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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 2020

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 of the Stock Exchange 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**”) 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 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

- During the three months ended 30 June 2020 (“**Reporting Period**”), the revenue of the Group increased slightly to approximately HK\$57.33 million from approximately HK\$57.30 million for the corresponding three months ended 30 June 2019.

Yet, we face various challenges including the continued outbreak of coronavirus disease (“**COVID-19**”) pandemic since early 2020 and economic downturn. The Group adopts rigorous safety measures to ensure the progress of ongoing projects are not interrupted in order to maintain a continuous flow of revenue, while preparation work are diligently carried so that we may promptly capitalize on upcoming secured and tendering projects.

- The Group’s profit attributable to equity holders of the Company was approximately HK\$2.71 million for the Reporting Period (2019: HK\$3.16 million). A decrease of 14.24% of profit was attributable to equity holders of the Company when compared to the corresponding three months ended 30 June 2019.

In view of the COVID-19 pandemic since early 2020 and economic downturn, the board of Directors (the “**Board**”) considers that we endure this difficult period by means of careful execution of current projects, adoption of cost monitoring and safety measures, and adequate planning and preparation in order to capitalize on opportunities presented to the Group during economic recovery.

- The Board does not recommend the payment of a dividend for the three months ended 30 June 2020 (2019: Nil).

FINANCIAL RESULTS

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 three months ended 30 June 2019 as follows:

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

FOR THE THREE MONTHS ENDED 30 JUNE 2020

		(Unaudited) Three months ended 30 June 2020	(Unaudited) 2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	57,325	57,300
Cost of revenue		<u>(47,373)</u>	<u>(47,656)</u>
Gross profit		9,952	9,644
Other income and gains	5	<u>53</u>	<u>10</u>
(Impairment losses)/Reversal of impairment loss of trade receivables and contract assets, net		(687)	422
Administrative and other operating expenses	6	(6,121)	(6,386)
Finance costs	7	<u>(55)</u>	<u>(20)</u>
Profit before income tax		3,142	3,670
Income tax	8	<u>(432)</u>	<u>(510)</u>
Profit and total comprehensive income for the period attributable to equity holders of the Company		<u>2,710</u>	<u>3,160</u>
Earnings per share – Basic and Diluted (HK cents)	9	<u>0.23</u>	<u>0.26</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 JUNE 2020

	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>
Balance as at 1 April 2020 (Audited)	12,000	28,841	38,884	38,131	117,856
Profit and total comprehensive income for the period	-	-	-	2,710	2,710
Balance as at 30 June 2020 (Unaudited)	<u>12,000</u>	<u>28,841</u>	<u>38,884</u>	<u>40,841</u>	<u>120,566</u>
Balance as at 1 April 2019 (Audited)	12,000	28,841	38,884	28,536	108,261
Profit and total comprehensive income for the period	-	-	-	3,160	3,160
Balance as 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>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2020

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 Group is 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 30 June 2020, 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%	Provision of installation work, alteration and addition services, 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 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 2020 (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 2020, except for the adoption of the new and revised HKFRSs that have become effective from 1 January 2020.

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**”)

- (i) 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 2020:

Amendments to HKFRS 3	Definition of a business ¹
Amendments to HKAS 1 and HKAS 8	Definition of material ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹

¹ Effective for annual periods beginning on or after 1 January 2020

Amendments to HKFRS 3 – Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a “substantive process”. Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of “outputs” and a “business” to focus on returns from selling goods and services to customers, rather than on cost reductions. An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of material

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

- (ii) The following revised HKFRSs, that have been issued but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 16	COVID-19 – Related rent concessions ²
HKFRS 17	Insurance Contracts ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁴

² Effective for annual periods beginning on or after 1 June 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

Amendments to HKFRS 16 – COVID-19 – Related rent concessions

The amendments provide lessees with an exemption from the requirement to determine whether a COVID-19-Related rent concession is a lease modification and require lessees that apply the exemption to account for COVID-19-Related rent concessions as if they were not lease modification.

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

The amendments affect requirements in HKAS 1 for the presentation of liabilities. Specifically, they clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date.

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far the Group has concluded that the application of these amendments will have no material impact on the consolidated financial statements.

4. REVENUE

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 30 June 2020 HK\$'000	(Unaudited) 2019 HK\$'000
Installation work	27,706	29,424
Alteration and additions services	28,363	26,443
Maintenance services	1,256	1,433
	<u>57,325</u>	<u>57,300</u>

The executive Directors of the Company, who are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different services and requires different business strategies.

The following summary describes the operations in each of the Group's reportable segments:

- Installation work – supply and carrying out installation work;
- Alteration and addition services – provision of alteration and addition services on existing systems of customers; and
- Maintenance services – provision of repair and maintenance services.

