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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)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 60.4% to approximately HK\$622.2 million for the six months ended 30 September 2021 from approximately HK\$387.9 million for the six months ended 30 September 2020.
- Gross profit increased by approximately 2.3% to approximately HK\$27.5 million for the six months ended 30 September 2021 from approximately HK\$26.9 million for the six months ended 30 September 2020.
- Net profit decreased by approximately 20.5% to approximately HK\$10.2 million for the six months ended 30 September 2021 from approximately HK\$12.9 million for the six months ended 30 September 2020.
- The Board proposes the distribution of interim dividend of HK\$0.01 per ordinary share of the Company for the six months ended 30 September 2021 (for the six months ended 30 September 2020: Nil).

INTERIM RESULTS

The board of directors (the “**Board**”) of Vico International Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**” or “**We**”) for the six months ended 30 September 2021 (the “**Current Period**”) together with the comparative unaudited figures for the six months ended 30 September 2020 (the “**Corresponding Period**”). The consolidated interim results of the Group have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

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

For the six months ended 30 September 2021

	NOTES	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	622,171	387,920
Cost of sales		<u>(594,697)</u>	<u>(361,059)</u>
Gross profit		27,474	26,861
Other income	5	694	2,385
Selling and distribution expenses		(2,321)	(2,046)
Administrative and operating expenses		(13,772)	(11,737)
Finance costs	6	<u>(474)</u>	<u>(434)</u>
Profit before taxation		11,601	15,029
Income tax expense	7	<u>(1,368)</u>	<u>(2,159)</u>
Profit and total comprehensive income for the period	8	<u>10,233</u>	<u>12,870</u>
Earnings per share			
Basic and diluted (<i>HK cents</i>)	10	<u>1.02</u>	<u>1.29</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	<i>NOTES</i>	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		79,316	76,835
Investment properties		43,410	38,388
Deposit paid for acquisition of non-current assets		534	534
Right-of-use assets		5,274	1,914
		128,534	117,671
Current assets			
Inventories		9,144	7,044
Trade and other receivables	11	77,448	64,713
Amount due from ultimate holding company		39	30
Income tax recoverable		–	208
Time deposits		1,026	1,021
Bank balances		40,622	55,219
		128,279	128,235
Current liabilities			
Trade and other payables	12	6,471	5,079
Lease liabilities		1,872	1,192
Bank borrowings		33,383	35,406
Income tax payable		4,913	6,919
		46,639	48,596
Net current assets		81,640	79,639
Total assets less current liabilities		210,174	197,310
Non-current liabilities			
Lease liabilities		3,287	599
Deferred tax liabilities		1,529	1,586
		4,816	2,185
Net assets		205,358	195,125
Capital and reserves			
Share capital	13	10,000	10,000
Reserves		195,358	185,125
Total equity		205,358	195,125

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020 (audited)	10,000	62,978	28,272	75,535	176,785
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>12,870</u>	<u>12,870</u>
At 30 September 2020 (unaudited)	<u>10,000</u>	<u>62,978</u>	<u>28,272</u>	<u>88,405</u>	<u>189,655</u>
At 1 April 2021 (audited)	10,000	62,978	28,272	93,875	195,125
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>10,233</u>	<u>10,233</u>
At 30 September 2021 (unaudited)	<u>10,000</u>	<u>62,978</u>	<u>28,272</u>	<u>104,108</u>	<u>205,358</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before taxation	11,601	15,029
Adjustments for:		
Depreciation of property, plant and equipment	3,809	3,217
Depreciation of right-of-use assets	1,094	866
Depreciation of investment properties	756	204
Finance costs	474	434
Interest income	(24)	(112)
Government subsidies	–	(1,421)
Gain on disposal of property, plant and equipment	–	(549)
Operating cash flows before movement in working capital	17,710	17,668
Increase in inventories	(2,100)	(182)
Increase in trade and other receivables	(12,735)	(3,173)
Increase in trade and other payables	1,392	1,138
Cash generated from operations	4,267	15,451
Income tax (paid)/refund	(3,223)	341
NET CASH FROM OPERATING ACTIVITIES	1,044	15,792

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(6,290)	(1,708)
Acquisition of investment property	(5,778)	(27,329)
Placements of time deposits	(1,026)	(4)
Advance to ultimate holding company	(9)	(10)
Withdrawal of time deposit	1,021	–
Interest received	24	112
Proceeds from disposal of property, plant and equipment	–	1,682
NET CASH USED IN INVESTING ACTIVITIES	(12,058)	(27,257)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(2,023)	(1,679)
Repayment of lease liabilities	(1,086)	(312)
Interest paid	(474)	(434)
Bank borrowings raised	–	9,000
Government subsidies received	–	1,421
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(3,583)	7,996
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,597)	(3,469)
CASH AND CASH EQUIVALENTS AT 1 APRIL	55,219	66,101
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, represented by bank balances	40,622	62,632

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 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 (“**Mr. Eric Hui**”), son of Mr. Hui and Ms. Tong. The addresses of the Company’s registered office and the principal place of business 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 2021 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.

