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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 2022**

#### **FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 18.9% to approximately HK\$504.6 million for the six months ended 30 September 2022 from approximately HK\$622.2 million for the six months ended 30 September 2021.
- Gross profit decreased by approximately 13.5% to approximately HK\$23.8 million for the six months ended 30 September 2022 from approximately HK\$27.5 million for the six months ended 30 September 2021.
- Net profit decreased by approximately 15.8% to approximately HK\$8.6 million for the six months ended 30 September 2022 from approximately HK\$10.2 million for the six months ended 30 September 2021.
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2022 (for the six months ended 30 September 2021: HK\$0.01 per ordinary share).

## 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 2022 (the “**Current Period**”) together with the comparative unaudited figures for the six months ended 30 September 2021 (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 2022*

		Six months ended	
		30 September	
	NOTES	2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	504,565	622,171
Cost of sales		<u>(480,796)</u>	<u>(594,697)</u>
Gross profit		23,769	27,474
Other income	5	2,086	694
Selling and distribution expenses		(1,285)	(2,321)
Administrative and operating expenses		(13,506)	(13,772)
Finance costs	6	<u>(807)</u>	<u>(474)</u>
<b>Profit before taxation</b>		10,257	11,601
Income tax expense	7	<u>(1,641)</u>	<u>(1,368)</u>
<b>Profit and total comprehensive income for the period</b>	8	<u><b>8,616</b></u>	<u>10,233</u>
<b>Earnings per share</b>			
Basic and diluted ( <i>HK cents</i> )	10	<u><b>0.86</b></u>	<u>1.02</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2022*

	<i>NOTES</i>	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		74,566	76,337
Investment properties		68,427	69,801
Deposit paid for acquisition of non-current assets		–	200
Right-of-use assets		<u>3,684</u>	<u>4,542</u>
		<u>146,677</u>	<u>150,880</u>
<b>Current assets</b>			
Inventories		12,031	7,864
Trade and other receivables	11	67,684	53,467
Amount due from ultimate holding company		39	39
Income tax recoverable		–	1,083
Time deposits		1,026	1,026
Bank balances		<u>36,723</u>	<u>53,600</u>
		<u>117,503</u>	<u>117,079</u>
<b>Current liabilities</b>			
Trade and other payables	12	8,533	7,640
Lease liabilities		1,832	1,934
Bank borrowings		46,352	58,909
Income tax payable		<u>1,388</u>	<u>1,085</u>
		<u>58,105</u>	<u>69,568</u>
<b>Net current assets</b>		<u>59,398</u>	<u>47,511</u>
<b>Total assets less current liabilities</b>		<u>206,075</u>	<u>198,391</u>

	<b>30 September</b>	31 March
	<i>NOTES</i> <b>2022</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,652	2,527
Deferred tax liabilities	<u>1,513</u>	<u>1,570</u>
	<u>3,165</u>	<u>4,097</u>
<b>Net assets</b>	<u><u>202,910</u></u>	<u><u>194,294</u></u>
<b>Capital and reserves</b>		
Share capital	13 10,000	10,000
Reserves	<u>192,910</u>	<u>184,294</u>
<b>Total equity</b>	<u><u>202,910</u></u>	<u><u>194,294</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	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 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>
At 1 April 2022 (audited)	<b>10,000</b>	<b>62,978</b>	<b>28,272</b>	<b>93,044</b>	<b>194,294</b>
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>8,616</u>	<u>8,616</u>
At 30 September 2022 (unaudited)	<u><b>10,000</b></u>	<u><b>62,978</b></u>	<u><b>28,272</b></u>	<u><b>101,660</b></u>	<u><b>202,910</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	10,257	11,601
Adjustments for:		
Depreciation of property, plant and equipment	3,219	3,809
Depreciation of investment properties	1,374	756
Depreciation of right-of-use assets	858	1,094
Finance costs	807	474
Government subsidies	(797)	–
Reversal of provision of impairment loss on inventories	(97)	–
Interest income	(10)	(24)
Operating cash flows before movement in working capital	15,611	17,710
Increase in inventories	(4,070)	(2,100)
Increase in trade and other receivables	(14,217)	(12,735)
Increase in trade and other payables	893	1,392
Cash (used in) generated from operations	(1,783)	4,267
Income tax paid	(312)	(3,223)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b>(2,095)</b>	<b>1,044</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(1,248)	(6,290)
Placements of time deposits	(1,026)	(1,026)
Withdrawal of time deposit	1,026	1,021
Interest received	10	24
Acquisition of investment property	–	(5,778)
Advance to ultimate holding company	–	(9)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,238)</b>	<b>(12,058)</b>

