ANNUAL REPORT 2017/2018

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

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUI Pui Sing *(Chairman)*
Ms. TONG Man Wah
Mr. HUI Yip Ho Eric *(Chief Executive Officer)*
Ms. HUI Wing Man Rebecca
Mr. KONG Man Ho

Non-executive Director

Mr. ONG Chor Wei

Independent non-executive Directors

Mr. LAM Kwong Siu
Mr. TSE Yung Hoi
Mr. WONG Hei Chiu

AUDIT COMMITTEE

Mr. WONG Hei Chiu *(Chairman)*
Mr. LAM Kwong Siu
Mr. TSE Yung Hoi

REMUNERATION COMMITTEE

Mr. WONG Hei Chiu *(Chairman)*
Mr. HUI Yip Ho Eric
Mr. TSE Yung Hoi

NOMINATION COMMITTEE

Mr. HUI Pui Sing *(Chairman)*
Mr. WONG Hei Chiu
Mr. LAM Kwong Siu

AUTHORISED REPRESENTATIVES

Mr. HUI Yip Ho Eric
Mr. KONG Man Ho

COMPANY SECRETARY

Ms. NGAI Kit Fong *(FCIS, FCS (PE))*

REGISTERED OFFICE

Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit D, 11/F, Billion Plaza II
No. 10 Cheung Yue Street
Cheung Sha Wan, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

COMPLIANCE ADVISER

Kingsway Capital Limited
7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Chong Hing Bank Limited

STOCK CODE

1621

COMPANY WEBSITE

www.vicointernational.hk

STATEMENT FROM THE CHAIRMAN

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Vico International Holdings Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2018 (the "**Current Period**").

The past year marked an important milestone for the development of the Group, during which the Group has been successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 March 2018 (the "**Listing Date**"). The successful listing was a proof that the Group's philosophy in respect of the diversified oil business has been supported and recognized.

In 2017, the oil market gradually stabilized and international oil prices started to rebound after being volatile for a long time. The oil and gas industry began to show signs of recovery. The U.S. economy recovery momentum was strong. The Eurozone economy continued to improve, and emerging markets saw rapid overall economic growth. International oil prices surged upward following initial decline. The entire oil and gas industry, as well as oil and gas companies still faced an uncertain operating environment.

During 2017, the Group achieved its business targets despite being faced with a variety of challenges. Looking forward to 2018, the global economy will continue its slow recovery. Despite a recovery in international oil prices, the external operating environment is filled with uncertainties. To this end, the Group remains confident of its prospects. We will further strengthen the operating strategies.

Along with the enhanced reputation by the Listing, we believe that the confidence of the clients and suppliers will be boosted, and hence the Group will be fostered further in vigorous growth and development. On behalf of the Board and the management of the Group, I wish to express my heartfelt appreciation to all the staffs for their hard work and to the shareholders for their unreserved support. Herein, I thank all the shareholders, investors, customers, suppliers and business partners for their constant endorsement and backing. Thanks for the trust and support to the Group will drive us ever further for greater success in the future.

HUI Pui Sing
Chairman

Hong Kong, 21 June 2018

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 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 (the "**Corresponding Period**").

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$6.8 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$20.6 million.

The shares of the Company (the "**Shares**") were successfully listed on the Main Board of the Stock Exchange by way of placing and public offer (collectively, the "**Share Offer**") on 5 March 2018 which marked a significant milestone for the Group. The proceeds raised from the Share Offer has 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 outlet and 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 our 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 believe that our business will grow in a much faster pace and our 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 HK630.5 million respectively, an increase by 23.8%. 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 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 cost, 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 million for the Corresponding Period to approximately HK$6.8 million for the Current Period, and the Group's net profit margin decreased by approximately 3.1% to 0.8% for the same periods. 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 report.

FINAL DIVIDEND

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

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 report.

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 *(Note)*		
— Evertex	**–**	3,800
— Tech Famous International Limited	**–**	3,680
	–	7,480
Utilised amount of banking facilities by the related companies	**–**	4,792

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 were 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).

EXECUTIVE DIRECTORS

Mr. HUI Pui Sing (許沛盛), aged 62, Chairman

Mr. HUI Pui Sing ("**Mr. Hui**") was appointed as a Director on 24 March 2017 and was re-designated as an executive Director on 23 June 2017. Mr. Hui is the founder of our Group, the Chairman of the Board and the Nomination Committee of the Company, a director of Carmen Logistics Limited ("**Carmen Logistics**"), Grand Wealthy Holdings Limited ("**Grand Wealthy**"), Yee Sing Hong Petroleum Chemicals Company Limited ("**Yee Sing Hong**") and Yee Sing Logistics Company Limited ("**Yee Sing Logistics**") and the general manager of Yee Sing Hong. He is primarily responsible for corporate strategic planning and overall business development, management of our Group and decision making, and business development strategies. From 1977, he worked as an assistant in a company the principal business of which is the selling of liquefied petroleum gas and kerosene. In 1977, he established a company the principal business of which is the sale of hydrocarbon oils and in 2002, he established Yee Sing Hong. He has over 47 years of experience in the sales and distribution of diesel, lubricant oil and other petrochemical products and over 14 years of experience in the processing and distribution of self-branded lubricant oil and other petrochemical products and the promotion of fleet cards. Mr. Hui is a director of Max Fortune Holdings Limited ("**Max Fortune**"), the controlling shareholder of the Company. He is the spouse of Ms. Tong Man Wah, and the father of Mr. Hui Yip Ho Eric ("**Mr. Eric Hui**") and Ms. Hui Wing Man Rebecca ("**Ms. Hui**").

Ms. TONG Man Wah (湯敏華), aged 56, Executive Director

Ms. TONG Man Wah was appointed as a Director on 24 March 2017 and was re-designated as an executive Director on 23 June 2017. Ms. Tong is a director of Billion Faith (Hong Kong) Limited ("**Billion Faith**"), Carmen Logistics, Grand Wealthy, Tien Fung Hong Holdings Limited ("**Tien Fung Hong**") and Yee Sing Hong and the administration manager of Yee Sing Hong and Yee Sing Logistics. She is primarily responsible for overseeing the administration and developing strategies in relation to distribution, brand building and supplier relationships of our Group. She has over 33 years of experience in the sales and distribution of diesel, lubricant oil and other petrochemical products. She worked in a company established by Mr. Hui whose principal business is the sale of hydrocarbon oils since 1985, responsible for the operations of the sale and distribution of petrochemical products and thereafter continued to assist Mr. Hui in the sale and distribution of diesel and other petrochemical products of the Group. She graduated from St. Marino Secondary School in 1980. She is the spouse of Mr. Hui, and the mother of Mr. Eric Hui and Ms. Hui.

Mr. HUI Yip Ho, Eric (許業豪), aged 26, Chief Executive Officer

Mr. Eric Hui was appointed as a Director on 24 March 2017 and was re-designated as an executive Director on 23 June 2017. Mr. Eric Hui is a director of Tien Fung Hong, Yee Sing Hong and Yee Sing Logistics and the general manager of Carmen Logistics, Yee Sing Logistics, Yee Sing Hong, Grand Wealthy, Billion Faith and Tien Fung Hong. Mr. Eric Hui is the chief executive officer of our Group and a member of the remuneration committee of the Company. He is primarily responsible for overseeing the operation of our fleet cards business in Hong Kong and our Group's overall corporate management and business development strategies. He joined our Group in 2013 and has 4 years of experience in the promotion of fleet cards and the sales and distribution of diesel, lubricant oil and other petrochemical products. He received a Bachelor of Business Administration (finance) degree from the Southern Methodist University in August 2013 and a master degree of finance from the Polytechnic University of Hong Kong in March 2017. He is the holder of the Estate Agent Licence granted by the Estate Agents Authority in February 2017. Mr. Eric Hui is a director of Max Fortune. He is the son of Mr. Hui and Ms. Tong, and the brother of Ms. Hui.

Ms. HUI Wing Man Rebecca (許穎雯), aged 28, Chief Operating Officer

Ms. Hui was appointed as a Director on 24 March 2017 and was re-designated as an executive Director on 23 June 2017. Ms. Hui is a director of Tien Fung Hong, Yee Sing Hong and Yee Sing Logistics and the administration manager of Tien Fung Hong, Billion Faith, Grand Wealthy and Carmen Logistics. She is the chief operating officer and the administration manager of our Group and primarily responsible for overseeing and monitoring internal control policies, the overall corporate management and business development strategies of our Group. She has 2 years of experience in business administration. From April 2013 to August 2015, she worked as a consultant, then promoted to senior consultant and subsequently promoted to wealth management advisor of Convoy Financial Services Limited. She received from the Southern Methodist University in December 2012 a Bachelor of Science (economics with finance application) degree and a Bachelor of Arts (psychology) degree. She is the holder of the Estate Agent Licence granted by the Estate Agents Authority in August 2014. She is the daughter of Mr. Hui and Ms. Tong, and the sister of Mr. Eric Hui.

Mr. KONG Man Ho (江文豪), aged 33, Marketing Director

Mr. Kong Man Ho was appointed as an executive Director on 23 June 2017. Mr. Kong is the marketing manager of Carmen Logistics, Yee Sing Logistics, Yee Sing Hong, Grand Wealthy, Billion Faith and Tien Fung Hong and the marketing director of our Group. He is primarily responsible for overseeing the sales and marketing strategies of our Group. Mr. Kong obtained a Bachelor of Commerce degree from McMaster University in June 2008. Before joining our Group in January 2013, Mr. Kong worked as a consultant, then promoted to senior consultant and subsequently promoted to wealth management advisor and senior wealth management advisor of Convoy Financial Services Limited, where he was responsible for the promotion of financial services and products. He has 4 years of experience in sales and marketing and the promotion of fleet cards. From 2013 to June 2017, he was the holder of the Technical Representatives Licence granted by the Professional Insurance Brokers Association, the Registered MPF Subsidiary Intermediary granted by the Mandatory Provident Schemes Authority and a representative licensed to carry out type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance.

