



Vico International Holdings Limited

域高國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1621

INTERIM REPORT
2020

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUI Pui Sing (*Chairman*)
Ms. TONG Man Wah
Mr. HUI Yip Ho Eric
(*Chief Executive Officer*)
Ms. HUI Wing Man Rebecca
Mr. KONG Man Ho

Non-executive Director

Mr. WONG Chun Man

Independent Non-Executive Directors

Mr. LEUNG Ho Chi
Mr. CHAN Ching Sum
Mr. TSE Yung Hoi

AUDIT COMMITTEE

Mr. LEUNG Ho Chi (*Chairman*)
Mr. CHAN Ching Sum
Mr. TSE Yung Hoi

REMUNERATION COMMITTEE

Mr. LEUNG Ho Chi (*Chairman*)
Mr. HUI Yip Ho Eric
Mr. TSE Yung Hoi

NOMINATION COMMITTEE

Mr. HUI Pui Sing (*Chairman*)
Mr. LEUNG Ho Chi
Mr. CHAN Ching Sum

AUTHORISED REPRESENTATIVES

Mr. HUI Yip Ho Eric
Mr. KONG Man Ho

COMPANY SECRETARY

Ms. CHAN Sze Ting (*ACS, ACIS, CGP*)

REGISTERED OFFICE

Second Floor, Century Yard
Cricket Square
P.O. Box 902, Grand Cayman
KY1-1103 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit D, 11/F, Billion Plaza II
No. 10 Cheung Yue Street
Cheung Sha Wan, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard
Cricket Square
P.O. Box 902, Grand Cayman
KY1-1103 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Chong Hing Bank Limited

STOCK CODE

1621

COMPANY WEBSITE

www.vicointernational.hk

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Vico International Holdings Limited (the “**Company**”) hereby presents the interim report of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2020 (the “**Current Period**”).

BUSINESS REVIEW

The Group is principally engaged in the distribution of third-party branded petrochemicals, the sales of the self-branded lubricant oil and provides fleet card services in Hong Kong. The petrochemical products of the Group include (i) diesel; (ii) lubricant oil (including self-branded lubricant oil and third-party branded lubricant oil); and (iii) other petrochemicals such as bitumen.

The Group sourced semi-finished lubricant oil in bulk volume and finished lubricant oil from overseas suppliers for the in-house blending and repackaging into wholesale and retail packs for sales in Hong Kong.

The Group is also an authorized reseller of fleet cards. As at 30 September 2020, the Group operated a total number of 45,345 fleet card accounts (2019: 36,973 fleet card accounts).

Leveraging on the Group’s experience and competitive strengths, for the Current Period, the Group’s revenue, gross profit and net profit was approximately HK\$387.9 million, HK\$26.9 million and HK\$12.9 million, respectively, representing a decrease of 34.4%, a decrease of 8.6% and an increase of 0.2%, respectively as compared with the six months ended 30 September 2019 (the “**Corresponding Period**”). The decrease in gross profit for the Current Period was primarily due to the reduction in purchase orders from customers as a result of the adverse impact caused by Coronavirus (“**COVID-19**”).

BUSINESS PROSPECTS

The pandemic of COVID-19 has seriously hit Hong Kong’s economy since early 2020, with continuous restrictions on global travel and social distancing measures, which substantially slowed down transportation, logistics and retail related economic activities. The consumption of petrochemical products has been therefore directly affected. The global ongoing pandemic combined with the fluctuation in the global oil market is expected to adversely influenced the business development of the Group to a certain extent in the second half of the year.

However, as the progress of the global development of vaccines for COVID-19 has been going smooth, the resumption of international and domestic trade and travel is very likely to be speeded up. Combining with the opportunities arising with the governmental development projects, including Lantau Tomorrow Vision and Third Runway Concourses, it is expected that the logistic, retail, transportation and construction industries related domestic economic activities will improve steadily, which will stimulate the demand for diesel and petrochemical products of the domestic market. The Group shall remain optimistic about the prospects for petrochemicals market.

