

VISTAR HOLDINGS LIMITED

熒德控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code : 8535

2023

FIRST 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

- During the three months ended 30 June 2023 (the “**Reporting Period**”), the revenue of the Group decreased to approximately HK\$70.70 million from approximately HK\$71.84 million for the corresponding three months ended 30 June 2022. The decrease in total revenue was mainly due to a decrease in revenue from installation services of approximately HK\$0.69 million. Such decrease in revenue was mainly due to the completion of many existing installation projects but new projects commenced only for a short period of time. Thus, less amount of revenue was generated from installation services and recognised for the Reporting Period.
- The Group’s profit attributable to shareholders was approximately HK\$1.64 million for the Reporting Period, representing a decrease of profit of approximately HK\$1.31 million from the profit of approximately HK\$2.95 million for the three months ended 30 June 2022.
- The decrease in the Group’s profit attributable to shareholders was mainly due to the decrease in gross profit generated from the core businesses of the Group of approximately HK\$3.51 million. The decrease in gross profit was driven by less revenue being recognised from the projects of installation services in the completion or substantial completion stage during the Reporting Period, plus increased direct labour and material costs incurred on work performed as a result of inflation driven by shortage of labour and supply chain disruptions on global resources.

- The decrease in gross profit was offset by (i) the reduction of transfer of listing expenses incurred of approximately HK\$1.23 million during the Reporting Period in relation to the proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange as disclosed in the announcements of the Company dated 17 June 2021 and 31 December 2021 and which was discontinued as disclosed in the announcement of the Company dated 28 June 2022, (ii) the reduction of administrative and other operating expenses of approximately HK\$0.69 million, and (iii) the reduction of income tax expenses of approximately HK\$0.47 million attributable to the decrease in taxable income.
- The Board does not recommend the payment of a dividend for the Reporting Period (three months ended 30 June 2022: Nil).

FINANCIAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited consolidated financial results of the Group for the Reporting Period together with the comparative unaudited figures for the three months ended 30 June 2022 as follows:

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

FOR THE THREE MONTHS ENDED 30 JUNE 2023

		(Unaudited) Three months ended 30 June 2023 HK\$'000	(Unaudited) Three months ended 30 June 2022 HK\$'000
	<i>Notes</i>		
Revenue	4	70,698	71,838
Cost of revenue		(60,880)	(58,508)
Gross profit		9,818	13,330
Other income and gains	5	515	322
Impairment loss of trade receivables and contract assets, net		(468)	(344)
Administrative and other operating expenses	6	(7,423)	(8,107)
Listing expenses		–	(1,231)
Finance costs	7	(470)	(227)
Profit before income tax		1,972	3,743
Income tax	8	(330)	(796)
Profit and total comprehensive income for the period attributable to equity holders of the Company		1,642	2,947
Earnings per share – Basic and Diluted (HK cents)		0.14 cents	0.25 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 JUNE 2023

	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 reserves <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 April 2023 (Audited)	12,000	14,441	38,884	86,280	139,605	151,605
Profit and total comprehensive income for the period	-	-	-	1,642	1,642	1,642
Balance at 30 June 2023 (Unaudited)	12,000	14,441	38,884	87,922	141,247	153,247
Balance at 1 April 2022 (Audited)	12,000	14,441	38,884	87,424	140,749	152,749
Profit and total comprehensive income for the period	-	-	-	2,947	2,947	2,947
Balance at 30 June 2022 (Unaudited)	12,000	14,441	38,884	90,371	143,696	155,696

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2023

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

The principal activity of the Company is investment holding. The Company and its subsidiaries (“**the Group**”) are engaged in the provision of installation services, alteration and addition works and maintenance services of electrical and mechanical engineering systems in Hong Kong (the “**Construction Works**”). As at 30 June 2023 and 30 June 2022, 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	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	Incorporated in Hong Kong on 1 August 1972 Limited liability company	Hong Kong	HK\$2,500,000	–	100%	Provision of installation services, alteration and addition works, and maintenance services of electrical and mechanical engineering systems in Hong Kong
Guardian Engineering Limited	Incorporated in Hong Kong on 15 May 2000 Limited liability company	Hong Kong	HK\$100,000	–	100%	Provision of installation services, alteration and addition works, and maintenance services of electrical and mechanical engineering systems in Hong Kong