NON-EXECUTIVE DIRECTOR

Mr. ONG Chor Wei (王祖偉), aged 48, Non-executive Director

Mr. Ong Chor Wei was appointed as a non-executive Director on 23 June 2017. He has extensive experience in finance and accounting. Mr. Ong was or has been a director of the following listed companies in the three years immediately preceding the date of this annual report:

- a non-executive director of Joyas International Holdings Limited, the shares of which are listed on the Singapore Stock Exchange (stock code: E9L) since December 2007;
- an executive director and chief executive officer of Net Pacific Financial Holdings Limited, the shares of which are listed on the Singapore Stock Exchange (stock code: 5QY) since February 2010;
- an executive director of Zibao Metals Recycling Holdings Plc, the shares of which are listed on the London Exchange (Stock: ZBO) since March 2014;
- a non-executive director of Man Wah Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1999) from March 2010 to May 2012 and was re-designated as an independent non-executive director since May 2012;
- an independent non-executive director of O-Net Technologies (Group) Limited, the shares of which are listed on the Stock Exchange (stock code: 877) since April 2010;
- an independent non-executive director of Denox Environmental & Technology Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1452) since October 2015;

- an independent non-executive director of Nameson Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1982) since January 2016;
- a non-executive director of Prosperous Printing Company Limited, the shares of which are listed on the Stock Exchange (stock code: 8385) since September 2016;
- an independent non-executive director of Smart Globe Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 8485) since December 2017; and
- a non-executive director of Hong Wei (Asia) Holdings Company Limited, the shares of which are listed on the Stock Exchange (stock code: 8191) from November 2012 to October 2016.

Mr. Ong received his bachelor of laws degree from The London School of Economics and Political Science in August 1990. Mr. Ong also obtained via distance learning a master of business administration degree which was jointly awarded by the University of Wales and the University of Manchester, United Kingdom in March 2000. Mr. Ong has been an associate of The Institute of Chartered Accountants in England and Wales and an associate of the Hong Kong Society of Accountants since December 1993 and October 1995 respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS ("INED")

Mr. LAM Kwong Siu (林廣兆), SBS and GBS, aged 83, INED

Mr. LAM Kwong Siu was appointed as an INED on 16 January 2018 and a member of the audit committee and nomination committee of the Company. Mr. Lam has been a non-executive director of Bank of China International Limited (formerly known as BOCI Capital Limited) since July 2002 and the vice chairman of BOC International Holdings Limited, a wholly-owned subsidiary of the Bank of China Ltd since October 2001. Mr. Lam has been serving as a director of the following companies which are listed on the Stock Exchange:

- an independent non-executive director of Fujian Holdings Ltd. (stock code: 181) since December 2003;
- an independent non-executive director of China Overseas Land & Investment Ltd. (stock code: 688) since September 2003;
- an independent non-executive director of Xinyi Glass Holdings Limited (stock code: 868) since August 2004;
- an independent non-executive director of Yuzhou Properties Company Limited (stock code: 1628) since October 2009; and
- an executive director of Far East Consortium International Limited (stock code: 35) since September 2011.

Mr. Lam was awarded the Silver Bauhinia Star (SBS) in 2003 and Gold Bauhinia Star (GBS) in 2016 by the Hong Kong Special Administrative Region. He was a delegate of the 10th National People's Congress. He currently serves as the honorary chairman of the Hong Kong Federation of Fujian Associations, life honorary chairman of the Hong Kong Fukien Chamber of Commerce, vice chairman of the Fujian Hong Kong Economic Co-operation, life honorary chairman of the Chinese General Chamber of Commerce, adviser of the Hong Kong Chinese Enterprises Association and the honorary president of the Chinese Bankers Club of Hong Kong.

Mr. TSE Yung Hoi (謝湧海), BBS, aged 65, INED

Mr. TSE Yung Hoi was appointed as an INED on 16 January 2018 and a member of the audit committee and remuneration committee of the Company. Mr. Tse graduated from English studies from the Department of Foreign Languages and Literatures of Fudan University in July 1975. He was awarded the Bronze Bauhinia Star (BBS) by the government of Hong Kong in 2013.

Mr. Tse is currently the chairman and non-executive director of BOCI Prudential Asset Management Limited. He was the deputy chief executive officer of BOC International Holding Limited from December 2002 to December 2012, and the deputy general manager of investment management and treasury of Bank of China in Beijing from October 1998 to December 2002. Mr. Tse currently serves as the council member of HKSAR Financial Services Development Council (FSDC), standing committee member of the Chinese General Chamber of Commerce and life honorary president of Hong Kong Chinese Securities Association. Mr. Tse has been serving as a director of the following companies which are listed on the Stock Exchange:

- an independent non-executive director of BOCOM International Holdings Company Limited (stock code: 3329) since June 2014;
- an independent non-executive director of HJ Capital (International) Holdings Company Limited (stock code: 982) since July 2014;
- a non-executive director of DTXS Silk Road Investment Holdings Company Limited (stock code: 620) from December 2015 to November 2017 and was re-designated as an independent non-executive director since November 2017; and
- an independent non-executive director of Guoan International Limited (stock code: 143) since March 2016.

Mr. WONG Hei Chiu (黃禧超), aged 51, INED

Mr. Wong Hei Chiu was appointed as an INED on 16 January 2018 and a chairman of the audit committee and remuneration committee and a member of the nomination committee of the Company. Mr. Wong received an Executive Master's degree in business administration from the Chinese University of Hong Kong in November 2016 and a Bachelor's degree in business administration from Lingnan University in Hong Kong in November 1996. He is also a Certified Public Accountant (Practising), a fellow member of The Association of Chartered Certified Accountants in the United Kingdom since September 1999, a fellow member of The Institute of Chartered Accountants in England and Wales since January 2018 and an associate member of Hong Kong Institute of Certified Public Accountants since October 1994. Mr. Wong is also a fellow member of the Hong Kong Institute of Directors since August 2015. Mr. Wong has over 27 years of corporate finance and financial management experience in Hong Kong and the People's Republic of China. Mr. Wong is the chief financial officer since July 2008 and an executive director and company secretary of Kingmaker Footwear Holdings Limited, a company listed on the Stock Exchange (stock code: 1170) since March 2009 and an independent non-executive director of Prosperous Printing Company Limited, whose shares are listed on the Stock Exchange (stock code: 8385) since November 2017. He was an independent non-executive director of Hong Wei (Asia) Holdings Company Limited, whose shares are listed on the Stock Exchange (stock code: 8191) from December 2013 to June 2016.

SENIOR MANAGEMENT

Ms. WONG Kit Yi (黃潔儀), aged 56, is the accountant of our Group. She is primarily responsible for overseeing accounting activities and our Group's overall financial reporting. She joined our Group in February 2002 and has over 34 years of experience in auditing and accounting. Before joining our Group, she worked for Wing Hing Motor & Pump Co. as its account clerk from July 1982 to December 1986. From September 1988 to March 1989, she worked for Sze Tung Weaving Factory., Ltd. as its assistant accountant. From April 1991 to February 1994, she worked for Datacard Toppan Moore Ltd. as its account clerk. She received a certificate for proficiency in the second level single subject of book-keeping and accounts from the London Chamber of Commerce and Industry in 1994, was awarded the diploma in accounting studies from the Hong Kong School of Commerce in September 2006, and completed the HKIAAT Accounting Technician Examinations Preparatory Programme Paper 6 Hong Kong Business Law course offered by The University of Hong Kong School of Professional and Continuing Education in June 2008.

Ms. LEE Choi Ping (李彩屏), aged 38, is the operation manager of our Group since November 2014 and is primarily responsible for the general operation of our Group's fleet card, diesel and lubricant oil business. She has over 20 years of experience in retail business operation. Before joining our Group, she worked for Belle Worldwide Limited as its sales from December 1996 and was promoted to senior shop manager at the time of her resignation in June 2014. She completed her form 5 secondary school education at Beacon College in June 1996.

COMPANY SECRETARY

Ms. NGAI Kit Fong (倪潔芳), FCIS, FCS (PE) was appointed as company secretary of the Company on 23 June 2017. Ms. Ngai is currently a director of the Corporate Services division of Tricor Services Limited ("**Tricor**"), a global professional services provider specializing in integrated business, corporate and investor services. The Company has engaged Tricor as an external service provider and appointed Ms. Ngai as the company secretary. Ms. Ngai has over 25 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Ngai is a Chartered Secretary and a Fellow of both The Hong Kong Institute of Chartered Secretaries ("**HKICS**") and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Ngai is a holder of the Practitioner's Endorsement from HKICS.

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2018.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

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 annual report (the "**Reporting Period**"), the Company has complied with the applicable code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules (the "**Securities Dealing Code**").

Specific enquiry has been made of all the Directors and all the relevant employees and they have confirmed that they have complied with the required standard set out in the Securities Dealing Code throughout the Reporting Period.

The Company has also established written guidelines no less exacting than the Model Code (the "**Dealing Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Dealing Guidelines by the relevant employees was noted by the Company.

BOARD OF DIRECTORS

The Board oversees the Company's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

As at the date of this Annual Report, the Board comprised nine Directors, consisting of five executive Directors, one non-executive Director and three independent non-executive Directors, as follows:

Executive Directors

Mr. Hui Pui Sing *(Chairman of the Board and chairman of the Nomination Committee)*
Ms. Tong Man Wah
Mr. Hui Yip Ho Eric *(Chief Executive Officer and member of the Remuneration Committee)*
Ms. Hui Wing Man Rebecca
Mr. Kong Man Ho

Non-executive Director

Mr. Ong Chor Wei

Independent Non-executive Directors

Mr. Lam Kwong Siu *(member of each of the Audit Committee and the Nomination Committee)*
Mr. Tse Yung Hoi *(member of each of the Audit Committee and the Remuneration Committee)*
Mr. Wong Hei Chiu *(Chairman of each of the Audit Committee and the Remuneration Committee and member of the Nomination Committee)*

Mr. Hui Pui Sing is the spouse of Ms. Tong Man Wah, and the father of Mr. Hui Yip Ho Eric and Ms. Hui Wing Man Rebecca. Save as disclosed above, there are no family or other material/ relevant relationships among the members of the Board.

The biographical information of the Directors as at the date of this Annual Report are set out in the section headed "Biographical Details of Directors and Senior Management" in this Annual Report.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Hui Pui Sing and Mr. Hui Yip Ho Eric respectively. The Chairman provides leadership for the Board and is responsible for corporate strategic planning, overall business development, management, decision making and business development strategies of the Group. The Chief Executive Officer oversees the operation of Company's fleet cards business and the Group's overall corporate management and business development strategies.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive Director and the independent non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the non-executive Director and the independent non-executive Directors is appointed for an initial term of one year commencing from the Listing Date and is subject to retirement by rotation once every three years under the articles of association of the Company (the "**Articles**").