The Group will continue to review the operation and financial performance as to effectively facilitate our resources and networks to capture the opportunities to broaden the product portfolio. In April 2020, we entered into a contractual arrangement with an oil company for the sales and distribution of their branded lubricant oil. The transaction relating to the warehouse located in Tsuen Wan we acquired in January 2020 was completed in May 2020. As a lease was acquired together with the warehouse, the warehouse is held for rental purpose for the time being. We managed our facilities and tools in a flexible manner during the COVID-19 pandemic and upgraded production capacity for our self-branded diesel exhaust fluid in the large multi-functional site located in Tsuen Wan acquired in 2018, aiming to further improve operating efficiency to tide over the crisis of the pandemic. In light of the intense competition in the petrochemicals market in Hong Kong, the Company is committed to focusing on seeking potential business opportunities. The Vietnam market presented outstanding performance and we are also constantly exploring potential markets with the purpose of expanding sales to other countries in Asia. The Directors closely monitor and manage the relevant risks. The Group believes that, although the recovery of economy will take a period of time, the Group is perfectly capable of withstanding the tough challenges from the COVID-19 pandemic, grasping economic opportunities and forging ahead amid the fierce competition in the oil industry.

FINANCIAL REVIEW

Revenue

During the Current Period, the Group's revenue amounted to approximately HK\$387.9 million, which decreased by 34.4% as compared to that of approximately HK\$591.2 million during the Corresponding Period. The decrease in revenue was due to the decrease in demand of diesel within the logistic and transportation industries during the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

Sales of diesel

Our revenue from sales of diesel represents the sales of our diesel products, which mainly include automotive diesel and industrial diesel. For the Current Period and the Corresponding Period, our revenue generated from the sales of diesel amounted to approximately HK\$350.9 million and HK\$542.5 million respectively, representing 90.5% and 91.8% of the total revenue respectively.

The decrease was mainly due to the decrease in sales quantity. The sales quantity of diesel also decreased by approximately 55.4 million litres or 42.5% to approximately 74.8 million litres for the Current Period compared with approximately 130.2 million litres for the Corresponding Period.

Sales of lubricant oil

Our revenue from sales of lubricant oil mainly include (i) the sales of our self-branded lubricant oil, namely “AMERICO”, “Dr. Lubricant” and “U-LUBRICANT”; and (ii) the sales of third-party branded lubricant oil.

For the Current Period and the Corresponding Period, our revenue from the sales of lubricant oil amounted to approximately HK\$23.5 million and HK\$30.6 million respectively, representing 6.1% and 5.2% of the total revenue respectively.

The decrease was primarily due to the slight decrease in the sales quantity of lubricant oil by approximately 0.1 million litres or 7.1% to approximately 1.3 million litres for the Current Period compared with approximately 1.4 million litres for the Corresponding Period.

Provision of fleet cards service

Our income from our provision of fleet cards service decreased by approximately HK\$3.6 million or 23.5% from approximately HK\$15.3 million for the Corresponding Period to approximately HK\$11.7 million for the Current Period.

The decrease was mainly a result of the reduced domestic economic activities due to the partial economic lockdown and the restrictions on global travel bans and social distancing measures. Subsequently, the market demand for fuel during the pandemic was negatively impacted.

Sales of other products

Our revenue from sales of other products mainly represents the sales of bitumen and kerosene. For the Current Period and the Corresponding Period, our revenue from the sales of other products amounted to approximately HK\$1.7 million and HK\$2.7 million respectively, representing 0.4% and 0.5% of the total revenue respectively.

Cost of sales

Our cost of sales primarily consists of diesel costs, lubricant oil costs, other petrochemicals costs and sales commissions. Our purchase cost for diesel and third-party lubricant oil depends on the domestic purchase price offered by our oil suppliers, with reference to the price index such as Europe Brent spot crude price.

For the Current Period and the Corresponding Period, our cost of sales amounted to approximately HK\$361.1 million and HK\$561.8 million respectively, decreased by 35.7%. The trend of movement of our cost of sales for the Current Period was generally in line with the revenue.

Gross profit and gross profit margin

The gross profit represented the Group's revenue less cost of sales. The Group recorded a decrease in gross profit by approximately HK\$2.5 million or approximately 8.6% from approximately HK\$29.4 million for the Corresponding Period to approximately HK\$26.9 million for the Current Period.

Selling and distribution expenses

Our selling and distribution expenses mainly consist of truck drivers' costs. Selling and distribution expenses slightly decreased by HK\$28,000 or 1.4% to HK\$2.0 million for the Current Period from HK\$2.1 million for the Corresponding Period.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately HK\$0.2 million or 2.0%, from approximately HK\$12.0 million for the Corresponding Period to approximately HK\$11.7 million for the Current Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Our finance costs mainly consist of the interest on our interest-bearing bank borrowings and lease liabilities. Finance costs increased by approximately HK\$53,000 or 13.9% to HK\$434,000 for the Current Period from HK\$381,000 for the Corresponding Period, primarily due to the addition of revolving bank borrowings.

