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

INTERIM REPORT 2018

Contents

* Should there be any discrepancy between the English and Chinese versions, the English version shall prevail.

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

AUDITOR

SHINEWING (HK) CPA Limited
43rd Floor, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

1621

COMPANY WEBSITE

www.vicointernational.hk

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "**Board**") of directors (the "**Directors**") of Vico International Holdings Limited (the "**Company**") hereby presents the interim report of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 September 2018 (the "**Current Period**").

BUSINESS REVIEW

The Group is principally engaged in the distribution of third-party branded petrochemicals, the sales of the self-branded lubricant oil and provides fleet card services in Hong Kong. The petrochemical products of the Group include (i) diesel; (ii) lubricant oil (including self-branded lubricant oil and third-party branded lubricant oil); and (iii) other petrochemicals such as bitumen.

The Group sourced semi-finished lubricant oil in bulk volume and finished lubricant oil from overseas suppliers for the in-house blending and repackaging into wholesale and retail packs for sales in Hong Kong.

The Group is also an authorized reseller of fleet cards. As at 30 September 2018, the Group operated a total number of 33,180 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 six months ended 30 September 2018.

BUSINESS PROSPECTUS

The Group is confident that it will continue to grow mainly due to its core business, being the distribution of diesel and lubricant oil, are part of the key elements in the construction projects.

The Hong Kong Government has laid out various infrastructure projects in the pipeline, such as the Lantau Island reclamation project. Meanwhile, some of the major construction projects from the Ten Major Infrastructure Projects including, amongst others, Shatin to Central Link and West Kowloon Cultural District, together with the Third Runway of the Hong Kong International Airport, are in progress and expected to be on-going in the coming years. In anticipation of the continuous increase in construction activities in Hong Kong, the Directors expect the demand for diesel and lubricant oil will continue to grow.

Owing to the growing trend, the Group has set up a multipurpose site as the inventory storage warehouse and the blending and repackaging location for self-branded products. The site was acquired in August 2018 and is expected to bring more positive impact to the Group's business. The site can provide storage space for more equipment while improve our operational efficiency and help to manufacture more self-branded lubricant oil so as to increase our profit margin.

With its financial strength, storage capability, and enhanced operation scale, the Group will be able to navigate to adjust to the market fluctuations. The Group has also placed more emphasis on the in-house developed products in order to be more independent from the branded company and the Group believes it will be able to enjoy the benefit in the foreseeable future.

FINANCIAL REVIEW

Revenue

During the Current Period, the Group's revenue amounted to approximately HK$542.5 million, which increased by approximately 54.8% as compared to that of HK$350.5 million during the six months ended 30 September 2017 (the "**Corresponding Period**"). The increase in the sales of the diesel contributed the most to the revenue of the Group.

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$507.3 million and HK$310.4 million respectively, representing approximately 93.5% and 88.6% of the total revenue respectively.

The increase was mainly due to the increase in average selling price of diesel from HK$3.3 per litre for the Corresponding Period to HK$4.8 per litre for the Current Period.

The sales quantity of diesel also increased by approximately 13.4 million litres or 14.0% to approximately 106.5 million litres in the Current Period compared with approximately 93.1 million litres for the Corresponding Period.

The increase in sales quantity of diesel was a result of the additional advertising and marketing efforts conducted by our Group in promoting diesel.

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$21.7 million and HK$25.6 million respectively, representing approximately 4.0% and 7.3% of the total revenue respectively.

The decrease was primarily due to the decrease in the sales quantity by approximately 0.2 million litres or 10.8% to approximately 1.3 million litres in the Current Period compared with approximately 1.5 million litres in the Corresponding Period. Such decrease was mainly a result of the decrease in demand of industrial lubricant oil, primarily due to the slowdown of public construction projects, resulting from, amongst others, the slowdown of the economic growth, the significant slumps in the new flat construction volume and the trade tensions between China and the U.S in the second and the third quarters of 2018.

