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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 2023**

#### **FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 25.7% to HK\$ 1,017.0 million for the year ended 31 March 2023 from HK\$1,369.6 million for the year ended 31 March 2022.
- Gross profit increased by approximately 2.8% to HK\$44.7 million for the year ended 31 March 2023 from HK\$43.5 million for the year ended 31 March 2022.
- Net profit decreased by approximately 4.3% to HK\$ 8.8 million for the year ended 31 March 2023 from HK\$9.2 million for the year ended 31 March 2022.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2023 (2022: 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 2023 (the “**Current Period**”) together with the comparative audited figures for the year ended 31 March 2022 (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 2023*

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>1,017,037</b>	1,369,627
Cost of sales		<u>(972,344)</u>	<u>(1,326,148)</u>
<b>Gross profit</b>		<b>44,693</b>	43,479
Other income	5	<b>5,331</b>	2,743
Selling and distribution expenses		<b>(6,417)</b>	(7,050)
Administrative and operating expenses		<b>(29,195)</b>	(26,159)
Finance costs	6	<u><b>(1,514)</b></u>	<u>(1,153)</u>
<b>Profit before tax</b>		<b>12,898</b>	11,860
Income tax expense	7	<u><b>(4,102)</b></u>	<u>(2,691)</u>
<b>Profit and total comprehensive income for the year</b>	8	<u><b>8,796</b></u>	<u>9,169</u>
<b>Earnings per share (<i>HK cents</i>)</b>			
Basic and diluted	10	<u><b>0.88</b></u>	<u>0.92</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>70,782</b>	76,337
Investment properties		<b>67,337</b>	69,801
Deposit paid for acquisition of non-current assets		–	200
Right-of-use assets		<b>2,413</b>	4,542
		<u><b>140,532</b></u>	<u>150,880</u>
<b>Current assets</b>			
Inventories		<b>10,556</b>	7,864
Trade and other receivables	<i>11</i>	<b>67,246</b>	53,467
Amount due from ultimate holding company		<b>59</b>	39
Income tax recoverable		<b>268</b>	1,083
Time deposit		<b>9,421</b>	1,026
Bank balances		<b>32,734</b>	53,600
		<u><b>120,284</b></u>	<u>117,079</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>8,098</b>	7,640
Lease liabilities		<b>1,737</b>	1,934
Bank borrowings		<b>43,773</b>	58,909
Income tax payables		<b>978</b>	1,085
		<u><b>54,586</b></u>	<u>69,568</u>
<b>Net current assets</b>		<u><b>65,698</b></u>	<u>47,511</u>
<b>Total assets less current liabilities</b>		<u><b>206,230</b></u>	<u>198,391</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>790</b>	2,527
Deferred tax liabilities		<b>2,350</b>	1,570
		<u><b>3,140</b></u>	<u>4,097</u>
<b>Net assets</b>		<u><b>203,090</b></u>	<u>194,294</u>
<b>Capital and reserves</b>			
Share capital	<i>13</i>	<b>10,000</b>	10,000
Reserves		<b>193,090</b>	184,294
<b>Total equity</b>		<u><b>203,090</b></u>	<u>194,294</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 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, 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 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 2022.

Amendments to HKFRS 16	Property, Plant and Equipment: Proceeds before intended Use
Amendments to HKFRS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvement to HKFRSs 2018 – 2020	Amendments to HKFRS 9, HKFRS 16 and HKAS 41
Amendments to HKFRS 3	Reference to Conceptual Framework
AG 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

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 and related amendments	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
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 <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
HK Interpretation 5 (Revised)	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<i>Disaggregated by major products</i>		
Sales of diesel	937,700	1,279,672
Provision of fleet cards service	32,434	31,176
Sales of lubricant oil	36,902	50,429
Sales of others	<u>10,001</u>	<u>8,350</u>
	<u><u>1,017,037</u></u>	<u><u>1,369,627</u></u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Disaggregation of revenue by timing of recognition		
<i>Timing of revenue recognition</i>		
At a point in time	<u><u>1,017,037</u></u>	<u><u>1,369,627</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

