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

2019/2020
ANNUAL REPORT

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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. WONG Chun Man

Independent non-executive Directors

Mr. LEUNG Ho Chi
Mr. CHAN Ching Sum
Mr. TSE Yung Hoi

AUDIT COMMITTEE

Mr. LEUNG Ho Chi *(Chairman)*
Mr. CHAN Ching Sum
Mr. TSE Yung Hoi

REMUNERATION COMMITTEE

Mr. LEUNG Ho Chi *(Chairman)*
Mr. HUI Yip Ho Eric
Mr. TSE Yung Hoi

NOMINATION COMMITTEE

Mr. HUI Pui Sing *(Chairman)*
Mr. LEUNG Ho Chi
Mr. CHAN Ching Sum

AUTHORISED REPRESENTATIVES

Mr. HUI Yip Ho Eric
Mr. KONG Man Ho

COMPANY SECRETARY

Ms. CHAN Sze Ting *(ACS, ACIS, CGP)*

REGISTERED OFFICE

Second Floor, Century Yard, Cricket Square
P.O. Box 902, Grand Cayman, KY1-1103
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 54, Hopewell Centre
183 Queen's Road East, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard, Cricket Square
P.O. Box 902, Grand Cayman, KY1-1103
Cayman Islands

AUDITORS

SHINEWING (HK) CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

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

STOCK CODE

1621

COMPANY WEBSITE

www.vicointernational.hk

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 2020 (the "**Current Period**").

In 2019, we saw a turbulent environment, such as social turmoil in Hong Kong, outbreak of Novel Coronavirus ("**COVID-19**") and new low level of international oil prices. During the changing times, we are not afraid of difficulties, brave to take up challenges, and flexible in seizing opportunities. What remains unchanged is everyone's full confidence in the Group.

In the past year, social movement in Hong Kong has caused various degrees of damage to local infrastructure and transportation facilities. There is a huge domestic demand for industrial lubricants in Hong Kong's construction industry in view of the resumption of urban construction projects. The Company, with a sense of social responsibility, actively assumes social responsibility and dedicates our humble efforts to restore normal social order in Hong Kong. Our capability of continuous provision of sufficient industrial lubricants to support the rehabilitation of the projects is benefit from the industrial upgrading of the acquired multi-functional land in Tsuen Wan. We have gained rich experience from the past year's successful operation practice, as reflected by the significant improvement in production efficiency and effectiveness, thereby we still occupy the dominant position amid the fierce market competition in the oil industry. Therefore, we have enough ability to consolidate and expand our main business to move upward.

There remains an uncertain trend in international oil price. The seesaw battle over international oil price has brought us benefits, due to stability of oil price in Hong Kong market. As a third-party supplier of petroleum products, the decrease of international oil price has actually lowered our business costs and brought us potential profitability.

During the first three months of 2020, the pandemic of COVID-19 damaged the domestic construction and logistics markets which were the largest markets for our products and services. Retails and tourism industries were impacted by the government policies for the prevention of COVID-19, including but not limited to, imposing travel restrictions, prohibiting group gatherings and ordering closure of leisure venues. The outbreak of COVID-19 also led to the temporary closure of construction sites. The contraction in domestic business activities during the outbreak, therefore, lowered the market demand for petrochemical products. We will continue to closely monitor the impacts of COVID-19, and will regularly review the operations and the organizational and financial health of the Company.

Despite of the challenges faced due to COVID-19, we always strive to seize every chance. The state's construction of the Guangdong-Hong Kong-Macao Greater Bay Area refers to the building of a spatial network driven by poles and supported by axes, which is also one of the powerful driving forces for our development. The successively approved construction projects have strengthened the cross-straits relations, and the development of the construction industry has spurred the huge demand for oil. We will therefore spare no effort to support the construction of key national projects, while continuously improving our production level and maintaining high quality and high standards, which is also the constant pursuit of the Group.

On behalf of the Board and the management of the Group, I would like to express my gratitude to all diligent staff. Hereby, I want to show my indebtedness to all shareholders, investors, customers, suppliers and business partners for your continued endorsement and backing. We will be more closely connected after going through these challenges. With your support, we are always full of strength for the future. One day, we will ride the long wind and crest the waves.

HUI Pui Sing
Chairman

Hong Kong, 24 June 2020

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 2020, the Group operated a total number of 38,380 fleet card accounts (2019: 35,434 fleet card accounts).

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$1,045.3 million, HK$46.9 million and HK$16.0 million, respectively, representing a decrease of 2.9%, an increase of 3.3% and a decrease of 11.0%, respectively as compared with the Corresponding Period. The decrease in profit for the Current Period was due to the overall increase in the administrative and operating expenses.

The outbreak of COVID-19 has damaged the domestic and global business environment since January 2020. During the first three months in 2020, the Group experienced a decrease in sales of lubricant oil, diesel and fuel card. The Directors believe that such decrease was mainly attributable to the contraction in the domestic business activities and the government's Stay-Home policy as to prevent the spread of COVID-19.

Since the global outbreak of COVID-19 continues, the Directors expect that the business development of the Group for the second half of 2020 might be adversely affected to a certain extent. The Group will closely monitor the development of the COVID-19 outbreak and continue to evaluate its impact on the business, the financial position and operating results of the Group.