Provision of fleets cards service

Our income from our provision of fleet cards service decreased by approximately HK$1.8 million or 14.1% from approximately HK$12.8 million for the Corresponding Period to approximately HK$11.0 million for the Current Period. The decrease was primarily due to the slight drop in sales quantity of diesel at gas stations. Such decrease was mainly a result of the decrease in demand, resulting from the slower growth of the domestic economy since the second quarter of 2018 and the intensified market competition.

Cost of sales

The primary components of our cost of sales are diesel costs, lubricant oil costs, other petrochemicals costs and sales commissions. The purchase cost for diesel and third-party lubricant oil depends on the domestic purchase price offered by the oil suppliers, with reference to the price index such as the Europe Brent spot crude price.

For the Current Period and the Corresponding Period, our cost of sales amounted to approximately HK$520.1 million and HK$324.2 million respectively, representing an increase of approximately 60.4%. The increase in cost of sales for the Current Period was generally in line with the increase in revenue.

The purchase cost of our diesel was adjusted correspondingly in response to the changing macro consumer market and was generally correlated to the Europe Brent spot crude price. Under the increasing trend of the Europe Brent spot crude price since June 2017, our purchase costs of diesel have also increased accordingly.

Gross profit and gross profit margin

The Group recorded a decrease in gross profit, which was represented by the Group's revenue less cost of sales, by approximately HK$4.0 million or approximately 15.2% from approximately HK$26.4 million for the Corresponding Period to approximately HK$22.4 million for the Current Period. The Group's gross profit margin decreased from approximately 7.5% for the Corresponding Period to approximately 4.1% for the Current Period. The decrease in our gross profit and gross profit margin was primarily due to (i) the significant increase in the oil price while our average selling price do not fluctuate exactly at the same level due to time lags and customers' moderate price sensitivity regarding oil products. During the year, Europe Brent spot price increased from US$46.4 per barrel in June 2017 to US$78.9 per barrel in September 2018; and (ii) the decrease in our income from the provision of fleet cards service.

Selling and distribution expenses

Our selling and distribution expenses mainly consist of truck drivers' costs and benefits and depreciation. Selling and distribution expenses slightly decreased by approximately HK$75,000 or 3.7% to HK$1.9 million for the Current Period from HK$2.0 million for the Corresponding Period.

Administrative expenses

Administrative expenses increased by approximately HK$3.1 million or 79.5%, from approximately HK$3.9 million for the Corresponding Period to approximately HK$7.0 million for the Current Period, primarily due to increase in professional fees and consultancy fees after listing.

Finance costs

Our finance costs mainly consist of the interests on our interest-bearing bank borrowings and finance leases. Finance costs decreased by approximately HK$48,000 or 19.4% to HK$200,000 for the Current Period from HK$248,000 for the Corresponding Period, primarily due to the decrease in the interests of the bank borrowings.

Income tax expense

Income tax expense decreased by approximately HK$1.4 million or 42.4%, from approximately HK$3.3 million for the Corresponding Period to approximately HK$1.9 million for the Current Period with the effective tax rate of approximately 32.0% and 14.9% for the same periods. The higher effective tax rate for the Corresponding Period was primarily due to the non-deductible Listing expenses of approximately HK$9.6 million.

Profit for the Current Period

Profit for the Current Period increased by approximately HK$3.7 million or 52.9% from approximately HK$7.0 million for the Corresponding Period to approximately HK$10.7 million for the Current Period, and the Group's net profit margin was approximately 2.0% for both periods. The increase in the Group's net profit was mainly due to the one-off listing expenses of approximately HK$9.6 million incurred in the Corresponding Period. The Group would have recorded a decrease of approximately HK$5.9 million or 35.3% in net profit for the Current Period. Such decrease was primarily due to the decrease in gross profit and increase in administrative expenses as mentioned above.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group employed a total of 30 full time employees (As at 31 March 2018: 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

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

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the Current Period (For the six months ended 30 September 2017: Nil).

USE OF PROCEED FROM THE LISTING

The net proceeds from the listing amounted to approximately HK$53.2 million (after deducting all listing related expenses). The Group has, and will continue to utilise the net proceeds from the listing for the purpose consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 January 2018 (the "**Prospectus**").

The table below sets out the planned applications of the net proceeds and actual usage from 5 March 2018 (the "**Listing Date**") up to 30 September 2018.