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 2021 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2021.

Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate Benchmark Reform – Phase 2

The application of the 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.

3. REVENUE

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
Sales of goods		
Sales of diesel	578,245	350,947
Provision of fleet cards service	15,476	11,733
Sales of lubricant oil	25,137	23,512
Sales of others	3,313	1,728
	<u>622,171</u>	<u>387,920</u>
Disaggregation of revenue by timing of recognition		
Timing of revenue recognition		
At a point in time	<u>622,171</u>	<u>387,920</u>

4. SEGMENT INFORMATION

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	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	615,371	384,382
Vietnam	6,133	3,260
Macau	667	278
	<u>622,171</u>	<u>387,920</u>

The Group's property, plant and equipment and investment properties 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	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Customer A ¹	126,336	90,190
Customer B ¹	N/A ²	54,587
Customer C ¹	N/A ²	47,390
Customer D ¹	94,347	41,047
Customer E ¹	<u>63,272</u>	<u>40,526</u>

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.

5. OTHER INCOME

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income of bank deposits	24	112
Gain on disposal of property, plant and equipment	–	549
Government subsidies	–	1,421
Rental income from investment properties		
– Lease payments that are fixed	655	244
Others	<u>15</u>	<u>59</u>
	<u>694</u>	<u>2,385</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Interest expenses on:		
Bank borrowings	442	384
Lease liabilities	32	50
	<u>474</u>	<u>434</u>

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Hong Kong Profits Tax		
– current period	1,425	2,216
Deferred taxation	(57)	(57)
	<u>1,368</u>	<u>2,159</u>

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in 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 as the sales contracts are signed and effective in Hong Kong.

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Staff costs, including directors' emoluments		
– Salaries, allowances and other benefits	5,079	5,265
– Contributions to retirement benefits scheme	194	170
Cost of inventories recognised as an expense	585,383	354,225
Depreciation of property, plant and equipment	3,809	3,217
Depreciation of investment properties	756	204
Depreciation of right-of-use assets	1,094	866

9. DIVIDENDS

Subsequent to the end of the reporting period, the board of directors determined that an interim dividend of HK\$0.01 per ordinary share, amounting to HK\$10,000,000 will be paid. The amount of interim dividend declared, which was calculated based on the number of ordinary shares in issue at the date of approval of the interim condensed consolidated financial statements, has not been recognised as a liability in the interim condensed consolidated financial statements.

10. EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	<u>10,233</u>	<u>12,870</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Basic earnings per share (HK cents)	<u>1.02</u>	<u>1.29</u>

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

11. TRADE AND OTHER RECEIVABLES

	At	At
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	50,440	45,687
Trade deposits paid	21,178	16,374
Deposits and prepayments	458	458
Receivables due from suppliers	<u>5,372</u>	<u>2,194</u>
	<u>77,448</u>	<u>64,713</u>

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:

	At 30 September 2021 <i>HK\$'000</i> (Unaudited)	At 31 March 2021 <i>HK\$'000</i> (Audited)
0–30 days	44,741	40,328
31–60 days	2,829	2,054
61–90 days	1,033	1,320
Over 90 days	<u>1,837</u>	<u>1,985</u>
	<u><u>50,440</u></u>	<u><u>45,687</u></u>

12. TRADE AND OTHER PAYABLES

	At 30 September 2021 <i>HK\$'000</i> (Unaudited)	At 31 March 2021 <i>HK\$'000</i> (Audited)
Trade payables	270	478
Trade deposits received	2,233	658
Accrued directors' emolument	590	594
Other payables and accruals	<u>3,378</u>	<u>3,349</u>
	<u><u>6,471</u></u>	<u><u>5,079</u></u>

The average credit period on purchase of goods is from 30 days 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:

	At 30 September 2021 <i>HK\$'000</i> (Unaudited)	At 31 March 2021 <i>HK\$'000</i> (Audited)
0–30 days	<u><u>270</u></u>	<u><u>478</u></u>

