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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 ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 67.8% to HK\$1,369.6 million for the year ended 31 March 2022 from HK\$816.4 million for the year ended 31 March 2021.
- Gross profit decreased by approximately 7.8% to HK\$43.5 million for the year ended 31 March 2022 from HK\$47.2 million for the year ended 31 March 2021.
- Net profit decreased by approximately 49.7% to HK\$9.2 million for the year ended 31 March 2022 from HK\$18.3 million for the year ended 31 March 2021.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2022 (2021: Nil).

ANNUAL RESULTS

The board of directors (the “**Board**”) of Vico International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2022 (the “**Current Period**”) together with the comparative audited figures for the year ended 31 March 2021 (the “**Corresponding Period**”). The consolidated annual results of the Group have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Revenue	3	1,369,627	816,374
Cost of sales		<u>(1,326,148)</u>	<u>(769,211)</u>
Gross profit		43,479	47,163
Other income	5	2,743	3,674
Selling and distribution expenses		(7,050)	(5,795)
Administrative and operating expenses		(26,159)	(21,674)
Finance costs	6	<u>(1,153)</u>	<u>(927)</u>
Profit before tax		11,860	22,441
Income tax expense	7	<u>(2,691)</u>	<u>(4,101)</u>
Profit and total comprehensive income for the year	8	<u>9,169</u>	<u>18,340</u>
Earnings per share (<i>HK cents</i>)			
Basic and diluted	10	<u>0.92</u>	<u>1.83</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment		76,337	76,835
Investment properties		69,801	38,388
Deposit paid for acquisition of non-current assets		200	534
Right-of-use assets		4,542	1,914
		<u>150,880</u>	<u>117,671</u>
Current assets			
Inventories		7,864	7,044
Trade and other receivables	<i>11</i>	53,467	64,713
Amount due from ultimate holding company		39	30
Income tax recoverable		1,083	208
Time deposit		1,026	1,021
Bank balances		53,600	55,219
		<u>117,079</u>	<u>128,235</u>
Current liabilities			
Trade and other payables	<i>12</i>	7,640	5,079
Lease liabilities		1,934	1,192
Bank borrowings		58,909	35,406
Income tax payables		1,085	6,919
		<u>69,568</u>	<u>48,596</u>
Net current assets		<u>47,511</u>	<u>79,639</u>
Total assets less current liabilities		198,391	197,310
Non-current liabilities			
Lease liabilities		2,527	599
Deferred tax liabilities		1,570	1,586
		<u>4,097</u>	<u>2,185</u>
Net assets		<u>194,294</u>	<u>195,125</u>
Capital and reserves			
Share capital	<i>13</i>	10,000	10,000
Reserves		184,294	185,125
Total equity		<u>194,294</u>	<u>195,125</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. GENERAL INFORMATION

Vico International Holdings Limited (the “**Company**”) was incorporated in the Cayman Island 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 “**Controlling Shareholders**”). The addresses of the Company’s registered office and the principal place of business are at Tricor Services (Cayman Islands) Limited, 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 consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning on 1 April 2021.

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

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

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts: Cost of Fulfilling a Contract ¹
Amendment to HKFRSs	Annual improvements to HKFRSs 2018–2020 cycle ¹
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations ⁴

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for common control combinations that occur on or after beginning of the first annual report period on or after 1 January 2022.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Disaggregated by major products</i>		
Sales of diesel	1,279,672	734,721
Provision of fleet cards service	31,176	28,922
Sales of lubricant oil	50,429	48,984
Sales of others	<u>8,350</u>	<u>3,747</u>
	<u><u>1,369,627</u></u>	<u><u>816,374</u></u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Disaggregation of revenue by timing of recognition		
<i>Timing of revenue recognition</i>		
At a point in time	<u><u>1,369,627</u></u>	<u><u>816,374</u></u>

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 follow:

- (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.

