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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 2018**

**FINANCIAL HIGHLIGHTS**

- Revenue increased by approximately 23.3% to HK\$828.1 million for the year ended 31 March 2018 from HK\$671.8 million for the year ended 31 March 2017.
- Gross profit increased by approximately 14.8% to HK\$47.5 million for the year ended 31 March 2018 from HK\$41.4 million for the year ended 31 March 2017.
- Profit after tax decreased by approximately 67.6% to HK\$6.8 million for the year ended 31 March 2018 from HK\$21.0 million for the year ended 31 March 2017.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2018 (2017: 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 2018 (the “**Current Period**”) together with the comparative audited figures for the year ended 31 March 2017 (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 2018*

	NOTES	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>828,139</b>	671,805
Cost of sales		<u>(780,655)</u>	<u>(630,454)</u>
<b>Gross profit</b>		<b>47,484</b>	41,351
Other income, gains and losses	6	<b>408</b>	316
Selling and distribution expenses		<b>(4,185)</b>	(4,127)
Administrative expenses		<b>(8,993)</b>	(7,651)
Listing expenses		<b>(20,596)</b>	(2,394)
Other operating expenses		<b>(1,385)</b>	(1,249)
Finance costs	7	<u><b>(468)</b></u>	<u>(589)</u>
<b>Profit before taxation</b>	8	<b>12,265</b>	25,657
Income tax expense	9	<u><b>(5,449)</b></u>	<u>(4,628)</u>
<b>Profit and total comprehensive income for the year</b>		<u><b>6,816</b></u>	<u>21,029</u>
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		<b>6,816</b>	20,983
Non-controlling interest		<u>—</u>	<u>46</u>
		<u><b>6,816</b></u>	<u>21,029</u>
<b>Earnings per share</b>			
— Basic	11	<u><b>0.96</b></u>	<u>3.08</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 MARCH 2018*

	NOTES	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<u>20,650</u>	<u>22,560</u>
<b>Current assets</b>			
Inventories		5,408	5,953
Trade and other receivables	12	56,302	56,302
Amount due from ultimate holding company		8	8
Loan to a related company		—	1,814
Taxation recoverable		211	269
Time deposits		1,007	1,000
Bank balances and cash		<u>94,091</u>	<u>15,542</u>
		<u>157,027</u>	<u>80,888</u>
<b>Current liabilities</b>			
Trade and other payables	13	7,176	2,970
Amounts due to directors		—	33,173
Obligations under finance leases		257	307
Taxation payable		872	1,189
Bank borrowings		<u>16,350</u>	<u>19,971</u>
		<u>24,655</u>	<u>57,610</u>
<b>Net current assets</b>		<u>132,372</u>	<u>23,278</u>
<b>Total assets less current liabilities</b>		<u>153,022</u>	<u>45,838</u>
<b>Non-current liabilities</b>			
Obligations under finance leases		—	257
Deferred tax liabilities		<u>237</u>	<u>266</u>
		<u>237</u>	<u>523</u>
		<u>152,785</u>	<u>45,315</u>
<b>Capital and reserves</b>			
Share capital	14	10,000	86
Reserves		<u>142,785</u>	<u>45,229</u>
<b>Total equity</b>		<u>152,785</u>	<u>45,315</u>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### *FOR THE YEAR ENDED 31 MARCH 2018*

#### **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, 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 Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111 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 dollar (“HK\$”), which is the same as the functional currency of the Company.

Pursuant to a special resolution dated 19 May 2017, the name of the Company was changed from “Rico International Holdings Limited” to “Vico International Holdings Limited”.

#### **2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

In preparation for listing of the Company’s shares on the Stock Exchange, the entities now comprising the Group underwent a group reorganisation the (the “Group Reorganisation”).

Prior to the Group Reorganisation, Mr. Hui, Ms. Tong and Mr. Eric Hui have collectively exercised their control over Carmen Logistics Limited (“Carmen Logistic”), Yee Sing Logistics Company Limited (“Yee Sing Logistics”), Yee Sing Hong Petroleum Chemicals Company Limited (“Yee Sing Hong”), Grand Wealthy Holdings Limited (“Grand Wealthy”), Billion Faith (Hong Kong) Limited (“Billion Faith”) and Tien Fung Hong Holdings Limited (“Tien Fung Hong”) through their respective interests in these companies from time to time since they became the shareholders of these companies for the interest of the family of Mr. Hui, collectively as the controlling shareholders (the “Controlling Shareholders”).