13. SHARE CAPITAL

	Number of shares		Share capital	
	30 September 2021	31 March 2021	30 September 2021	31 March 2021
	(Unaudited)	(Audited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Ordinary shares of HK\$0.01 each				
Authorised				
At the beginning and end of period/year	<u>10,000,000,000</u>	<u>10,000,000,000</u>	<u>100,000</u>	<u>100,000</u>
Issued and fully paid				
At the beginning and end of period/year	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>10,000</u>	<u>10,000</u>

14. CONTINGENT LIABILITIES

As at 30 September 2021, the Group had issued a letter of guarantee through the banking facilities granted, to a supplier amounting to HK\$4,000,000 (31 March 2021: HK\$4,000,000). The facilities are secured by corporate guarantee of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2021, the Group operated a total number of 50,582 fleet card accounts (2020: 45,345 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\$622.2 million, HK\$27.5 million and HK\$10.2 million, respectively, representing an increase of 60.4%, an increase of 2.3% and a decrease of 20.5%, respectively as compared with the Corresponding Period. The decrease in net profit for the Current Period was primarily due to the reduction in other income relating to the government subsidies for anti-epidemic measures during the pandemic.

BUSINESS PROSPECTS

As the global economic recovery accelerates, we continue to expand our overseas business. There is a strong demand for petroleum products such as lubricants in the Asian market. We aim to develop more business and trade cooperation with more Asian countries. Based on our outstanding sales performance in Asian countries, we are fully confident in expanding our business to other regions.

We maintain a positive attitude in continuous self-improvement. The multi-functional site in Tsuen Wan which we acquired was held for our own use as a warehouse and petrochemical products outlet. We make industrial improvements on this warehouse and our productivity has increased significantly.

As sustainable development is one of the concerns for us to operate and develop the business. We have put effort into reducing pollutant emissions and we believe this is an advantage compared to our business competitors.

The tight supply of diesel exhaust fluid is a global issue, and it restricts our business development temporarily. The uncertainty as to when the supply of diesel exhaust fluid can be recovered has made the Group's operating environment challenging. The lack of diesel exhaust fluid might bring adverse impact to our business operation and development within the shortage period.

We have operated efficiently under the challenges of COVID-19. We are more flexible in managing our production equipment and tools and thus, we are capable of risk management. After experiencing challenges from various situation, the Group is more competent to face any difficulties under changeable situation and keep moving forward. The Group is powerfully forward to build our business blueprint in the future.

FINANCIAL REVIEW

Revenue

During the Current Period, the Group's revenue amounted to approximately HK\$622.2 million, which increased by 60.4% as compared to that of approximately HK\$387.9 million during the Corresponding Period. The growth in revenue was due to the increase in the average selling price of the diesel oil in the prevailing market prices during the Current Period.

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\$578.2 million and HK\$350.9 million respectively, representing 92.9% and 90.5% of the total revenue respectively. Sale of diesel oil remained the largest contributor to the Group's revenue.

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\$25.1 million and HK\$23.5 million respectively, representing 4.0% and 6.1% of the total revenue respectively.

Provision of fleet cards service

Our income from our provision of fleet cards service increased by approximately HK\$3.7 million or 31.9% from approximately HK\$11.7 million for the Corresponding Period to approximately HK\$15.5 million for the Current Period. The increase was mainly a result of steady recovery in domestic economic. Therefore, the market demand for fuel was continued to see a moderate rise.

Sales of other products

Our revenue from sales of other products mainly represents the sales of bitumen and diesel exhaust fluid. For the Current Period and the Corresponding Period, our revenue from the sales of other products amounted to approximately HK\$3.3 million and HK\$1.7 million respectively, representing 0.5% and 0.4% 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\$594.7 million and HK\$361.1 million respectively, increase by 64.7%. 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 an increase in gross profit by approximately HK\$0.6 million or approximately 2.3% from approximately HK\$26.9 million for the Corresponding Period to approximately HK\$27.5 million for the Current Period.

Selling and distribution expenses

Our selling and distribution expenses mainly consist of truck drivers' costs. Selling and distribution expenses increased by approximately HK\$0.3 million or 13.4% to HK\$2.3 million for the Current Period from HK\$2.0 million for the Corresponding Period.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately HK\$2.0 million or 17.3%, from approximately HK\$11.7 million for the Corresponding Period to approximately HK\$13.8 million for the Current Period, primarily due to an increase in depreciation of property, plant and equipment and staff cost.

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\$40,000 or 9.2% to HK\$474,000 for the Current Period from HK\$434,000 for the Corresponding Period.

Income tax expenses

Income tax expenses decreased by approximately HK\$0.8 million or 36.6%, from approximately HK\$2.2 million for the Corresponding Period to approximately HK\$1.4 million for the Current Period, primarily due to a decrease in profit before taxation.