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	<b>(12,557)</b>	(2,023)
Repayment of lease liabilities	<b>(977)</b>	(1,086)
Interest paid	<b>(807)</b>	(474)
Government subsidies received	<b>797</b>	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b><u>(13,544)</u></b>	<u>(3,583)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(16,877)</b>	(14,597)
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	<b><u>53,600</u></b>	<u>55,219</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER,</b> represented by bank balances	<b><u><u>36,723</u></u></b>	<u><u>40,622</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

### 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 Tricor Services (Cayman Islands) Limited, Third 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 2022 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 2022 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 2022.

Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual improvement to HKFRSs 2018 – 2020 cycle

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products		
Sales of goods		
Sales of diesel	461,304	578,245
Provision of fleet cards service	17,260	15,476
Sales of lubricant oil	22,585	25,137
Sales of others	3,416	3,313
	<u>504,565</u>	<u>622,171</u>
<b>Disaggregation of revenue by timing of recognition</b>		
Timing of revenue recognition		
At a point in time	<u>504,565</u>	<u>622,171</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	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	503,590	615,371
Vietnam	545	6,133
Macau	430	667
	<u>504,565</u>	<u>622,171</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	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Customer A <sup>1</sup>	85,013	126,336
Customer B <sup>1</sup>	94,120	N/A <sup>2</sup>
Customer C <sup>1</sup>	49,232	N/A <sup>2</sup>
Customer D <sup>1</sup>	55,603	94,347
Customer E <sup>1</sup>	N/A <sup>2</sup>	63,272
	<u>                    </u>	<u>                    </u>

<sup>1</sup> Revenue was derived from sales of diesel and lubricant oil.

<sup>2</sup> The corresponding revenue does not contribute over 10% of total revenue of the Group.

## 5. OTHER INCOME

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income of bank deposits	10	24
Government subsidies ( <i>Note</i> )	797	–
Rental income from investment properties		
– Lease payments that are fixed	1,279	655
Others	–	15
	<u>2,086</u>	<u>694</u>

*Note:*

During the six months ended 30 September 2022, the Group recognised government subsidies of HK\$676,000 (six months ended 30 September 2021: nil) 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 and HK\$121,000 (six months ended 30 September 2021: nil) provided by the Hong Kong Productivity Council to support enterprises to adopt IT solutions to continue their business and services during the epidemic.

The government subsidies with no unfulfilled conditions or contingencies and recognised as other income upon receipts during the six months ended 30 September 2022 and 2021.

## 6. FINANCE COSTS

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on:		
Bank borrowings	776	442
Lease liabilities	31	32
	<u>807</u>	<u>474</u>

## 7. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
– current period	1,698	1,425
Deferred taxation	(57)	(57)
	<u>1,641</u>	<u>1,368</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 (crediting) the following items:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs, including directors' emoluments		
– Salaries, allowances and other benefits	5,333	5,079
– Contributions to retirement benefits scheme	156	194
Cost of inventories recognised as an expense	471,162	585,383
Depreciation of property, plant and equipment	3,219	3,809
Depreciation of investment properties	1,374	756
Depreciation of right-of-use assets	858	1,094
Reversal of provision of impairment loss on inventories (included in cost of sales)	(97)	–

## 9. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 September 2022, nor has any dividend been proposed since the end of the reporting period (six months ended 30 September 2021: an interim dividend of HK\$0.01 per ordinary share, amounting to HK\$10,000,000).