Responsibilities, Accountabilities and Contributions of Boards and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors take decisions objectively in the interests of the Company.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The records of training and continuous professional development that have been received from the Directors for the year ended 31 March 2018 are summarized as follows:

Directors	**Type of Training** *(Note)*
Mr. Hui Pui Sing	B
Ms. Tong Man Wah	B
Mr. Hui Yip Ho Eric	B
Ms. Hui Wing Man Rebecca	B
Mr. Kong Man Ho	A
Mr. Ong Chor Wei	A & B
Mr. Lam Kwong Siu	A
Mr. Tse Tung Hoi	A
Mr. Wong Hei Chiu	A

Notes:

Types of training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

All members of the Audit Committee and the majority of the members of the Remuneration Committee and the Nomination Committee are independent non-executive Directors.

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wong Hei Chiu, Mr. Lam Kwong Siu and Mr. Tse Yung Hoi. Mr. Wong Hei Chiu is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Reporting Period, the Audit Committee held a meeting to review the annual financial results and report for the financial year ended 31 March 2018 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, re-appointment of external auditors, connected transactions and arrangements for employees to raise concerns about possible improprieties. The Audit Committee also met the external auditors once without the presence of the executive Directors and the management of the Company.

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Hui Yip Ho Eric, executive Director, and Mr. Tse Yung Hoi and Mr. Wong Hei Chiu, independent non-executive Directors. Mr. Wong Hei Chiu is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include determining the remuneration packages of all executive Directors and senior management, making recommendations to the Board on the remuneration of non-executive directors and the remuneration policy and structure for all Directors and senior management of the Company; and establishing a formal and transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will be involved in deciding his/her own remuneration.

During the Reporting Period, the Remuneration Committee met once to review the remuneration policy and structure of the Company, and determine the remuneration packages of the executive Directors and senior management and other related matters.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the senior management (except director) of the Company for the year ended 31 March 2018 by band is set out below:

	Number of individuals
Nil to HKD1,000,000	2

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Hui Pui Sing, executive Director, and Mr. Lam Kwong Siu and Mr. Wong Hei Chiu, independent non-executive Directors. Mr. Hui Pui Sing is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors, identifying individuals suitably qualified to become members of the Board and making recommendation to the Board on matters relating to the appointment or re-appointment of Directors.

The Board has adopted a Board Diversity Policy and the Nomination Committee has been delegated with the overall responsibility for implementation, monitoring and periodic review of the Board Diversity Policy. The Company believes that board diversity enhances decision-making capability and a diverse board is more effective in dealing with organizational changes and less likely to suffer from group thinking. The Company recognizes that board diversity is an essential element contributing to the sustainable development of the Company. The Company considers that the concept of diversity incorporates several different aspects, such as professional experiences, business perspectives, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. In assessing potential candidates for the Board, the Nomination Committee will consider the diversity perspectives as set out in the Board Diversity Policy.

The objectives of the Board Diversity Policy are, with the support of the shareholders, to have a Board which (i) is characterized by a broad range of views arising from different experiences when discussing business; (ii) facilitates the making of informed and critical decisions; (iii) has sustainable development as its core value; and (iv) thus, promotes the interests of all the shareholders, particularly the long-term interests of the shareholders, fairly and effectively. The achievement of these objectives will be measurable on an objective review by shareholders of the overall composition of the Board, the diversity of background and experience of individual directors and the effectiveness of the Board in promoting shareholders' interests.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would also consider the criteria as set out in the Company's Director Nomination Procedures, including but not limited to, character, integrity, qualifications, skills, knowledge, experience and other perspectives appropriate to the Company's business, and achieve board diversity, where appropriate, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee met once to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

The terms of reference of the Board for corporate governance functions include, among others, (i) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board meeting and the Board committee meetings of the Company held during the Reporting Period is set out in the table below:

	Attendance/Number of Meetings			
Name of Directors	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**
Hui Pui Sing	1/1	1/1	—	—
Tong Man Wah	1/1	—	—	—
Hui Yip Ho Eric	1/1	—	1/1	—
Hui Wing Man Rebecca	1/1	—	—	—
Kong Man Ho	1/1	—	—	—
Ong Chor Wei	1/1	—	—	—
Lam Kwong Siu	1/1	1/1	—	1/1
Tse Tung Hoi	1/1	—	1/1	1/1
Wong Hei Chiu	1/1	1/1	1/1	1/1

The Company was incorporated last year prior to the listing of its shares on the Stock Exchange. The Company is obliged to comply with the CG Code and will take appropriate arrangements for holding at least four Board meetings and two Audit Committee meetings in the forthcoming year. Apart from regular Board meetings, the Chairman will also hold meeting with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors in the forthcoming year. No general meeting was held during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee and Internal Control Consultant assist the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including sales and customers' management, production management, financial reporting and human resources.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

The management, in coordination with department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board on the effectiveness of the risk management and internal control systems for the financial year ended 31 March 2018.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the financial year ended 31 March 2018, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which sets out guidelines to the Directors, officers and all relevant employees of the Group to ensure inside information of the Company is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTOR'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2018.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report in this Annual Report.

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's external auditors in respect of audit services and non-audit services for the year ended 31 March 2018 amounted to HK$1,200,000 and HK$2,910,000.

An analysis of the remuneration paid to the external auditors of the Company, Messrs Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the year ended 31 March 2018 is set out below:

Service Category	**Fees Paid/Payable** *(HK$'000)*
Audit Services	
— Annual audit for the year ended 31 March 2018	1,200
Non-audit Services	
— As reporting accountant for the Company's listing on Main Board of the Stock Exchange	2,910
TOTAL	4,110

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The controlling shareholders of the Company (namely, Max Fortune, Mr. Hui Pui Sing, Ms. Tong Man Wah and Mr. Hui Yip Ho Eric) (the "**Controlling Shareholders**") entered into a deed of non-competition (the "**Deed of Non-competition**") with the Company (for itself and as trustee of each of its subsidiaries) on 16 January 2018.

Each Controlling Shareholder has undertaken under the Deed of Non-competition to provide to the Company and the Directors (including the independent non-executive Directors) from time to time all information necessary for the annual review by the independent non-executive Directors with regard to compliance with the terms of the Deed of Non-competition during the Restricted Period (as defined in the prospectus of the Company dated 30 January 2018) by the Controlling Shareholders and their respective close associates. Each Controlling Shareholder has also undertaken to make an annual declaration as to compliance with the terms of the Deed of Non-competition during the Restricted Period in the Company's annual report.

The independent non-executive Directors will, based on the information available to them, review on an annual basis (i) the compliance with the Deed of Non-competition; and (ii) all the decisions taken in relation to whether to pursue the new opportunity under the Deed of Non-competition. Findings of such review will be disclosed in the Company's annual report.

COMPANY SECRETARY

Ms. Ngai Kit Fong of Tricor Services Limited, external service provider, has been engaged by the Company as the company secretary. Her primary contact person at the Company is Mr. Hui Yip Ho Eric, an executive Director and the Chief Executive Officer of the Company.

In compliance with Rule 3.29 of the Listing Rules, Ms. Ngai Kit Fong has undertaken no less than 15 hours of relevant professional training for the year ended 31 March 2018.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels and a shareholders' communication policy is in place to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening Extraordinary General Meeting

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company pursuant to the Articles. Such requisition shall be made in writing to the Directors or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

If a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, pursuant to the Articles, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's head office or the office of the Company's branch share registrar as mentioned below. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

Procedures for Raising Enquiries

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Unit D, 11/F, Billion Plaza II, No. 10 Cheung Yue Street, Cheung Sha Wan, Hong Kong
Attention: Board of Directors
Tel: (852) 2728 8820
Email: cs@vicointernational.hk

Shareholders should direct their enquiries about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

Tricor Investor Services Limited
Address: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: (852) 2980 1333
Fax: (852) 2810 8185

Shareholders are encouraged to make enquires via the online enquiry form available on the Company's website at www.vicointernational.hk and are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate. The Company will not normally deal with verbal or anonymous enquiries.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

COMPANY'S CONSTITUTIONAL DOCUMENT

Due to the change of name of the Company from "Rico International Holdings Limited 域高國際控股有限公司" to "Vico International Holdings Limited 域高國際控股有限公司" effective from 19 May 2017, the Company has adopted an amended and restated memorandum and articles of association by special resolution passed on 19 May 2017. An up to date version of the Company's memorandum and articles of association is available on the Company's website and the Stock Exchange's website.

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2018.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed on 19 May 2017, the name of the Company was changed from "Rico International Holdings Limited" to "Vico International Holdings Limited".

CORPORATE REORGANISATION AND SHARE OFFER

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.

The Shares are listed on the Stock Exchange by way of placing and public offer (stock code: 1621) on the Listing Date.

In connection with the listing of the Shares on the Main Board of the Stock Exchange, the companies comprising the Group underwent a reorganisation (the "**Group Reorganisation**"). Pursuant to the Group Reorganisation, the Company became the holding company of the subsidiaries comprising the Group on 12 April 2017. Further details of the Group Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" of the Prospectus.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 26 to the consolidated financial statements. The principal activities of the Group are the operation of the business of the sales of diesel, lubricant oil and others and provision of fleet cards service.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 52 of this annual report.

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

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last four financial years is set out on page 120 of this report. This summary does not form part of the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group for the year ended 31 March 2018 are set out in note 16 to the consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 March 2018 are set out in note 23 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2018 are set out in note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 March 2018 are set out in the consolidated statement of changes in equity on page 55 and note 36 to the consolidated financial statement respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company did not have any reserves available for distribution (as at 31 March 2017: Nil).

CHARITABLE CONTRIBUTIONS

Charitable donations made by the Group during the year amounted to HK$Nil (as at 31 March 2017: Nil).