2. BASIS OF PREPARATION

This condensed consolidated financial information for the three months ended 30 June 2023 has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretation (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2023. It has been prepared under the historical cost basis except for certain properties and other assets at fair value through profit or loss which are measured at fair value.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the audited annual report of the Group for the year ended 31 March 2023 except for those new and revised HKFRSs and interpretations issued by the HKICPA that are adopted for the first time for the current period in the financial statements.

The condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial information of the Group for the three months ended 30 June 2023 has not been audited but has been reviewed by the audit committee of the Company. The unaudited condensed consolidated financial information would be approved for issue by the board of directors on 10 August 2023.

The accounting policies used in the preparation of this condensed consolidated financial information are consistent with those described in the annual financial statements for the year ended 31 March 2023.

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

3. ESTIMATES

The preparation of unaudited condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the unaudited condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2023.

4. REVENUE

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

Disaggregation of the Group's revenue from contracts with customers

	(Unaudited) Three months ended 30 June 2023 HK\$'000	(Unaudited) Three months ended 30 June 2022 HK\$'000
Installation services	47,734	48,424
Alteration and additions works	21,694	21,296
Maintenance services	1,270	2,118
	70,698	71,838

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

4. REVENUE (continued)

Disaggregation of the Group's revenue from contracts with customers (continued)

The Group's chief operating decision-makers made decision according to the segment performance which is evaluated based on reportable segment profit or loss, without the allocation of other income and gains, reversal of impairment losses/impairment losses of trade receivables and contract assets, net, administrative and other operating expenses, transfer of listing expenses and financial costs.

Since total assets, liabilities and capital expenditures for each reportable segment are not regularly reviewed by the chief operating decision-makers, the Directors are of the opinion that the disclosure of such information is not necessary.

Moreover, 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 2023 HK\$'000	(Unaudited) Three months ended 30 June 2022 HK\$'000
Interest income from financial assets at fair value		
through profit or loss	56	56
Bank interest income	159	67
Changes in fair value of financial assets at fair value		
through profit or loss	43	(18)
Others	257	217
	515	322

6. ADMINISTRATION AND OTHER OPERATING EXPENSES

	(Unaudited) Three months ended 30 June 2023 HK\$'000	(Unaudited) Three months ended 30 June 2022 HK\$'000
Staff salaries and employee benefit expenses	4,547	4,657
Transportation and traveling expenses	255	276
Depreciation	851	863
Professional fee	688	928
Business development expenses	203	216
Rental expenses	44	60
Office expenses	462	548
Others	373	559
	7,423	8,107

7. FINANCE COSTS

	(Unaudited) Three months ended 30 June 2023 HK\$'000	(Unaudited) Three months ended 30 June 2022 HK\$'000
Interest on bank loans	410	185
Interest on lease liabilities	60	42
	470	227

8. INCOME TAX

	(Unaudited) Three months ended 30 June 2023 HK\$'000	(Unaudited) Three months ended 30 June 2022 HK\$'000
Hong Kong profits tax	330	796
	330	796

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 2023 and 2022 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 2023 HK\$'000	(Unaudited) Three months ended 30 June 2022 HK\$'000
Profit for the period attributable to equity holders of the Company (HK\$'000)	1,642	2,947
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>in thousand</i>)	1,200,000	1,200,000
Basic earnings per share (<i>HK cent</i>)	0.14	0.25

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 a dividend for the Reporting Period (three months ended 30 June 2022: Nil).