Use of proceeds	**Percentage of total net proceeds**	**Planned applications** HK$ in million	**Actual usage up to 30 September 2018** HK$ in million	**Unutilised net proceeds as at 30 September 2018** HK$ in million
Development of our new blending site with storage facility	76.4%	40.6	40.6	—
Purchase of six new wagons and three new trucks	10.1%	5.4	1.1	4.3
Recruiting and retaining high calibre talents	11.7%	6.2	0.1	6.1
Additional working capital and other general corporate purposes	1.8%	1.0	—	1.0
	100%	53.2	41.8	11.4

The Board is not aware of any material change to the planned use of net proceeds as disclosed in the Prospectus as at the date of this report.

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

Save for the reorganisation undergone in the preparation for the listing as disclosed in the Prospectus, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Current Period.

LIQUIDITY AND CAPITAL RESOURCES

Financial resources and liquidity

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowings. The Group recorded net current assets of approximately HK$87.7 million as at 30 September 2018, compared to approximately HK$132.4 million as at 31 March 2018.

As at 30 September 2018, the Group's current assets amounted to approximately HK$109.4 million (as at 31 March 2018: HK$157.0 million) of which approximately HK$38.8 million (as at 31 March 2018: HK$94.1 million) was bank balances and cash, and approximately HK$64.0 million (as at 31 March 2018: HK$56.3 million) was trade and other receivables. The Group's current liabilities amounted to approximately HK$21.7 million (as at 31 March 2018: HK$24.7 million), including trade and other payables in the amount of approximately HK$4.1 million (as at 31 March 2018: HK$7.2 million), bank borrowings in the amount of approximately HK$14.8 million (as at 31 March 2018: HK$16.4 million) and tax payable in the amount of approximately HK$2.7 million (as at 31 March 2018: HK$0.9 million). The current ratio (which was calculated by dividing current assets by current liabilities) was 5.0 as at 30 September 2018 (as at 31 March 2018: 6.4). The gearing ratio (which was calculated based on the total debt divided by total equity multiplied by 100%) was 9.1% as at 30 September 2018 (as at 31 March 2018: 10.9%).

Capital structure

For the Current Period, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK$163.5 million. The share capital of the Company only comprises of ordinary shares. The shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange of Hong Kong Limited (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 30 September 2018, the Group had issued a letter of guarantee through the banking facilities granted, to a supplier amounting to HK$4,000,000 (31 March 2018: HK$4,300,000). The facilities are secured by corporate guarantee of the Company.

CAPITAL COMMITMENTS

As at 30 September 2018, the Group had no material off-balance sheet capital commitments.

MATERIAL CHANGES SINCE 31 MARCH 2018

Save for those disclosed in this report, there were no other material changes in the Group's financial position since the publication of the 2017/18 annual report of the Company.

CORPORATE GOVERNANCE

The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**").

The Board is of the view that during the period from the Listing Date to 30 September 2018 and throughout the period up to the date of this report, the Company has complied with the applicable code provisions as set out in the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

The Company has made specific enquiry of all the Directors and all the Directors have confirmed that they complied with the required standard set out in the Securities Dealing Code during the period from the Listing Date to 30 September 2018 and throughout the period up to the date of this report.

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

As at 30 September 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, 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 Pui Sing ("**Mr. Hui**")	Interest in a controlled corporation[2] and interest of spouse[3]	750,000,000 Shares (L)	75
Ms. Tong Man Wah ("**Ms. Tong**")	Interest in a controlled corporation[2] and interest of spouse[3]	750,000,000 Shares (L)	75
Mr. Hui Yip Ho Eric ("**Mr. Eric Hui**")	Interest in a controlled corporation[2]	750,000,000 Shares (L)	75

Notes:

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

2. Max Fortune Holdings Limited ("**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 750,000,000 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 750,000,000 Shares, representing 75% 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 30 September 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, underlying shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares, 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 30 September 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	750,000,000 (L)	75

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.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent non-executive Directors, namely Mr. Lam Kwong Siu, Mr. Tse Yung Hoi and Mr. Wong Hei Chiu. Mr. Wong Hei Chiu is the chairman of the Audit Committee. The Audit Committee has written terms of reference in compliance with the Listing Rules and the CG Code.