The Group Reorganisation comprises the following steps:

- (i) On 21 March 2017, Max Fortune Holdings Limited (“Max Fortune”) was incorporated in the British Virgin Islands (the “BVI”) with limited liability. 350 shares, 350 shares, 300 shares in Max Fortune were allotted and issued, credited as fully paid, at par value to Mr. Hui, Ms. Tong and Mr. Eric Hui, respectively.

- (ii) On 24 March 2017, the Company was incorporated in the Cayman Islands as an exempted company with limited liability and entire one share was transferred to Max Fortune. Upon completion of the transfer, Max Fortune became the immediate holding company of the Company.
- (iii) On 5 January 2017, Billion Harvest Ventures Limited (“Billion Harvest”) was incorporated in the BVI with limited liability. On 28 March 2017, 1,000 shares of Billion Harvest were allotted and issued, credited as fully paid, at par value to Max Fortune at a consideration of US\$1,000.
- (iv) On 23 January 2017, Diamond Decade Investments Limited (“Diamond Decade”) was incorporated in the BVI with limited liability. On 28 March 2017, 1,000 shares of Diamond Decade were allotted and issued, credited as fully paid, at par value to Billion Harvest at a consideration of US\$1,000.

On 1 December 2016, Trillion Star Global Limited (“Trillion Star”) was incorporated in the BVI with limited liability. On 28 March 2017, 1,000 shares of Trillion Star were allotted and issued, credited as fully paid, at par value to Billion Harvest at a consideration of US\$1,000.

On 28 November 2016, Tycoon City International Limited (“Tycoon City”) was incorporated in the BVI with limited liability. On 28 March 2017, 1,000 shares of Tycoon City were allotted and issued, credited as fully paid, at par value to Billion Harvest at a consideration of US\$1,000.

- (v) On 29 March 2017, Diamond Decade acquired 50% equity interest held by Mr. Hui and 50% equity interest held by Ms. Tong in Carmen Logistics in consideration of allotment and issuance of 2 shares of Billion Harvest, credited as fully paid, at par value to Max Fortune at a consideration of US\$2. Upon completion, Carmen Logistics became the indirect wholly owned subsidiary of Billion Harvest.
- (vi) On 29 March 2017, Ms. Hui Yuet Har, sister of Mr. Hui, sold her entire equity interest, being 10% of the share capital of Yee Sing Logistics, to Mr. Hui at a cash consideration of approximately HK\$555,000. On the same date, Diamond Decade acquired 100% equity interest held by Mr. Hui in Yee Sing Logistics in consideration of allotment and issuance of 1,176 shares of Billion Harvest, credited as fully paid, to Max Fortune at a consideration of approximately HK\$5,542,000, which was determined with reference to the net asset value of Yee Sing Logistics as of 31 December 2016. Upon completion, Yee Sing Logistics became the indirect wholly owned subsidiary of Billion Harvest.
- (vii) On 29 March 2017, Trillion Star acquired 50% equity interest held by Mr. Hui and 50% equity interest held by Ms. Tong in Yee Sing Hong in consideration of allotment and issuance of 4,082 shares of Billion Harvest, credited as fully paid, to Max Fortune at a consideration of approximately HK\$19,242,000, which was determined with reference to the net asset value of Yee Sing Hong as of 31 December 2016. Upon completion, Yee Sing Hong became the indirect wholly owned subsidiary of Billion Harvest.
- (viii) On 29 March 2017, Tycoon City acquired 50% equity interest held by Mr. Hui and 50% equity interest held by Ms. Tong in Grand Wealthy in consideration of allotment and issuance of 717 shares of Billion Harvest, credited as fully paid, to Max Fortune at a consideration of approximately HK\$3,379,000, which was determined with reference to the net asset value of Grand Wealthy as of 31 December 2016. Upon completion, Grand Wealthy became the indirect wholly owned subsidiary of Billion Harvest.

