

# VISTAR HOLDINGS LIMITED

熒德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8535

## 2020

### THIRD QUARTERLY REPORT



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

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This report, for which the directors (the “**Directors**”) of Vistar Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## FINANCIAL HIGHLIGHTS

	For the nine months ended 31 December		% Change
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	
<b>Revenue</b>	<b>201,595</b>	170,091	18.52
Gross profit	<b>41,845</b>	27,267	53.46
Profit attributable to equity holders of the Company	<b>18,040</b>	7,004	157.57
Basic and Diluted earnings per share	<b>1.50 cents</b>	0.58 cents	158.62

The Board has resolved to declare an interim dividend of HK0.25 cents per share for the nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil).

## FINANCIAL RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Vistar Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 31 December 2020 (the “**Reporting Period**”) together with the comparative unaudited figures for the corresponding nine months ended 31 December 2019 as follows:

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

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

		(Unaudited) Three months ended 31 December 2020 HK\$'000	(Unaudited) Three months ended 31 December 2019 HK\$'000	(Unaudited) Nine months ended 31 December 2020 HK\$'000	(Unaudited) Nine months ended 31 December 2019 HK\$'000
	Notes				
<b>Revenue</b>	4	72,349	58,630	201,595	170,091
Cost of revenue		(55,927)	(50,488)	(159,750)	(142,824)
<b>Gross profit</b>		16,422	8,142	41,845	27,267
Other income and gains (Impairment losses)/reversal of impairment losses of trade receivable and contract assets, net	5	67	208	236	227
Administrative and other operating expenses	6	(6,674)	(6,842)	(19,104)	(20,119)
Finance costs	7	(130)	(17)	(292)	(55)
<b>Profit before income tax</b>		9,775	1,774	21,662	8,315
Income tax		(1,671)	(204)	(3,622)	(1,311)
<b>Profit and total comprehensive income for the period attributable to equity holders of the Company</b>		8,104	1,570	18,040	7,004
<b>Earnings per share</b>					
– Basic and Diluted (HK cents)	8	0.68 cents	0.13 cents	1.50 cents	0.58 cents

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 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>
<b>At 1 April 2020 (Audited)</b>	12,000	28,841	38,884	38,131	117,856
Profit and total comprehensive income for the period	-	-	-	18,040	18,040
<b>At 31 December 2020 (Unaudited)</b>	12,000	28,841	38,884	56,171	135,896
<b>At 1 April 2019 (Audited)</b>	12,000	28,841	38,884	28,536	108,261
Profit and total comprehensive income for the period	-	-	-	7,004	7,004
<b>At 31 December 2019 (Unaudited)</b>	12,000	28,841	38,884	35,540	115,265

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

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

The principal activity of the Company is investment holding. The Company and its subsidiaries (“**the Group**”) are engaged in the provision of installation work, alteration and addition services and maintenance services of electrical and mechanical engineering systems in Hong Kong. As at 31 December 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%	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%	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 information for the nine months ended 31 December 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated financial information should be read in conjunction with the Company’s combined financial statements for the year ended 31 March 2020, which have been prepared in accordance with HKFRSs issued by the HKICPA.

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

The accounting policies used in this unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2020 except the following new or revised HKFRSs, potentially relevant to the Group, have been issued, but are not yet effective and have not been adopted by the Group in the preparation of unaudited condensed consolidated financial information.

## 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 <sup>1</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>1</sup>
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting <sup>1</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>1</sup>

The Group adopted the new and amended standard. The directors made assessment on the application of the above amendments and determined that they will have no material impact on the consolidated financial statements.

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020.

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

- (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: (continued)

#### *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.

Conceptual Framework for Financial Reporting 2018 (the “**New Framework**”) and the Amendments to References to the Conceptual Framework in HKFRS Standards.

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

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

- (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: (continued)

*Amendments to HKAS 1 and HKAS 8 – Definition of material (continued)*

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

*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 potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group except Amendments to HKFRS 16. The Group’s current intention is usual to apply these changes on the date they become effective.

HKFRS 17	Insurance Contracts <sup>2</sup>
Amendments to HKFRS 17	Insurance Contracts <sup>4</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>4</sup>
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use <sup>3</sup>
Amendments to HKAS 37	Onerous contracts: Cost of fulfilling a contract <sup>3</sup>
Amendments to HKFRS 3	Reference to the conceptual framework <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRS 16	COVID-19-Related rent concessions <sup>1</sup>
Amendments to HKFRSs	Annual improvements to HKFRS Standards 2018-2020 Cycle <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>5</sup> Effective for annual periods beginning on or after a date to be determined.