BUSINESS PROSPECTS

The multi-functional site in Tsuen Wan which we acquired was held for our own use as a warehouse. Last year, we actively improved our production capacity. In the practice of successful operation in the past year, we have formed a mature operation monitoring system, which enabled us to manage equipment and tools more efficiently, thereby significantly improving production efficiency and quality. Therefore, in face of the changeable market environment last year, we have always been able to conduct normal business activities. At the same time, we continued to strive to expand overseas markets. Last year, we expanded our business into the Asian market, and expanded the business scope of sales of petroleum products such as sales of lubricant oil to Malaysia, Singapore, Dubai and other countries. The Asian market still maintains a strong demand for petroleum products, and the significant increase in sales makes us optimistic about the growing trend of the market share of Asian market. Meanwhile, this successful practice in overseas markets has also continuously inspired us to continue to explore emerging markets and continue to build out our business blueprint.

FINANCIAL REVIEW

Revenue

During the Current Period, the Group's revenue amounted to HK$1,045.3 million, which decreased by 2.9% as compared to that of HK$1,077.0 million during the Corresponding Period. The decrease in revenue was mainly due to the relatively decrease in the sales of diesel during the unprecedented COVID-19 outbreak.

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$959.0 million and HK$1,006.7 million respectively, representing 91.7% and 93.5% of the total revenue respectively.

The sales quantity of diesel oil increased by approximately 6.9% from 219.6 million litres for the Corresponding Period to 234.8 million litres for the Current Period, primarily due to the increase in demand from customers mainly in the second and third quarter of 2019.

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$55.5 million and HK$43.7 million respectively, representing 5.3% and 4.1% of the total revenue respectively.

Our sales quantity of lubricant oil amounted to approximately 3.9 million litres and 2.7 million litres for the Current Period and the Corresponding Period respectively, representing an increase of approximately 44.4%.

Provision of fleet cards service

Our income from provision of fleet cards service is recognised on a net basis, based on the difference between (a) gross proceeds received and receivables from fleet card holders; and (b) gross amounts paid and payable to oil companies. The gross proceeds received and receivables from fleet card holders represent the pump price less the fleet card discount offered by our Group to fleet card holders. Our fleet card customers used our fleet cards primarily for the purchase of diesel and petrol at network gas stations.

For the Current Period and the Corresponding Period, our revenue generated from the fleet cards service amounted to approximately HK$26.2 million and HK$21.5 million respectively, representing 2.5% and 2.0% 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$4.6 million and HK$5.1 million respectively, representing 0.4% and 0.5% of the total revenue respectively.

Cost of sales

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

For the Current Period and the Corresponding Period, our cost of sales amounted to approximately HK$998.4 million and HK$1,031.6 million respectively, representing a decrease of approximately 3.2%. The trend of movement of our cost of sales for the Current Period was generally in line with the revenue.

Gross profit and gross profit margin

The gross profit represented the Group's revenue less cost of sales. The Group recorded an increase in gross profit by approximately HK$1.5 million or approximately 3.3% from approximately HK$45.4 million for the Corresponding Period to approximately HK$46.9 million for the Current Period. The Group's gross profit margin increased slightly from 4.2% for the Corresponding Period to 4.5% for the Current Period. The Group's selling price is broadly in line with the movement of oil price. However, the gross profit margin does not fluctuate at the same level of the time lags and customers' moderate price sensitivity regarding oil products. During the Current Period, Brent spot crude oil price decreased from US$68.6 per barrel in December 2019 to US$34.1 per barrel in March 2020. As a result, the Group's gross profit margin increased slightly compared with that of 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 increased by approximately HK$1.0 million or 21.6% to HK$5.6 million for the Current Period from HK$4.6 million for the Corresponding Period. The slight increase was mainly due to increases in truck driver wages and the direct cost of transportation charges.

Administrative and operating expenses

Administrative expenses increased by approximately HK$3.7 million or 21.0%, from approximately HK$17.5 million for the Corresponding Period to approximately HK$21.2 million for the Current Period, primarily due to an increase in depreciation of property, plant and equipment and staff cost.

Finance costs

Our finance costs mainly consist of the interest on our interest-bearing bank borrowings and lease liabilities. Finance costs increased by approximately HK$448,000 or 117.0% to HK$831,000 for the Current Period from HK$383,000 for the Corresponding Period, primarily due to the new bank borrowing for financing the acquisition of property.

Income tax expense

Income tax expense decreased by approximately HK$334,000 or 6.4%, from approximately HK$5.3 million for the Corresponding Period to approximately HK$4.9 million for the Current Period. The decrease was mainly attributed to the drop in profit subject to income tax for the year.

Profit for the Current Period

Profit for the Current Period decreased by approximately HK$2.0 million or 11.0% from approximately HK$18.0 million for the Corresponding Period to approximately HK$16.0 million for the Current Period, and the Group's net profit margin decreased from approximately 1.7% for the Corresponding Period to 1.5% for the Current Period. The decrease in the Group's net profit was mainly due to the increase in administrative and operating expenses.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group employed a total of 34 full time employees (As at 31 March 2019: 35 full time employees). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The remuneration packages are subject to review on a regular basis.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2020 (2019: HK$0.01 per ordinary share).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group had no significant investment, material acquisition or disposal of subsidiaries during the Current Period.

LIQUIDITY AND CAPITAL RESOURCES

Financial resources and liquidity

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowings. The Group recorded net current assets of approximately HK$90.9 million as at 31 March 2020, compared to approximately HK$94.9 million as at 31 March 2019.

As at 31 March 2020, the Group's current assets amounted to approximately HK$130.3 million (2019: HK$118.0 million) of which approximately HK$66.1 million (2019: HK$55.1 million) was bank balances and cash, approximately HK$56.8 million (2019: HK$55.0 million) was trade and other receivables. The Group's current liabilities amounted to approximately HK$39.4 million (2019: HK$23.1million), including trade and other payables in the amount of approximately HK$4.2 million (2019: HK$9.0 million), bank borrowings in the amount of approximately HK$30.1 million (2019: HK$13.6 million) and income tax payable in the amount of approximately HK$3.3 million (2019: HK$0.5 million). The current ratio (which was calculated by dividing current assets by current liabilities) was 3.3 as at 31 March 2020 (2019: 5.1). The gearing ratio (which was calculated based on the total debt and lease liabilities divided by total equity multiplied by 100%) was 18.5% as at 31 March 2020 (2019: 8.0%).