- (ix) On 29 March 2017, Tycoon City acquired 100% equity interest held by Ms. Tong in Billion Faith in consideration of allotment and issuance of 20 shares of Billion Harvest, credited as fully paid, to Max Fortune at a consideration of approximately HK\$92,000, which was determined with reference to the net asset value of Billion Faith as of 31 December 2016. Upon completion, Billion Faith became the indirect wholly owned subsidiary of Billion Harvest.
- (x) On 29 March 2017, Tycoon City acquired 70% equity interest held by Ms. Tong and 30% equity interest held by Mr. Eric Hui in Tien Fung Hong in consideration of allotment and issuance of 4,003 shares of Billion Harvest, credited as fully paid, to Max Fortune at a consideration of approximately HK\$18,869,000, which was determined with reference to the net asset value of Tien Fung Hong as of 31 December 2016. Upon completion, Tien Fung Hong became the indirect wholly owned subsidiary of Billion Harvest.
- (xi) On 12 April 2017, the Company acquired 11,000 shares of Billion Harvest in consideration of allotment and issuance of 749 shares of the Company to Max Fortune. The Company becomes the immediate holding company of Billion Harvest and Max Fortune becomes the ultimate holding company of the Company.

Upon completion of the Group Reorganisation on 12 April 2017, the Company became the holding company of the companies now comprising the Group.

Except for 10% equity interest in Yee Sing Logistics which has been held by non-controlling shareholder before 29 March 2017, all equity interest in Carmen Logistic, Yee Sing Logistics, Yee Sing Hong, Grand Wealthy, Billion Faith and Tien Fung Hong are wholly-owned by the Controlling Shareholders during the two years ended 31 March 2017 and 2018. Since Carmen Logistic, Yee Sing Logistics, Yee Sing Hong, Grand Wealthy, Billion Faith and Tien Fung Hong were under common control by the Controlling Shareholders, the equity transfer of these companies except for the 10% equity interest in Yee Sing Logistics as stated above have been accounted for as a business combination involving entities under common control using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Consolidations” (“AG5”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as if the transfers had been completed on 1 April 2016.

Max Fortune is the ultimate holding company of the Company after the Group Reorganisation and not forming part of the Group. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements has been prepared as if the Company had always been the holding company of the Group.

In applying AG5, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended 31 March 2017 have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Group Reorganisation except for the 10% equity interest in Yee Sing Logistics as stated above had been in existence throughout the year ended 31 March 2017 or since the respective date of incorporation, where there is a shorter period.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied all the new and revised HKFRSs, Hong Kong Accounting Standards (“HKASs”), amendments and interpretations issued by the HKICPA that are effective for the accounting periods beginning on 1 April 2017.

#### **New and revised HKFRSs in issue but not yet effective**

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <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 19	Plan Amendment, Curtailment or Settlement <sup>2</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle <sup>1</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

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

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.

#### 4. REVENUE

Revenue represents the gross amounts received and receivable for sale of diesel, lubricant oil and others and net amounts for provision of fleet card service, net of sales discounts and other similar allowances.

	<b>2018</b>	2017
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Sales of diesel	<b>752,232</b>	598,279
Sales of lubricant oil	<b>49,351</b>	49,109
Provision of fleet cards service	<b>23,196</b>	20,350
Sales of others	<b>3,360</b>	4,067
	<b><u>828,139</u></b>	<u>671,805</u>

#### 5. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”), being the executive directors of the Company, for the purposes of allocating resources and assessing performance.

Specifically, the Group’s reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

- (i) Sales of diesel
- (ii) Provision of fleet cards service
- (iii) Sales of lubricant oil
- (iv) Sales of others

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.



## Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

### For the year ended 31 March 2018

	Sales of diesel <i>HK\$'000</i>	Provision of fleet cards service <i>HK\$'000</i>	Sales of lubricant oil <i>HK\$'000</i>	Sales of others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>752,232</u>	<u>23,196</u>	<u>49,351</u>	<u>3,360</u>	<u>828,139</u>
Segment results	<u>12,583</u>	<u>15,367</u>	<u>16,659</u>	<u>893</u>	45,502
Other income, gains and losses					408
Administrative and corporate expenses					(9,097)
Listing expenses					(20,596)
Finance costs					(468)
Unallocated expenses					<u>(3,484)</u>
Profit before taxation					<u>12,265</u>