## Geographical information

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

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Hong Kong	<b>1,012,025</b>	1,358,020
Macau	<b>1,100</b>	1,319
Vietnam	<b>239</b>	9,732
Dubai	<b>3,137</b>	–
Malaysia	<b>536</b>	556
	<b><u>1,017,037</u></b>	<u>1,369,627</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:

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Customer A <sup>1</sup>	<b>151,333</b>	303,673
Customer B <sup>1</sup>	<b>130,207</b>	181,633
Customer C <sup>1</sup>	<b>N/A<sup>2</sup></b>	N/A <sup>2</sup>
Customer D <sup>1</sup>	<b>N/A<sup>2</sup></b>	N/A <sup>2</sup>
Customer E <sup>1</sup>	<b>N/A<sup>2</sup></b>	N/A <sup>2</sup>
	<b><u>N/A<sup>2</sup></u></b>	<u>N/A<sup>2</sup></u>

<sup>1</sup> Revenue 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	187	28
Gain on lease termination	–	29
Government subsidies ( <i>Note</i> )	1,003	187
Gain on disposal of property, plant and equipment	1,583	601
Rental income from investment properties		
– Lease payments that are fixed	2,457	1,887
Others	<u>101</u>	<u>11</u>
	<u><u>5,331</u></u>	<u><u>2,743</u></u>

*Note:* During the year ended 31 March 2023, the Group recognised government subsidies of approximately HK\$121,000 (2022: 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 2023, the Group recognised government subsidies of approximately HK\$741,000 (2022: 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.

During the year ended 31 March 2023, the Group recognised government subsidies of approximately HK\$141,000 (2022: Nil) in respect of Phasing out Euro IV Diesel Commercial Vehicles – Ex-gratia Payment Scheme provided by the Government of Hong Kong Special Administrative Region.

The government subsidies with no unfulfilled conditions or contingencies and recognised as other income upon receipts during the years ended 31 March 2023 and 31 March 2022.

## 6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expenses on:		
– Bank borrowings	1,433	1,075
– Lease liabilities	<u>81</u>	<u>78</u>
	<u><u>1,514</u></u>	<u><u>1,153</u></u>



## 7. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current income tax</b>		
Hong Kong Profits Tax		
– Current year	3,351	2,628
– (Over) under-provision in prior year	<u>(29)</u>	<u>79</u>
	3,322	2,707
Deferred taxation	<u>780</u>	<u>(16)</u>
	<u><b>4,102</b></u>	<u><b>2,691</b></u>

## 8. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	4,379	4,120
Other staff costs:		
Salaries and allowances	8,417	8,618
Contributions to retirement benefit scheme	<u>310</u>	<u>346</u>
Total staff costs	<u><b>13,106</b></u>	<u>13,084</u>
Auditor's remuneration		
– Audit	550	600
– Non-audit	150	150
Cost of inventories recognised as expenses (included in cost of sales)	954,360	1,306,347
Reversal of impairment loss on inventories (included in cost of sales)	(10)	(24)
Bad debts written off	362	–
Impairment loss on trade receivables	3,572	–
Depreciation of property, plant and equipment	6,123	6,674
Depreciation of investment properties	2,464	2,298
Depreciation of right-of-use assets	<u><b>2,129</b></u>	<u><b>2,125</b></u>

## 9. DIVIDEND

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2022 Interim – Nil		
(2021 Interim – HK1 cent)	–	10,000

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	<u>8,796</u>	<u>9,169</u>
	2023	2022
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 2023 and 2022.

## 11. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	38,010	36,589
Less: allowance for impairment of trade receivables	<u>(3,572)</u>	<u>–</u>
	34,438	36,589
Trade deposits paid	29,998	14,622
Deposits and prepayments	482	625
Receivables due from suppliers	<u>2,328</u>	<u>1,631</u>
	<u>67,246</u>	<u>53,467</u>

The Group allows an average credit period of 15 to 30 days (2022: 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.