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

5. OTHER INCOME AND GAINS

	(Unaudited) Three months ended 30 June 2020 <i>HK\$'000</i>	(Unaudited) 2019 <i>HK\$'000</i>
Bank interest income	1	10
Service income	32	–
Others	20	–
	<hr/>	<hr/>
	53	10

6. ADMINISTRATION AND OTHER OPERATING EXPENSES

	(Unaudited) Three months ended 30 June 2020 <i>HK\$'000</i>	(Unaudited) 2019 <i>HK\$'000</i> <i>(restated)</i>
Staff costs, including Directors' emoluments	3,627	3,475
Travelling expenses	202	290
Depreciation of property, plant and equipment	145	345
Depreciation of right-of-use assets	457	–
Legal and professional fee	375	447
Audit fee	200	220
Entertainment	346	220
Operating lease rental on land and buildings	31	400
Operating lease rental on equipment	–	37
Repair and maintenance	34	25
Insurance	152	146
Other	552	781
	<hr/>	<hr/>
	6,121	6,386

7. FINANCE COSTS

	(Unaudited) Three months ended 30 June 2020 <i>HK\$'000</i>	(Unaudited) 2019 <i>HK\$'000</i>
Interest on finance lease payments	2	3
Interest on bank loans	6	17
Interest on lease liabilities	47	–
	<u>55</u>	<u>20</u>

8. INCOME TAX EXPENSES

	(Unaudited) Three months ended 30 June 2020 <i>HK\$'000</i>	(Unaudited) 2019 <i>HK\$'000</i>
Hong Kong profits tax	<u>432</u>	<u>510</u>

The Company compiled the two-tiered profits tax rates regime and computed the Hong Kong Profits Tax at 16.5% on the estimated assessable profits for the period. 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.

9. EARNINGS PER SHARE

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

	(Unaudited) Three months ended 30 June 2020 HK\$'000	(Unaudited) 2019 HK\$'000
Profit for the period attributable to equity holders of the Company (HK\$'000)	2,710	3,160
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u>1,200,000</u>	<u>1,200,000</u>
Basic earnings per share (<i>HK cent</i>)	<u>0.23</u>	<u>0.26</u>

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

10. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 June 2020 (2019: Nil).

11. SHARE OPTION SCHEME

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

The Scheme is effective for a period of 10 years commencing on 12 February 2018, the listing date of the Company. Under the 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 Scheme.

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option.

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall be not greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Scheme, a period of 10 years from the date of the 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 Scheme and any other schemes must not exceed 30% of the shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue. Options lapsed in accordance with the terms of the Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit. No share options were granted under the Scheme during the year. Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

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 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 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 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 Scheme since its adoption.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a registered electrical and mechanical (“**E&M**”) engineering service contractor in Hong Kong with a full range of E&M licenses including installation, alteration and addition works, inspection, testing and maintenance qualifications of fire prevention systems, water and plumbing systems, ventilating systems and certain electrical works.

With the Group’s extensive history and proud achievements, it has developed a reputation and expertise in the installation and design of fire service systems for buildings under construction or re-development; alteration and addition services on existing fire service systems; and repair and maintenance services of fire service systems for built premises. The Group is consistently positioned as one of the leaders in this field in Hong Kong.

The Group developed a strong operating platform including well-experienced project management and engineering teams; well-equipped infrastructure with adequate working capital from the Listing since 12 February 2018 to compliment operational needs; sophisticated operating manual and stringent control procedures to ensure resources are efficiently utilised and business are conducted safely and ethically. In addition, the Group has well-established external networks with customers, suppliers, and regulators, to form the most effective partnerships during project execution and to negotiate the best terms for the Group.

The profit attributable to equity holders of the Company decreased to HK\$2.71 million for the Reporting Period as compared to the profit attributable to equity holders of the Company of approximately HK\$3.16 million for the three months ended 30 June 2019.

Stepping into 2020, the outbreak of COVID-19 and its escalation on a global scale has triggered unprecedented disruptions in business operations and to the economy. In view of the continued outbreak of COVID-19 pandemic since early 2020 and economic downturn, the Board considers that we endure this difficult period by means of careful execution of current projects, adoption of cost monitoring and safety measures, and adequate planning and preparation in order to capitalize on opportunities presented to the Group during economic recovery.

OUTLOOK

Looking forward, the Directors are of the view that the general outlook of the industry and business environment in which the Group operates remain difficult and challenging. The social unrest since the middle of 2019, the outbreak of COVID-19 pandemic through early 2020 and the uncertainty over the trade dispute between China and United States of America have severely impacted the economy as well as the property market in Hong Kong. The Directors consider that all industry stakeholders share the same challenge and the dynamics of the business is no longer the same.

On the other hand, the ability to adjust and react to these market and industry changes will create an opportunity to the Group. The Directors are confident that its comprehensive and diversified licenses and qualifications will enable the Group to respond the quickest amongst competitors, in identifying and securing those upcoming engineering projects, including but not limited to fire services, that yield the best return for shareholders of the Company (the “**Shareholders**”), during the revitalising phase of the economy fuelled by governmental and institutional support globally. Furthermore, we continue to strive to improve our operational efficiency and business profitability. In the years to come, we are confident to contribute sustainable growth and will further seek potential opportunities to expand.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group increased slightly to approximately HK\$57.33 million from approximately HK\$57.30 million for the corresponding three months ended 30 June 2019.