Geographical information

An analysis of the Group's revenue from external customers is presented based on the location of customers as below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	1,358,020	806,083
Macau	1,319	1,276
Vietnam	9,732	8,807
Malaysia	<u>556</u>	<u>208</u>
	<u>1,369,627</u>	<u>816,374</u>

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

Information about major customers

Details of the customers accounting for 10% or more of aggregate revenue of the Group are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A ¹	303,673	216,436
Customer B ¹	181,633	100,088
Customer C ¹	N/A ²	93,179
Customer D ¹	N/A ²	82,144
Customer E ¹	<u>N/A²</u>	<u>82,126</u>

¹ Revenue 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income of bank deposits	28	182
Gain on lease termination	29	–
Government subsidies (<i>Note</i>)	187	2,101
Gain on disposal of property, plant and equipment	601	505
Rental income from investment properties		
– Lease payments that are fixed	1,887	846
Others	<u>11</u>	<u>40</u>
	<u><u>2,743</u></u>	<u><u>3,674</u></u>

Note:

During the year ended 31 March 2022, the Group recognised government subsidies of HK\$187,000 provided by the Hong Kong Productivity Council to support enterprises to adopt IT solutions to continue their business and services during the epidemic.

During the year ended 31 March 2021, the Group recognised government subsidies of HK\$2,101,000 in respect of COVID-19-related subsidies related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund.

The government subsidies with no unfulfilled conditions or contingencies and recognised as other income upon receipts during the years ended 31 March 2022 and 2021.

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on:		
– Bank borrowings	1,075	834
– Lease liabilities	<u>78</u>	<u>93</u>
	<u><u>1,153</u></u>	<u><u>927</u></u>

7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
Hong Kong Profits Tax		
– Current year	2,628	3,879
– Under (over)-provision in prior year	<u>79</u>	<u>(345)</u>
	2,707	3,534
Deferred taxation	<u>(16)</u>	<u>567</u>
	<u>2,691</u>	<u>4,101</u>

8. PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	4,120	3,829
Other staff costs:		
Salaries and allowances	8,618	7,742
Contributions to retirement benefit scheme	<u>346</u>	<u>333</u>
Total staff costs	<u>13,084</u>	<u>11,904</u>
Auditor's remuneration	600	600
Cost of inventories recognised as expenses (included in cost of sales)	1,306,347	752,556
Rental income from investment properties less direct outgoings of approximately HK\$11,000 (2021: HK\$7,000)	(1,876)	(839)
Reversal of impairment loss on inventories (included in cost of sales)	(24)	(23)
Depreciation of property, plant and equipment	6,674	5,470
Depreciation of investment properties	2,298	934
Depreciation of right-of-use assets	<u>2,125</u>	<u>1,946</u>

9. DIVIDEND

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2021 Interim – HK1 cent	<u>10,000</u>	<u>–</u>

The directors of the Company do not recommend any final dividend for the current year.

10. EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	<u>9,169</u>	<u>18,340</u>
	2022	2021
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,000,000,000</u>	<u>1,000,000,000</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 years ended 31 March 2022 and 2021.

11. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	36,589	45,687
Trade deposits paid	14,622	16,374
Deposits and prepayments	625	458
Receivables due from suppliers	<u>1,631</u>	<u>2,194</u>
	<u>53,467</u>	<u>64,713</u>

The Group allows an average credit period of 15 to 30 days (2021: 15 to 30 days) to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2022 HK\$'000	2021 <i>HK\$'000</i>
0 to 30 days	27,278	40,328
31 to 60 days	4,192	2,054
61 to 90 days	1,726	1,320
Over 90 days	3,393	1,985
	<u>36,589</u>	<u>45,687</u>

12. TRADE AND OTHER PAYABLES

	2022 HK\$'000	2021 <i>HK\$'000</i>
Trade payables (<i>Note</i>)	558	478
Trade deposits received	550	658
Accrued directors' emoluments	594	594
Other payables and accruals	5,938	3,349
	<u>7,640</u>	<u>5,079</u>

Note: The aging analysis of trade payables presented based on the invoice dates at the end of the reporting period is as follows:

	2022 HK\$'000	2021 <i>HK\$'000</i>
0 to 30 days	<u>558</u>	<u>478</u>

The average credit period on purchase of goods is from 30 days to 60 days.