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

- (ii) The following revised HKFRSs, that have been issued but are not yet effective potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group except Amendments to HKFRS 16. The Group’s current intention is usual to apply these changes on the date they become effective. (continued)

#### *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. In addition, the Group has early adopted COVID-19-Related Rent Concessions (Amendments to HKFRS 16) ahead of its effective date and applied the amendment from 1 April 2020.

#### *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 will apply the above HKFRSs when they become effective. The Group is in the process of making an assessment of the impact of the above HKFRSs.

### 4. REVENUE AND SEGMENT INFORMATION

Revenue mainly represents from provision of installation work, alteration and addition services and maintenances services during the reporting period.

#### Disaggregation of the Group’s revenue from contracts with customers

	(Unaudited) Three months ended 31 December 2020 HK\$’000	(Unaudited) Three months ended 31 December 2019 HK\$’000	(Unaudited) Nine months ended 31 December 2020 HK\$’000	(Unaudited) Nine months ended 31 December 2019 HK\$’000
Installation work	51,477	28,230	123,922	83,696
Alteration and additions services	18,919	29,140	73,216	82,273
Maintenance services	1,953	1,260	4,457	4,122
	<b>72,349</b>	<b>58,630</b>	<b>201,595</b>	<b>170,091</b>

## 5. OTHER INCOME AND GAINS

	(Unaudited) Three months ended 31 December 2020 HK\$'000	(Unaudited) Three months ended 31 December 2019 HK\$'000	(Unaudited) Nine months ended 31 December 2020 HK\$'000	(Unaudited) Nine months ended 31 December 2019 HK\$'000
Bond interest income	28	–	28	–
Bank interest income	5	7	10	26
Others	13	201	79	201
Unrealised gain on investment	21	–	21	–
Exchange gain	–	–	1	–
Gain of termination of lease	–	–	97	–
	67	208	236	227

## 6. ADMINISTRATION AND OTHER OPERATING EXPENSES

	(Unaudited) Three months ended 31 December 2020 HK\$'000	(Unaudited) Three months ended 31 December 2019 HK\$'000	(Unaudited) Nine months ended 31 December 2020 HK\$'000	(Unaudited) Nine months ended 31 December 2019 HK\$'000
Staff costs, including Directors' emoluments	3,136	3,988	9,568	11,001
Travelling expenses	198	255	724	826
Depreciation	895	300	2,310	956
Legal and professional fee	381	607	1,197	1,848
Audit fee	200	220	600	660
Entertainment	615	222	1,463	887
Operating lease rental on land and building	75	404	136	1,209
Operating lease rental on equipment	–	35	–	107
Repair and maintenance	19	21	74	79
Insurance	196	73	533	223
Other	959	717	2,499	2,323
	6,674	6,842	19,104	20,119

## 7. FINANCE COSTS

	(Unaudited) Three months ended 31 December 2020 HK\$'000	(Unaudited) Three months ended 31 December 2019 HK\$'000	(Unaudited) Nine months ended 31 December 2020 HK\$'000	(Unaudited) Nine months ended 31 December 2019 HK\$'000
Interest on finance leases	1	2	6	8
Interest on bank and other borrowings	9	15	18	47
Interest on lease liabilities	120	–	268	–
	130	17	292	55

## 8. EARNINGS PER SHARE

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

	(Unaudited) Three months ended 31 December 2020 HK\$'000	(Unaudited) Three months ended 31 December 2019 HK\$'000	(Unaudited) Nine months ended 31 December 2020 HK\$'000	(Unaudited) Nine months ended 31 December 2019 HK\$'000
<b>Profit for the period attributable to equity holders of the Company (HK\$'000)</b>	<b>8,104</b>	<b>1,570</b>	<b>18,040</b>	<b>7,004</b>
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 cents)	0.68	0.13	1.50	0.58

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

## 9. SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was approved and adopted by the Company on 24 January 2018.

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 of the Company or any shareholder of any of its subsidiaries 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.

## 9. SHARE OPTION SCHEME (continued)

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.

For the nine months ended 31 December 2020, no share option was granted, exercised, expired, lapsed or cancelled and there were no outstanding options under the Scheme. Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

## 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 work, alteration and addition services, inspection, testing and maintenance services 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 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 increased to approximately HK\$18.04 million for the Reporting Period as compared to approximately HK\$7.00 million for the nine months ended 31 December 2019. The Board considers that such profit increment for the Reporting Period was mainly attributable to (i) the increase in principal business revenue for the Reporting Period compared to the nine months ended 31 December 2019; (ii) the increase in gross profit contribution due to fully utilizing the prefabrication technology operated at workshop leading to a reduction in cost of revenue in installation during the Reporting Period; and (iii) placing more stringent control in general and administrative leading a reduction of legal and professional fee through negotiations; and (iv) the subsidy received from the “Employment Support Scheme” of the Government of HKSAR.