Capital structure

For the Current Period, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK$176.8 million. There has been no change in the capital structure of the Group during the Current Period.

CONTINGENT LIABILITIES

As at 31 March 2019 and 2020, the Group had issued a letter of guarantee through the banking facilities granted, to a supplier amounting to HK$4,000,000. The facilities are secured by corporate guarantee of the Company.

PLEDGE OF ASSETS

As at 31 March 2020, the Group pledged its leasehold land and building of HK$66,308,000 (2019: HK$16,306,000) to secure its bank borrowings.

CAPITAL COMMITMENTS

	2020 ***HK$'000***	2019 *HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**27,000**	–

EXECUTIVE DIRECTORS

Mr. HUI Pui Sing (許沛盛), aged 64, 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 50 years of experience in the sales and distribution of diesel, lubricant oil and other petrochemical products and over 17 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 58, 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 36 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 28, 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 7 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 30, 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 5 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 35, 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 7 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. WONG Chun Man (王俊文), aged 44, Non-executive Director

Mr. WONG Chun Man was appointed as a non-executive Director on 1 April 2019. Mr. Wong Chun Man has more than 20 years of experience in the field of finance and fintech. He has attained the professional qualifications of the Royal Institution of Chartered Surveyors (MRICS), the American Institute of Certified Public Accountants (AICPA) and Chartered Financial Analyst (CFA). He is an accomplished professional generalist in financial optimization, capital market, investment, token economy, corporate restructuring, strategy, leadership, fintech, blockchain, smart city and corporate training.

Mr. Wong Chun Man is currently the independent non-executive directors of Guoan International Limited (Stock Code: 143) from 11 March 2016 and Zhaobangji Properties Holdings Limited (Stock Code: 1660) from 11 April 2019, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

INDEPENDENT NON-EXECUTIVE DIRECTORS ("INED")

Mr. CHAN Ching Sum (陳政深), aged 40, INED

Mr. CHAN Ching Sum was appointed as an INED on 12 April 2019 and a member of each of the Audit Committee and Nomination Committee of the Company. Mr. Chan graduated from the Hong Kong Baptist University with a first class honor in bachelor of Journalism and minor in Religions and Philosophy in 2007, and obtained a master's degree in Finance (Investment Management) from the Hong Kong Polytechnic University in 2016. Mr. Chan has over 12 years' experience in financial media and commentary field, and is currently working in Eddid Securities and Futures Limited, which is a licensed institution under Securities and Futures Commission (SFC), as an Associate Director. He is responsible for marketing and corporate communications in the institution. Mr. Chan is a licensed representative under SFC, who is eligible to perform certain types of regulated activities, including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on future contracts) regulated activities.

Mr. TSE Yung Hoi (謝湧海), BBS, aged 67, 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. He served as an independent non-executive director of Banco Well Link, S.A. from June 2018 to May 2020.

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;
- an independent non-executive director of Guoan International Limited (stock code: 143) since March 2016; and
- an independent non-executive director of China Tower Corporation Limited (stock code: 788) since May 2018.

Mr. LEUNG Ho Chi (梁浩志), aged 45, INED

Mr. LEUNG Ho Chi was appointed as an INED on 1 April 2019 and a member of the Nomination Committee and the chairman of each of the Audit Committee and the Remuneration Committee of the Company.

Mr. Leung has been serving as a financial controller of UMP Healthcare Holdings Limited (stock code: 722) since April 2019. Mr. Leung obtained his bachelor's degree in business administration from The Chinese University of Hong Kong in 1996 and a master's degree in corporate governance from The Hong Kong Polytechnic University in 2011. Mr. Leung is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Chartered Secretaries. He has over 20 years of experience in audit, accounting and finance. He has also been working as finance director and financial controller in Hong Kong subsidiaries of multiple multinational advertising and public relations companies listed on The New York Stock Exchange and The London Stock Exchange. Prior to that, Mr. Leung worked as a senior associate in the assurance and business advisory services department at PricewaterhouseCoopers in Hong Kong from January 2001 to April 2003.

SENIOR MANAGEMENT

Ms. WONG Kit Yi (黃潔儀), aged 59, 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 37 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 40, 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 23 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. CHAN Sze Ting (陳詩婷) was appointed as company secretary of the Company on 24 June 2020. Ms. Chan is a senior manager of the corporate services division of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. Ms. Chan has over 14 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multi-national, private and offshore companies. Ms. Chan is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom. Ms. Chan holds a bachelor of laws degree from the University of London.

The Board of Directors (the "**Board**") is pleased to present this Corporate Governance Report for the year ended 31 March 2020 (the "**Reporting Period**").

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 adopted the principles and code provisions of 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**") as the basis of the Company's corporate governance practices.

The Board is of the view that throughout the Reporting Period, the Company has complied with all the applicable code provisions as set out in the CG Code.

A. 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.

B. 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 the Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

(1) Board Composition

As at 31 March 2020, 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. Wong Chun Man

Independent Non-executive Directors
Mr. Chan Ching Sum *(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. Leung Ho Chi *(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.