### For the year ended 31 March 2017

	Sales of diesel <i>HK\$'000</i>	Provision of fleet cards service <i>HK\$'000</i>	Sales of lubricant oil <i>HK\$'000</i>	Sales of others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>598,279</u>	<u>20,350</u>	<u>49,109</u>	<u>4,067</u>	<u>671,805</u>
Segment results	<u>10,579</u>	<u>11,556</u>	<u>15,477</u>	<u>1,228</u>	38,840
Other income, gains and losses					316
Administrative and corporate expenses					(7,347)
Listing expenses					(2,394)
Finance costs					(589)
Unallocated expenses					<u>(3,169)</u>
Profit before taxation					<u>25,657</u>

Segment results mainly represented profit before taxation earned by each segment, excluding expenses of corporate functions, other income, gains and losses, listing expenses, certain administrative and corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

### Other segment information

#### For the year ended 31 March 2018

	Sales of diesel <i>HK\$'000</i>	Provision of fleet cards service <i>HK\$'000</i>	Sales of lubricant oil <i>HK\$'000</i>	Sales of others <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit						
Depreciation of property, plant and equipment	754	1,128	101	—	153	2,136
Reversal of allowance for inventories	—	—	(255)	—	—	(255)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

#### For the year ended 31 March 2017

	Sales of diesel <i>HK\$'000</i>	Provision of fleet cards service <i>HK\$'000</i>	Sales of lubricant oil <i>HK\$'000</i>	Sales of others <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment profit						
Depreciation of property, plant and equipment	904	1,415	191	—	137	2,647
Reversal of allowance for inventories	—	—	(458)	—	—	(458)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Geographical information

The following table sets out information about the Group's revenue from external customers by the location of customers.

	Revenue from external customers	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong	826,893	669,956
Macau	1,246	1,849
	<u>828,139</u>	<u>671,805</u>

The Group's property, plant and equipment is solely located in Hong Kong.

## Information about major customers

Revenue from customers individually contributing over 10% of the Group's revenue is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Customer A <sup>1</sup>	372,613	262,469
Customer B <sup>1</sup>	N/A <sup>2</sup>	124,981
Customer C <sup>1</sup>	113,052	N/A <sup>2</sup>
	<u>113,052</u>	<u>N/A<sup>2</sup></u>

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

<sup>2</sup> Revenue from the customer is less than 10% of the total revenue of the Group.

## 6. OTHER INCOME, GAINS AND LOSSES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Gain on disposal of property, plant and equipment	—	237
Interest income of bank deposits	8	—
Interest income of loan to a related company	78	57
Others	322	22
	<u>408</u>	<u>316</u>

## 7. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest expenses on:		
Bank borrowings	449	553
Obligations under finance leases	19	36
	<u>468</u>	<u>589</u>

## 8. PROFIT BEFORE TAXATION

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Directors' remuneration	922	662
Other staff costs:		
Salaries and other allowances	4,767	4,232
Retirement benefit scheme contributions	221	178
	<u>5,910</u>	<u>5,072</u>
Auditor's remuneration	1,200	780
Cost of inventories recognised as an expense	772,524	621,428
Reversal of allowance of inventories (included in cost of sales) <i>(note)</i>	(255)	(458)
Depreciation of property, plant and equipment	2,136	2,647
Minimum operating lease rental in respect of carparks, office premise and warehouse	1,619	1,506
	<u>1,619</u>	<u>1,506</u>

*note:* The reversal of allowance for inventories was included in the cost of sales during the year and arising from the sale of slow-moving inventories of which provision was made previously that had increased in net realisable value.

## 9. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	5,478	4,660
Overprovision in prior years	—	—
	<u>5,478</u>	<u>4,660</u>
Deferred taxation	(29)	(32)
	<u>5,449</u>	<u>4,628</u>
Income tax expense for the year	<u>5,449</u>	<u>4,628</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No income tax charge is arisen from the export of goods to Macau as the sales contracts are signed and effective in Hong Kong.

## 10. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation. However, a subsidiary of the Company had declared dividends in respect of the relevant financial year to the Controlling Shareholders during the year were as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Yee Sing Hong	—	5,000
	<u>—</u>	<u>5,000</u>

The rates of dividend and number of shares ranking for dividend are not presented as such information is not meaningful having regards to the purpose of this report.