13. SHARE CAPITAL

Details of movements of authorised and issued share capital of the Company are as follows:

	Number of share	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>1,000,000,000</u>	<u>10,000</u>

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 31 March 2022, the Group operated a total number of 51,259 fleet card accounts (2021: 50,606 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\$1,369.6 million, HK\$43.5 million, and HK\$9.2 million, respectively representing increase of 67.8% decrease of 7.8%, and decrease of 49.7%, respectively as compared with the Corresponding Period. The decrease in profit for the Current Period was mainly attributable to the (i) serious disruptions to the logistics and construction industries due to the outbreak of the COVID-19 pandemic in Hong Kong; (ii) the decrease in the COVID-19 relief and subsidies from the government as compared to the previous year; and (iii) the increase in depreciation of addition property, plant and equipment.

The Group continues to face the challenging of business operation with the impact of COVID-19. Especially the fifth wave of the pandemic is rapid and fierce in Hong Kong. Limit on public gatherings and lockdown had rapidly brought down the traffic volume on the street, the sales from fleet cards service was remain steadily. While, the epidemic controls on vehicles crossing the border between the mainland and Hong Kong is tightened which resulted in the demand of diesel oil is strive to maintain. Lubricant oil plays an important role in construction industry to help the equipment and rigs to run smooth. However, the delay in large-scale construction projects is serious in Hong Kong during the COVID-19 pandemic. Our sales of lubricant oil were dropped significantly.

BUSINESS PROSPECTS

Driven by increased vaccination rates and the implementation of Vaccine Pass in Hong Kong, the economy is hopefully moving towards recovery. Being experienced in the challenges of COVID-19 pandemic, the Group has acted quickly to allocate the resources on the right position of the businesses. The Board believes the worst is finally behind us. The Group has confident to keep moving forward to any different situations to deliver sustainable growth for our shareholders.

FINANCIAL REVIEW

Revenue

During the Current Period, the Group's revenue amounted to HK\$1,369.6 million, which increased by 67.8% as compared to that of HK\$816.4 million during the Corresponding Period. The increase in revenue was mainly due to the significant increase in oil price 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\$1,279.7 million and HK\$734.7 million respectively, representing 93.4% and 90.0% of the total revenue respectively.

The sales quantity of diesel oil increased by approximately 5.2% from 273.51 million litres for the Corresponding Period to 287.62 million litres for the Current Period, primarily due to the improved demand from customers mainly in the third and fourth quarter of 2021.

Sales of lubricant oil

Our revenue from lubricant oil mainly represents the sales of lubricant oil, which 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\$50.4 million and HK\$49.0 million respectively, representing 3.7% and 6.0% of the total revenue respectively.

Our sales quantity of lubricant oil amounted to approximately 3.1 million litres and 3.4 million litres for the Current Period and the Corresponding Period respectively, representing a decrease of approximately 8.8%.

Provision of fleet cards service

Our income from provision of fleet cards service is recognised on a net basis, based on the difference between (a) gross proceeds received and receivables from fleet card holders; and (b) gross amounts paid and payable to oil companies. The gross proceeds received and receivables from fleet card holders represent the pump price less the fleet card discount offered by our Group to fleet card holders. Our fleet card customers used our fleet cards primarily for the purchase of diesel and petrol at network gas stations.

For the Current Period and the Corresponding Period, our revenue generated from the fleet cards service amounted to approximately HK\$31.2 million and HK\$28.9 million respectively, representing 2.3% and 3.5% of the total revenue respectively.

Sales of others

Our revenue from other products mainly represents the sales of bitumen and kerosene. For the Current Period and the Corresponding Period, our revenue from the sales of others amounted to approximately HK\$8.4 million and HK\$3.7 million respectively, representing 0.6% 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\$1,326.1 million and HK\$769.2 million respectively, representing an increase of approximately 72.4%. 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\$3.7 million or approximately 7.8% from approximately HK\$47.2 million for the Corresponding Period to approximately HK\$43.5 million for the Current Period. The Group's gross profit margin decreased slightly from 5.8% for the Corresponding Period to 3.2% for the Current Period. The Group's selling price is broadly in line with the movement of oil price. However, the gross profit margin does not fluctuate at the same level of the time lags and customers' moderate price sensitivity regarding oil products.

Selling and distribution expenses

Our selling and distribution expenses mainly consist of truck drivers' costs and benefits and depreciation. Selling and distribution expenses increased by approximately HK\$1.3 million or 22.4% to HK\$7.1 million for the Current Period from HK\$5.8 million for the Corresponding Period. The increase was mainly due to increases in truck driver wages and the direct cost of transportation charges.

