



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

A golden telescope on a tripod is the central focus, with a dynamic splash of golden liquid erupting from its lens. The background features a faint world map and a blue sky with light rays. The overall theme is global vision and growth.

INTERIM REPORT
2021

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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 (*ACG, ACS*)

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**” or “**we**”) for the six months ended 30 September 2021 (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 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 six months ended 30 September 2020 (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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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\$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.

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\$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 report, there were no other material changes in the Group's financial position since the publication of the 2020/21 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 2021, 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:

1. The letter (L) denotes the person's long position in such Shares.
2. 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.
3. 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 2021, 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 2021, 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. 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.

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

1. Mr. Wong Chun Man, a non-executive Director, has been appointed as a non-executive director of TOMO Holdings Limited (HKEx stock code: 6928) since 21 July 2021.
2. Mr. Leung Ho Chi, an independent non-executive Director, has been appointed as a company secretary and a finance manager of TOMO Holdings Limited (HKEx stock code: 6928) since 21 July 2021 and 1 August 2021 respectively.

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.

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 7 years.

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		(594,697)	(361,059)
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	(474)	(434)
Profit before taxation		11,601	15,029
Income tax expense	7	(1,368)	(2,159)
Profit and total comprehensive income for the period	8	10,233	12,870
Earnings per share	10		
Basic and diluted (HK cents)		1.02	1.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	NOTES	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	79,316	76,835
Investment properties	12	43,410	38,388
Deposit paid for acquisition of non-current assets		534	534
Right-of-use assets	13	5,274	1,914
		128,534	117,671
Current assets			
Inventories		9,144	7,044
Trade and other receivables	14	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	15	6,471	5,079
Lease liabilities	13	1,872	1,192
Bank borrowings	16	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	13	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	17	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	Share premium	Capital reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
At 1 April 2021 (audited)	10,000	62,978	28,272	93,875	195,125
Profit and total comprehensive income for the period	–	–	–	10,233	10,233
At 30 September 2021 (unaudited)	10,000	62,978	28,272	104,108	205,358

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (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 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 (“**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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. REVENUE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (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
	622,171	387,920
Disaggregation of revenue by timing of recognition		
Timing of revenue recognition		
At a point in time	622,171	387,920

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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 others

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 2021

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 2021

	Sales of diesel HK\$'000 (Unaudited)	Provision of fleet cards service HK\$'000 (Unaudited)	Sales of lubricant oil HK\$'000 (Unaudited)	Sale of others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	578,245	15,476	25,137	3,313	622,171
Segment results	6,364	7,571	9,281	724	23,940
Other income					694
Corporate expenses					(12,559)
Finance costs					(474)
Profit before taxation					11,601

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 others 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

There were no inter-segment sales for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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 2021

	Provision of					Total HK\$'000 (Unaudited)
	Sales of diesel HK\$'000 (Unaudited)	fleet cards service HK\$'000 (Unaudited)	Sales of lubricant oil HK\$'000 (Unaudited)	Sales of others HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	
Amounts included in the measure of segment results						
Depreciation of investment properties	-	-	-	-	756	756
Depreciation of right of use assets	-	-	-	-	1,094	1,094
Depreciation of property, plant and equipment	549	1,979	1,006	-	275	3,809

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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 others HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Amounts included in the measure of segment results						
Depreciation of investment properties	-	-	-	-	204	204
Depreciation of right of use assets	-	-	-	-	866	866
Depreciation of property, plant and equipment	358	1,430	50	-	1,379	3,217

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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 HK\$'000 (Unaudited)	2020 HK\$'000 (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	63,272	40,526

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 HK\$'000 (Unaudited)	2020 HK\$'000 (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	15	59
	694	2,385

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

6. FINANCE COSTS

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

7. INCOME TAX EXPENSE

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

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

8. PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	10,233	12,870
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,000,000,000	1,000,000,000
Basic earnings per share (HK cents)	1.02	1.29

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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired certain property, plant and equipment of HK\$6,290,000 (six months ended 30 September 2020: HK\$1,708,000).