During the Reporting Period, Mr. Wong Hei Chui resigned as the independent non-executive Director, a member of the Nomination Committee and the chairman of each of the Audit Committee and the Remuneration Committee on 1 April 2019. On the same day, Mr. Leung Ho Chi was appointed as the independent non-executive Director, a member of the Nomination Committee and the chairman of each of the Audit Committee and the Remuneration Committee in replacement of Mr. Wong Hei Chiu and Mr. Wong Chun Man was appointed as the non-executive Director. On 12 April 2019, Mr. Lam Kwong Siu resigned as the independent non-executive Director, a member of each of the Audit Committee and the Nomination Committee and Mr. Chan Ching Sum was appointed as the independent non-executive Director, a member of each of the Audit Committee and the Nomination Committee in replacement of Mr. Lam Kwong Siu.

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.

(2) Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Currently, the positions of Chairman of the Board (the "**Chairman**") and Chief Executive Officer of the Company (the "**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.

(3) 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.

(4) Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) are appointed for a term of one year, subject to renewal after the expiry of the then current term.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association of the Company (the "**Articles**"), at each annual general meeting, one-third of the Directors for the time being, or if their number is not three of a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Articles also provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment. The retiring Directors shall be eligible for re-election.

(5) Responsibilities, Accountabilities and Contributions of the Board 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.

(6) 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 will 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 Reporting Period are summarized as follows:

Directors	Type of Training[Note]
Executive Directors	
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 & B
Non-Executive Director	
Mr. Wong Chun Man	B
Independent Non-Executive Directors	
Mr. Chan Ching Sum	A
Mr. Tse Yung Hoi	A & B
Mr. Leung Ho Chi	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

C. 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.

(1) Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Leung Ho Chi, Mr. Chan Ching Sum and Mr. Tse Yung Hoi. Mr. Leung Ho Chi is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code and was amended on 13 December 2018. 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 two meetings to review the annual financial results and report for the financial year ended 31 March 2019, interim financial results and report for the six months ended 30 September 2019 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, and arrangements for employees to raise concerns about possible improprieties.

(2) Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Hui Yip Ho Eric, executive Director, and Mr. Tse Yung Hoi and Mr. Leung Ho Chi, independent non-executive Directors. Mr. Leung Ho Chi 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 held two meetings to review the remuneration policy and structure of the Company, and made recommendations to the Board on the salary adjustment of the executive Directors and senior management for the financial year ending 31 March 2021.

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 2020 by band is set out below:

	Number of individuals
Nil to HKD1,000,000	2

(3) Nomination Committee

The Nomination Committee consists of three members, namely Mr. Hui Pui Sing, executive Director, and Mr. Chan Ching Sum and Mr. Leung Ho Chi, 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, developing and formulating relevant procedures for the nomination and appointment of Directors, 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 and succession planning of Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

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 also made recommendations to the Board on the appointment of Directors during the Reporting Period.

(4) Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee has reviewed the composition of the Board from a diversity perspective. At present, the Board has a total of nine Directors, including five executive Directors, one non-executive Directors and three independent non-executive Directors. All the five executive Directors hold key positions in the Group, such as chairman of the Board, chief executive officer, general manager, administration manager and marketing manager. They have professional experience in corporate management and administration fields, and in-depth knowledge about fleet cards industry. Among the non-executive Director and independent non-executive Directors, there are professional generalist in financial field, licensed representative under the Securities and Futures Commission, standing committee member of the Chinese General Chamber of Commerce, life honorary president of Chinese Securities Association of Hong Kong, fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. They are proficient in the requirements of Hong Kong capital market and international accounting standards. Also, the Board has two female Directors who, together with other Directors, offer professional opinions to the Company in their respective fields. The Nomination Committee believes that the Board has diversification in terms of gender, age, cultural and educational background, professional experience, skills, and knowledge. The Nomination Committee will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

(5) Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge, experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- Any measurable objectives adopted for achieving diversity on the Board;

- Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;

- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company;

- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the Reporting Period and up to the date of this Annual Report, there were changes in the composition of the Board and details of the changes are set out in the section headed "Board Composition" of this Corporate Governance Report.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

(6) 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 made 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 compliance of the Model Code and Written Employee Guidelines (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.

D. ATTENDANCE RECORDS OF DIRECTORS

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

	Attendance/Number of Meetings				
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Annual General Meeting**
Hui Pui Sing	4/4	3/3	–	–	1/1
Tong Man Wah	4/4	–	–	–	0/1
Hui Yip Ho Eric	4/4	–	3/3	–	1/1
Hui Wing Man Rebecca	4/4	–	–	–	1/1
Kong Man Ho	4/4	–	–	–	1/1
Wong Chun Man	4/4	–	–	–	1/1
Chan Ching Sum	4/4	1/1	–	2/2	0/1
Tse Yung Hoi	4/4	–	3/3	2/2	1/1
Leung Ho Chi	4/4	2/2	2/2	2/2	0/1

Apart from the regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of other Directors during the year. Apart from the annual general meeting of the Company held on 2 September 2019, no other general meeting was held during the year.

E. 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, project management and financial reporting, 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 division/department.

The management, in coordination with division/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 2020.

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 control 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 2020, 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.

F. DIRECTORS' 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 2020.

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 Auditors' Report in this Annual Report.

G. AUDITORS' 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 2020 amounted to HK$800,000 and HK$200,000 respectively.

An analysis of the remuneration paid to the external auditors of the Company, Messrs. SHINEWING (HK) CPA Limited, in respect of audit services and non-audit services for the year ended 31 March 2020 is set out below:

Service Category	**Fees Paid/ Payable** *(HK$'000)*
Audit Services	
– Annual audit for the year ended 31 March 2020	800
Non-audit Services	200
TOTAL	1,000

H. NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The controlling shareholders of the Company (namely, Max Fortune Holdings Limited, 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. Details of the Deed of Non-competition are set out in the section headed "Relationship with our Controlling Shareholders" in the prospectus.