DIRECTORS

The Directors during the year ended 31 March 2018 and up to the date of this report were:

Executive Directors

Mr. HUI Pui Sing *(Chairman)* (designated as executive Director on 23 June 2017)
Ms. TONG Man Wah (designated as executive Director on 23 June 2017)
Mr. HUI Yip Ho Eric (designated as executive Director on 23 June 2017)
Ms. HUI Wing Man Rebecca (designated as executive Director on 23 June 2017)
Mr. KONG Man Ho (appointed on 23 June 2017)

Non-executive Director

Mr. ONG Chor Wei (appointed on 23 June 2017)

Independent non-executive Directors

Mr. LAM Kwong Siu (appointed on 16 January 2018)
Mr. TSE Yung Hoi (appointed on 16 January 2018)
Mr. WONG Hei Chiu (appointed on 16 January 2018)

Pursuant to articles 83(3) and 84 of the Articles, all the existing Directors, who were appointed or designated by the Board during the year, shall retire from office and being eligible for re-election at the forthcoming annual general meeting of the Company (the "**AGM**").

The Company has received annual confirmations of independence from each independent non-executive Director and as at the date of this report still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

(a) Executive Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, unless terminated by not less than three months' notice in writing served by either party on the other subject to the provision of retirement and rotation of Directors under the Articles.

(b) Non-executive Director

The non-executive Director has entered into a letter of appointment with the Company for a term of one year commencing from the Listing Date subject to the provision of retirement and rotation of Directors under the Articles. Such appointment may be terminated by not less than two months' notice in writing served by either party on the other.

(c) Independent non-executive Directors

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing from the Listing Date subject to the provision of retirement and rotation of Directors under the Articles. Such appointment may be terminated by not less than two months' notice in writing served by either party on the other.

None of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Company or its subsidiaries, as applicable) within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 18 of this annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The emolument of the Directors is recommended by the Remuneration Committee of the Company by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities and performance.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 14 and 15 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2018, the interests and short positions of the Directors and chief executive of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the shares and underlying shares of the Company

Name of Director	Nature of interest	Number of Shares[1]	Approximate shareholding percentage in the issued share capital of the Company (%)
Mr. Hui	Interest in a controlled corporation[2] and interest of spouse[3]	720,000,000 Shares (L)	72
Ms. Tong	Interest in a controlled corporation[2] and interest of spouse[3]	720,000,000 Shares (L)	72
Mr. Eric Hui	Interest in a controlled corporation[2]	720,000,000 Shares (L)	72

Notes:

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

2. Max Fortune was owned by Mr. Hui, Ms. Tong and Mr. Eric Hui as to 35%, 35% and 30%, respectively. Under the SFO, each of Mr. Hui, Ms. Tong and Mr. Eric Hui was deemed to be interested in all of the 720,000,000 Shares held by Max Fortune.

3. Mr. Hui is the spouse of Ms. Tong. Ms. Tong and Mr. Hui were deemed under the SFO to be interested in the Shares held, directly or indirectly, by Mr. Hui and Ms. Tong, respectively.

Long positions in the shares of the associated corporation (as defined in the SFO)

Name of Director	Name of associated corporation	Nature of interest	Number of shares	Description of shares	Approximate shareholding percentage of the associated corporation's issued share capital
Mr. Hui[(1)]	Max Fortune[(2)]	Beneficial interest and interest of spouse[(1)]	700	Ordinary shares	35%
Ms. Tong[(1)]	Max Fortune[(2)]	Beneficial interest and interest of spouse[(1)]	700	Ordinary shares	35%
Mr. Eric Hui	Max Fortune[(2)]	Beneficial interest	600	Ordinary shares	30%

Notes:

1. Mr. Hui is the spouse of Ms. Tong. Ms. Tong and Mr. Hui were deemed under the SFO to be interested in the shares of Max Fortune held, directly or indirectly, by Mr. Hui and Ms. Tong, respectively.

2. Max Fortune was interested in 720,000,000 Shares, representing 72% of the issued share capital of the Company. Max Fortune was therefore a holding company and an associated corporation of the Company for the purpose of the SFO.

Save for each of Mr. Hui and Mr. Eric Hui being a director of Max Fortune, as at 31 March 2018, none of the other Directors were directors or employees of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, none of the Directors or the chief executive of the Company had an interest and/or short position (as applicable) in the Shares or the underlying Shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares or the underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2018, the following persons (other than the Directors and chief executives of the Company whose interests are disclosed above) and corporations had or were deemed or taken to have an interest and/or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Nature of interest	Number of Shares[1]	Approximate shareholding percentage in the Company's issued share capital (%)
Max Fortune[2]	Beneficial owner	720,000,000 (L)	72

Notes:

(1) The Letter (L) denotes the person's long position in the Shares.

(2) Max Fortune was owned by Mr. Hui, Ms. Tong and Mr. Eric Hui as to 35%, 35% and 30%, respectively.

Save as disclosed above and those disclosed under the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares and Underlying Shares of the Company", the Directors are not aware of any other person or corporation who has any interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Company's business, to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which the Directors or an entity connected with the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries was entered into.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for those disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company" and "Share Option Scheme" in this report, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

As at 31 March 2018, other than the service contracts of the Directors, the Company did not enter into or have any management and/or administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Since the Listing Date and up to the date of this report, the Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") was conditionally adopted by the written resolutions of the shareholders of the Company on 16 January 2018

The following is a summary of the terms of the Share Option Scheme:

1. Purpose

The purpose of the Share Option Scheme is to reward Eligible Participants (as defined in paragraph (2) below) who have contributed to the Group and to encourage Eligible Participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the shareholders as a whole.

2. **Participants**

The Board may, at its absolute discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of Shares as the Board may determine at an exercise price determined in accordance with paragraph (7) below:

(A) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(B) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and

(C) any advisers, consultants, agents, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of its subsidiaries.

3. **Maximum number of Shares**

The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the total number of Shares in issue as at the date of listing of the Shares. The maximum number of Shares that may be granted under the Share Option Scheme was 100 million Shares, representing 10% of the total number of issued Shares as at the Listing Date. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. As at the date of this annual report, no share options have been granted since adoption of the Share Option Scheme and there were no outstanding share options.

4. **Maximum entitlement of each Eligible Participant**

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period up to and including the date of grant must not exceed 1% of the total number of Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit must be separately approved by the shareholders in general meeting of the Company with such Eligible Participant and his/her associates (or his/her associates if the Eligible Participant is a core connected person) abstaining from voting.

5. **Period within which the Shares must be taken up under an option**

An option must be exercised within 10 years from the date on which it is granted or such shorter period as the Board may specify at the time of grant.

6. **Minimum period, if any, for which an option must be held**

No minimum period for which the option has to be held before it can be exercised is specified in the Share Option Scheme.

7. **Basis of determining the exercise price of an option**

The exercise price shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Share.

8. **Validity of the Share Option Scheme**

The Share Option Scheme has a life of 10 years and will expire on 5 March 2028 unless otherwise terminated in accordance with the terms of the Share Option Scheme. As at the date of this annual report, the Share Option Scheme had a remaining life of approximately 10 years.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2018, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2018, the aggregate amount of turnover attributed to the Group's largest and the five largest customers accounted for 45.0% and 74.5% (2017: 39.1% and 73.9%) of the total revenue of the Group, respectively. For the year ended 31 March 2018, the Group's purchase from the largest and the five largest suppliers accounted for 96.6% and 97.8% (2017: 94.9% and 97.7%) of the total purchases of the Group, respectively. At no time during the year ended 31 March 2018 did the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) have any interest in the Group's major customers or suppliers as disclosed above.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 March 2018, the Group did not enter into any transactions which need to be disclosed as connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules. Details of the significant transactions with related parties are set out in note 31 to the consolidated financial statements. These related party transactions did not constitute connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules. Remuneration paid to key management personnel of the Group, including Directors described in notes 14 and 15 to the consolidated financial statements, are continuing connected transactions exempt from the connected transaction requirements under Rule 14A.95 of the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 19 to 32 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive or similar rights under the laws of the Caymans Islands or the Articles which would oblige the Company to offer new Shares on a pro-rata basis to the existing shareholders of the Company.

PERMITTED INDEMNITY PROVISION

The Articles provides that every Director, secretary and other officers of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company against all losses or liabilities which they may sustain or incur in or about the execution of the duties of their offices or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers' liability insurance in respect of the relevant legal actions against the Directors.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance during the year, principal risks and uncertainties facing the company and the material factors underlying its results and financial position can be found in the management discussion and analysis set out on pages 5 to 11 of this annual report. These discussions form part of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after this annual report had been published.

ANNUAL GENERAL MEETING

The 2018 AGM will be held on Monday, 3 September 2018, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, Listing Rules and other applicable laws and regulations.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three independent non-executive Directors, namely Mr. Wong Hei Chiu (committee chairman), Mr. Lam Kwong Siu and Mr. Tse Yung Hoi. Its principal duties include reviewing and supervising the Company's financial reporting process, risk management, internal control procedures and relationship with the independent auditor.

The audited consolidated financial statements of the Group for the year ended 31 March 2018 had been reviewed by the Audit Committee of the Company.

CLOSURE OF REGISTER OF MEMBERS

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. 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules since the Listing Date and up to the date of this report.

CHANGES IN DIRECTORS' INFORMATION

The changes in directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Prospectus are set out below:

(1) Mr. Tse Yung Hoi, independent non-executive Director, was re-designated as an independent non-executive director of DTXS Silk Road Investment Holdings Company Limited, a company listed on the Stock Exchange (stock code: 620), since November 2017.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 March 2018 and up to the date of this report.

AUDITORS

The consolidated financial statements have been audited by Deloitte Touche Tohmatsu who will retire and, being eligible, offer themselves for re-appointment. A resolution will be submitted to the forthcoming AGM to re-appoint Deloitte Touche Tohmatsu as the auditors of the Company.