During the six months ended 30 September 2021, no property, plant and equipment were disposed. Items of property, plant and equipment with a carrying amount of HK\$1,133,000 were disposed of during the six months ended 30 September 2020, resulting in a net gain on disposal of HK\$549,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

12. INVESTMENT PROPERTIES

During the six months ended 30 September 2021, the Group acquired an investment property of HK\$5,778,000 (six months ended 30 September 2020: HK\$32,879,000).

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	At 30 September 2021 HK'000 (Unaudited)	At 31 March 2021 HK'000 (Audited)
Buildings	4,813	1,324
Motor vehicle	461	590
	5,274	1,914

Right-of-use assets of HK\$5,274,000 (2021: HK\$1,914,000) represents land use rights located in the Hong Kong and motor vehicle.

During the six months ended 30 September 2021, the Group entered into a number of lease agreements for offices. The leases contain minimum lease payment terms during the contract period. On lease commencement, the Group recognised right-of-use assets of HK\$4,454,000 (six months ended 30 September 2020: nil).

The Group has lease arrangements for offices and car parks and motor vehicle. The lease terms are 2–3 years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

(ii) Lease liabilities

	At 30 September 2021 HK'000 (Unaudited)	At 31 March 2021 HK'000 (Audited)
Non-current	3,287	599
Current	1,872	1,192
	5,159	1,791
Amounts payable under lease liabilities		
Within one year	1,872	1,192
After one year but within two years	3,287	599
	5,159	1,791
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,872)	(1,192)
Amount due for settlement after 12 months	3,287	599

During the six months ended 30 September 2021, the Group entered a number of lease agreements for offices and recognised lease liabilities of approximately HK\$4,454,000 (six months ended 30 September 2020: nil).

(iii) Amount recognised in profit or loss

	Six months ended 30 September 2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation of right-of-use assets	1,094	866
Interest expense on lease liabilities	32	50

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

14. TRADE AND OTHER RECEIVABLES

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

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 HK'000 (Unaudited)	At 31 March 2021 HK'000 (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	1,837	1,985
	50,440	45,687

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

15. TRADE AND OTHER PAYABLES

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

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 HK'000 (Unaudited)	At 31 March 2021 HK'000 (Audited)
0 – 30 days	270	478

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

16. BANK BORROWINGS

	At 30 September 2021 HK'000 (Unaudited)	At 31 March 2021 HK'000 (Audited)
Variable-rate bank borrowings:		
Secured and guaranteed	33,383	35,406
Bank borrowings repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	4,113	4,080
More than one year but not exceeding two years	3,494	4,133
More than two years but not exceeding five years	6,811	6,159
More than five years	18,965	21,034
	33,383	35,406
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)	(29,270)	(31,326)
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	(4,113)	(4,080)
Amount shown under current liabilities	(33,383)	(35,406)
Amount shown under non-current liabilities	-	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

All bank borrowings were secured by charges over leasehold land and buildings and investment property of the Group as at 30 September 2021 and 31 March 2021.

As at 30 September 2021, the bank borrowings carry interests at Hong Kong Prime Rate less 2.6% to 2.8% per annum (31 March 2021: Hong Kong Prime Rate less 2.6% to 2.8% per annum). The effective interest rates of the bank borrowings as at 30 September 2021 range from 2.4% to 2.6% per annum (31 March 2021: 2.4% to 2.6% per annum).

17. SHARE CAPITAL

	Number of shares		Share capital	
	30 September 2021 (Unaudited)	31 March 2021 (Audited)	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Yee Sing Hong Petroleum Products Limited (<i>note</i>)	Lease and interest payment	160	210
Bright Ford Development Limited (<i>note</i>)	Lease and interest payment	347	324
Sunny Gainer Investment Limited (<i>note</i>)	Lease and interest payment	195	168
Grand Winning Holdings Limited (<i>note</i>)	Lease and interest payment	15	18
Mr. Hui	Lease and interest payment	160	192

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

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term benefits	1,793	2,048
Post-employment benefits	51	60
	1,844	2,108

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 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.