The Audit Committee has in conjunction with the management reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters of the Group. The Audit Committee has no disagreement with the accounting treatment adopted by the Company. The interim report of the Company for the Current Period has been reviewed by the Audit Committee.

CHANGE OF DIRECTOR'S INFORMATION SINCE THE DATE OF LAST ANNUAL REPORT

1. Mr. Tse Yung Hoi, an independent non-executive Director, was appointed as an independent non-executive director of China Tower Corporation Limited on 5 May 2018 whose shares have been listed on the Stock Exchange (Stock code: 788) since 8 August 2018.

2. Mr. Kong Man Ho, an executive Director, whose annual salary has been increased from HK$144,000 to HK$156,000.

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 interim 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 interim report, the Share Option Scheme had a remaining life of approximately 10 years.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF VICO INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Vico International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 54, which comprise the condensed consolidated statement of financial position as at 30 September 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
19 November 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		Six months ended 30 September	
	NOTES	**2018** **HK$'000** **(Unaudited)**	2017 HK$'000 (Unaudited)
Revenue	4	**542,510**	350,545
Cost of sales		**(520,128)**	(324,192)
Gross profit		**22,382**	26,353
Other income, gains and losses	6	**8**	359
Selling and distribution expenses		**(1,928)**	(2,003)
Administrative expenses		**(6,973)**	(3,914)
Listing expenses		**—**	(9,613)
Other operating expenses		**(681)**	(662)
Finance costs	7	**(200)**	(248)
Profit before taxation	8	**12,608**	10,272
Income tax expense	9	**(1,874)**	(3,292)
Profit and total comprehensive income for the period		**10,734**	6,980
Earnings per share	11		
Basic and diluted (HK cents)		**1.07**	1.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	NOTES	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Non-current asset			
Property, plant and equipment	12	**76,054**	20,650
Current assets			
Inventories		**6,401**	5,408
Trade and other receivables	13	**64,006**	56,302
Amount due from ultimate holding company		**8**	8
Tax recoverable		**211**	211
Time deposits		**1,015**	1,007
Bank balances and cash		**37,751**	94,091
		109,392	157,027
Current liabilities			
Trade and other payables	14	**4,058**	7,176
Obligations under finance leases		**44**	257
Tax payable		**2,746**	872
Bank borrowings	15	**14,842**	16,350
		21,690	24,655
Net current assets		**87,702**	132,372
Total assets less current liabilities		**163,756**	153,022
Non-current liability			
Deferred tax liabilities		**237**	237
Net assets		**163,519**	152,785
Capital and reserves			
Share capital	16	**10,000**	10,000
Reserves		**153,519**	142,785
Total equity		**163,519**	152,785

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2017 (audited)	86	—	510	44,719	45,315
Profit and total comprehensive income for the period	—	—	—	6,980	6,980
Arising from the Group reorganisation (note)	(86)	—	86	—	—
At 30 September 2017 (unaudited)	—*	—	596	51,699	52,295
At 1 April 2018 (audited)	**10,000**	**62,978**	**28,272**	**51,535**	**152,785**
Profit and total comprehensive income for the period	**—**	**—**	**—**	**10,734**	**10,734**
At 30 September 2018 (unaudited)	**10,000**	**62,978**	**28,272**	**62,269**	**163,519**

* Less than HK$1,000.

Note: 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 Ventures Limited ("Billion Harvest") and the nominal value of share capital of Billion Harvest.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before taxation	**12,608**	10,272
Adjustments for:		
Depreciation of property, plant and equipment	**993**	1,146
Finance costs	**200**	248
Interest income	**(8)**	(86)
Reversal of allowance for inventories	**—**	(256)
Operating cash flows before movement in working capital	**13,793**	11,324
Decrease in inventories	**(993)**	(1,557)
Increase in trade and other receivables	**(7,704)**	(2,678)
Increase in trade and other payables	**(3,118)**	2,185
Cash generated from operations	**1,978**	9,274
Hong Kong Profits Tax paid	**—**	(577)
NET CASH FROM OPERATING ACTIVITIES	**1,978**	8,697