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period.

## 11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31 March 2018 is based on the profit attributable to owners of the Company and the weighted average number of approximately 710,866,000 (2017: 680,810,000) ordinary shares in issue during the year ended 31 March 2018 on the assumption that the Capitalisation Issue as defined in Note 14(e) had been completed on 1 April 2016 and taking into account for the bonus share element arising from the capitalisation of the amount due to Mr. Hui as detailed in Note 14(d).

No diluted earnings per share are presented for both years as there were no potential ordinary share outstanding.

## 12. TRADE AND OTHER RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	41,866	27,736
Trade deposits paid	8,302	21,656
Deposits and prepayments	218	267
Prepaid listing expenses	—	4,409
Receivables due from suppliers	5,916	2,234
	<u>56,302</u>	<u>56,302</u>

The Group allows average credit period ranging from 15 to 30 days which are agreed with each of its trade customers.

The following is an aged analysis of trade receivables presented based on invoice date at the end of the reporting period, net of allowance for doubtful debts:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0–30 days	37,885	25,156
31–60 days	1,739	1,921
61–90 days	1,697	630
Over 90 days	545	29
	<u>41,866</u>	<u>27,736</u>

## 13. TRADE AND OTHER PAYABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables	1,976	645
Trade deposits received	536	582
Accrued listing expenses	1,964	200
Other payables and accruals	2,700	1,543
	<u>7,176</u>	<u>2,970</u>

The credit period on trade payables ranged from 30 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:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0–30 days	<u><u>1,976</u></u>	<u><u>645</u></u>

#### 14. SHARE CAPITAL

The Company was incorporated on 24 March 2017.

On 12 April 2017, the Company acquired 11,000 shares of Billion Harvest of US\$1 each in consideration of allotment and issuance of 749 shares of the Company of HK\$0.01 each to Max Fortune. The Company becomes the immediate holding company of Billion Harvest and Max Fortune becomes the ultimate holding company of the Company. The Group Reorganisation has been completed on the same date.

The share capital as at 1 April 2016 represented the combined issued share capital of following companies:

	<b>As at</b> <b>1 April 2016</b> <i>HK\$'000</i>
The Company	N/A
Billion Harvest	N/A
Billion Faith	10
Carmen Logistics	—*
Grand Wealthy	10
Tien Fung Hong	50
Yee Sing Hong	—*
Yee Sing Logistics	<u>9</u>
	<u><u>79</u></u>

The share capital as at 31 March 2017 represented the aggregate issued share capital of Billion Harvest and the Company of HK\$86,000.

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 24 March 2017 (date of incorporation) ( <i>note a</i> )	38,000,000	380
Increase in authorised share capital ( <i>note b</i> )	<u>9,962,000,000</u>	<u>99,620</u>
	<u><u>10,000,000,000</u></u>	<u><u>100,000</u></u>
Issued and fully paid:		
At 24 March 2017 (date of incorporation) and 31 March 2017 ( <i>note a</i> )	1	—*
Issued on 12 April 2017 (date of completion of the Group Reorganisation) ( <i>note c</i> )	749	—*
Issue of shares upon capitalisation of amount due to a director on 30 January 2018 ( <i>note d</i> )	250	—*
Issue of shares pursuant to Capitalisation Issue ( <i>note e</i> )	749,999,000	7,500
Issue of shares upon listing of the Company ( <i>note f</i> )	<u>250,000,000</u>	<u>2,500</u>
At 31 March 2018	<u><u>1,000,000,000</u></u>	<u><u>10,000</u></u>

\* Less than HK\$1,000.

*notes:*

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands on 24 March 2017 with authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon incorporation, one ordinary share of HK\$0.01 each was allotted, issued and fully paid to an initial subscriber.
- (b) Pursuant to the written resolution of the Company's shareholder passed on 16 January 2018, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000,000 by creation of an additional 9,962,000,000 shares of HK\$0.01 each.
- (c) On 12 April 2017, 749 shares with a par value to HK\$0.01 each of the Company were allotted and issued to Max Fortune for acquisition of 11,000 shares of Billion Harvest. The new shares rank pari passu with the existing shares of the Company in all respects.
- (d) On 30 January 2018, the amount due to Mr. Hui of HK\$27,676,000 was capitalised and the Company allotted and issued 250 shares, credited as fully paid, to Mr. Hui (for such person as he directed). At the direction of Mr. Hui, 240 shares were allotted and issued to Max Fortune and 10 shares were allotted and issued to an investment holding company (the "Pre-IPO Investor"), partly financed by a subsidiary of Joyas International Holdings Limited, a company listed in Singapore and in respect to whom, Mr. Ong Chor Wei, the non-executive director of the Company, is a substantial shareholder and director.