On behalf of the Board

HUI Pui Sing
Chairman

Hong Kong, 21 June 2018

Deloitte. 德勤

TO THE MEMBERS OF VICO INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Vico International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 52 to 119, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matter that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Those matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
We identified the recoverability of trade receivables as a key audit matter due to its significance to the Group and the involvement of management judgment and estimates in evaluating the recoverability of these receivables at the end of the reporting period. Referring to notes 5 and 18 to the consolidated financial statements, the management considers the aged analysis and subsequent settlements in evaluating the recoverability of the trade receivables and determines the impairment loss on trade receivables. As at 31 March 2018, the carrying amount of trade receivables was HK$41,866,000 and no impairment loss was made.	Our procedures in relation to evaluating the recoverability of trade receivables included: • Understanding the management's assessment in relation to the collectability of trade receivables; • Testing the accuracy of the trade receivables aged analysis as at 31 March 2018 by tracing to respective sales invoices, on a sample basis; • Testing the settlements of trade receivables subsequent to the end of reporting period by tracing to bank settlement details, on a sample basis; and • Assessing the reasonableness of recoverability of trade receivables determined by the management with reference to the trade receivables aged analysis and subsequent settlements of each customer.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on sales of diesel and provision of fleet cards service	
We identified revenue recognition on sales of diesel and provision of fleet cards service as a key audit matter due to its significance to the consolidated statement of profit or loss and other comprehensive income. Referring to note 4 of the consolidated financial statements, revenue from the sales of diesel is recognised when the goods are delivered and titles have passed. Revenue from provision of fleet cards service is recognised when fleet card holders purchase petroleum from a petroleum supplier. As set out in note 6 to the consolidated financial statements, during the year ended 31 March 2018, the revenue generated from the sales of diesel and provision of fleet cards service were approximately HK$752,232,000 and HK$23,196,000, respectively.	Our procedures in relation to revenue recognition on sales of diesel and provision of fleet cards service included: • Discussing with the management and obtaining relevant agreements to understand the Group's business model, terms and agreements of the sales transactions, revenue recognition policies and key controls on the sales of diesel and provision of fleet cards service; • Testing the key controls over the sales of diesel and provision of fleet cards service, with the involvement of our information technology specialist; • Tracing the sales of diesel to the corresponding sales invoices, supplier invoices, delivery notes and monthly statements issued by the supplier, on a sample basis; • Tracing the provision of fleet cards service to the corresponding sales invoices and monthly statements issued by the supplier, on a sample basis; and • Selecting a selection of customers from the sales of diesel for arranging confirmations to confirm the sale transaction amounts with them during the year.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lam Sau Fung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

21 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	NOTES	**2018** **HK$'000**	2017 HK$'000
Revenue	6	**828,139**	671,805
Cost of sales		**(780,655)**	(630,454)
Gross profit		**47,484**	41,351
Other income, gains and losses	8	**408**	316
Selling and distribution expenses		**(4,185)**	(4,127)
Administrative expenses		**(8,993)**	(7,651)
Listing expenses		**(20,596)**	(2,394)
Other operating expenses		**(1,385)**	(1,249)
Finance costs	9	**(468)**	(589)
Profit before taxation	10	**12,265**	25,657
Income tax expense	11	**(5,449)**	(4,628)
Profit and total comprehensive income for the year		**6,816**	21,029
Profit and total comprehensive income attributable to:			
Owners of the Company		**6,816**	20,983
Non-controlling interest		**–**	46
		6,816	21,029
Earnings per share (HK cents)			
— Basic	13	**0.96**	3.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current asset			
Property, plant and equipment	16	**20,650**	22,560
Current assets			
Inventories	17	**5,408**	5,953
Trade and other receivables	18	**56,302**	56,302
Amount due from ultimate holding company	19(i)	**8**	8
Loan to a related company	19(ii)	**–**	1,814
Taxation recoverable		**211**	269
Time deposits	20	**1,007**	1,000
Bank balances and cash	20	**94,091**	15,542
		157,027	80,888
Current liabilities			
Trade and other payables	21	**7,176**	2,970
Amounts due to directors	19(iii)	**–**	33,173
Obligations under finance leases	22	**257**	307
Taxation payable		**872**	1,189
Bank borrowings	23	**16,350**	19,971
		24,655	57,610
Net current assets		**132,372**	23,278
Total assets less current liabilities		**153,022**	45,838

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Obligations under finance leases	22	–	257
Deferred tax liabilities	24	237	266
		237	523
		152,785	45,315
Capital and reserves			
Share capital	25	10,000	86
Reserves		142,785	45,229
Total equity		152,785	45,315

The consolidated financial statements on pages 52 to 119 were approved and authorised for issue by the Board of Directors on 21 June 2018 and are signed on its behalf by:

HUI PUI SING
DIRECTOR

TONG MAN WAH
DIRECTOR

For the year ended 31 March 2018

	Attributable to owners of the Company					Non-	
	Share capital	Share premium	Capital reserve	Retained profits	Total	controlling interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	79	–	–	28,736	28,815	463	29,278
Profit and total comprehensive income for the year	–	–	–	20,983	20,983	46	21,029
Issue of shares (Note 2)	86	–	–	–	86	–	86
Dividend distribution (Note 12)	–	–	–	(5,000)	(5,000)	–	(5,000)
Acquisition of partial interest of Yee Sing Logistics (as defined in Note 2) (note i)	1	–	508	–	509	(509)	–
Arising from the Group Reorganisation (as defined in Note 2) (note ii)	(80)	–	2	–	(78)	–	(78)
At 31 March 2017	**86**	**–**	**510**	**44,719**	**45,315**	**–**	**45,315**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**6,816**	**6,816**	**–**	**6,816**
Arising from the Group Reorganisation (note iii)	**(86)**	**–**	**86**	**–**	**–**	**–**	**–**
Issue of shares upon listing of the Company (Note 25(f))	**2,500**	**85,000**	**–**	**–**	**87,500**	**–**	**87,500**
Issue of shares upon capitalisation of amount due to a director (Note 25(d))	**–**	**–**	**27,676**	**–**	**27,676**	**–**	**27,676**
Issue of shares pursuant to the Capitalisation Issue as defined in Note 25(e))	**7,500**	**(7,500)**	**–**	**–**	**–**	**–**	**–**
Cost issuing new shares	**–**	**(14,522)**	**–**	**–**	**(14,522)**	**–**	**(14,522)**
At 31 March 2018	**10,000**	**62,978**	**28,272**	**51,535**	**152,785**	**–**	**152,785**

notes:

(i) During the year ended 31 March 2017, Mr. Hui Pui Sing ("Mr. Hui") has acquired 10% equity interest in Yee Sing Logistics at a consideration of approximately HK$555,000 which is accounted for as deemed contribution and is credited to capital reserve.

(ii) Amounts represents difference between the nominal value of share capital issued by Billion Harvest (as defined in Note 2) for the acquisition of the entire interests in the operating subsidiaries namely Carmen Logistics, Yee Sing Logistics, Yee Sing Hong, Grand Wealthy, Billion Faith and Tien Fung Hong (as defined in Note 2) and the nominal value of share capital of these operating subsidiaries.

(iii) The amount represents the difference between the nominal value of the share capital issued by the Company for the acquisition of the entire interests in Billion Harvest and the nominal value of share capital of Billion Harvest.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**12,265**	25,657
Adjustments for:		
Depreciation of property, plant and equipment	**2,136**	2,647
Interest income	**(86)**	(57)
Finance costs	**468**	589
Reversal of allowance for inventories	**(255)**	(458)
Gain on disposal of property, plant and equipment	**–**	(237)
Operating cash flows before movements in working capital	**14,528**	28,141
Decrease in inventories	**800**	376
Increase in trade and other receivables	**–**	(13,235)
Increase in trade and other payables	**4,206**	837
Cash generated from operations	**19,534**	16,119
Hong Kong Profits Tax paid	**(5,737)**	(6,587)
NET CASH FROM OPERATING ACTIVITIES	**13,797**	9,532
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(226)**	(1,106)
Placement of time deposits	**(7)**	(1,000)
Proceeds from disposal of property, plant and equipment	**–**	360
Repayment of loan to a related company	**1,814**	541
Interest received	**86**	57
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**1,667**	(1,148)

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES		
Repayment of bank borrowings	(3,621)	(5,029)
Repayment of obligations under finance leases	(307)	(667)
Interest paid	(468)	(589)
Advances from directors	–	18,158
Repayment of amounts due to directors	(5,497)	(19,963)
Proceeds from issue of shares	87,500	–
Expenses paid in connection with the issue of new shares	(14,522)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	63,085	(8,090)
NET INCREASE IN CASH AND CASH EQUIVALENTS	78,549	294
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	15,542	15,248
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR representing bank balances and cash	94,091	15,542

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 has been changed from "Rico International Holdings Limited" to "Vico International Holdings Limited".

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

The consolidated financial statements have been prepared based on the accounting policies set out in Note 4 which conform with Hong Kong Financial Reporting Standards ("HKFRSs") and the principle of merger accounting (details are set out below).

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, son of Mr. Hui and Ms. Tong, 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").

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Group Reorganisation comprises the following steps:

(i) On 21 March 2017, Max Fortune was incorporated in 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.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(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.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(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 have been prepared as if the Company had always been the holding company of the Group.

In applying AG5, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended 31 March 2017 and 2018 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 years ended 31 March 2017 and 2018 or since the respective date of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2017 had been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure except for the 10% equity interest in Yee Sing Logistics as stated above has been in existence at those dates, taken into account the respective dates of incorporation.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 Financial Instruments: Recognition and Measurement. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HKFRS 9 *Financial Instruments* (Continued)

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement

All financial assets and financial liabilities will continue to be measured on the same basis as are currently measured under HKAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, there will be no material impact to the accumulated amount of impairment loss to be recognised by Group as at 1 April 2018 as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HKFRS 15 *Revenue from Contracts with Customers* (Continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group mainly recognises revenue from the following major sources:

- Sales of diesel
- Provision of fleet cards service
- Sales of lubricant oil
- Sales of others

Currently under HKAS 18, the Group is acting as a principal in its sales of diesel, lubricant oil and others; and acting as an agent in its provision of fleet cards service. The Group considers itself acting as a principal in its sales of diesel, lubricant oil and others due to its significant exposure to credit risk of customers and latitude in establishing prices. HKFRS 15 has established new requirements and guidance on the identification of performance obligation(s) for each distinct good or service promised to its customers; the allocation of transaction prices to the corresponding performance obligation(s); the impact on variable consideration as a result of estimated sales discounts and other similar allowances; and the principal versus agent considerations.

The directors of the Company assess that there will be no material impact on revenue from the provision of fleet cards service, sales of lubricant oil and others. However, the directors of the Company are still in the process of assessing the full impact of the application of HKFRS 15 on the consolidated financial statements in respect of the sales of diesel. In addition, the application of HKFRS 15 in the future may result in a change of presentation and more disclosures in the consolidated financial statements but will not have a material impact on the results of the Group.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HKFRS 16 *Leases* (Continued)

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group had non-cancellable operating lease commitments of HK$755,000 (2017: HK$2,202,000) as disclosed in Note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$19,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for services rendered.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements are determined on such a basis, except for leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the asset and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. Gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Merger accounting for business combination involving business under common control

The consolidated financial statements incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been consolidated from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated sale discounts and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sales of diesel, lubricant oil and others are recognised when the goods are delivered and titles have passed.