Income tax expenses

Income tax expenses decreased by approximately HK\$410,000 or 16.0%, from approximately HK\$2.6 million for the Corresponding Period to approximately HK\$2.2 million for the Current Period, primarily due to a decrease in profit before taxation.

Profit for the Current Period

Profit for the Current Period increased by approximately HK\$0.1 million or 0.2% from approximately HK\$12.8 million for the Corresponding Period to approximately HK\$12.9 million for the Current Period, and the Group's net profit margin was approximately 3.3% and 2.2% for the Current Period and the Corresponding Period respectively.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed a total of 35 full-time employees (as at 31 March 2020: 34 full-time employees). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The remuneration packages are subject to review on a regular basis.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

INTERIM DIVIDEND

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Current Period.

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Share Offer amounted to approximately HK\$53.2 million (after deducting underwriting commissions and total expenses in connection with the Share Offer) (the “**Net Proceeds**”). These proceeds were applied during the Current Period in accordance with the proposed applications set out in the Company’s prospectus dated 30 January 2018 (the “**Prospectus**”), as follows:

Use of Net Proceeds	Intended	Unutilized Net	Net Proceeds	Unutilized Net	Expected timeline for the intended applications
	applications set out in the Prospectus	Proceeds as at 31 March 2020	utilized during the Current Period	Proceeds as at 30 September 2020	
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
1) development of the Group’s new blending site with storage facility	40.6	-	-	-	-
2) purchase of six new wagons and three new trucks	5.4	1.8	0.7	1.1	By March 2021
3) recruiting and retaining high calibre talents	6.2	1.3	0.5	0.8	By March 2021
4) additional working capital and other general corporate purposes	1.0	0.3	0.3	-	-
Total	53.2	3.4	1.5	1.9	

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

Financial resources and liquidity

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowings. The Group recorded net current assets of approximately HK\$79.4 million as at 30 September 2020, compared to approximately HK\$90.9 million as at 31 March 2020.

As at 30 September 2020, the Group's current assets amounted to approximately HK\$129.9 million (as at 31 March 2020: HK\$130.3 million) of which approximately HK\$62.6 million (as at 31 March 2020: HK\$66.1 million) was bank balances and cash, approximately HK\$60.0 million (as at 31 March 2020: HK\$56.8 million) was trade and other receivables. The Group's current liabilities amounted to approximately HK\$50.5 million (as at 31 March 2020: HK\$39.4 million), including trade and other payables in the amount of approximately HK\$5.4 million (as at 31 March 2020: HK\$4.2 million), bank borrowings in the amount of approximately HK\$37.4 million (as at 31 March 2020: HK\$30.1 million) and income tax payable in the amount of approximately HK\$5.5 million (as at 31 March 2020: HK\$3.3 million). The current ratio (which was calculated by dividing current assets by current liabilities) was 2.57 as at 30 September 2020 (as at 31 March 2020: 3.31). The gearing ratio (which was calculated based on the total debt (including bank borrowings and lease liabilities) divided by total equity multiplied by 100%) was 20.9% as at 30 September 2020 (as at 31 March 2020: 18.5%).

Capital structure

For the Current Period, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$189.7 million. There has been no change in the capital structure of the Group during the Current Period.

CAPITAL COMMITMENTS

As at 30 September 2020, the Group had no material off-balance sheet capital commitments.

PLEDGE OF ASSETS

As at 30 September 2020, the Group pledged its leasehold land and building of HK\$97.9 million (as at 31 March 2020: HK\$66.3 million) to secure its bank borrowings.

MATERIAL CHANGES SINCE 31 MARCH 2020

Save for those disclosed in this report, there were no other material changes in the Group's financial position since the publication of the 2019/20 annual report of the Company.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”).

The Board is of the view that during the Current Period, the Company has complied with all the code provisions as set out in the CG Code.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules (the “**Securities Dealing Code**”).