11. SHARE OPTION SCHEME

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

The Share Option Scheme is effective for a period of 10 years commencing on 12 February 2018, the listing date of the Company. Under the Share Option Scheme, the Board may in its absolute discretion determine the subscription price at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of the granting of the option; (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the granting of the option; and (iii) the nominal value of a share. An offer of grant of an option may be accepted by a participant within the date as specified in the offer letter issued by the Company, being a date not later than 28 days from the date upon which it is made, by which the participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Share Option Scheme.

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

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised subject to such restriction on exercisability specified therein), which shall not be greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Share Option Scheme, a period of 10 years from the date of the granting of the option).

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

11. SHARE OPTION SCHEME (continued)

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for shares under the Share Option Scheme:

- (a) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of the subsidiaries or any entity (the “**Invested Entity**”) in which the Company holds an equity interest;
- (b) any non-executive Directors (including independent non-executive Directors) of the Company, any of the subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to the Company or any of its subsidiaries or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any shareholders of the Company or any shareholder of any of its subsidiaries or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity,

and for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

During the Reporting Period, the Group’s profit attributable to equity holders was approximately HK\$1.64 million, representing a decrease of approximately HK\$1.31 million when compared to the profit attributable to equity holders of approximately HK\$2.95 million for the three months ended 30 June 2022.

The Board considers that such profit decrement was mainly attributable to a number of global events including the COVID-19 pandemic, the Russo-Ukrainian War, and the China-US trade tensions, all of which have disrupted the global supply chain and logistics and have caused allocation inefficiencies in labor, raw materials, and energy resources. The surging material and labour costs have directly escalated the Company’s cost of revenue, while the global high interest rate and inflationary pressure have created budgetary concerns for upstream contractors, thereby impeding project volume and work schedule. As a result, it affects revenue recognized by the Group.

The decrease in the Group’s profit attributable to shareholders was mainly due to the decrease in gross profit generated from the core businesses of the Group of approximately HK\$3.51 million. The decrease in gross profit was driven by less revenue being recognised from the projects of installation services in the completion or substantial completion stage during the Reporting Period, plus increased direct labour and material costs incurred on work performed as a result of inflation driven by shortage of labour and supply chain disruptions on global resources.

The decrease in gross profit was offset by (i) the reduction of transfer of listing expenses incurred of approximately HK\$1.23 million during the Reporting Period in relation to the proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange as disclosed in the announcements of the Company dated 17 June 2021 and 31 December 2021 and which was discontinued as disclosed in the announcement of the Company dated 28 June 2022, (ii) the reduction of administrative and other operating expenses of approximately HK\$0.69 million, and (iii) the reduction of income tax expenses of approximately HK\$0.47 million attributable to the decrease in taxable income.

The Board does not recommend the payment of an interim dividend in respect of the Reporting Period (three months ended 30 June 2022: Nil).

Outlook

During early 2023, normal travel between Hong Kong, Mainland China and other countries has resumed in full, removing all quotas for travelers crossing the Hong Kong-Mainland China boundaries, opening all ports of entry, restoring group tours between Hong Kong and Mainland China, and lifting the pre-departure vaccination requirement for overseas visitors. Simultaneously, following the roll out of the “Hello Hong Kong” promotional campaign by the Hong Kong Government, the pace of recovery of the travel, catering and hospitality industries will speed up. Along with other economic recovery boost programs, e.g. the Consumption Voucher program, the economy of Hong Kong must climb on the right track of economic recovery and become stronger again in the coming future.

As such, Hong Kong has benefited from the full resumption of normal travel between Hong Kong, Mainland China and other countries, various stimulus measures to boost local consumption, and the coinciding recovery of Mainland China’s economy, all of which have resulted in a modest GDP growth rate in current period.