Revenue from provision of fleet cards service is recognised on a net basis, based on difference between gross proceeds received and receivables from fleet card holders and gross amounts paid and payable to petroleum supplier, when fleet card holders purchase petroleum from a petroleum supplier.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in, first out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from ultimate holding company, loan to a related company, time deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables, where the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities, including trade and other payables, amounts due to directors and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulated gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRSs requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages, salaries and annual leave) after deducting any amount already paid.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of trade receivables

The recoverability of trade receivables of the Group is based on evaluation of recoverability by the management judgement and estimates. The management considers the aged analysis and subsequent settlements in evaluating the recoverability of the trade receivables and determines the impairment loss on trade receivables. As at 31 March 2018, the carrying amount of trade receivables was HK$41,866,000 (2017: HK$27,736,000) as disclosed in Note 18. The directors of the Company consider that no impairment loss was required as at 31 March 2018 and 2017.

6. REVENUE

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

	2018	2017
	HK$'000	*HK$'000*
An analysis of the Group's revenue for the year is as follows:		
Sales of diesel	**752,232**	598,279
Sales of lubricant oil	**49,351**	49,109
Provision of fleet cards service	**23,196**	20,350
Sales of others	**3,360**	4,067
	828,139	671,805

7. 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.

7. SEGMENT INFORMATION (CONTINUED)

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

7. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 March 2017

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. 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.

7. SEGMENT INFORMATION (CONTINUED)

Other segment information

For the year ended 31 March 2018

	Sales of diesel	**Provision of fleet cards service**	**Sales of lubricant oil**	**Sales of others**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
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)**

For the year ended 31 March 2017

	Sales of diesel	Provision of fleet cards service	Sales of lubricant oil	Sales of others	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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)

7. SEGMENT INFORMATION (CONTINUED)

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	2017
	HK$'000	*HK$'000*
Hong Kong	**826,893**	669,956
Macau	**1,246**	1,849
	828,139	671,805

The Group's property, plant and equipment 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:

	2018	2017
	HK$'000	*HK$'000*
Customer A[1]	**372,613**	262,469
Customer B[1]	**N/A[2]**	124,981
Customer C[1]	**113,052**	N/A[2]

1 Revenue from sales of diesel and lubricant oil.

2 Revenue from the customer is less than 10% of the total revenue of the Group.

8. OTHER INCOME, GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
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
	408	316

9. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest expenses on:		
Bank borrowings	**449**	553
Obligations under finance leases	**19**	36
	468	589

10. PROFIT BEFORE TAXATION

	2018 HK$'000	2017 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Directors' remuneration (Note 14)	**922**	662
Other staff costs:		
Salaries and other allowances	**4,767**	4,232
Retirement benefit scheme contributions	**221**	178
Total staff costs	**5,910**	5,072
Auditor's remuneration	**1,200**	780
Cost of inventories recognised as an expense	**772,524**	621,428
Reversal of allowance for inventories (included in cost of sales) (note)	**(255)**	(458)
Depreciation of property, plant and equipment	**2,136**	2,647
Minimum operating lease rental in respect of carparks, office premises and warehouse	**1,619**	1,506

note: The reversal of allowance for inventories was arisen from the sale of slow-moving inventories, of which provision was made previously, over their net realisable value during the year ended 31 March 2018 and 31 March 2017.

11. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax:		
Current tax	**5,478**	4,660
Overprovision in prior years	**–**	–
	5,478	4,660
Deferred taxation (Note 24)	**(29)**	(32)
Income tax expense for the year	**5,449**	4,628

11. INCOME TAX EXPENSE (CONTINUED)

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.

The income tax expense for the year can be reconciled to profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	2018 *HK$'000*	2017 *HK$'000*
Profit before taxation	**12,265**	25,657
Tax at Hong Kong Profits Tax rate of 16.5%	**2,024**	4,233
Tax effect of income not taxable for tax purpose	**14**	—
Tax effect of expense not deductible for tax purpose	**3,428**	395
Tax effect of tax losses not recognised	**—**	21
Tax effect of utilisation of tax losses previously not recognised	**(28)**	—
Tax concession (note)	**(90)**	(60)
Others	**101**	39
Income tax expense for the year	**5,449**	4,628

note: During the years ended 31 March 2018 and 31 March 2017, three subsidiaries entitled tax concession of HK$30,000 and HK$20,000 for each of the respective years.

12. 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 ended 31 March 2017 as follows:

	2017 *HK$'000*
Yee Sing Hong	5,000

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.

13. 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 ordinary shares in issue during the year ended 31 March 2018 of approximately 710,866,000 (2017: 680,810,000) on the assumption that the Capitalisation Issue as defined in Note 25(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 25(d).

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

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable by the Group to the directors of the subsidiaries who were appointed as the directors of the Company for both years for their services rendered are as follow:

Executive directors

For the year ended 31 March 2018

	Directors' fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:				
Mr. Hui	–	195	11	206
Ms. Tong	–	130	6	136
Ms. Rebecca Hui	–	130	6	136
Mr. Eric Hui	–	130	6	136
Mr. Kong Man Ho ("Mr. Kong")	–	132	7	139
Non-executive director:				
Mr. Ong Chor Wei	25	–	–	25
Independent non-executive directors:				
Mr. Lam Kwong Siu	48	–	–	48
Mr. Tse Yung Hoi	48	–	–	48
Mr. Wong Hei Chiu	48	–	–	48
Total	169	717	36	922

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

Executive directors (Continued)

For the year ended 31 March 2017

	Directors' fees	Salaries and other benefits	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Hui	120	—	—	120
Ms. Tong	120	—	—	120
Ms. Rebecca Hui	—	106	5	111
Mr. Eric Hui	200	106	5	311
Total	440	212	10	662

Mr. Hui, Ms. Tong, Mr. Eric Hui and Ms. Rebecca Hui were appointed as executive directors of the Company on 24 March 2017. Mr. Kong was appointed as executive director of the Company on 23 June 2017. Each of Mr. Hui, Ms. Tong, Mr. Eric Hui and Ms. Rebecca Hui were redesignated as executive directors of the Company and Mr. Hui and Mr. Eric Hui were appointed as the chairman of the board of directors and chief executive officer of the Company, respectively on 23 June 2017. None of the directors or the chief executive waived or agreed to waive any emoluments during both years.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

Non-executive director

Mr. Ong Chor Wei was appointed as non-executive director of the Company on 23 June 2017.

The non-executive directors' emoluments shown above were for their services as directors of the Company.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

Independent non-executive directors

Mr. Lam Kwong Siu, Mr. Tse Yung Hoi and Mr. Wong Hei Chiu were appointed as independent non-executive directors of the Company on 16 January 2018.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

15. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group during the year ended 31 March 2018 include nil director (2017: one director), details of whose emoluments are set out in Note 14 above. Details of the emoluments of the remaining five (2017: four) individuals who are neither a director nor chief executive of the Company are as follows:

	2018 ***HK$'000***	2017 *HK$'000*
Salaries and other benefits	**1,321**	975
Retirement benefit scheme contributions	**62**	44
	1,383	1,019

The emoluments were within the following bands:

	2018	2017
Not exceeding HK$1,000,000	**5**	4

During the year, no emoluments were paid by the Group to any of the directors of the Company or the chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 April 2016	19,239	2,164	1,801	11,145	34,349
Additions	–	–	425	681	1,106
Disposals/write-off	–	(30)	(19)	(999)	(1,048)
At 31 March 2017	19,239	2,134	2,207	10,827	34,407
Additions	–	9	184	33	226
Disposals/write-off	–	–	(1)	–	(1)
At 31 March 2018	**19,239**	**2,143**	**2,390**	**10,860**	**34,632**
DEPRECIATION					
At 1 April 2016	1,184	280	1,295	7,366	10,125
Provided for the year	583	64	195	1,805	2,647
Eliminated on disposals/ write-off	–	(7)	(19)	(899)	(925)
At 31 March 2017	1,767	337	1,471	8,272	11,847
Provided for the year	583	64	257	1,232	2,136
Eliminated on disposals/ write-off	–	–	(1)	–	(1)
At 31 March 2018	**2,350**	**401**	**1,727**	**9,504**	**13,982**
CARRYING VALUES					
At 31 March 2018	**16,889**	**1,742**	**663**	**1,356**	**20,650**
At 31 March 2017	17,472	1,797	736	2,555	22,560

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold land and building	Over the term of the relevant lease
Leasehold improvements	Over the shorter of the term of the relevant lease or 5 years
Furniture, fixtures and equipment	Over 5 years
Motor vehicles	Over 3 to 5 years

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.

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.

The leasehold land and building is located in Hong Kong.

17. INVENTORIES

	2018	2017
	HK$'000	*HK$'000*
Raw materials	**670**	192
Finished goods	**4,738**	5,761
	5,408	5,953

18. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
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
Total trade and other receivables	**56,302**	56,302

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

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	2017
	HK$'000	*HK$'000*
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
	41,866	27,736

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. For trade receivables which are neither past due nor impaired as at the reporting date, the Group has not provided for impairment loss as these debtors have good repayment history and credit quality and there has not been a significant change in credit quality. Recoverability of the existing customers is reviewed by the Group regularly.

As at 31 March 2018, included in the Group's trade receivables balances were receivables with aggregate carrying amounts of HK$3,981,000 (2017: HK$2,580,000), which are past due for which the Group has not provided for impairment loss as these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable. Accordingly, the directors of the Company believe that no impairment loss was required. The Group does not hold any collateral over these balances.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Aged analysis of trade receivables which are past due but not impaired based on invoice date

	2018	2017
	HK$'000	*HK$'000*
Overdue for:		
0–30 days	**1,739**	1,921
31–60 days	**1,697**	630
61–90 days	**545**	29
Over 90 days	**–**	–
	3,981	2,580

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of each reporting period.

19. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY/LOAN TO A RELATED COMPANY/AMOUNTS DUE TO DIRECTORS

(i) Amount due from ultimate holding company

	As at 31 March		**Maximum balance outstanding for the year ended 31 March**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Max Fortune	**8**	8	**8**	8

The amount is non-trade related, unsecured, interest-free and repayable on demand.

19. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY/LOAN TO A RELATED COMPANY/AMOUNTS DUE TO DIRECTORS (CONTINUED)

(ii) Loan to a related company

	As at 31 March		Maximum balance outstanding for the year ended 31 March	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Evertex Holdings Limited ("Evertex") (note)	**–**	1,814	**1,814**	2,355

note: Mr. Hui and Ms. Tong hold 25% of shares, respectively in Evertex.

The amount was unsecured, bearing interest of 2.75% per annum and repayable by monthly installments till 30 April 2020. In addition, the amount was guaranteed by Mr. Hui and Mr. Chu Kwai Sang, an independent third party.

In accordance to terms and conditions of the loan agreement entered into between the Group and Evertex, the Group had an unconditional right to call the loans at any time. In addition, the directors of the Company represented that the Group would request for settlement from Evertex upon listing of the Company's shares on the Stock Exchange. Therefore, the balances of HK$1,814,000 as at 31 March 2017 are classified as current assets. The amount was fully settled during the year.

19. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY/LOAN TO A RELATED COMPANY/AMOUNTS DUE TO DIRECTORS (CONTINUED)

(iii) Amounts due to directors

	2018	2017
	HK$'000	*HK$'000*
Mr. Hui	–	29,688
Ms. Tong	–	3,285
Mr. Eric Hui	–	200
	–	33,173

The amounts were non-trade related, unsecured, interest-free and repayable on demand.

20. TIME DEPOSITS AND BANK BALANCES AND CASH

As at 31 March 2018, time deposits with original maturity more than three months carried at a fixed interest rate of 0.02% (2017: 0.02%) per annum.

Bank balances and cash comprise cash on hand and bank balances. As at 31 March 2018, bank balances carried interest at prevailing market interest rates which were 0.01% (2017: 0.01%) per annum.

21. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**1,976**	645
Trade deposits received	**536**	582
Accrued listing expenses	**1,964**	200
Other payables and accruals	**2,700**	1,543
Total trade and other payables	**7,176**	2,970

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:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**1,976**	645

22. OBLIGATIONS UNDER FINANCE LEASES

As at 31 March 2018, the Group leased its motor vehicles under finance leases. The lease terms are 1 to 2 years (2017: ranging from 1 to 2 years) and interest rate underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.80% to 2.50% per annum (2017: ranging from 1.80% to 4.80% per annum).

	Minimum lease payments		**Present value of minimum lease payments**	
	As at 31 March		**As at 31 March**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases:				
Within one year	**262**	326	**257**	307
In more than one year but not more than two years	**–**	262	**–**	257
	262	588	**257**	564
Less: future finance charges	**(5)**	(24)		
Present value of lease obligations	**257**	564		
Less: Amount due for settlement within twelve months (shown under current liabilities)			**(257)**	(307)
Amount due for settlement after twelve months			**–**	257

23. BANK BORROWINGS

	2018 **HK$'000**	2017 *HK$'000*
Bank borrowings:		
Secured and guaranteed bank loans	**16,350**	19,971
Analysis by:		
Bank borrowings repayable within one year (note)	**2,458**	3,444
Carrying amount of bank borrowings that are not repayable within one year but contain a repayment on demand clause (shown as current liabilities)	**13,892**	16,527
Amounts due within one year shown under current liabilities	**16,350**	19,971
The carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable*:		
Within one year	**2,458**	3,444
Within a period of more than one year but not exceeding two years	**2,519**	2,635
Within a period of more than two years but not exceeding five years	**7,944**	7,749
Within a period of more than five years	**3,429**	6,143
	16,350	19,971

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

note: All bank borrowings contain a repayment on demand clause and are shown under current liabilities.

23. BANK BORROWINGS (CONTINUED)

All bank loans were secured by charges either over leasehold land and building of the Group or certain properties held by Mr. Hui and related parties, of which Mr. Hui/Ms. Tong are the controlling shareholders. In addition, these borrowings are also guaranteed either by Mr. Hui and Ms. Tong or related companies, of which Mr. Hui/Ms. Tong are the controlling shareholders. Details are as follows:

	2018	2017
	HK$'000	*HK$'000*
Carrying amounts of bank loans that are:		
Secured by leasehold land and building of the Group and guaranteed by Mr. Hui and Ms. Tong	**–**	6,154
Secured by leasehold land and building of the Group	**16,350**	–
Secured by leasehold land and building of Mr. Hui and guaranteed by Mr. Hui and Ms. Tong	**–**	1,223
Secured by leasehold land and building of related companies and guaranteed by Mr. Hui, Ms. Tong and related companies	**–**	12,594
	16,350	19,971

The pledge of properties held by Mr. Hui and the related parties and guarantees provided by Mr. Hui, Ms. Tong and the related companies have been released during the year ended 31 March 2018.

As at 31 March 2018, the bank loans carry interests at Hong Kong Prime Rate ("HK Prime Rate") less 0.25% to 2.75% per annum (2017: HK Prime Rate less 0.25% to 2.70% per annum). The effective interest rates of the bank loans as at 31 March 2018 (which are also equal to contractual interest rate) range from 2.4% to 2.5% (2017: from 2.1% to 2.7%).

24. DEFERRED TAXATION

The Group's deferred tax liabilities (assets) recognised as at 31 March 2018 relating to accelerated tax depreciation of property, plant and equipment and tax losses and movement are as follows:

	Accelerated tax depreciation	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2016	503	(205)	298
(Credit) charge to profit or loss	(103)	71	(32)
At 31 March 2017	400	(134)	266
(Credit) charge to profit or loss	(59)	30	(29)
At 31 March 2018	**341**	**(104)**	**237**

The Group has unused tax losses of HK$691,000 as at 31 March 2018 (2017: HK$1,044,000) available to offset against future profits. The unused tax loss may be carried forward indefinitely. Deferred tax assets have been recognised in respect of HK$630,000 of such losses as at 31 March 2018 (2017: HK$812,000). No deferred tax asset has been recognised in respect of the remaining HK$61,000 as at 31 March 2018 (2017: HK$232,000) due to the unpredictability of future profit streams.

25. 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.

25. SHARE CAPITAL (CONTINUED)

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

	As at 1 April 2016 *HK$'000*
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	9
	79

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

25. SHARE CAPITAL (CONTINUED)

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

	Number of share	Share capital
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 24 March 2017 (date of incorporation) (note a)	38,000,000	380
Increase in authorised share capital (note b)	9,962,000,000	99,620
	10,000,000,000	100,000
Issued and fully paid:		
At 24 March 2017 (date of incorporation) and 31 March 2017 (note a)	1	—*
Issued on 12 April 2017 (date of completion of the Group Reorganisation) (note c)	749	—*
Issue of shares upon capitalisation of amount due to a director on 30 January 2018 (note d)	250	—*
Issue of shares pursuant to the Capitalisation Issue (note e)	749,999,000	7,500
Issue of shares upon listing of the Company (note f)	250,000,000	2,500
At 31 March 2018	**1,000,000,000**	**10,000**

* Less than HK$1,000.

25. SHARE CAPITAL (CONTINUED)

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.

26. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place the date of incorporation/ establishment	Issued and fully paid capital		Shareholding/equity interest attributable to the Company as at		Proportion ownership interest held by the Company Directly		Proportion ownership interest held by the Company Indirectly		Principal activities
		31 March 2017	**31 March 2018**	31 March 2017	**31 March 2018**	31 March 2017	**31 March 2018**	31 March 2017	**31 March 2018**	
Billion Harvest	BVI, 5 January 2017	US$11,000	**US$11,000**	100%	**100%**	100%	**100%**	–	**–**	Investment holding
Billion Faith 億暉(香港)有限公司	Hong Kong, 17 October 2005	HK$10,000	**HK$10,000**	100%	**100%**	–	**–**	–	**100%**	Provision of fleet cards service and handling sales of lubricant oil for the Group's subsidiaries
Carmen Logistics 裕豪物流有限公司	Hong Kong, 19 March 2012	HK$2	**HK$2**	100%	**100%**	–	**–**	–	**100%**	Provision of transportation services to the Group's subsidiaries
Diamond Decade	BVI, 23 January 2017	US$1,000	**US$1,000**	100%	**100%**	–	**–**	–	**100%**	Investment holding
Grand Wealthy 駿滙集團有限公司	Hong Kong, 12 March 2003	HK$10,000	**HK$10,000**	100%	**100%**	–	**–**	–	**100%**	Provision of fleet cards service
Tien Fung Hong 佃豐行集團有限公司	Hong Kong, 4 February 2004	HK$50,000	**HK$50,000**	100%	**100%**	–	**–**	–	**100%**	Provision of fleet cards service and handling sales of lubricant oil for the Group's subsidiaries
Trillion Star	BVI, 1 December 2016	US$1,000	**US$1,000**	100%	**100%**	–	**–**	–	**100%**	Investment holding
Tycoon City	BVI, 28 November 2016	US$1,000	**US$1,000**	100%	**100%**	–	**–**	–	**100%**	Investment holding
Yee Sing Hong 義盛行石油化工有限公司	Hong Kong, 1 February 2002	HK$200	**HK$200**	100%	**100%**	–	**–**	–	**100%**	Sales of diesel, lubricant oil and others
Yee Sing Logistics 義盛物流運輸有限公司	Hong Kong, 20 September 2002	HK$10,000	**HK$10,000**	100%	**100%**	–	**–**	–	**100%**	Provision of transportation services to the Group's subsidiaries

None of the subsidiaries had issued any debt securities at the end of the year.

27. PLEDGED ASSETS

At the end of the reporting period, the Group has following assets being pledged:

	2018	2017
	HK$'000	*HK$'000*
Leasehold land and building	**16,889**	17,472
Motor vehicles	**303**	553
	17,192	18,025

28. CONTINGENT LIABILITIES

	2018	2017
	HK$'000	*HK$'000*
Corporate guarantees given to the banks in respect of banking facilities granted to its related companies (note)		
— Evertex	–	3,800
— Tech Famous International Limited	–	3,680
	–	7,480
Utilised amount of banking facilities by the related companies	–	4,792

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

The directors of the Company represent that the fair values of the above corporate guarantees were insignificant and they were released during the year ended 31 March 2018.