Each Controlling Shareholder has make an annual declaration as to compliance with the terms of the Deed of Non-competition during the year under review. The independent non-executive Directors, based on the information available to them, has reviewed and consider that the terms of the Deed of Non-competition has been complied by each Controlling Shareholder.

I. COMPANY SECRETARY

For the year ended 31 March 2020, Ms. Ngai Kit Fong has acted as the Company's company secretary.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Hui Yip Ho Eric, the executive Director and the Chief Executive Officer has been designated as the primary contact person at the Company which would work and communicate with Ms. Ngai Kit Fong on the Company's corporate governance and secretarial and administrative matters for the year ended 31 March 2020.

For the year ended 31 March 2020, Ms. Ngai Kit Fong has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

After the Reporting Period, Ms. Ngai Kit Fong resigned from the position of the company secretary of the Company and Ms. Chan Sze Ting was appointed as the company secretary on 24 June 2020 in replacement of Ms. Ngai. Ms. Chan is a senior manager of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. As Ms. Chan has been engaged and appointed by the Company as the company secretary in the capacity of an external service provider, the Company has designated Mr. Hui Yip Ho Eric, the executive Director and the Chief Executive Officer to be the contact person of Ms. Chan pursuant to Code Provision F.1.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

J. 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.

(1) 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.

(2) 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.

(3) 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 54, 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.

K. 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.

L. POLICIES RELATING TO SHAREHOLDERS

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has adopted a Dividend Policy on payment of dividends. The Company do not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

M. COMPANY'S CONSTITUTIONAL DOCUMENT

There was no change in the Company's constitutional documents during the Reporting Period.

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the Current Period.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 33 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 Current Period and the state of affairs of the Company and the Group at that date are set out in the accompanying financial statements.

The Directors do not recommend the payment of final dividend for the year ended 31 March 2020 (2019: HK$0.01 per ordinary share).

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 110 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 Current Period are set out in note 16 to the consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 March 2020 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 Current Period 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 Current Period are set out in the consolidated statement of changes in equity on page 52 and note 28 to the consolidated financial statement respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2020, the Company did not have any reserves available for distribution (as at 31 March 2019: Nil).

CHARITABLE CONTRIBUTIONS

Charitable donations made by the Group during the Current Period amounted to HK$Nil (as at 31 March 2019: Nil).

DIRECTORS

The Directors during the Current Period and up to the date of this report were:

Executive Directors

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

Non-executive Director

Mr. WONG Chun Man

Independent non-executive Directors

Mr. CHAN Ching Sum
Mr. TSE Yung Hoi
Mr. LEUNG Ho Chi

In accordance with Article 84 of the Articles, Mr. Hui Yip Ho Eric, Ms. Hui Wing Man Rebecca, Mr. Kong Man Ho and Mr. Tse Yung Hoi will retire at the forthcoming annual general meeting of the Company (the "**AGM**"). All the retiring directors being eligible will offer themselves for re-election at 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 5 March 2018 (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 his date of appointment and subsequently renewed for a further term of one year in year 2020 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 respective date of appointment and subsequently renewed for a further term of one year in year 2020 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 10 to 14 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 note 13 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 2020, 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]	750,000,000 Shares (L)	75
Ms. Tong	Interest in a controlled corporation[2] and interest of spouse[3]	750,000,000 Shares (L)	75
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 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 31 March 2020, 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 2020, 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.

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 2020, 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

During the Current Period, 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.

The Company has received from each of the Directors an annual confirmation of his/her undertaking as to non-competition with the business of 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 8 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 2020, 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 2020, the aggregate amount of turnover attributed to the Group's largest and the five largest customers accounted for 31.3% and 74.1% (2019: 39.1% and 73.9%) of the total revenue of the Group, respectively. For the year ended 31 March 2020, the Group's purchase from the largest and the five largest suppliers accounted for 95.0% and 96.4% (2019: 94.9% and 97.7%) of the total purchases of the Group, respectively. At no time during the year ended 31 March 2020 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 2020, 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 30 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 note 13 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 has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

The Board is of the view that during the Current Period, the Company has complied with all the code provisions as set out in the CG Code.

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 9 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 2020 AGM will be held on Wednesday, 2 September 2020, 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 comprises three members, all of whom are independent non-executive Directors, namely Mr. LEUNG Ho Chi, Mr. TSE Yung Hoi and Mr. CHAN Ching Sum. Mr. LEUNG Ho Chi is the chairman of the Audit Committee. The Audit Committee has written terms of reference in compliance with the Listing Rules and the CG Code.

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

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting

The 2020 AGM is scheduled to be held on Wednesday, 2 September 2020. For the purpose of determining the entitlement to attend the AGM, the register of members of the Company will be closed during the period from Friday, 28 August 2020 to Wednesday, 2 September 2020, both days inclusive, during which period no transfer of share(s) of the Company will be effected. In order to qualify for attending and voting at the AGM, all transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 27 August 2020.

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 during the Current Period 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 publication of the Company's interim report for the six months ended 30 September 2019 are set out below:

(1) Mr. HUI Pui Sing, executive Director, is entitled to a salary of HK$650,000 per annum and a discretionary bonus with effect from 1 April 2020.

(2) Ms. TONG Man Wah, executive Director, is entitled to a salary of HK$650,000 per annum and a discretionary bonus with effect from 1 April 2020.

(3) Mr. HUI Yip Ho Eric, executive Director, is entitled to a salary of HK$650,000 per annum and a discretionary bonus with effect from 1 April 2020.

(4) Ms. HUI Wing Man Rebecca, executive Director, is entitled to a salary of HK$650,000 per annum and a discretionary bonus with effect from 1 April 2020.

(5) Mr. KONG Man Ho, executive Director, is entitled to a salary of HK$481,000 per annum and a discretionary bonus with effect from 1 April 2020.