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
0 to 30 days	<b>32,559</b>	27,278
31 to 60 days	<b>348</b>	4,192
61 to 90 days	<b>19</b>	1,726
Over 90 days	<b>1,512</b>	3,393
	<b><u>34,438</u></b>	<u>36,589</u>

## 12. TRADE AND OTHER PAYABLES

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
Trade payables ( <i>Note</i> )	<b>647</b>	558
Trade deposits received	<b>951</b>	550
Accrued directors' emoluments	<b>590</b>	594
Other payables and accruals	<b>5,910</b>	5,938
	<b><u>8,098</u></b>	<u>7,640</u>

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

	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
0 to 30 days	<b><u>647</u></b>	<u>558</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:

	<b>Number of share</b>	<b>Share capital <i>HK\$'000</i></b>
<b>Ordinary shares of HK\$0.01 each</b>		
Authorised:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u><b>10,000,000,000</b></u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u><b>1,000,000,000</b></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 2023, the Group operated a total number of 56,193 fleet card accounts (2022: 51,259 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 were approximately HK\$1,017.0 million, HK\$44.7 million, and HK\$8.8 million, respectively representing a decrease of 25.7%, increase of 2.8%, and decrease of 4.3%, respectively as compared with the Corresponding Period. The decrease in profit for the Current Period was mainly attributable to the increase in impairment on trade receivables.

Facing all the opportunities and challenges in 2022, the Group has managed to maintain stable daily operations of the sales of diesel, sales of lubricant, and provision of fleet cards service in Hong Kong. After the in-depth assessment by the management of the demand in the market and the consideration of the great uncertainty over the course of the pandemic in Hong Kong, the Group has resumed trading volumes of lubricant oil in Dubai. Under the current business strategies this year, the Group was able to achieve a total revenue of approximately HK\$1,017.0 million and a gross profit of approximately HK\$44.7 million this year.

### **BUSINESS PROSPECTS**

Challenges remain for the Group in 2023. Despite all the pandemic measures being removed and the border between Hong Kong and Mainland China being reopened in the first quarter of 2023, the local economy is still in a slow recovery situation. According to an economic letter issued in early 2023 by the Office of the Government Economist, The Hong Kong economy improved visibly in the first quarter of 2023, led by the strong recovery of inbound tourism and domestic demand. As such, we can expect the demand for fleet cards service and diesel oil will resume gradually. In the meanwhile, we also expect the recovery for Hong Kong's construction industry with steady levels of construction output, which would positively affect the demand for lubricant oil in upcoming 2023. The Group will continue to strive for excellence in its products and cost control to improve the operational efficiency and profitability of the Group's businesses.

## **FINANCIAL REVIEW**

### **Revenue**

During the Current Period, the Group's revenue amounted to HK\$1,017.0 million, which decreased by 25.7% as compared to that of HK\$1,369.6 million during the Corresponding Period. The decrease in revenue was mainly due to the quantity of oil sold decrease 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\$937.7 million and HK\$1,279.7 million respectively, representing 92.2% and 93.4% of the total revenue respectively.

The sales quantity of diesel oil decreased by approximately 50.6% from 273.51 million litres for the Corresponding Period to 135.03 million litres for the Current Period, primarily attributed to the lowered customer demand resulting from the pandemic, the lock-down measures and the closure of China's borders.

#### ***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\$36.9 million and HK\$50.4 million respectively, representing 3.6% and 3.7% of the total revenue respectively.

Our sales quantity of lubricant oil amounted to approximately 2.7 million litres and 3.1 million litres for the Current Period and the Corresponding Period respectively, representing a decrease of approximately 12.9%.

#### ***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\$32.4 million and HK\$31.2 million respectively, representing 3.2% and 2.3% 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\$10.0 million and HK\$8.4 million respectively, representing 0.98% and 0.61% 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\$972.3 million and HK\$1,326.1 million respectively, representing an decrease of approximately 26.7%. 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\$1.2 million or approximately 2.8% from approximately HK\$43.5 million for the Corresponding Period to approximately HK\$44.7 million for the Current Period. The Group's gross profit margin increased from 3.2% for the Corresponding Period to 4.4% 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 decreased by approximately HK\$0.7 million or 9.9% to HK\$6.4 million for the Current Period from HK\$7.1 million for the Corresponding Period. The decrease was mainly due to a decrease in truck driver wages, as some long-service drivers retired during the year.