- (e) On 30 January 2018, a total of 719,999,040 and 29,999,960 shares were allotted and issued, credited as fully paid at par, to Max Fortune and the Pre-IPO Investor by way of capitalisation of a sum of HK\$7,499,990 standing to the credit of the share premium account of the Company (“the Capitalisation Issue”), and that such shares to be allotted and issued, as nearly as possible, without involving fractions, and such shares to rank pari passu with the exiting shares of the Company in all respects.
- (f) On 5 March 2018, 250,000,000 ordinary shares with a par value of HK\$0.01 each of the Company were issued at a price of HK\$0.35 by way of public offering. On the same date, the Company’s shares were listed on the Main Board of the Stock Exchange.

## 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/or repackaging into wholesale and retail packs for sales in Hong Kong.

The Group is also an authorised reseller of fleet cards. As at 31 March 2018, the Group operated a total number of 29,554 fleet card accounts (2017: 28,921 fleet card accounts), and we were ranked as the second largest fleet card reseller in terms of the total estimated revenue (on gross basis) in Hong Kong for the year ended 31 March 2017.

Leveraging on the Group's experience and competitive strengths, for the Current Period, the Group's revenue, gross profit and profit for the year was approximately HK\$828.1 million, HK\$47.5 million and HK\$6.9 million, respectively, representing an increase of 23.3%, 14.8% and a decrease of 67.6%, respectively as compared with the Corresponding Period. The decrease in profit for the year was primarily due to the one-off listing expenses amounted to approximately HK\$20.5 million.

The shares of the Company (the “**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of placing and public offer (collectively, the “**Share Offer**”) on 5 March 2018 (the “**Listing Date**”) which marked a significant milestone for the Group. The proceeds raised from the Share Offer has strengthened the Group's financial position and allowed the Group to expand its business according to its future plans and strategies as set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 30 January 2018 (the “**Prospectus**”). It also provided the Group an opportunity to strengthen the corporate governance and further promote the Group as a well-organized establishment to the public.

### BUSINESS PROSPECTS

Going forward, the Group believes that oil industry will continue to grow, as stimulated by various favorable factors such as the continuous growth in the Hong Kong construction market and the technology advancement in the lubricating industry. The consumption of industrial lubricant oil, such as hydraulic oil and machine oil, will be on a growth trend as driven by the expected high utilization of construction equipment and machinery to support the increasing demand for infrastructure in Hong Kong. The infrastructure improvement projects such as Hong Kong-Zhuhai-Macao Bridge (HZMB)

has further strengthened Hong Kong's location advantage by driving the development of logistics and transportation industry in the region, so as to provide a strong growth momentum to the automotive lubricant oil market in Hong Kong.

In May 2018, the Group targeted Kwai Chung area to set up a new blending site with storage facility to place additional equipment and tools to expand our operations of in-house blending and repackaging self-branded products. The Group is increasing its operation sites by improving its capacity of producing self-branded lubricant oil which yielded a higher profit margin than third-party branded lubricant oil products. The expansion plan in action enables the Group to further consolidate the Group's financial strength and enhance the Group's capacity and efficiency in serving customers. The directors of the Company (the "**Directors**") believe that the Group's business will grow in a much faster pace and its market competitiveness will be improved.

## **FINANCIAL REVIEW**

### **Revenue**

During the Current Period, the Group's revenue amounted to HK\$828.1 million, which increased by 23.3% as compared to that of HK\$671.8 million during the Corresponding Period. The increase in revenue was mainly contributed by the increase in the sales of diesel.

#### ***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\$752.2 million and HK\$598.3 million respectively, representing 90.8% and 89.1% of the total revenue respectively.