Yet, we face various challenges including the continued outbreak of COVID-19 pandemic since early of 2020 and economic downturn. The Group adopts rigorous safety measures to ensure the progress of ongoing projects are not interrupted in order to maintain a continuous flow of revenue, while preparation work are diligently carried so that we may promptly capitalize on upcoming secured and tendering projects.

Cost of Revenue

The Group's cost of revenue decreased from approximately HK\$47.66 million for the three months ended 30 June 2019 to approximately HK\$47.37 million for the Reporting Period, representing a decrease of approximately HK\$0.29 million or 0.60%.

The decrease in cost of revenue resulted from cautious measures exercised to closely monitor the progress and the cost incurred on alteration and addition projects and installation projects.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately HK\$0.31 million or 3.20% from approximately HK\$9.64 million for the three months ended 30 June 2019 to approximately HK\$9.95 million for the Reporting Period. The gross profit margin was slightly increased from 16.83% for the three months ended 30 June 2019 to 17.36% for the Reporting Period. The overall gross profit margin remained stable for both the three months ended 30 June 2019 and 2020.

Administrative and Other Operating Expenses

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

Our administrative and other operating expenses decreased by approximately HK\$0.27 million or 4.23% from approximately HK\$6.39 million for the three months ended 30 June 2019 to approximately HK\$6.12 million for the Reporting Period. Such decrease was contributed by exercising expenses control over the Reporting Period.

Finance Costs

Finance costs of the Group are approximately HK\$0.06 million for the Reporting Period (2019: HK\$0.02 million). Finance costs consist of interest on bank borrowings and overdrafts and interest on obligations under finance leases and interest on lease liabilities. The increase in Group's finance costs for the Reporting Period was due to the adoption of HKFRS 16 Leases resulted in increase in the interest expense.

Income Tax Expense

Income tax expense for the Group decreased by approximately HK\$0.08 million or 15.69% from approximately HK\$0.51 million for the three months ended 30 June 2019 to approximately HK\$0.43 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 equity holders of the Company was approximately HK\$2.71 million for the Reporting Period (2019: HK\$3.16 million). A decrease of 14.24% of profit was attributable to equity holders of the Company when compared to the corresponding three months ended 30 June 2019.

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 30 June 2020, the Group did not have any material contingent liabilities (2019: Nil).

OTHER INFORMATION

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

As at 30 June 2020, 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	42.38%
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 30 June 2020.
- (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 4 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 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, Alderhill Holdings Limited, Unity Trust Limited (“**Unity Trust**”) 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 30 June 2020, 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 2020, 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	34.88%
	Holder of equity Derivative	<u>90,000,000</u>	<u>7.50%</u>
		508,500,000	42.38%
Noble Capital <i>(Notes 4 and 5)</i>	Beneficial owner	391,500,000	32.63%
	Holder of equity Derivative	<u>90,000,000</u>	<u>7.50%</u>
		481,500,000	40.13%

Name of Shareholder	Capacity/Nature of Interest	Number of Shares Held <i>(Note 1)</i>	Percentage of Issued Share Capital <i>(Note 2)</i>
Alderhill Holdings Limited <i>(Notes 4 and 5)</i>	Interest in a controlled Corporation	481,500,000	40.13%
Unity Trust <i>(Notes 4 and 5)</i>	Trustee of trust	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	42.38%
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 30 June 2020.
- (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 2020, 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.

INTEREST OF COMPLIANCE ADVISER

Innovax Capital Limited was appointed as compliance adviser of the Company from 31 August 2019. None of the compliance adviser or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the Group or in the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules. Pursuant to the Compliance Adviser Agreement dated 20 August 2019, services of Innovax Capital Limited as compliance adviser have ended on 30 June 2020.

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 CG Code provision A.2.1.

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

Mr. Ken Poon is the chairman and the chief executive officer of the Company. Mr. Ken Poon has been the key leader of the Group for over 31 years of experience in the fire services and water pump installation services in Hong Kong. Mr. Ken Poon has been primarily involved in the overall business development, technical operations and strategic planning of the Group. The Directors are of the view that it would be in the Group’s best interest for Mr. Ken Poon to continue performing the two roles, in order to maintain effective management and business development.

Having considered the above factor, the Board considers that the Company has complied with the principles and applicable code provision of the CG Code as set out in Appendix 15 of the GEM Listing Rules.

AUDIT COMMITTEE

An audit committee of the Company (the “**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 recently 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 currently serves as the chairman of the Audit Committee.

The Audit Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits. 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 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, 10 August 2020

As at the date of this announcement, 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.

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.