The Company has made specific enquiry of all the Directors and all the Directors have confirmed that they complied with the required standard set out in the Securities Dealing Code during the Current Period and up to the date of this report.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2020, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the “**Shares**”), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Nature of interest	Number of Shares ⁽¹⁾	Approximate shareholding percentage in the issued share capital of the Company (%)
Mr. Hui Pui Sing ("Mr. Hui")	Interest in a controlled corporation ⁽²⁾ and interest of spouse ⁽³⁾	730,000,000 (L)	73
Ms. Tong Man Wah ("Ms. Tong")	Interest in a controlled corporation ⁽²⁾ and interest of spouse ⁽³⁾	730,000,000 (L)	73
Mr. Hui Yip Ho Eric ("Mr. Eric Hui")	Interest in a controlled corporation ⁽²⁾	730,000,000 (L)	73

Notes:

- The letter (L) denotes the person's long position in such Shares.
- Max Fortune Holdings Limited ("Max Fortune") was owned by Mr. Hui, Ms. Tong and Mr. Eric Hui as to 35%, 35% and 30%, respectively. Under the SFO, each of Mr. Hui, Ms. Tong and Mr. Eric Hui was deemed to be interested in all of the 730,000,000 Shares held by Max Fortune.
- Mr. Hui is the spouse of Ms. Tong. Ms. Tong and Mr. Hui were deemed under the SFO to be interested in the Shares held, directly or indirectly, by Mr. Hui and Ms. Tong, respectively.

OTHER INFORMATION

Long positions in the shares of the associated corporation (as defined in the SFO)

Name of Director	Name of associated corporation	Nature of interest	Number of shares	Class of shares	Approximate shareholding percentage of the associated corporation's issued share capital
Mr. Hui ⁽¹⁾	Max Fortune ⁽²⁾	Beneficial interest and interest of spouse ⁽¹⁾	700	Ordinary shares	35%
Ms. Tong ⁽¹⁾	Max Fortune ⁽²⁾	Beneficial interest and interest of spouse ⁽¹⁾	700	Ordinary shares	35%
Mr. Eric Hui	Max Fortune ⁽²⁾	Beneficial interest	600	Ordinary shares	30%

Notes:

1. Mr. Hui is the spouse of Ms. Tong. Ms. Tong and Mr. Hui were deemed under the SFO to be interested in the shares of Max Fortune held, directly or indirectly, by Mr. Hui and Ms. Tong, respectively.
2. Max Fortune was interested in 730,000,000 Shares, representing 73% of the issued share capital of the Company. Max Fortune was therefore a holding company and an associated corporation of the Company for the purpose of the SFO.

Save for each of Mr. Hui and Mr. Eric Hui being a director of Max Fortune, as at 30 September 2020, none of the other Directors were directors or employees of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, none of the Directors or the chief executive of the Company had an interest and/or short position (as applicable) in the shares, underlying shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2020, the following persons (other than the Directors and chief executives of the Company whose interests are disclosed above) and corporations had or were deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Nature of interest	Number of Shares⁽¹⁾	Approximate shareholding percentage in the Company's issued share capital (%)
Max Fortune ⁽²⁾	Beneficial owner	730,000,000 (L)	73

Notes:

- (1) The Letter (L) denotes the person's long position in the Shares.
- (2) Max Fortune was owned by Mr. Hui, Ms. Tong and Mr. Eric Hui as to 35%, 35% and 30%, respectively.

OTHER INFORMATION

Save as disclosed above and those disclosed under the section headed “Directors’ and Chief Executive’s Interests and Short Positions in the Shares and Underlying Shares of the Company”, the Directors are not aware of any other person or corporation who has any interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent non-executive Directors, namely Mr. Leung Ho Chi, Mr. Tse Yung Hoi and Mr. Chan Ching Sum. Mr. Leung Ho Chi is the chairman of the Audit Committee. The Audit Committee has written terms of reference in compliance with the Listing Rules and the CG Code.

The Audit Committee has in conjunction with the management reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters of the Group. The Audit Committee has no disagreement with the accounting treatment adopted by the Company. The interim report of the Company for the Current Period has been reviewed by the Audit Committee.

CHANGE OF DIRECTOR’S INFORMATION SINCE THE DATE OF LAST ANNUAL REPORT

1. Mr. Tse Yung Hoi, an independent non-executive Director, ceased to be an independent non-executive director (“**INED**”) of Guoan International Limited (HKEx stock code: 143) on 1 June 2020, an INED of HJ Capital (International) Holdings Company Limited (HKEx stock code: 982) on 20 July 2020, an INED of Jinmao (China) Hotel Investments and Management Limited (delisted on 5 October 2020) on 4 October 2020.
2. Mr. Chan Ching Sum, an independent non-executive Director, has become a Member of the Institute of Public Accountants (IPA), Australia, an Associate Member of the Institute of Financial Accountants (IFA), United Kingdom and a Certified Management Accountant (CMA) of the Institute of Certified Management Accountants, Australia.