## 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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	<u>8,616</u>	<u>10,233</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 ( <i>HK cents</i> )	<u>0.86</u>	<u>1.02</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 30 September 2022	At 31 March 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	42,911	36,589
Trade deposits paid	20,914	14,622
Deposits and prepayments	589	625
Receivables due from suppliers	<u>3,270</u>	<u>1,631</u>
	<u>67,684</u>	<u>53,467</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 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
0 – 30 days	34,884	27,278
31 – 60 days	3,371	4,192
61 – 90 days	1,040	1,726
Over 90 days	3,616	3,393
	<u>42,911</u>	<u>36,589</u>

## 12. TRADE AND OTHER PAYABLES

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Trade payables	990	558
Trade deposits received	556	550
Accrued directors' emolument	590	594
Other payables and accruals	6,397	5,938
	<u>8,533</u>	<u>7,640</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 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
0 – 30 days	<u>990</u>	<u>558</u>

### 13. SHARE CAPITAL

	Number of shares		Share capital	
	30 September 2022	31 March 2022	30 September 2022	31 March 2022
	(Unaudited)	(Audited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Ordinary shares of HK\$0.01 each				
<b>Authorised</b>				
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>
<b>Issued and fully paid</b>				
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 2022, the Group had issued a letter of guarantee through the banking facilities granted, to a supplier amounting to HK\$4,000,000 (31 March 2022: 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 2022, the Group operated a total number of 50,347 fleet card accounts (2021: 50,582 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\$504.6 million, HK\$23.8 million and HK\$8.6 million, respectively, representing a decrease of 18.9%, a decrease of 13.5% and a decrease of 15.8%, respectively as compared with the Corresponding Period. The decrease in profit for the Current Period was mainly attributable to the continue adverse impact brought by the outbreak of the COVID-19 pandemic.

### **BUSINESS PROSPECTS**

Despite the fact that the hikes of inflation and fuel prices pose a big challenge to the Group's profitability in the near future, the infrastructure and residential development projects in the Northern Metropolis highlighted in The HKSAR Chief Executive's 2022 Policy Address will stimulate the domestic demand of petrochemical products. In view of the continuous increase in domestic demand for construction services, we believe that the petrochemicals industry in Hong Kong will prosper in the medium and long-term.

To create value for our shareholders, the Group will continue to explore and seize opportunities for market development. With its financial strength, storage capability, and enhanced operation scale, the Group will continue to place more emphasis on the in-house developed products in order to be more independent from the branded company and the Group believes it will be able to enjoy the benefit in the foreseeable future.



## **FINANCIAL REVIEW**

### **Revenue**

During the Current Period, the Group's revenue amounted to approximately HK\$504.6 million, which decreased by 18.9% as compared to that of approximately HK\$622.2 million during the Corresponding Period. The decrease in revenue was due to the limited demand in diesel and lubricant oil as a result from the continued disruptions to cross-boundary land cargo flows in Hong Kong.

### **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\$461.3 million and HK\$578.2 million respectively, representing 91.4% and 92.9% of the total revenue respectively.

### **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\$22.6 million and HK\$25.2 million respectively, representing 4.5% and 4.0% of the total revenue respectively.

### **Provision of fleet cards service**

Our income from our provision of fleet cards service increased by approximately HK\$1.8 million or 11.5% from approximately HK\$15.5 million for the Corresponding Period to approximately HK\$17.3 million for the Current Period.

The increase was mainly a result of the carried-out marketing campaigns which effectively stimulated the consumption of customers.

### **Sales of other products**

Our revenue from sales of other products mainly represents the sales of bitumen and kerosene. For the Current Period and the Corresponding Period, our revenue from the sales of other products amounted to approximately HK\$3.4 million and HK\$3.3 million respectively, representing 0.7% 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\$480.8 million and HK\$594.7 million respectively, decreased by 19.2%. 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 13.5% from approximately HK\$27.5 million for the Corresponding Period to approximately HK\$23.8 million for the Current Period.