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(56,397)**	(159)
Placement of time deposits	**(8)**	(7)
Interest received	**8**	86
Repayment from a related company	**—**	1,814
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(56,397)**	1,734
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(11,508)**	(1,710)
Repayment of obligations under finance leases	**(213)**	(152)
Interest paid	**(200)**	(248)
New bank borrowing raised	**10,000**	—
Repayment to directors	**—**	(5,343)
NET CASH USED IN FINANCING ACTIVITIES	**(1,921)**	(7,453)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(56,340)**	2,978
CASH AND CASH EQUIVALENTS AT 1 APRIL	**94,091**	15,542
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, represented by bank balances and cash	**37,751**	18,520

1. GENERAL INFORMATION

Vico International Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 24 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 March 2018. The Company's immediate and ultimate holding company is Max Fortune Holdings Limited ("Max Fortune"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability. The ultimate controlling parties are Mr. Hui Pui Sing ("Mr. Hui"), Mr. 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 condensed consolidated financial statements are presented in Hong Kong dollars ("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

Reorganisation

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

Through the Reorganisation, as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" to the prospectus in connection with the share offer of the Company's shares dated 30 January 2018, the Company became the holding company of the companies now comprising the Group on 12 April 2017. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the condensed consolidated financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the companies comprising the Group throughout the six months ended 30 September 2017.

Accordingly, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows have been prepared as if the current group structure had been in existence throughout the six months ended 30 September 2017.

Basis of preparation

The condensed consolidated financial statements for the six months ended 30 September 2018 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK (IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of other new and amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group mainly recognises revenue from (i) sales of diesel; (ii) provision of fleet cards service; (iii) sales of lubricant oil and (iv) sales of others.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply this standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

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 Group satisfies a performance obligation

Under HKFRS 15, the Group 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.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

Which another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

Revenue from the sales of diesel, lubricant oil and others are recognised when the control of goods is transferred, being when the goods are delivered to the customer's specific location. Revenue from provision of fleet cards service is recognised, based on difference between proceeds received and receivables from fleet card holders and amounts paid and payable to petroleum supplier, when fleet card holders purchase petroleum from a petroleum supplier.

The Group has performed an assessment on the impact of the adoption of HKFRS 15 and concluded that no material financial impact exists, and therefore no adjustment to the opening retained profits at 1 April 2018 was recognised. In addition, there were no assets or liabilities as at 1 April 2018 meet the definition of contract assets or contract liabilities upon adoption of HKFRS 15, and therefore no adjustment on the condensed consolidated statement of financial positions was made.

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information, if any.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the Group's financial assets and financial liabilities are continue to be measured at amortised cost upon adoption of HKFRS 9 which is the same as measured under HKAS 39.

Impairment of financial assets under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, amount due from ultimate holding company, time deposits and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets is assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost of effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that the default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9 and concluded that no material financial impact exists, and therefore no adjustment to the opening retained profits at 1 April 2018 was recognised.

Summary of effects arising from initial application of HKFRS 9

For trade receivables, the management of the Group makes periodic collective as well as individual assessment on the recoverability of trade receivables based on historical settlement records, past experience and forward-looking information that is available without undue cost or effort. Based on the assessment by the management of the Group, the ECL for trade receivable is not material.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, amount due from ultimate holding company, time deposits, bank balances and cash, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual financial statements for the year ended 31 March 2018.

4. REVENUE

Revenue represents the gross amounts received and receivable for sales of diesel, lubricant oil and others and net amounts for provision of fleet cards service, net of sales discounts and other similar allowances, recognised at a point in time.