SHARE OPTION SCHEME

The share option scheme (the “**Share Option Scheme**”) was conditionally adopted by the written resolutions of the shareholders of the Company on 16 January 2018.

The following is a summary of the terms of the Share Option Scheme:

1. Purpose

The purpose of the Share Option Scheme is to reward Eligible Participants (as defined in paragraph (2) below) who have contributed to the Group and to encourage Eligible Participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the shareholders as a whole.

2. Participants

The Board may, at its absolute discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of Shares as the Board may determine at an exercise price determined in accordance with paragraph (7) below:

- (A) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (B) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and
- (C) any advisers, consultants, agents, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of its subsidiaries.

OTHER INFORMATION

3. Maximum number of Shares

The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the total number of Shares in issue as at the date of listing of the Shares. The maximum number of Shares that may be granted under the Share Option Scheme was 100 million Shares, representing 10% of the total number of issued Shares as at the listing date, i.e. 5 March 2018. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. As at the date of this interim report, no share options have been granted since adoption of the Share Option Scheme and there were no outstanding share options.

4. Maximum entitlement of each Eligible Participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period up to and including the date of grant must not exceed 1% of the total number of Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit must be separately approved by the shareholders in general meeting of the Company with such Eligible Participant and his/her associates (or his/her associates if the Eligible Participant is a core connected person) abstaining from voting.

5. Period within which the Shares must be taken up under an option

An option must be exercised within 10 years from the date on which it is granted or such shorter period as the Board may specify at the time of grant.

6. Minimum period, if any, for which an option must be held

No minimum period for which the option has to be held before it can be exercised is specified in the Share Option Scheme.

7. Basis of determining the exercise price of an option

The exercise price shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Share.

8. Validity of the Share Option Scheme

The Share Option Scheme has a life of 10 years and will expire on 5 March 2028 unless otherwise terminated in accordance with the terms of the Share Option Scheme. As at the date of this interim report, the Share Option Scheme had a remaining life of approximately 8 years.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Notes	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	387,920	591,209
Cost of sales		(361,059)	(561,806)
Gross profit		26,861	29,403
Other income	5	2,385	442
Selling and distribution expenses		(2,046)	(2,074)
Administrative expenses		(11,470)	(11,466)
Other operating expenses		(267)	(508)
Finance costs	6	(434)	(381)
Profit before taxation	7	15,029	15,416
Income tax expense	8	(2,159)	(2,569)
Profit and total comprehensive income for the period		12,870	12,847
Earnings per share	10		
Basic and diluted (HK cents)		1.29	1.28

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current assets			
Investment property	11	32,675	–
Property, plant and equipment	12	76,997	79,639
Deposit paid for acquisition of non-current assets		–	5,550
Right-of-use assets	13	1,587	2,453
		111,259	87,642
Current assets			
Inventories		6,200	6,018
Trade and other receivables	14	59,984	56,811
Amount due from ultimate holding company		30	20
Income tax recoverable		14	311
Time deposits		1,021	1,017
Bank balances and cash		62,632	66,101
		129,881	130,278
Current liabilities			
Trade and other payables	15	5,378	4,240
Bank borrowings	16	37,430	30,109
Lease liabilities	13	2,196	1,754
Income tax payable		5,519	3,259
		50,523	39,362
Net current assets		79,358	90,916
Total assets less current liabilities		190,617	178,558
Non-current liabilities			
Lease liabilities	13	–	754
Deferred tax liabilities		962	1,019
		962	1,773
Net assets		189,655	176,785
Capital and reserves			
Share capital	17	10,000	10,000
Reserves		179,655	166,785
Total equity		189,655	176,785

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Share capital	Share premium	Capital reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019 (audited)	10,000	62,978	28,272	69,523	170,773
Profit and total comprehensive income for the period	–	–	–	12,847	12,847
Final dividend declared (note 9)	–	–	–	(10,000)	(10,000)
At 30 September 2019 (unaudited)	10,000	62,978	28,272	72,370	173,620
At 1 April 2020 (audited)	10,000	62,978	28,272	75,535	176,785
Profit and total comprehensive income for the period	–	–	–	12,870	12,870
At 30 September 2020 (unaudited)	10,000	62,978	28,272	88,405	189,655