The sales quantity of diesel oil increased by approximately 3.0% from 186.3 million litres for the Corresponding Period to 192.0 million litres for the Current Period, primarily due to the increase in demand from customers mainly in the first three months in 2018.

#### ***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\$49.4 million and HK\$49.1 million respectively, representing 6.0% and 7.3% of the total revenue respectively.

Our sales quantity of lubricant oil amounted to approximately 2.8 million litres and 3.0 million litres for the Corresponding Period and the Current Period respectively, representing an increase of approximately 7.1%.

### ***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 Company. The gross proceeds received and receivables from fleet card holders present 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 from 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\$23.2 million and HK\$20.4 million respectively, representing 2.8% and 3.0% 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\$3.4 million and HK\$4.1 million respectively, representing 0.4% and 0.6% 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\$780.7 million and HK\$630.5 million respectively, an increase by 23.9%. 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\$6.1 million or approximately 14.8% from approximately HK\$41.4 million for the Corresponding Period to approximately HK\$47.5 million for the Current Period. The Group's gross profit margin decreased slightly from 6.2% for the Corresponding Period to 5.7% for the Current Period. The Group's selling price are broadly in line with the movement of oil price, however, the gross profit margin does not fluctuate the same level of the time lags and

customers' moderate price sensitivity regarding oil products. During the year, Brent spot crude oil price increased from US\$46.4 per barrel in June 2017 to US\$66.0 per barrel in March 2018. As a result, the Group's gross profit margin decreased slightly comparing with the Corresponding Period.

### **Selling and distribution expenses**

Our selling and distribution expenses mainly consist of truck drivers' costs and benefits and depreciation. Selling and distribution expenses slightly increased by approximately HK\$58,000 or 1.4% to HK\$4.2 million for the Current Period from HK\$4.1 million for the Corresponding Period. The slightly increase was mainly due to increases in truck driver wages and the direct cost of transportation charges.

### **Administrative expenses**

Administrative expenses increased by approximately HK\$1.3 million or 17.5%, from approximately HK\$7.7 million for the Corresponding Period to approximately HK\$9.0 million for the Current Period, primarily due to increase in staff costs and benefits, legal and professional fees and consultancy fees.

### **Finance costs**

Our finance costs mainly consist of the interest on our interest-bearing bank borrowings and finance lease. Finance costs decreased by approximately HK\$121,000 or 20.5% to HK\$468,000 for the Current Period from HK\$589,000 for the Corresponding Period, primarily due to the repayment of bank borrowings.

### **Income tax expenses**

Income tax expenses increased by approximately HK\$821,000 or 17.7%, from approximately HK\$4.6 million for the Corresponding Period to approximately HK\$5.4 million for the Current Period, primarily due to an increase in profit before income tax.

### **Profit for the Current Period**

Profit for the Current Period decreased by approximately HK\$14.2 million or 67.6% from approximately HK\$21.0 million for the Corresponding Period to approximately HK\$6.8 million for the Current Period, and the Group's net profit margin decreased from approximately 3.1% to 0.8% for the same period. The decrease in the net profit and net profit margin was mainly due to the one-off listing expenses.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2018, the Group employed a total of 28 full time employees (As at 31 March 2017: 28 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**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date to the date of this announcement.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 March 2018 (2017: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The 2018 annual general meeting of the Company (the "AGM") is scheduled to be held on Monday, 3 September 2018. For the purpose of determining the entitlement to attend the 2018 AGM, the register of members of the Company will be closed during the period from Wednesday, 29 August 2018 to Monday, 3 September 2018, 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 2018 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 August 2018.

## **USE OF PROCEEDS FROM THE SHARE OFFER**

The net proceeds from the Share Offer amounted to approximately HK\$53.2 million (after deducting all listing related expenses). The Group will utilise such proceeds from the Share Offer for the purpose consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The Board is not aware of any material change to the planned use of net proceeds from the Share Offer as at the date of this announcement.

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Saved as the corporate reorganisation undergone in preparation for the listing as disclosed in the Prospectus, the Group had no significant investment, material acquisition or disposal 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 borrowing and finance leases. The Group recorded net current assets of approximately HK\$132.4 million as at 31 March 2018, compared to approximately HK\$23.3 million as at 31 March 2017.

