potential projects. In addition, the Group will continue to maintain effective cost control and strengthen its competitiveness, such as by setting up a pre-fabrication factory to customise input materials used in our installation projects such as water pipes, in order to facilitate and manage the flow and quality of materials supply to streamline our operations. As such, we can optimise raw material consumption and save material cost from wastage due to inefficiencies in order to capture the Group's future development and expansion.

The Company will also proactively seek potential business opportunities that will broaden its sources of income and enhance value to its shareholders. To increase the Group's public recognition and enhance its capital base, the Company listed its shares on GEM of the Stock Exchange on 12 February 2018. The net proceeds from the Listing thereby provided the Group with financial resources to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in the industry of installation, alteration and addition works and maintenance of fire services system.

In the years of coming, we are confident to achieve a sustained growth and will further strengthen the Group's market position in the industry of installation, alteration and addition works and maintenance of fire services system.

Financial Review

Revenue

Our revenue principally generated from the provision of installation, alteration and addition works, maintenance of fire service systems and engineering services for construction projects, and was approximately HK\$57.30 million for the three months ended 30 June 2019 (the “**Reporting Period**”) and HK\$92.76 million for the corresponding period in 2018. The decrease in revenue was due to the completion of the significant portion of installation projects contracted in previous years and the recognition of the associated revenue prior to the beginning of this Reporting Period. However, a few newly secured sizeable installation projects have experienced delays to the commencement date to a later period due to various reasons at the property developers’ and/or main contractors’ level upstream to the Group, thereby creating a timing difference between revenue recognition and overhead cost incurred.

Cost of Revenue

The Group’s cost of revenue decreased from approximately HK\$77.85 million for the three months ended 30 June 2018 to approximately HK\$47.66 million for the corresponding period in 2019, representing a decrease of approximately HK\$30.19 million or 38.78%. The decrease in cost of revenue was in line with the decrease in revenue compared to corresponding last period. As a significant portion of installation projects completed in previous year, costs were incurred for patching minor defects pending for inspection by Fire Services Department, handover our installation to clients and for securing future variation revenue of nearly completed projects. On the other hand, the newly awarded projects were only at its initial start stage and so it would not incur much cost of revenue for the Reporting Period.

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately HK\$5.27 million or 35.32% from approximately HK\$14.91 million for the three months ended 30 June 2018 to approximately HK\$9.64 million for the corresponding period in 2019. The gross profit margin increased from 16.07% for the three months ended 30 June 2018 to 16.83% for the corresponding period in 2019. The overall gross profit margin remained stable for both the three months ended 30 June 2018 and 2019. In respect of the revenue segment of installation, in comparison with corresponding last period, the gross profit margin for the Reporting Period was higher. It was due to the fact that the gross profit margin on variation order revenue secured was normally higher than the usual installation revenue segment. On the other hand, the gross profits margin on alteration and addition works and maintenance remained stable for both Reporting Period and corresponding last period. Moreover, revenue mix between installation services, alteration and addition works and maintenance of fire services system also contributed to the gross profit margin fluctuation as their individual margins differed from each other.

Administrative and other operating expenses

Administrative and other operating expenses mainly consist of staff cost, depreciation, rental expenses, legal and professional fees and other general administrative expenses.

Our administrative and other operating expenses decreased from approximately HK\$6.29 million for the three months ended 30 June 2018 to approximately HK\$5.96 million for the corresponding period in 2019. Such decrease was contributed by variance on a number of expense categories with no item of significance.

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company was approximately HK\$3.16 million for the three months ended 30 June 2019, as compared to approximately HK\$6.74 million for the corresponding period in 2018.

The profit reduction was mainly due to decreased revenue from installation services as the Group had completed significant portion of installation projects contracted in previous years and recognised the associated revenue prior to the beginning of this Reporting Period. However, a few newly secured sizeable installation projects have experienced delays to the commencement date to a later period due to various reasons at the property developers' or main contractors' level upstream to the Group, thereby creating a timing difference between revenue recognition and overhead cost incurred.