## **Administrative and operating expenses**

Administrative expenses increased by approximately HK\$3.0 million or 11.5%, from approximately HK\$26.2 million for the Corresponding Period to approximately HK\$29.2 million for the Current Period, primarily due to an increase in the impairment allowance of trade receivables. The settlement of trade receivables from cross-border truck drivers was under recovery due to the continued impact of restrictions on vehicles crossing the border between Mainland China and Hong Kong related to the COVID-19 pandemic.

## **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 25% to HK\$1.5 million for the Current Period from HK\$1.2 million for the Corresponding Period, primarily due to the increase in bank interest rate of bank borrowings during the year.

## **Income tax expense**

Income tax expense increased by approximately HK\$1.4 million or 51.9% from approximately HK\$2.7 million for the Corresponding Period to approximately HK\$4.1 million for the Current Period. The increase due to under-provision of tax in prior year and increase in deferred tax.

## **Profit for the Current Period**

Net profit for the Current Period decreased by approximately HK\$0.4 million or 4.3% from approximately HK\$9.2 million for the Corresponding Period to approximately HK\$8.8 million for the Current Period, and the Group's net profit margin increased from approximately 0.7% for the Corresponding Period to 0.9% for the Current Period. The decrease in the Group's net profit was deeply affected by the continued impact of COVID-19 pandemic, especially on the impairment allowance of trade receivables.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2023, the Group employed a total of 31 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.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 March 2023 (2022: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The 2023 Annual General Meeting (the "AGM") of the Company is scheduled to be held on 8 September 2023. 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 5 September 2023 to 8 September 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 4 September 2023.

## **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\$65.7 million as at 31 March 2023, compared to approximately HK\$47.5 million as at 31 March 2022.

As at 31 March 2023, the Group's current assets amounted to approximately HK\$120.3 million (2022: HK\$117.1 million) of which approximately HK\$32.7 million (2022: HK\$53.6 million) was bank balances, approximately HK\$67.2 million (2022: HK\$53.5 million) was trade and other receivables. The Group's current liabilities amounted to approximately HK\$54.6 million (2022: HK\$69.6 million), including trade and other payables in the amount of approximately HK\$8.1 million (2022: HK\$7.6 million), bank borrowings in the amount of approximately HK\$43.8 million (2022: HK\$58.9 million) and income tax payable in the amount of approximately HK\$1.0 million (2022: HK\$1.1 million). The current ratio (which was calculated by dividing current assets by current liabilities) was 2.2 as at 31 March 2023 (2022: 1.7). The gearing ratio (which was calculated based on the total debt and lease liabilities divided by total equity multiplied by 100%) was 28.4% as at 31 March 2023 (2022: 37.9%).

### **Capital structure**

For the Current Period, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$203.1 million. There has been no change in the capital structure of the Group during the Current Period.

### **CONTINGENT LIABILITIES**

As at 31 March 2022 and 2023, 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 2023, the Group pledged its leasehold land and building of HK\$64,613,000 and investment property of HK\$67,337,000 respectively (2022: HK\$67,169,000 and HK\$69,801,000 respectively) to secure its bank borrowings.

As at 31 March 2023, there was no leased motor vehicle under a hire purchase agreement (2022: HK\$211,000) 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 2023, 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 PRISM HONG KONG AND SHANGHAI 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 2023 as set out in this preliminary results announcement have been agreed with the Group’s auditor, Prism Hong Kong and Shanghai Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 March 2023. The work performed by Prism Hong Kong and Shanghai 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 Prism Hong Kong and Shanghai 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](http://www.vicointernational.hk) and the HKEXnews at [www.hkexnews.hk](http://www.hkexnews.hk). The 2022/2023 Annual Report of the Company will be dispatched to shareholders of the Company and published on the aforesaid websites in due course.

## **2023 ANNUAL GENERAL MEETING**

The 2023 AGM of the Company is scheduled to be held on 8 September 2023. Notice of the 2023 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, 23 June 2023

*As at the date of this announcement, the executive directors are Mr. Hui Pui Sing, Ms. Tong Man Wah, Mr. Hui Yip Ho Eric 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.*