(6) Mr. WONG Chun Man, non-executive Director, renewed his letter of appointment for a further term of one year commencing from 1 April 2020.

(7) Mr. CHAN Ching Sum, independent non-executive Director, renewed his letter of appointment for a further term of one year commencing from 12 April 2020.

(8) Mr. TSE Yung Hoi, independent non-executive Director, renewed his letter of appointment for a further term of one year commencing from 4 March 2020.

(9) Mr. TSE Yung Hoi, independent non-executive Director, ceased to be an independent non-executive director of Banco Well Link, S.A. on 1 June 2020.

(10) Mr. LEUNG Ho Chi, independent non-executive Director, renewed his letter of appointment for a further term of one year commencing from 1 April 2020.

EVENTS AFTER THE REPORTING PERIOD

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

AUDITORS

On 26 September 2018, Deloitte Touche Tohmatsu ("**Deloitte**") resigned as the auditors of the Company and SHINEWING (HK) CPA Limited was appointed as the auditors of the Company on 26 September 2018 to fill the casual vacancy arising from the resignation of Deloitte. There have been no other changes in auditors in the past three years.

The consolidated financial statements have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution will be submitted to the forthcoming AGM to re-appoint SHINEWING (HK) CPA Limited as the auditors of the Company.

On behalf of the Board

HUI Pui Sing
Chairman

Hong Kong, 24 June 2020

INDEPENDENT AUDITOR'S REPORT

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 (hereinafter collectively referred to as the "**Group**") set out on pages 49 to 109 which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, 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 (the "**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 the 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 matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These 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.

Valuation of trade receivables

Refer to Note 19 to the consolidated financial statements and the accounting policies on pages 69 to 74.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2020, the Group had trade receivables of HK$38,909,000, representing 30% of the Group's total current assets. Allowance for impairment of trade receivables is based on lifetime expected credit losses model, which is estimated by taking into account the credit loss experience and forward looking information including both current and forecast general economic conditions. We have identified valuation of trade receivables as a key audit matter because the impairment assessment of trade receivables involved a significant degree of management estimation and may be subject to management bias.	Our audit procedures were designed to assess the assumptions and judgements of the Group's expected credit losses model on impairment assessment of trade receivables. We have assessed the reasonableness of management's estimates for impairment allowance by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 THE DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of 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 of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is 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 of the Company.

- Conclude on the appropriateness of the Company's 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 the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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 this independent auditor's report is Mr. Wong Hon Kei, Anthony.

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

24 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** **HK$'000**	2019 HK$'000
Revenue	7	**1,045,348**	1,076,998
Cost of sales		**(998,411)**	(1,031,560)
Gross profit		**46,937**	45,438
Other income	9	**1,562**	268
Selling and distribution expenses		**(5,571)**	(4,582)
Administrative and operating expenses		**(21,160)**	(17,494)
Finance costs	10	**(831)**	(383)
Profit before tax		**20,937**	23,247
Income tax expense	11	**(4,925)**	(5,259)
Profit and total comprehensive income for the year	12	**16,012**	17,988
Earnings per share *(HK cents)*			
Basic and diluted	15	**1.60**	1.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	16	**79,639**	76,499
Deposit paid for acquisition of property, plant and equipment		**5,550**	–
Right-of-use assets	17	**2,453**	–
		87,642	76,499
Current assets			
Inventories	18	**6,018**	5,940
Trade and other receivables	19	**56,811**	54,959
Amount due from ultimate holding company	20	**20**	8
Income tax recoverable		**311**	1,070
Time deposit	21	**1,017**	1,015
Bank balances and cash	21	**66,101**	55,053
		130,278	118,045
Current liabilities			
Trade and other payables	22	**4,240**	9,022
Lease liabilities	17	**1,754**	–
Bank borrowings	23	**30,109**	13,623
Income tax payable		**3,259**	479
		39,362	23,124
Net current assets		**90,916**	94,921
Total assets less current liabilities		**178,558**	171,420

	Notes	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Lease liabilities	*17*	**754**	–
Deferred tax liabilities	*24*	**1,019**	647
		1,773	647
Net assets		**176,785**	170,773
Capital and reserves			
Share capital	*25*	**10,000**	10,000
Reserves		**166,785**	160,773
Total equity		**176,785**	170,773

The consolidated financial statements on pages 49 to 109 were approved and authorised for issue by the board of directors on 24 June 2020 and are signed on its behalf by:

Hui Pui Sing
Director

Tong Man Wah
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *(Note)* *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 April 2018	10,000	62,978	28,272	51,535	152,785
Profit and total comprehensive income for the year	–	–	–	17,988	17,988
At 31 March 2019 and 1 April 2019	**10,000**	**62,978**	**28,272**	**69,523**	**170,773**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**16,012**	**16,012**
Dividend declared and paid *(Note 14)*	**–**	**–**	**–**	**(10,000)**	**(10,000)**
At 31 March 2020	**10,000**	**62,978**	**28,272**	**75,535**	**176,785**

Note:

Capital reserve includes (i) the difference of approximately HK$596,000 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 during the year ended 31 March 2018 and (ii) capitalisation of the amount due to Mr. Hui Pui Sing ("**Mr. Hui**") of approximately HK$27,676,000 which the Company allotted and issued 250 shares, credited as fully paid, to Mr. Hui during the year ended 31 March 2018.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	2020 HK$'000	2019 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**20,937**	23,247
Adjustments for:		
Allowance for inventories	**62**	–
Depreciation of property, plant and equipment	**5,483**	3,314
Depreciation of right-of-use assets	**1,732**	–
Finance costs	**831**	383
Gain on disposal of property, plant and equipment	**(679)**	(130)
Government subsidies	**(657)**	(125)
Interest income	**(185)**	(8)
Operating cash flows before movements in working capital	**27,524**	26,681
Increase in inventories	**(140)**	(532)
(Increase) decrease in trade and other receivables	**(1,852)**	1,343
(Decrease) increase in trade and other payables	**(4,782)**	1,846
Cash generated from operations	**20,750**	29,338
Income tax paid	**(1,014)**	(6,101)
NET CASH FROM OPERATING ACTIVITIES	**19,736**	23,237
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(9,355)**	(59,515)
Deposit paid for acquisition of property, plant and equipment	**(5,550)**	–
Advance to ultimate holding company	**(12)**	–
Placements of time deposit	**(2)**	(8)
Proceeds from disposal of property, plant and equipment	**1,411**	482
Interest received	**185**	8
NET CASH USED IN INVESTING ACTIVITIES	**(13,323)**	(59,033)

	2020	2019
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
Bank borrowings raised	**19,500**	10,000
Government subsidies received	**657**	125
Dividend paid	**(10,000)**	–
Repayment of bank borrowings	**(3,014)**	(12,727)
Repayment of lease liabilities	**(1,677)**	–
Interest paid	**(831)**	(383)
Repayment of obligations under finance leases	**–**	(257)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**4,635**	(3,242)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**11,048**	(39,038)
CASH AND CASH EQUIVALENTS AT 1 APRIL	**55,053**	94,091
CASH AND CASH EQUIVALENTS AT 31 MARCH, represented by bank balances and cash	**66,101**	55,053

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 "**Controlling Shareholders**"). The addresses of the Company's registered office and the principal place of business are at Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and Unit D, 11/F, Billion Plaza II, No.10 Cheung Yue Street, Cheung Sha Wan, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in sales of diesel, lubricant oil and others and provision of fleet cards service.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The adoption of HKFRS 16 resulted in the changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarised below. The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Impacts on adoption of HKFRS 16 *Leases*

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in Note 3. The Group has applied HKFRS 16 modified retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019, and has not restated comparatives for the 2019 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 *Leases*.

On transition to HKFRS 16, the Group elected to apply the practical expedient to account for the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 Determining whether an Arrangement contains a Lease. were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

The major impacts of the adoption of HKFRS 16 on the Group's consolidated financial statements are described below.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 (except for lease of low value assets and lease with remaining lease term of 12 months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.5%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The following table summarises the impact of transition to HKFRS 16 at 1 April 2019. Line items that were not affected by the adjustments have not been included.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Impacts on adoption of HKFRS 16 *Leases* (Continued)

The Group as lessee (Continued)

	Note	**As at 31 March 2019**	**Impact on adoption of HKFRS 16**	**As at 1 April 2019**
		HK$'000	*HK$'000*	*HK$'000*
Right-of-use assets	*(a)*	–	4,185	4,185
Lease liabilities	*(a)*	–	4,185	4,185

Note:

(a) As at 1 April 2019, right-of-use assets were measured at an amount equal to the lease liabilities of approximately HK$4,185,000.

Differences between operating lease commitment as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 April 2019 are as follow:

	HK$'000
Operating lease commitment disclosed as at 31 March 2019	4,494
Less: Short-term leases with remaining lease term ending on or before 31 March 2020	(29)
	4,465
Discounted using the incremental borrowing rate and lease liabilities recognised as at 1 April 2019	4,185
Current portion	1,677
Non-current portion	2,508
	4,185

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Impacts on adoption of HKFRS 16 *Leases* (Continued)

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on assessments on whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[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 HKFRS 3	Definition of a Business[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 16	Covid-19 Related Rent Concessions[5]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]

1 Effective for annual periods beginning on or after 1 January 2020.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 June 2020.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. 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 and by the Hong Kong Companies Ordinance.

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

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

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 where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries 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 component of other comprehensive income of subsidiaries are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is recognised 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 Group uses 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

The Group recognised 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 customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially 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 asset is created and enhanced; 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 goods or services.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties and discounts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principal versus agent

When 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).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for specified goods or services to be provided by the other party.

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

Sales of diesel, lubricant oil and others

Revenue from sales of diesel, lubricant oil and others are recognised when goods are delivered to location specified by the customers and accepted by the customers, which is the point of time the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

Provision of fleet cards service

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Accounting policy applicable on or after 1 April 2019

Definition of a lease

Under HKFR 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments);
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lease under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

Accounting policy applicable on or after 1 April 2019 (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments and using a revised discount rate.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

The Group applies HKAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "impairment losses on tangible assets" policy.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

Accounting policy applicable on or after 1 April 2019 (Continued)

The Group as lessee (Continued)

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Accounting policy applicable prior to 1 April 2019

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 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 statement 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 are recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease 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 lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

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

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 recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefit costs

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

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and the other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 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 difference 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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 is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

For the purpose of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred tax is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services or for administrative purposes as 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 allocate the cost of items of property, plant and equipment, other than construction in progress, 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.

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 carrying amount of the asset and is recognised in profit or loss.

Ownership interests in leasehold land and buildings

For payments of ownership interest of properties which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible 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 ("**CGU**") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU 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 the CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or the CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) 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 the CGU) 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 calculated using the 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.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash and short-term deposits as defined above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in a subsidiary

Investment in a subsidiary is stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. 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

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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- 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.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and 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.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("**ECL**"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Interest income is recognised in profit or loss and is included in the "Other income" line item (Note 9).

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised costs. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has 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 increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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 or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- 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;
- significant increases in credit risk on other financial instruments of the same 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 on a financial asset 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when a financial asset 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the debtor will undergo bankruptcy or other financial restructuring; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date and other relevant forward-looking information.