## **Selling and distribution expenses**

Our selling and distribution expenses mainly consist of truck drivers' costs. Selling and distribution expenses decreased by HK\$1.0 million or 44.6% to HK\$1.3 million for the Current Period from HK\$2.3 million for the Corresponding Period.

## **Administrative and other operating expenses**

Administrative and other operating expenses decreased by approximately HK\$0.3 million or 1.9%, from approximately HK\$13.8 million for the Corresponding Period to approximately HK\$13.5 million for the Current Period.

## **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 70.3% to HK\$0.8 million for the Current Period from HK\$0.5 million for the Corresponding Period, primarily due to the increase in interest rate of bank borrowing during current period.

## **Income tax expenses**

Income tax expenses increased by approximately HK\$0.3 million or 20.0%, from approximately HK\$1.4 million for the Corresponding Period to approximately HK\$1.6 million for the Current Period, primarily due to the profitable companies resulted in higher profit comparing with the Corresponding Period.

## **Profit for the Current Period**

Profit for the Current Period decreased by approximately HK\$1.6 million or 15.8% from approximately HK\$10.2 million for the Corresponding Period to approximately HK\$8.6 million for the Current Period, and the Group's net profit margin was approximately 1.7% and 1.6% for the Current Period and the Corresponding Period respectively.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2022, the Group employed a total of 33 full-time employees (as at 31 March 2022: 34 full-time employees). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The remuneration packages are subject to review on a regular basis.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

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

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2022 (for the six months ended 30 September 2021: HK\$0.01 per ordinary share).

## **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\$59.4 million as at 30 September 2022, compared to approximately HK\$47.5 million as at 31 March 2022.

As at 30 September 2022, the Group's current assets amounted to approximately HK\$117.5 million (as at 31 March 2022: HK\$117.1 million) of which approximately HK\$36.7 million (as at 31 March 2022: HK\$53.6 million) was bank balances and cash, approximately HK\$67.7 million (as at 31 March 2022: HK\$53.5 million) was trade and other receivables. The Group's current liabilities amounted to approximately HK\$58.1 million (as at 31 March 2022: HK\$69.6 million), including trade and other payables in the amount of approximately HK\$8.5 million (as at 31 March 2022: HK\$7.6 million), bank borrowings in the amount of approximately HK\$46.4 million (as at 31 March 2022: HK\$58.9 million) and income tax payable in the amount of approximately HK\$1.4 million (as at 31 March 2022: HK\$1.1 million). The current ratio (which was calculated by dividing current assets by current liabilities) was 2.0 as at 30 September 2022 (as at 31 March 2022: 1.7).

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 24.6% as at 30 September 2022 (as at 31 March 2022: 32.6%).

### **Capital structure**

For the Current Period, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$202.9 million. There has been no change in the capital structure of the Group during the Current Period.

## **CAPITAL COMMITMENTS**

As at 30 September 2022, the Group had no material off-balance sheet capital commitments.

### **PLEDGE OF ASSETS**

As at 30 September 2022, the Group pledged its leasehold land and building of HK\$60,745,000 and investment property of HK\$30,232,000 respectively (as at 31 March 2022: HK\$61,956,000 and HK\$30,843,000 respectively) to secure its bank borrowings.

As at 30 September 2022, the net book value of the leased motor vehicle under a hire purchases agreement of HK\$232,000 (as at 31 March 2022: HK\$348,000) 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 is no significant foreign exchange risk in respect of USD.

As at 30 September 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.

## **MATERIAL CHANGES SINCE 31 MARCH 2022**

Save for those disclosed in this announcement, there were no other material changes in the Group's financial position since the publication of the 2021/22 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 2022 INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the Company's corporate website at [www.vicointernational.hk](http://www.vicointernational.hk) and the HKEXnews at [www.hkexnews.hk](http://www.hkexnews.hk). The 2022 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 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.*