	Six months ended 30 September	
	2018 **HK$'000** **(Unaudited)**	2017 HK$'000 (Unaudited)
Sales of diesel	**507,332**	310,420
Provision of fleet cards service	**10,974**	12,765
Sales of lubricant oil	**21,721**	25,565
Sales of others	**2,483**	1,795
	542,510	350,545

5. SEGMENT INFORMATION

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

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

(i) Sales of diesel

(ii) Provision of fleet cards service

(iii) Sales of lubricant oil

(iv) Sales of others

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

Segment revenue and results

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

For the six months ended 30 September 2018

	Sales of diesel HK$'000 (Unaudited)	Provision of fleet cards service HK$'000 (Unaudited)	Sales of lubricant oil HK$'000 (Unaudited)	Sale of others HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue	507,332	10,974	21,721	2,483	542,510
Segment results	6,708	7,197	7,454	103	21,462
Other income, gains and losses					8
Administrative and corporate expenses					(6,707)
Finance costs					(200)
Unallocated expenses					(1,955)
Profit before taxation					12,608

For the six months ended 30 September 2017

	Sales of diesel HK$'000 (Unaudited)	Provision of fleet cards service HK$'000 (Unaudited)	Sales of lubricant oil HK$'000 (Unaudited)	Sales of others HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Segment revenue	310,420	12,765	25,565	1,795	350,545
Segment results	5,525	9,005	10,299	454	25,283
Other income, gains and losses					359
Administrative and corporate expenses					(3,858)
Listing expenses					(9,613)
Finance costs					(248)
Unallocated expenses					(1,651)
Profit before taxation					10,272

There were no inter-segment sales for both periods.

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

Other segment information

For the six months ended 30 September 2018

	Sales of diesel HK$'000 (Unaudited)	Provision of fleet cards service HK$'000 (Unaudited)	Sales of lubricant oil HK$'000 (Unaudited)	Sales of others HK$'000 (Unaudited)	Unallocated HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Amounts included in the measure of segment results						
Depreciation of property, plant and equipment	155	716	50	—	72	993

For the six months ended 30 September 2017

	Sales of diesel HK$'000 (Unaudited)	Provision of fleet cards service HK$'000 (Unaudited)	Sales of lubricant oil HK$'000 (Unaudited)	Sales of others HK$'000 (Unaudited)	Unallocated HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Amounts included in the measure of segment results						
Depreciation of property, plant and equipment	377	644	50	—	75	1,146
Reversal of allowance for inventories	—	—	(256)	—	—	(256)

Geographical information

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

	Six months ended 30 September	
	2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Hong Kong	**542,054**	349,900
Macau	**456**	645
	542,510	350,545

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:

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Customer A[1]	**222,808**	157,295
Customer B[1]	**71,309**	53,059
Customer C[1]	**55,725**	N/A[2]

[1] Revenue was derived from sales of diesel and lubricant oil.

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest income of bank deposits	**8**	8
Interest income of loan to a related company	**—**	78
Others	**—**	273
	8	359

7. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest expenses on:		
Bank borrowings	**194**	237
Obligations under finance leases	**6**	11
	200	248

8. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after (crediting) charging the following items:

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Staff costs, including directors' emoluments		
— Salaries, allowances and other benefits	**2,958**	2,525
— Contributions to retirement benefits scheme	**120**	101
Cost of inventories recognised as an expense	**516,375**	320,405
Depreciation of property, plant and equipment	**993**	1,146
Reversal of allowance for inventories (included in cost of sales) (note)	**—**	(256)
Operating lease rental in respect of carparks, office premise and warehouse	**830**	810

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 six months ended 30 September 2017.

9. INCOME TAX EXPENSE

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
— current period	**1,874**	3,278
Deferred taxation	**—**	14
	1,874	3,292

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

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

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the respective periods, nor has any dividend been declared since 30 September 2018.

11. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2018 (Unaudited)	2017 (Unaudited)
Earnings:		
Profit attributable to owners of the Company (HK$'000)	**10,734**	6,980
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**1,000,000**	680,810
Basic earnings per share (HK cents)	**1.07**	1.03

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the periods has been determined based on the assumption that the capitalisation issue as mentioned in note 16(d) had occurred on 1 April 2017 and taking into account for the bonus share element arising from the capitalisation of the amount due to Mr. Hui as detailed in note 16(c).

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the periods.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired certain property, plant and equipment of HK$56,397,000 (six months ended 30 September 2017: HK$159,000) in which HK$536,750,000 was related to acquisition of leasehold land and building.