As at 31 March 2018, the Group's current assets amounted to approximately HK\$157.0 million (as at 31 March 2017: HK\$80.9 million) of which approximately HK\$94.1 million (as at 31 March 2017: HK\$15.5 million) was bank balances and cash, approximately HK\$56.3 million (as at 31 March 2017: HK\$56.3 million) was trade and other receivables. The Group's current liabilities amounted to approximately HK\$24.7 million (as at 31 March 2017: HK\$57.6 million), including trade and other payables in the amount of approximately HK\$7.2 million (as at 31 March 2017: HK\$3.0 million), bank borrowings in the amount of approximately HK\$16.4 million (as at 31 March 2017: HK\$20.0 million) and taxation payable in the amount of approximately HK\$0.9 million (as at 31 March 2017: HK\$1.2 million). The current ratio (which was calculated by dividing current assets by current liabilities) was 6.4 as at 31 March 2018 (as at 31 March 2017: 1.4). The gearing ratio (which was calculated based on the total debt and obligations under finance leases divided by total equity multiplied by 100%) was 10.9% as at 31 March 2018 (as at 31 March 2017: 45.3%).

As at 31 March 2018, the Group issued letters of guarantees, through the banking facilities granted, to certain suppliers amounting to HK\$4.3 million secured by charges over leasehold land and building of the Group. All the pledge of properties held by Mr. Hui and the related parties and guarantees provided by Mr. Hui, Ms. Tong and the related companies were released during the Current Period.

### **Capital structure**

For the Current Period, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$152.8 million. The share capital of the Company only comprises of ordinary shares. The Shares were listed on the Main Board of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then.

## CONTINGENT LIABILITIES

	As at 31 March	
	2018	2017
	HK\$'000	HK\$'000
Corporate guarantees given to the banks in respect of banking facilities granted to its related companies ( <i>Note</i> )		
— Evertex	—	3,800
— Tech Famous International Limited	—	3,680
	<u>—</u>	<u>7,480</u>
Utilised amount of banking facilities by the related companies	<u>—</u>	<u>4,792</u>

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

The Directors are of the view that the fair values of the above corporate guarantees are insignificant and they were released during the Current Period.

In addition, the Group has also issued letters of guarantees, through the banking facilities granted, to certain suppliers amounting to HK\$4,300,000 as at 31 March 2018 (2017: HK\$9,500,000). The facilities are secured by charges over leasehold land and building of the Group.

## PLEDGE OF ASSETS

As at 31 March 2018, the Group pledged its leasehold land and building of HK\$16,889,000 (2017: HK\$17,472,000) to secure its bank borrowings.

As at 31 March 2018, the net book value of motor vehicles included an amount of HK\$303,000 (2017: HK\$553,000) in respect of assets held under finance leases.

## COMMITMENTS

The operating lease commitments of the Group were primarily related to the lease of car parks, office premises and warehouse. The Group's operating lease commitments amounted to approximately HK\$0.8 million as at 31 March 2018 (2017: HK\$2.2 million).

As at 31 March 2018, the Group had no material capital commitments (2017: nil).



## **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 period from the Listing Date to 31 March 2018 and throughout the period up to the date of this announcement, the Company has complied with the applicable 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 period from the Listing Date to 31 March 2018 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. Lam Kwong Siu, Mr. Tse Yung Hoi and Mr. Wong Hei Chiu. Mr. Wong Hei Chiu 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 DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in this announcement have been agreed with the Group’s auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial information for the year ended 31 March 2018. The work performed by Deloitte Touche Tohmatsu 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 Deloitte Touche Tohmatsu on this preliminary announcement.

## **PUBLICATION OF 2018 ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the Company's website at [www.vicointernational.hk](http://www.vicointernational.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2018 Annual Report of the Company will be despatched to shareholders of the Company and published on the aforesaid websites in due course.

## **2018 ANNUAL GENERAL MEETING**

The 2018 AGM of the Company is scheduled to be held on Monday, 3 September 2018. Notice of the 2018 AGM will be published on the websites of both the Stock Exchange and the Company and despatched 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 and executive Director*

Hong Kong, 21 June 2018

*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. Ong Chor Wei, and the independent non-executive Directors are Mr. Lam Kwong Siu, Mr. Tse Yung Hoi and Mr. Wong Hei Chiu.*