Administrative and operating expenses

Administrative expenses increased by approximately HK\$4.5 million or 20.7%, from approximately HK\$21.7 million for the Corresponding Period to approximately HK\$26.2 million for the Current Period, primarily due to an increase in depreciation of property, plant and equipment of our addition 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\$0.3 million or 33.3% to HK\$1.2 million for the Current Period from HK\$0.9 million for the Corresponding Period, primarily due to the new bank borrowing for financing the acquisition of property.

Income tax expense

Income tax expense decreased by approximately HK\$1.4 million or 34.1% from approximately HK\$4.1 million for the Corresponding Period to approximately HK\$2.7 million for the Current Period. The decrease was mainly attributed to the drop in profit subject to income tax for the year.

Profit for the Current Period

Net profit for the Current Period decreased by approximately HK\$9.1 million or 49.7% from approximately HK\$18.3 million for the Corresponding Period to approximately HK\$9.2 million for the Current Period, and the Group's net profit margin decreased from approximately 2.2% for the Corresponding Period to 0.7% for the Current Period. The decrease in the Group's net profit was deeply affected by the fifth wave of COVID-19.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed a total of 34 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.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2022 (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

The 2022 Annual General Meeting (the “AGM”) of the Company is scheduled to be held on 6 September 2022. For the purpose of determining the entitlement to attend the AGM, the register of members of the Company will be closed during the period from 1 September 2022 to 6 September 2022, both days inclusive, during which period no transfer of share(s) of the Company will be effected. In order to qualify for attending and voting at the AGM, all transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (on or after 15 August 2022) for registration not later than 4:30 p.m. on Wednesday, 31 August 2022.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group had no significant investment, material acquisition or disposal of subsidiaries 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\$47.5 million as at 31 March 2022, compared to approximately HK\$79.6 million as at 31 March 2021.

As at 31 March 2022, the Group’s current assets amounted to approximately HK\$117.1 million (2021: HK\$128.2 million) of which approximately HK\$53.6 million (2021: HK\$55.2 million) was bank balances, approximately HK\$53.5 million (2021: HK\$64.7 million) was trade and other receivables. The Group’s current liabilities amounted to approximately HK\$69.6 million (2021: HK\$48.6 million), including trade and other payables in the amount of approximately HK\$7.6 million (2021: HK\$5.1 million), bank borrowings in the amount of approximately HK\$58.9 million (2021: HK\$35.4 million) and income tax payable in the amount of approximately HK\$1.1 million (2021: HK\$6.9 million). The current ratio (which was calculated by dividing current assets by current liabilities) was 1.7 as at 31 March 2022 (2021: 2.6). The gearing ratio (which was calculated based on the total debt and lease liabilities divided by total equity multiplied by 100%) was 32.6% as at 31 March 2022 (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\$194.3 million. There has been no change in the capital structure of the Group during the Current Period.

CONTINGENT LIABILITIES

As at 31 March 2021 and 2022, the Group had issued a letter of guarantee through the banking facilities granted, to a supplier amounting to HK\$4,000,000. The facilities are secured by corporate guarantee of the Company.

PLEDGE OF ASSETS

As at 31 March 2022, the Group pledged its leasehold land and building of HK\$61,956,000 and investment property of HK\$30,843,000 respectively (2021: HK\$63,868,000 and HK\$32,064,000 respectively) to secure its bank borrowings.

As at 31 March 2022, the net book value of the leased motor vehicle under a hire purchases agreement of HK\$348,000 (2021: HK\$590,000) is secured by the lessor's title.

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 31 March 2022, 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.

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 throughout the period 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. 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 consolidated annual results of the Group for the Current Period have been reviewed by the Audit Committee.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures above in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this preliminary results announcement have been agreed with the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2022. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company's corporate website at www.vicointernational.hk and the HKEXnews at www.hkexnews.hk. The 2021/2022 Annual Report of the Company will be dispatched to shareholders of the Company and published on the aforesaid websites in due course.

2022 ANNUAL GENERAL MEETING

The 2022 AGM of the Company is scheduled to be held on 6 September 2022. Notice of the 2022 AGM will be published on the websites of both the Stock Exchange and the Company and dispatched to the Company's shareholders 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 year.

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

Hong Kong, 28 June 2022

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.