## Outlook

Looking forward, the Directors are of the view that the general outlook of the industry and the business environment in which the Group operates remain difficult and challenging. The forthcoming policies to be implemented by the newly elected president of the United States will also be an uncertainty to the trade dispute between Hong Kong and United States. The persistent outbreak of the novel coronavirus (“COVID-19”) has continued to generate unprecedented disruptions in business operations on a global scale. However, the emerging vaccine for COVID-19 gives endless hope to everyone on the vast recovery of the world economy.

Recently, the Government Policy Address indicated its top priority that the Government of HKSAR intends to speed up the construction process of public housing which will provide various opportunities to the construction industry. The Group will proactively participate in tender bidding for these projects on top of potential private projects in the pipeline.

Yet, with adequate financial resources support, the Director will do the best in capitalising on our extensive experience and to continue to leverage on its competitive advantages in installation work, alteration & addition and maintenance services of fire servicing system including comprehensive range of licences and qualification in fire systems related services, experienced and well-trained workforce, and strong network and business relationships with our peers in the industry, suppliers and subcontractors, in order to negotiate higher bidding prices and reduced materials and subcontracting cost to improve overall profitability performance.

In addition, the pre-fabrication factory customized input materials used in our installation projects in order to facilitate and managed the flow and quality of materials supply to streamline our operations, is in full operation commencing this Reporting Period. We expect benefits driven by material cost savings and wastage control to be materialized in the near future.

In the years to come, the Group will continue to regularly and closely monitor the progress of its on-going projects and will continue to identify suitable tender opportunities and submit tenders for potential projects to maximize the Group’s profit and return to its shareholders. Finally, we are confident to contribute a sustained growth and will further cope with the changes in order to expand.

## Financial Review

### *Revenue*

During the Reporting Period, the revenue of the Group increased to approximately HK\$201.60 million from approximately HK\$170.09 million for the corresponding nine months ended 31 December 2019.

The increase in total revenue was mainly due to an increase from installation work with its periodic revenue amounted to approximately HK\$123.92 million. Such increase in revenue was mainly contributed by incremental revenue on installation work performed based on the volume of ongoing installation projects during the Reporting Period.

### *Cost of Revenue*

The Group's cost of revenue increased from approximately HK\$142.82 million for the nine months ended 31 December 2019 to approximately HK\$159.75 million for the Reporting Period, representing an increase of approximately HK\$16.93 million or 11.85%.

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

### *Gross Profit and Gross Profit Margin*

Our gross profit increased by approximately HK\$14.58 million or 53.47% from approximately HK\$27.27 million for the nine months ended 31 December 2019 to approximately HK\$41.85 million for the Reporting Period. The gross profit margin was increased from 16.03% for the nine months ended 31 December 2019 to 20.76% for the Reporting Period.

The increase in overall gross profit contribution was mainly due to fully utilising the prefabrication technology operated at workshop and thus lead to the reduction of cost of revenue in installation projects during the Reporting Period.

### *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 of right-of-use assets and other expenses.

Our administrative and other operating expenses decreased by approximately HK\$1.02 million or 5.07% from approximately HK\$20.12 million for the nine months ended 31 December 2019 to approximately HK\$19.10 million for the Reporting Period. The decrease in administrative and other operating expenses was due placing a more stringent control in general and administrative expenses leading to a reduction of legal and professional fee through negotiations and the subsidy received from the “Employment Support Scheme” of the Government of HKSAR.

### *Finance Costs*

Finance costs of the Group are approximately HK\$0.29 million for the Reporting Period (2019: HK\$0.06 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 expenses on lease liabilities.

### *Income Tax Expense*

Income tax expense for the Group increased by approximately HK\$2.31 million or 176.34% from approximately HK\$1.31 million for the nine months ended 31 December 2019 to approximately HK\$3.62 million for the Reporting Period. The increase was mainly due to the increase in taxable profit for the Reporting Period.

### *Profit for the Period Attributable to Equity Holders of the Company*

The Group's profit attributable to equity holders of the Company was approximately HK\$18.04 million for the Reporting Period (2019: HK\$7.00 million), representing an increase of 157.71%.