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.

Capital Commitments and Contingent Liability

The Group did not have significant capital commitments and contingent liabilities as at 30 June 2019.

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. For further details, please refer to the section headed "E. Share Option Scheme" in Appendix V to the Prospectus.

No share option has been granted under the Share Option Scheme since its adoption.

DISCLOSURE OF INTERESTS

1. Disclosure of interests

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

As at 30 June 2019, 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 have 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, were as follows:

Long position in the shares

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares <small>(Note 1)</small>	Percentage of issued share capital of the Company <small>(Note 2)</small>
Mr. Poon Ken Ching Keung (“ Mr. Ken Poon ”) <small>(Notes 3 and 6)</small>	Interest in a controlled corporation	508,500,000	42.38%
Mr. Poon Ching Tong Tommy Settlor and (“ Mr. Tommy Poon ”) <small>(Notes 4 and 6)</small>	beneficiary of a discretionary trust	481,500,000	40.13%

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares <small>(Note 1)</small>	Percentage of issued share capital of the Company <small>(Note 2)</small>
Mr. Ng Kwok Wai <small>(Notes 5 and 6)</small>	Interest in a controlled corporation	90,000,000	7.50%
Ms. Poon Kam Yee Odilia (“ Ms. Odilia Poon ”) <small>(Notes 5 and 6)</small>	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 30 June 2019.
- (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 of the Company 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 30 June 2019, 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 30 June 2019, 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	<u>90,000,000</u>	7.50%
		508,500,000	42.38%
Noble Capital ^(Notes 4 and 5)	Beneficial owner	391,500,000	32.63%
	Holder of equity derivative	<u>90,000,000</u>	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 30 June 2019.
- (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 30 June 2019, 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 Company’s listed securities during the three months ended 30 June 2019.

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 the Group during the three months ended 30 June 2019.

Code of Conduct Regarding Securities Transactions by Directors

The Group 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 three months ended 30 June 2019.

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

Save as disclosed below, 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 to the GEM Listing Rules for the three months ended 30 June 2019.

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 30 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.

Dr. Wong Kam Din, an independent non-executive Director, the chairman of remuneration committee of the Company, and a member of each of the audit committee of the Company and the nomination committee of the Company, passed away on 6 June 2019. Following the passing away of Dr. Wong Kam Din, the Company only has two independent non-executive Directors, thus the number of independent non-executive Directors falls below the minimum number required under Rule 5.05(1) of the GEM Listing Rules. The Company also fails to comply with the requirement set out in Rule 5.28 of the GEM Listing Rules with regard to the minimum number of members of the audit committee. In addition, the number of independent non-executive Directors of the remuneration committee and nomination committee of the Company have fallen below a majority as required under Rule 5.34 and code provision A.5.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

The Company will use its best endeavour to identify suitable candidate(s) to fill up the vacancy of independent non-executive Director within three months from 6 June 2019 as required under Rules 5.06, 5.33 and 5.36 of the GEM Listing Rules, and will make further announcement as and when appropriate.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 June 2019 (2018: Nil).

AUDIT COMMITTEE

An audit committee has been established with its terms of reference in compliance with Rule 5.28 of the GEM Listing Rules, and code provision C.3.3 of the CG Code. Save as disclosed above, following the passing away of Dr. Wong Kam Din on 6 June 2019, the number of members of the audit committee falls below the minimum number required under Rule 5.28 of the GEM Listing Rules. The audit committee consists of two members, namely 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 the Group, and as to the adequacy of the external and internal audits. The audit committee has reviewed the unaudited consolidated financial statements of the Group for the three months ended 30 June 2019 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 FIRST QUARTERLY RESULTS ANNOUNCEMENT

The first quarterly results announcement 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, 14 August 2019

As at the date of this announcement, 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 Mr. Yung Chung Hing and Mr. Lam Chung Wai.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.vistarholdings.com.