Looking forward, the Directors are of the view that the general outlook of the industry and business environment in which the Group operates will remain difficult and challenging but with optimistic hope. However, with all-round support from Mainland China, the newly appointed Chief Executive Mr. John Lee Ka-Chiu and his team have given us new directions and regimes to overcome the current downturns. With political and economic stability established, the Group will focus on exploring business opportunities, such as huge potential projects associated with the Lantau Tomorrow, the Northern Metropolis Development Strategy promulgated in the Former Chief Executive's policy address, as well as public housing and private sector projects under the existing construction project pipeline in Hong Kong.

In future, the Directors are of the view that we are confident to contribute a sustained growth and will further seek more potential opportunities to expand.

Financial Review

Revenue

The Group's revenue for the Reporting Period amounted to approximately HK\$70.70 million which represented a decrease of approximately HK\$1.14 million or 1.59% from approximately HK\$71.84 million for the three months ended 30 June 2022.

The decrease in total revenue was mainly due to a decrease in revenue from installation services of approximately HK\$0.69 million. Such decrease in revenue was mainly due to the completion of many existing projects but new projects commenced only for a short period. Thus, less amount of revenue was generated from installation services and recognised for the Reporting Period.

Cost of revenue

The Group's cost of revenue increased from approximately HK\$58.51 million for the three months ended 30 June 2022 to approximately HK\$60.88 million for the Reporting Period, representing an increase of approximately HK\$2.37 million or 4.05%.

Such increase in cost of revenue was not in line with the decrease in revenue. It was mainly due to the increased direct labour and material costs incurred on work performed as a result of inflation driven by shortage of labour and supply chain disruptions on global resources.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$3.51 million or 26.33% from approximately HK\$13.33 million for the three months ended 30 June 2022 to approximately HK\$9.82 million for the Reporting Period. The gross profit margin has decreased from 18.56% for the three months ended 30 June 2022 to 13.89% for the Reporting Period.

The decrease in gross profit was driven by less revenue being recognised from the projects of installation services in the completion or substantial completion stage during the Reporting Period, plus increased direct labour and material costs incurred on work performed as a result of inflation driven by shortage of labour and supply chain disruption on global resources.

Administrative and other operating expenses

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

The Group's administrative and other operating expenses decreased by approximately HK\$0.69 million or 8.51% from approximately HK\$8.11 million for the three months ended 30 June 2022 to approximately HK\$7.42 million for the Reporting Period. The decrease in administrative and other operating expenses for the Reporting Period was attributed to the decrease in staff salaries and professional fees and other administrative expenses incurred during the Reporting Period.

Finance costs

Finance costs of the Group were approximately HK\$0.47 million for the Reporting Period (three months ended 30 June 2022: approximately HK\$0.23 million). Finance costs consist of interest on bank loans and interest on lease liabilities. The increase in the Group's finance costs for the Reporting Period was mainly due to the increase in interest expenses incurred on more bank loans secured during the Reporting Period.

Income tax

Income tax for the Group decreased by approximately HK\$0.47 million or 58.75% from approximately HK\$0.80 million for the three months ended 30 June 2022 to approximately HK\$0.33 million for the Reporting Period. The decrease in income tax was mainly due to the decrease in taxable profit for the Reporting Period.

Profit for the period attributable to equity holders of the Company

The Group's profit attributable to shareholders was approximately HK\$1.64 million for the Reporting Period, representing a decrease of profit of approximately HK\$1.31 million from the profit of approximately HK\$2.95 million for the three months ended 30 June 2022.

The decrease in the Group's profit attributable to shareholders was mainly due to the decrease in gross profit generated from the core businesses of the Group of approximately HK\$3.51 million. The decrease in gross profit was driven by less revenue being recognised from the projects of installation services in the completion or substantial completion stage during the Reporting Period, plus increased direct labour and material costs incurred on work performed as a result of inflation driven by shortage of labour and supply chain disruptions on global resources.

The decrease in gross profit was offset by (i) the reduction of transfer of listing expenses incurred of approximately HK\$1.23 million during the Reporting Period in relation to the proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange as disclosed in the announcements of the Company dated 17 June 2021 and 31 December 2021 and which was discontinued as disclosed in the announcement of the Company dated 28 June 2022, (ii) the reduction of administrative and other operating expenses of approximately HK\$0.69 million, and (iii) the reduction of income tax expenses of approximately HK\$0.47 million attributable to the decrease in taxable income.