The increase in profit was mainly contributed by incremental revenue on installation projects as more project staffs were employed during the Reporting Period. Moreover, the savings in cost of revenue for installation projects by utilizing the prefabrication technology operated at workshop were satisfactory and encouraging. And the reduction in administrative and other operating expenses caused by the subsidy obtained from the government's "Employment Support Scheme" and decrease in legal and professional fees through negotiation.

### **TREASURY POLICY**

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

### **FOREIGN EXCHANGE EXPOSURE**

All of the revenue-generating operations and borrowings of the Group were mainly transacted in Hong Kong Dollars which is the presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

### **CONTINGENT LIABILITIES**

As at 31 December 2020, the Group did not have any material contingent liabilities (2019: Nil).

### **DIVIDENDS**

On 8 February 2021, the Board has resolved to declare an interim dividend of HK0.25 cents per share for the Reporting Period (nine months ended 31 December 2019: 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 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 <i>(Note 1)</i>	Percentage of Issued Share Capital <i>(Note 2)</i>
Mr. Poon Ken Ching Keung ("Mr. Ken Poon") <i>(Notes 3 and 5)</i>	Interest in a controlled corporation	508,500,000	42.38%
Mr. Ng Kwok Wai <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	90,000,000	7.50%
Ms. Lee To Yin <i>(Notes 4 and 5)</i>	Interest in a controlled corporation	90,000,000	7.50%
Ms. Poon Kam Yee Odilia ("Ms. Odilia Poon") <i>(Notes 4 and 5)</i>	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 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 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 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 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 31 December 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	90,000,000	7.50%
Noble Capital <i>(Notes 4 and 5)</i>		508,500,000	42.38%
	Beneficial owner	391,500,000	32.63%
	Holder of equity derivative	90,000,000	7.50%
Mr. Tommy Poon <i>(Notes 4 and 5)</i>		481,500,000	40.13%
	Interest in a controlled corporation	481,500,000	40.13%

<b>Name of Shareholder</b>	<b>Capacity/ Nature of Interest</b>	<b>Number of Shares Held (Note 1)</b>	<b>Percentage of Issued Share Capital (Note 2)</b>
Legend Advanced (Note 6)	Beneficial owner	90,000,000	7.50%
Ms. Deng Anna Man Li (Note 7)	Interest of spouse	508,500,000	42.38%
Mr. Roberts Christopher John (Note 8)	Interest of spouse	90,000,000	7.50%

*Notes:*

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,200,000,000 shares of the Company in issue as at 31 December 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.
- (4) Mr. Tommy Poon holds the entire issued share capital of Noble Capital. Noble Capital, in turn, directly holds 391,500,000 shares of the Company and shares of the Company he is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced as described in note 5 below.
- (5) On 25 January 2018, Legend Advanced entered into the Deed of Undertaking in favour of Success Step and Noble Capital. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Reorganisation" in the Prospectus. Accordingly, each of Success Step, Mr. Ken Poon, Noble Capital and Mr. Tommy Poon is deemed to be interested in the 90,000,000 shares of the Company held by Legend Advanced.

- (6) Ms. Odilia Poon, Mr. Ng Kwok Wai and Ms. Lee To Yin are interested in approximately 40%, 30% and 30% of the issued share capital of Legend Advanced, respectively. Legend Advanced, in turn, directly holds 90,000,000 shares of the Company.
- (7) Ms. Deng Anna Man Li is the spouse of Mr. Ken Poon. By virtue of the SFO, Ms. Deng Anna Man Li is deemed to be interested in the shares of the Company held by Mr. Ken Poon.
- (8) Mr. Roberts Christopher John is the spouse of Ms. Odilia Poon. By virtue of the SFO, Mr. Roberts Christopher John is deemed to be interested in the shares of the Company held by Ms. Odilia Poon.

Save as disclosed above, as at 31 December 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.

## **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.

## **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.

## **CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE**

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

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

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

Having considered the above factor, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate and that the Company has complied with the principles and applicable code provision of the CG Code during the Reporting Period.

## **AUDIT COMMITTEE**

An audit committee 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.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 25 February 2021 to Friday, 26 February 2021, both days inclusive, during the which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by no later than 4:30 p.m. on Wednesday, 24 February 2021.

Dividend cheques will be dispatched to the shareholders of the Company, who are qualified for the interim dividend, on or about Thursday, 11 March 2021.

## **REVIEW OF THIS THIRD QUARTERLY REPORT**

The third quarterly report has been reviewed by the Audit Committee.

By Order of the Board  
**Vistar Holdings Limited**  
**Poon Ken Ching Keung**  
*Chairman and Chief Executive Officer*

Hong Kong, 8 February 2021

*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.*