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before taxation	15,029	15,416
Adjustments for:		
Depreciation of investment property	204	–
Depreciation of property, plant and equipment	3,217	2,709
Depreciation of right-of-use assets	866	866
Finance costs	434	381
Gain on disposal of property, plant and equipment	(549)	–
Government subsidies	(1,421)	(413)
Bank interest income	(112)	(29)
Operating cash flows before movement in working capital	17,668	18,930
(Increase) decrease in inventories	(182)	704
Increase in trade and other receivables	(3,173)	(3,806)
Increase (decrease) in trade and other payables	1,138	(651)
Cash generated from operations	15,451	15,177
Income tax paid	341	–
NET CASH FROM OPERATING ACTIVITIES	15,792	15,177

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Purchase of investment property	(27,329)	–
Purchase of property, plant and equipment	(1,708)	(8,141)
Advance to ultimate holding company	(10)	(7)
Placement of time deposits	(4)	(2)
Proceeds from disposal of property, plant and equipment	1,682	73
Interest received	112	29
NET CASH USED IN INVESTING ACTIVITIES	(27,257)	(8,048)
FINANCING ACTIVITIES		
New bank borrowing raised	9,000	19,500
Government subsidies received	1,421	413
Repayment of bank borrowings	(1,679)	(1,407)
Interest paid	(434)	(381)
Repayment of lease liabilities	(312)	(829)
Dividend paid	–	(2,500)
NET CASH FROM FINANCING ACTIVITIES	7,996	14,796
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,469)	21,925
CASH AND CASH EQUIVALENTS AT 1 APRIL	66,101	55,053
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER , represented by bank balances and cash	62,632	76,978

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Vico International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 24 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 5 March 2018. The Company’s immediate and ultimate holding company is Max Fortune Holdings Limited (“**Max Fortune**”), a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability. The ultimate controlling parties are Mr. Hui Pui Sing (“**Mr. Hui**”), Ms. Tong Man Wah (“**Ms. Tong**”), spouse of Mr. Hui and Mr. Hui Yip Ho, Eric, son of Mr. Hui and Ms. Tong. The addresses of the Company’s registered office in the Cayman Islands and the principal place of business in Hong Kong are at Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and Unit D, 11/F, Billion Plaza II, No.10 Cheung Yue Street, Cheung Sha Wan, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in sales of diesel, lubricant oil and others and provision of fleet cards service.

The condensed consolidated financial statements for the six months ended 30 September 2020 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”).

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020 except as described below.

Investment properties

Investment properties are property held to earn rentals and/or for capital appreciation.

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an investment property becomes an owner-occupied property when there is a change in use, as evidenced by commencement of owner-occupation, the carrying amount of that property at the date of transfer is the deemed cost for subsequent accounting for that property as an item of property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

Leasing

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties and leased retail areas. Leases for which the Group is a lessor is classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19 Related Rent Concessions
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The application of the new and amendments to HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

3. REVENUE

Revenue represents the net amounts received and receivable for sales of diesel, lubricant oil and other products and provision of fleet card service, net of sales discounts and other similar allowances, recognised at a point in time.

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
Sales of goods		
Sales of diesel	350,947	542,574
Provision of fleet cards service	11,733	15,336
Sales of lubricant oil	23,512	30,562
Sales of other products	1,728	2,737
	387,920	591,209
Disaggregation of revenue by timing of recognition		
Timing of revenue recognition		
At a point in time	387,920	591,209

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

4. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “**CODM**”), being the executive directors of the Company, for the purposes of allocating resources and assessing performance.

Specifically, the Group’s reportable and operating segments under HKFRS 8 Operating Segments are as follows:

- (i) Sales of diesel
- (ii) Provision of fleet cards service
- (iii) Sales of lubricant oil
- (iv) Sales of other products

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

For the six months ended 30 September 2020

	Sales of diesel HK\$'000 (Unaudited)	Provision of fleet cards service HK\$'000 (Unaudited)	Sales of lubricant oil HK\$'000 (Unaudited)	Sales of other products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	350,947	11,733	23,512	1,728	387,920
Segment results	10,920	9,804	7,754	221	28,699
Other income					2,385
Corporate expenses					(15,621)
Finance costs					(434)
Profit before taxation					15,029

For the six months ended 30 September 2019

	Sales of diesel HK\$'000 (Unaudited)	Provision of fleet cards service HK\$'000 (Unaudited)	Sales of lubricant oil HK\$'000 (Unaudited)	Sales of other products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	542,574	15,336	30,562	2,737	591,209
Segment results	9,505	11,674	6,331	451	27,961
Other income					442
Corporate expenses					(12,606)
Finance costs					(381)
Profit before taxation					15,416