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). As at 31 March 2018, the facilities are secured by charges over leasehold land and building of the Group. As at 31 March 2017, the facilities were secured by charges over either leasehold land and building of the Group or certain properties held by Mr. Hui and related parties, of which Mr. Hui/Ms. Tong are the controlling shareholders. The facilities were also guaranteed either by Mr. Hui and Ms. Tong and related companies, of which Mr. Hui/Ms. Tong were the controlling shareholders. All the secured properties held by Mr. Hui and related parties, guarantees from Mr. Hui, Ms. Tong and related parties were released during the year ended 31 March 2018.

29. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of carparks, office premises and warehouse which fall due as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**726**	1,562
In the second year to fifth year inclusive	**29**	640
	755	2,202

Included in the above is lease commitment with related parties and Mr. Hui as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**640**	1,536
In the second year to fifth year inclusive	**–**	640
	640	2,176

Leases are for a term of 2 years and rentals are fixed for an average of 2 years (2017: 2 years).

30. RETIREMENT BENEFIT PLANS

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at a rate of 5% specified in the rules, but subject to a cap. The only obligation of the Group with respect of MPF Scheme is to make the required contributions at rate specified under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

During the year ended 31 March 2018, the total expenses recognised in profit or loss of HK$257,000 (2017: HK$188,000) represent contributions paid or payable to the scheme by the Group.

30. RETIREMENT BENEFIT PLANS (CONTINUED)

At the end of each reporting period, there were no forfeited contributions which arose upon employees leaving the scheme prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

31. RELATED PARTY DISCLOSURES

(a) During the year, other than those disclosed in other notes, the Group entered into the following significant transactions with related parties:

Related parties	**Nature of transactions**	**2018** **HK$'000**	2017 HK$'000
Yee Sing Hong Petroleum Products Limited ("Yee Sing Hong Petroleum") (note)	Rental expense paid	**336**	321
Bright Ford Development Limited (note)	Rental expense paid	**576**	576
Sunny Gainer Investment Limited (note)	Rental expense paid	**288**	288
Evertex	Interest income received	**78**	57
Mr. Hui	Rental expense paid	**336**	321

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

(b) Details of the balances with related companies are set out in the consolidated statements of financial position and in Note 19.

(c) Details of corporate guarantees given to the banks in respect of banking facilities granted to the related companies are set out in Note 28.

(d) Details of personal guarantees, corporate guarantees and pledges given by Mr. Hui, Ms. Tong and related parties are set out in Note 23.

(e) The compensation paid to the directors of the Company who are also key management personnel was disclosed in Note 14.

32. MAJOR NON-CASH TRANSACTION

(a) During the year ended 31 March 2018, amount due to a director, Mr. Hui, of HK$27,676,000 were settled through allotment and issue of 250 shares of the Company.

(b) During the year ended 31 March 2017, all dividends declared to the Controlling Shareholders were settled through amounts due to directors.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes amounts due to directors, obligations under finance leases and bank borrowings disclosed in Notes 19, 22 and 23, net of cash and cash equivalent, and equity attributable to owners of the Group, comprising issued share capital, share premium, capital reserve and retained profits.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends as well as the issue of new debt or redemption of existing debt.

34. FINANCIAL INSTRUMENTS

34a. Categories of financial instruments

	2018	2017
	HK$'000	*HK$'000*
The Group		
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**142,888**	48,334
Financial liabilities		
Amortised cost	**18,326**	53,789
Obligations under finance leases	**257**	564

34. FINANCIAL INSTRUMENTS (CONTINUED)

34b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from ultimate holding company, loan to a related company, time deposits, bank balances and cash, trade and other payables, amounts due to directors and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 20) and variable-rate bank borrowings (Note 23). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on ongoing basis and will consider hedging any significant interest rate risks.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates arising from the Group's bank balances and HK Prime Rate arising from the Group's variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank balances and variable-rate bank borrowings. The analysis is prepared assuming the variable-rate bank balances and variable-rate bank borrowings at the end of the reporting period were outstanding for the whole year. 20 basis points for bank balances and 50 basis points for bank borrowings represent management's assessment of the reasonably possible change in interest rates.

If interest rates have been 20 basis points for bank balances and 50 basis points for bank borrowings higher/lower and all other variables were held constant, effects on the Group's profit after taxation would increase/decrease by approximately HK$889,000 (2017: decrease/increase by approximately HK$574,000).

34. FINANCIAL INSTRUMENTS (CONTINUED)

34b. Financial risk management objectives and policies (Continued)

Credit risk

As at 31 March 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

As at 31 March 2017, other than financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group to its related companies as disclosed in Note 28.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

As at 31 March 2018, the Group has concentration of credit risk as 11% (2017: 2.3%) of the total gross trade receivables was due from the Group's largest customer and 29% (2017: 9.0%) of the total gross trade receivables was due from the five largest customers as at 31 March 2018.

In addition, the Group has concentration of credit risk on loan to a related company, the management of the Group assesses the recoverability by reviewing its financial position and results periodically and considers the credit risk to be insignificant.

34. FINANCIAL INSTRUMENTS (CONTINUED)

34b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

Liquidity and interest risk table

The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31.3.2018
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2018					
Trade payables	–	1,976	–	1,976	1,976
Obligations under finance leases	2.2	262	–	262	257
Bank borrowings	2.5	16,350	–	16,350	16,350
		18,588	–	18,588	18,583

34. FINANCIAL INSTRUMENTS (CONTINUED)

34b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk table (Continued)

	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31.3.2017
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2017					
Trade payables	–	645	–	645	645
Amounts due to directors	–	33,173	–	33,173	33,173
Obligations under finance leases	2.5	326	262	588	564
Bank borrowings	2.5	19,971	–	19,971	19,971
Financial guarantee contracts	–	7,480	–	7,480	–
		61,595	262	61,857	54,353

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2018, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$16,350,000 (2017: HK$19,971,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out below.

34. FINANCIAL INSTRUMENTS (CONTINUED)

34b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk table (Continued)

	Maturity Analysis — Bank borrowings with a repayment on demand clause based on scheduled repayments					
	Less than 1 year	**1-2 years**	**2-5 years**	**Over 5 years**	**Total undiscounted cash outflows**	**Carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2018	**2,833**	**2,833**	**8,499**	**3,708**	**17,873**	**16,350**
31 March 2017	3,898	3,011	8,499	6,541	21,949	19,971

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

34c. Fair value measurements of financial statements

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Group's consolidated financial statements approximate their fair values.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	**Obligations under finance leases**	**Amounts due to directors**	**Accrued share issue costs**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	25,000	1,231	29,978	–	56,209
Financing cash flows (note)	(5,582)	(703)	(1,805)	–	(8,090)
Finance cost recognised	553	36	–	–	589
Issue of share pursuant to capitalisation	–	–	–	–	–
Dividend declared (Notes 12 and 32(b))	–	–	5,000	–	5,000
At 31 March 2017	19,971	564	33,173	–	53,708
Financing cash flows (note)	(4,071)	(325)	(5,497)	–	(9,893)
Finance cost recognised	450	18	–	–	468
Issue of share pursuant to capitalisation	–	–	(27,676)	–	(27,676)
Share issue costs paid during the year	–	–	–	(14,522)	(14,522)
Accrual of share issue cost	–	–	–	14,522	14,522
At 31 March 2018	**16,350**	**257**	**–**	**–**	**16,607**

note: The cash flows represent the repayment of bank borrowings, interest paid, repayment of obligations under finance leases and advances and repayment of amounts due to directors in the consolidated statement of cash flows.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

A summary of the statement of financial position of the Company as at 31 March 2018 and 31 March 2017 are as follows:

	2018	2017
	HK$'000	*HK$'000*
The Company		
Non-current asset		
Investment in a subsidiary	**52,036**	–
Amounts due from subsidiaries	**17,665**	–
	69,701	–
Current assets		
Amount due from ultimate holding company	**–**	–*
Bank balances and cash	**59,475**	–
	59,475	–*
Current liability		
Accruals	**2,133**	–
Net current assets	**57,342**	–
Total assets less current liabilities	**127,043**	–
Capital and reserves (note i)		
Share capital	**10,000**	–*
Share premium	**62,978**	–
Capital reserve (note ii)	**74,832**	–
Accumulated losses	**(20,767)**	–
Total equity	**127,043**	–

* Less than HK$1,000.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

notes:

(i) Details of the reserves movement are shown as below:

	Share premium	Capital reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 24 March 2017 (date of incorporation) and 1 April 2017	–	–	–	–
Loss and total comprehensive expense for the year	–	–	(20,767)	(20,767)
Acquisition of Billion Harvest through issue of shares (note ii)	–	47,156	–	47,156
Issue of shares upon listing of Company (note 25(f))	85,000	–	–	85,000
Cost of issuing new shares	(14,522)	–	–	(14,522)
Issue of share upon the capitalisation of amount due to a director (as defined in Note 25(d))	–	27,676	–	27,676
Issue of shares pursuant to the Capitalisation Issue (as defined in note 25(e))	(7,500)	–	–	(7,500)
At 31 March 2018	62,978	74,832	(20,767)	117,043

(ii) Capital reserve represents the difference between the net asset value of Billion Harvest Ventures Limited ("Billion Harvest") of HK$47,156,000 acquired by the Company and the nominal value of the Company's shares of HK$7 issued for the acquisition.

FINANCIAL SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last four financial years prepared on the basis set out in the notes above.

RESULTS	For the year ended 31 March			
	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**828,139**	671,805	730,471	894,725
Gross profit	**47,484**	41,351	41,880	25,465
Profit before taxation	**12,265**	25,657	26,715	11,370
Income tax expense	**(5,449)**	(4,628)	(4,358)	(1,734)
Profit for the year	**6,816**	21,029	22,357	9,636
Profit and total comprehensive income for the year attributable to the owners of the Company	**6,816**	20,983	22,219	9,475

ASSETS AND LIABILITIES	As at 31 March			
	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	**20,650**	22,560	25,982	27,467
Current assets	**157,027**	80,888	64,827	42,688
Non-current liabilities	**237**	523	862	1,347
Current liabilities	**24,655**	57,610	60,669	51,707
Net current assets (liabilities)	**132,372**	23,278	4,158	(9,019)
Total assets less current liabilities	**153,022**	45,838	30,140	18,448