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 2023, the Group did not have any material contingent liabilities (three months ended 30 June 2022: Nil).

DIVIDEND

The Board does not recommend the payment of a dividend for the Reporting Period (three months ended 30 June 2022: 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 2023, 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 <small>(Note 1)</small>	Percentage of Issued Share Capital <small>(Note 2)</small>
Mr. Poon Ken Ching Keung ("Mr. Ken Poon") <small>(Notes 3 and 5)</small>	Interest in a controlled corporation	508,500,000	42.37%
Mr. Ng Kwok Wai <small>(Notes 4 and 5)</small>	Interest in a controlled corporation	90,000,000	7.50%
Ms. Lee To Yin <small>(Notes 4 and 5)</small>	Interest in a controlled corporation	90,000,000	7.50%
Ms. Poon Kam Yee Odilia ("Ms. Odilia Poon") <small>(Notes 4 and 5)</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 2023.
- (3) Mr. Ken Poon holds the entire issued share capital of Success Step Management Limited (“**Success Step**”). Success Step, in turn, directly holds 418,500,000 shares of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced Limited (“**Legend Advanced**”) as described in note 5 below.

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

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

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

Save as disclosed above, as at 30 June 2023, 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 2023, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or were directly or indirectly, 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 Held <small>(Note 1)</small>	Percentage of Issued Share Capital <small>(Note 2)</small>
Success Step <small>(Notes 3 and 5)</small>	Beneficial owner	418,500,000	34.87%
	Holder of equity derivative	90,000,000	7.50%
		508,500,000	42.37%
Noble Capital <small>(Notes 4 and 5)</small>	Beneficial owner	391,500,000	32.63%
	Holder of equity derivative	90,000,000	7.50%
		481,500,000	40.13%
Mr. Tommy Poon <small>(Notes 4 and 5)</small>	Interest in a controlled corporation	481,500,000	40.13%
Legend Advanced <small>(Note 6)</small>	Beneficial owner	90,000,000	7.50%
Ms. Deng Anna Man Li <small>(Note 7)</small>	Interest of spouse	508,500,000	42.37%
Mr. Roberts Christopher John <small>(Note 8)</small>	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 2023.
- (3) Mr. Ken Poon holds the entire issued share capital of Success Step. Success Step, in turn, directly holds 418,500,000 shares of the Company and is deemed to be interested as holder of equity derivative in the 90,000,000 shares of the Company held by Legend Advanced as described in note 5 below.

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

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

Save as disclosed above, as at 30 June 2023, none of the substantial or significant shareholders or other persons, other than the Directors and chief executives of the Company whose interests are set out in the section “A. Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company” above, had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or were directly or indirectly, 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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

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, as defined in the GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with Group during the Reporting Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors during the Reporting Period.

CORPORATE GOVERNANCE PRACTICE AND COMPLIANCE

The Company is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

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

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

Mr. Ken Poon is the chairman and the chief executive officer of the Company. Mr. Ken Poon has been the key leadership figure of the Group with over 34 years of experience in 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 factors, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate and that the Company has complied with the principles and applicable code provision of the CG Code as set out in Appendix 15 of the GEM Listing Rules during the Reporting Period.

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

AUDIT COMMITTEE

An audit committee of the Company (the “**Audit Committee**”) has been established on 24 January 2018 with its terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provisions D.3.3 and D.3.7 of the CG Code. As at 30 June 2023, the Audit Committee comprises 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 the 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.

DIVIDEND POLICY

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

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

REVIEW OF THIS FIRST QUARTERLY REPORT

This first 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, 10 August 2023

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

This report will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of 7 days from the date of its publication. This report will also be published on the website of the Company at www.vistarholdings.com.