There were no inter-segment sales for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

Segment results mainly represented profit before taxation earned by each segment, excluding expenses of corporate functions, other income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Other segment information

For the six months ended 30 September 2020

	Provision of		Sales of		Unallocated	Total
	Sales of diesel	fleet cards service	Sales of lubricant oil	other products		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amounts included in the measure of segment results						
Depreciation of investment property	-	-	-	-	204	204
Depreciation of right of use assets	-	-	-	-	866	866
Depreciation of property, plant and equipment	358	1,430	50	-	1,379	3,217

For the six months ended 30 September 2019

	Provision of		Sales of		Unallocated	Total
	Sales of diesel	fleet cards service	Sales of lubricant oil	other products		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Amounts included in the measure of segment results						
Depreciation of right of use assets	-	-	-	-	866	866
Depreciation of property, plant and equipment	242	1,151	50	-	1,266	2,709

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

Geographical information

The following table sets out information about the Group's revenue from external customers by the location of customers.

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong	384,382	590,726
Vietnam	3,260	–
Macau	278	483
	387,920	591,209

The Group's property, plant and equipment are solely located in Hong Kong.

Information about major customers

Revenue from customers individually contributing over 10% of the Group's revenue is as follows:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Customer A ¹	90,190	199,587
Customer B ¹	54,587	N/A ²
Customer C ¹	47,390	95,312
Customer D ¹	41,047	N/A ²
Customer E ¹	40,526	62,953

¹ Revenue was derived from sales of diesel and lubricant oil.

² The corresponding revenue does not contribute over 10% of total revenue of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

5. OTHER INCOME

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income of bank deposits	112	29
Gain on disposal of property, plant and equipment	549	–
Government subsidies (Note i)	1421	413
Rental income (Note ii)	244	–
Others	59	–
	2,385	442

Note i: The government subsidies included HK\$1,241,000 (2019: nil) in respect of Coronavirus Disease 2019 under the Employment Support Scheme of Anti-Epidemic Fund. There are no unfulfilled conditions or other contingencies attached to these grants. For the remaining of HK\$180,000 (2019: HK\$413,000), it represents government subsidies received under the “Ex-gratia Payment Scheme for Phasing Out Pre-Euro IV Diesel Commercial Vehicles” upon retirement of certain motor vehicles.

Note ii: Rental income represents income from the investment property of the Group for the six months ended 30 September 2020, in which direct operating expenses of HK\$40,000 (2019: nil) were incurred during the period.

6. FINANCE COSTS

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest expenses on:		
Bank borrowings	384	298
Lease liabilities	50	83
	434	381

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

7. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging the following items:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Staff costs, including directors' emoluments		
– Salaries, allowances and other benefits	5,265	4,596
– Contributions to retirement benefits scheme	170	150
Cost of inventories recognised as an expense	354,225	555,402
Depreciation of property, plant and equipment	3,217	2,709
Depreciation of investment property	204	–
Depreciation of right-of-use assets	866	866

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong Profits Tax		
– current period	2,216	2,569
Deferred taxation	(57)	–
	2,159	2,569

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No income tax charge is arisen from the export of goods to Macau and Vietnam as the sales contracts are signed and effective in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

9. DIVIDENDS

No dividend was paid or proposed for the current and interim periods, nor has any dividend been proposed since the end of the reporting period (six months ended 30 September 2019: nil).

10. EARNINGS PER SHARE

The calculation on basic and diluted earnings per share attributable to owners of the Company is based on the following:

	Six months ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)
Earnings:		
Profit attributable to owners of the Company (HK\$'000)	12,870	12,847
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	1,000,000	1,000,000
Basic earnings per share (HK cents)	1.29	1.28

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the periods.

11. INVESTMENT PROPERTY

During the six months ended 30 September 2020, the Group acquired an investment property of HK\$32,879,000 (six months ended 30 September 2019: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired certain property, plant and equipment of HK\$1,708,000 (six months ended 30 September 2019: HK\$8,141,000) in which nil (six months ended 30 September 2019: HK\$4,716,000) was related to acquisition of ownership interest in land and building.

Items of property, plant and equipment with a carrying amount of HK\$1,133,000 (six months ended September 2019: HK\$73,000) were disposed of during the six months ended 30 September 2020.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Building	1,587	2,453

Right-of-use assets of HK\$1,587,000 (2020: HK\$2,453,000) represents land use rights located in the Hong Kong.

