

# TARGET

## Intelligence Report

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**VISTAR HOLDINGS LTD:  
THE DECISION TO ACCEPT THE LOSS OF \$HK12.28 MILLION  
MUST HAVE BEEN BETTER THAN SUFFER SHAREHOLDERS' ENMITY**

Senior Management of Vistar Holdings Ltd (熒德控股有限公司) (Code: 8535, The Growth Enterprise Market – The **GEM** – The Stock Exchange of Hongkong Ltd), having expended upwards of \$HK12.28 million in a vain and useless attempt to transfer the Company's GEM listing of its shares to the Main Board of The Stock Exchange of Hongkong Ltd, it must have been akin to a hair-raising decision, no doubt, but, by the same token, it must have been seen as being better than throwing good money after bad.

On or about Tuesday, June 28, 2022, Management, openly, must have had second thoughts as to that which had befallen its ambitious plans with regard to the previously proposed GEM listing transfer to the premier equity market of The **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

The GEM has, always, been seen as the poor, secondary equity market of The Stock Exchange of Hongkong Ltd, the Main Board, being the premier equity market of the territory.

The formal announcement in respect of Management's determination not to continue with its application to obtain its proposed transfer of its GEM listing to the Main Board is hereby copied, verbatim:

*'... Reference is made to the announcements of the Company dated 17 June 2021 and 31 December 2021 in relation to the formal application submitted to the Stock Exchange (the "**Application**") in respect of the Proposed Transfer of Listing (the "**Announcements**"). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.*

*'The Company wishes to inform the Shareholders that the Company has decided not to continue with the Application.*

*'The Board believes that the discontinuation of the Application has no material adverse impact on the financial or business operations of the Group ...'.*

In the Company's four-page announcement, dated June 17, 2021, under the sub-heading, '**REASONS FOR THE PROPOSED TRANSFER OF LISTING**', one was informed of the following:

*'The Company has been listed on GEM since 12 February 2018. The Group is an established electrical and mechanical engineering service provider in Hong Kong, specialising in installation, alteration and addition works and maintenance of fire service systems.'*

*'Since the GEM Listing, the Group has continued to develop and grow its revenue and profit. The Directors are of the view that listing on the Main Board will further enhance the Group's corporate profile and status within the industry. As a result, this will raise the competitiveness of the Group in obtaining new projects, improve the fund-raising capabilities of the Group, and help the Group recruit and retain top-level talent. Moreover, the Directors believe that listing on the Main Board will increase attractiveness of the Shares to both institutional and retail investors, broaden the Group's investor base and strengthen trading liquidity of the Shares. Therefore, our Directors are of the view that listing on the Main Board will be beneficial to the future growth and business development of the Group, which will in turn create long-term value for the Shareholders.'*

*'In light of the above, the Directors consider the Proposed Transfer of Listing to be in the interest of the Company and the Shareholders as a whole.'*

The 'key' advantageous aspects of the listing of the Company's shares on the Main Board of The Stock Exchange of Hongkong Ltd, as opposed to maintaining the listing of the Company's shares on the GEM, would have been the perceived, a signal, corporate improvement as well as being the attractiveness of the Company to prospective investors; and, it follows, of course, the ease of being able to tap the HKSAR market for funds.

The financial loss to the Company, of the cost of the abortive attempt to have the Company's shares transferred from the GEM to the premier equity market of The Stock Exchange of Hongkong Ltd, did not go unnoticed.

Mr Ken Poon Ching Keung (潘正強), the Chairman of the Board of Directors and the Chief Executive Officer of Vistar Holdings Ltd, had this to say at Page Three of the 2021-2022 Annual Report on this matter:

*'The Group's profit attributable to Shareholders was approximately HK\$20.78 million for the Reporting Period (2021: HK\$28.51 million). A decrease of 27.11% of profit attributable to Shareholders was recorded as compared to the last year ended 31 March 2021 ...'*

*'The Board considers that such change was mainly attributable to offsetting events including (i) listing expenses incurred of approximately HK\$12.28 million during the Reporting Period in relation to the proposed'*

*transfer of the listing of the shares of the Company from GEM to the Main Board of the Stock Exchange (the “**Proposed Transfer of Listing**”). The Directors maintain the view that the Proposed Transfer of Listing is in the interest of the Group and the Shareholders as a whole; (ii) improvement in gross profit generated from core business of the Group of approximately HK\$13.10 million driven by increased revenue from installation services performed; and (iii) increased administrative and other operating expense associated with core business of the Group of approximately HK\$4.63 million which corresponds to business volume in line with the mentioned improvement in gross profit.’*

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