Profit for the Current Period

Profit for the Current Period decreased by approximately HK\$2.6 million or 20.5% from approximately HK\$12.9 million for the Corresponding Period to approximately HK\$10.2 million for the Current Period, and the Group's net profit margin was approximately 1.6% and 3.3% for the Current Period and the Corresponding Period respectively.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed a total of 37 full-time employees (as at 31 March 2021: 37 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

Subsequent to the end of the reporting period, the board of directors determined that an interim dividend of HK\$0.01 per ordinary share, amounting to HK\$10,000,000 will be paid (for the six months ended 30 September 2020: Nil). The amount of interim dividend declared, which was calculated based on the number of ordinary shares in issue at the date of approval of the interim condensed consolidated financial statements, has not been recognised as a liability in the interim condensed consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

The interim dividend will be paid on Friday, 25 March 2022 to shareholders whose names appear on the register of members of the Company at the close of market on Friday, 11 March 2022. For determining the entitlement to the proposed interim dividend, the register of members of the Company will be closed from Thursday, 10 March 2022 to Friday, 11 March 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all transfers of shares of the Company, accompanied by the relevant share certificate(s), must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on 9 March 2022.

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.

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\$81.6 million as at 30 September 2021, compared to approximately HK\$79.6 million as at 31 March 2021.

As at 30 September 2021, the Group's current assets amounted to approximately HK\$128.3 million (as at 31 March 2021: HK\$128.2 million) of which approximately HK\$40.6 million (as at 31 March 2021: HK\$55.2 million) was bank balances and cash, approximately HK\$77.4 million (as at 31 March 2021: HK\$64.7 million) was trade and other receivables. The Group's current liabilities amounted to approximately HK\$46.6 million (as at 31 March 2021: HK\$48.6 million), including trade and other payables in the amount of approximately HK\$6.5 million (as at 31 March 2021: HK\$5.1 million), bank borrowings in the amount of approximately HK\$33.4 million (as at 31 March 2021: HK\$35.4 million) and income tax payable in the amount of approximately HK\$4.9 million (as at 31 March 2021: HK\$6.9 million). The current ratio (which was calculated by dividing current assets by current liabilities) was 2.75 as at 30 September 2021 (as at 31 March 2021: 2.64). 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 18.8% as at 30 September 2021 (as at 31 March 2021: 19.1%).

Capital structure

For the Current Period, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$205.4 million. There has been no change in the capital structure of the Group during the Current Period.

CAPITAL COMMITMENTS

As at 30 September 2021, the Group had no material off-balance sheet capital commitments.

PLEDGE OF ASSETS

As at 30 September 2021, the Group pledged its leasehold land and building of HK\$62.8 million and investment property of HK\$31.4 million respectively (as at 31 March 2021: HK\$63.9 million and HK\$32.1 million respectively) to secure its bank borrowings.

FOREIGN CURRENCY RISK

The Group is not exposed to foreign currency risk in respect of HKD against USD as long as these currencies are pegged. The transactions and monetary assets denominated in USD are minimal, the Group considers there have no significant foreign exchange risk in respect of USD.

As at 30 September 2021, the Group had not entered into any arrangements to hedge its foreign currency risk. The Group's operating cash flow is not exposed to foreign exchange fluctuation risks.

MATERIAL CHANGES SINCE 31 MARCH 2021

Save for those disclosed in this announcement, there were no other material changes in the Group's financial position since the publication of the 2020/21 annual report of the Company.

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 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 announcement.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent non-executive Directors, namely Mr. Leung Ho Chi, Mr. Chan Ching Sum and Mr. Tse Yung Hoi. 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 consolidated interim results of the Group for the Current Period have been reviewed by the Audit Committee.

PUBLICATION OF 2021 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's corporate website at www.vicointernational.hk and the HKEXnews at www.hkexnews.hk. The 2021 Interim Report of the Company will be despatched to shareholders of the Company and published on the aforesaid websites in due course.

APPRECIATION

The Board would like to extend its sincere thanks to the Group's shareholders, business partners and customers for their utmost support to the Group. The Group would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the Current Period.

By order of the Board
Vico International Holdings Limited
Hui Pui Sing
Chairman and Executive Director

Hong Kong, 30 November 2021

As at the date of this announcement, the executive directors are Mr. Hui Pui Sing, Ms. Tong Man Wah, Mr. Hui Yip Ho Eric, Ms. Hui Wing Man Rebecca and Mr. Kong Man Ho, the non-executive director is Mr. Wong Chun Man and the independent non-executive directors are Mr. Leung Ho Chi, Mr. Chan Ching Sum and Mr. Tse Yung Hoi.