The Group has lease arrangements for offices and car parks. The lease terms are 4 years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

(ii) Lease liabilities

	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
Non-current	–	754
Current	2,196	1,754
	2,196	2,508
Amounts payable under lease liabilities		
Within one year	2,196	1,754
After one year but within two years	–	754
	2,196	2,508
Less: Amount due for settlement within 12 months (shown under current liabilities)	(2,196)	(1,754)
Amount due for settlement after 12 months	–	754

(iii) Amount recognised in profit or loss

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation of right-of-use assets	866	866
Interest expense on lease liabilities	50	83
Expense relating to short-term leases	–	29

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

14. TRADE AND OTHER RECEIVABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade receivables	38,505	38,909
Trade deposits paid	17,184	15,868
Deposits and prepayments	677	257
Receivables due from suppliers	3,618	1,777
	59,984	56,811

The Group allows average credit period ranging from 15 to 30 days to its trade customers.

The following is an aged analysis of trade receivables presented based on invoice date, which approximates the respective revenue recognition dates at the end of the reporting period:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0 – 30 days	31,484	31,309
31 – 60 days	3,967	4,830
61 – 90 days	850	1,280
Over 90 days	2,204	1,490
	38,505	38,909

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

15. TRADE AND OTHER PAYABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade payables	1,433	386
Trade deposits received	789	586
Accrued directors' emolument	298	536
Rental deposits received	179	–
Other payables and accruals	2,679	2,732
	5,378	4,240

The credit period on trade payables ranged from 30 to 60 days.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0 – 30 days	1,433	386

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

16. BANK BORROWINGS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Variable-rate bank borrowings:		
Secured and guaranteed	37,430	30,109
Bank borrowings repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	4,055	3,239
More than one year but not exceeding two years	4,106	3,270
More than two years but not exceeding five years	7,976	6,331
More than five years	21,293	17,269
	37,430	30,109
Less: Carrying amounts of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	(33,375)	(26,870)
Less: Carrying amounts of bank borrowings that are repayable within one year from the end of the reporting period and contain a repayment on demand clause	(4,055)	(3,239)
Amount shown under current liabilities	(37,430)	(30,109)
Amount shown under non-current liabilities	-	-

All bank borrowings were secured by charges over leasehold land and building of the Group as at 30 September 2020 and 31 March 2020.

As at 30 September 2020, the bank borrowings carry interests at Hong Kong Prime Rate less 2.5% to 2.75% per annum (31 March 2020: Hong Kong Prime Rate less 2.5% to 2.75% per annum). The effective interest rates of the bank borrowings as at 30 September 2020 range from 2.4% to 2.6% per annum (31 March 2020: 2.4% to 2.53% per annum).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

17. SHARE CAPITAL

	Number of shares		Share capital	
	30 September 2020 (Unaudited)	31 March 2020 (Audited)	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Ordinary shares of HK\$0.01 each				
Authorised				
At the beginning and end of period/year	10,000,000,000	10,000,000,000	100,000	100,000
Issued and fully paid				
At the beginning and end of period/year	1,000,000,000	1,000,000,000	10,000	10,000

18. RELATED PARTY TRANSACTIONS

- (a) During the period, other than those disclosed in other notes, the Group entered into the following significant transactions with related parties:

Related parties	Nature of transactions	Six months ended 30	
		September 2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Yee Sing Hong Petroleum Products Limited (note)	Lease and interest payment	210	192
Bright Ford Development Limited (note)	Lease and interest payment	324	324
Sunny Gainer Investment Limited (note)	Lease and interest payment	168	168
Grand Winning Holdings Limited (note)	Lease and interest payment	18	-
Mr. Hui	Lease and interest payment	192	192

Note: Mr. Hui/Ms. Tong are the controlling shareholders of these companies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

- (b) The remuneration of key management personnel during the periods was as follows:

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	2,048	1,521
Post-employment benefits	60	59
	2,108	1,580

The remuneration of the key management personnel is determined by the directors of the Company having regards to the performance of individuals and market trends.

19. CONTINGENT LIABILITIES

As at 30 September 2020, the Group had issued a letter of guarantee through the banking facilities granted, to a supplier amounting to HK\$4,000,000 (31 March 2020: HK\$4,000,000). The facilities are secured by corporate guarantee of the Company.