13. TRADE AND OTHER RECEIVABLES

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Trade receivables	**49,791**	41,866
Trade deposits paid	**11,490**	8,302
Deposits and prepayments	**279**	218
Receivables due from suppliers	**2,446**	5,916
	64,006	56,302

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, net of allowance for doubtful debts, presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
0–30 days	**44,853**	37,885
31–60 days	**2,432**	1,739
61–90 days	**1,591**	1,697
Over 90 days	**915**	545
	49,791	41,866

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 30 September 2018, included in the Group's trade receivables balances were receivables with aggregate carrying amounts of HK$4,938,000 (31 March 2018: HK$3,981,000), 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.

14. TRADE AND OTHER PAYABLES

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Trade payables	731	1,976
Trade deposits received	771	536
Accrued listing expenses	—	1,964
Other payables and accruals	2,556	2,700
	4,058	7,176

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:

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
0–30 days	**731**	1,976

15. BANK BORROWINGS

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Secured bank borrowings	**14,842**	16,350
Analysis by:		
Bank borrowings repayable within one year and contain a repayment on demand clause	**2,488**	2,458
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**12,354**	13,892
	14,842	16,350

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
The carrying amounts of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable*:		
Within one year	**2,488**	2,458
Within a period of more than one year but not exceeding two years	**2,551**	2,519
Within a period of more than two years but not exceeding five years	**6,619**	7,944
Within a period of more than five years	**3,184**	3,429
	14,842	16,350

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

All bank borrowings were secured by charges over leasehold land and building of the Group as at 30 September 2018 and 31 March 2018.

As at 30 September 2018, the bank borrowings carry interests at Hong Kong Prime Rate ("HK Prime Rate") less 0.25% to 2.75% per annum (31 March 2018: HK Prime Rate less 0.25% to 2.75% per annum). The effective interest rates of the bank borrowings as at 30 September 2018 range from 2.4% to 2.75% per annum (31 March 2018: 2.4% to 2.5% per annum).

16. SHARE CAPITAL

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

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

* Less than HK$1,000.

Notes:

(a) 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 ordinary shares of HK$0.01 each.

(b) On 12 April 2017, 749 ordinary 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 ordinary shares of Billion Harvest. The new shares rank pari passu with the existing shares of the Company in all respects.

(c) On 30 January 2018, the amount due to Mr. Hui of HK$27,676,000 was capitalised and the Company allotted and issued 250 ordinary shares, credited as fully paid, to Mr. Hui (for such person as he directed). At the direction of Mr. Hui, 240 ordinary shares were allotted and issued to Max Fortune and 10 ordinary 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.

(d) On 30 January 2018, a total of 719,999,040 and 29,999,960 ordinary 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, 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.

(e) 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.

17. RELATED PARTY TRANSACTIONS

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

Related parties	Nature of transactions	Six months ended 30 September	
		2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Yee Sing Hong Petroleum Products Limited (note)	Rental expense paid	**180**	178
Bright Ford Development Limited (note)	Rental expense paid	**294**	288
Sunny Gainer Investment Limited (note)	Rental expense paid	**148**	144
Evertex Holdings Limited (note)	Interest income received	**–**	78
Mr. Hui	Rental expense paid	**181**	179

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

(b) The remuneration of key management personnel during the periods was as follows:

	Six months ended 30 September	
	2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Short-term benefits	**705**	335
Post-employment benefits	**21**	11
	726	346

The remuneration of the key management personnel is determined by the directors of the Company having regards to the performance of individuals and market trends.

18. 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:

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Within one year	1,896	726
In the second year to fifth year inclusive	3,496	29
	5,392	755

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

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Within one year	1,752	640
In the second year to fifth year inclusive	3,358	—
	5,110	640

Leases are for a term of 3 years and rentals are fixed for an average of 3 years (31 March 2018: 2 years).

19. CONTINGENT LIABILITIES

As at 30 September 2018, the Group had issued a letter of guarantee through the banking facilities granted, to a supplier amounting to HK$4,000,000 (31 March 2018: HK$4,300,000). The facilities are secured by corporate guarantee of the Company.