For financial assets, 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 original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Measurement and recognition of ECL (Continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

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 party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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 an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at fair value through profit or loss, are subsequently measured at amortised cost using the 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 and points 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 financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated 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 on-going 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.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Principal versus agent consideration

The Group engages in sales of diesel. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods, and the Group has inventory risk and discretion in establishing selling prices of the goods.

Key source of estimation uncertainty

The following is the key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year.

Estimated impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. At 31 March 2020, the carrying amount of trade receivables was approximately HK$38,909,000 (2019: HK$48,802,000). No impairment losses were recognised for both years.

5. 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 bank borrowings disclosed in Note 23, net of cash and cash equivalents, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

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. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt or redemption of borrowings.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020	2019
	HK$'000	*HK$'000*
Financial assets		
At amortised cost	**107,914**	106,918
Financial liabilities		
At amortised cost	**33,763**	21,576

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from ultimate holding company, time deposit, bank balances and cash, trade and other payables 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.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 21) and variable-rate bank borrowings (see Note 23). It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. 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 Hong Kong Prime Rate ("**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 non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 50 basis point increase or decrease is used for the years ended 31 March 2020 and 2019 when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points for bank borrowings higher/lower and all other variables were held constant, effects on the Group's profit for the year would decrease/increase by approximately HK$126,000 (2019: HK$57,000).

Credit risk

As at 31 March 2020, 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 is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk of the Group mainly arises from trade and other receivables, time deposit and bank balances. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

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.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk (Continued)

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For deposits and other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

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

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. In particular, the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor.

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked a team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has been low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below details the credit quality of the Group's financial assets, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk (Continued)

The Group's exposure to credit risk (Continued)

31/3/2020	*Notes*	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount** ***HK$'000***	**Loss allowance** ***HK$'000***	**Net carrying amount** ***HK$'000***
Trade receivables	*19*	***(Note)***	**Lifetime ECL (simplified approach)**	**38,909**	**–**	**38,909**
Deposits and other receivables	*19*	**Performing**	**12-month ECL**	**1,867**	**–**	**1,867**
					–	

31/3/2019	*Notes*	Internal credit rating	12-month or lifetime ECL	Gross carrying amount *HK$'000*	Loss allowance *HK$'000*	Net carrying amount *HK$'000*
Trade receivables	*19*	*(Note)*	Lifetime ECL (simplified approach)	48,802	–	48,802
Deposits and other receivables	*19*	Performing	12-month ECL	2,040	–	2,040
					–	

Note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

As at 31 March 2020, the Group has concentration of credit risk as 22% (2019: 19%) of the total gross trade receivables was due from the Group's largest customer and 31% (2019: 36%) of the total gross trade receivables was due from the five largest customers as at 31 March 2020.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) 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 non-derivative 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. The maturity dates for the non-derivative financial liabilities are based on the agreed repayment dates. 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 table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

	On demand or within one year *HK$'000*	**2–5 years** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount** *HK$'000*
Trade and other payables	3,654	–	3,654	3,654
Bank borrowings	30,109	–	30,109	30,109
	33,763	–	33,763	33,763
Lease liabilities	1,824	760	2,584	2,508

	Total undiscounted cash flows due on demand or within one year *HK$'000*	**Carrying amount** *HK$'000*
As at 31 March 2019		
Trade and other payables	7,953	7,953
Bank borrowings	13,623	13,623
	21,576	21,576

6. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand or within one year" time band in the above maturity analysis. At 31 March 2020, the aggregate principal amounts of these bank borrowings amounted to HK$30,109,000 (2019: HK$13,623,000). 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 these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the respective loan agreements, details of which are set out below.

	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2020	**3,947**	**3,895**	**7,788**	**20,164**	**35,794**	**30,109**
31 March 2019	2,769	2,717	6,184	3,158	14,828	13,623

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 from those estimates of interest rates determined at the end of each reporting period.

Fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

7. REVENUE

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
Sales of goods		
Sales of diesel	**958,958**	1,006,740
Provision of fleet cards service	**26,238**	21,453
Sales of lubricant oil	**55,509**	43,669
Sales of others	**4,643**	5,136
	1,045,348	1,076,998

	2020	2019
	HK$'000	*HK$'000*
Disaggregation of revenue by timing of recognition		
Timing of revenue recognition		
At a point in time	**1,045,348**	1,076,998

8. SEGMENT INFORMATION

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

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

(i) Sales of diesel

(ii) Provision of fleet cards service

(iii) Sales of lubricant oil

(iv) Sales of others

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.

8. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results

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

For the year ended 31 March 2020

	Sales of diesel *HK$'000*	Provision of fleet cards *HK$'000*	Sales of lubricant oil *HK$'000*	Sales of others *HK$'000*	Total *HK$'000*
Segment revenue	**958,958**	**26,238**	**55,509**	**4,643**	**1,045,348**
Segment results	**15,872**	**11,716**	**15,429**	**1,019**	**44,036**
Other income					**1,562**
Corporate expenses					**(23,830)**
Finance costs					**(831)**
Profit before tax					**20,937**

For the year ended 31 March 2019

	Sales of diesel *HK$'000*	Provision of fleet cards *HK$'000*	Sales of lubricant oil *HK$'000*	Sales of others *HK$'000*	Total *HK$'000*
Segment revenue	1,006,740	21,453	43,669	5,136	1,076,998
Segment results	16,316	13,625	12,525	1,103	43,569
Other income					268
Corporate expenses					(20,207)
Finance costs					(383)
Profit before tax					23,247

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results mainly represented profit before tax earned by each segment, excluding expenses of corporate functions, other income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

8. SEGMENT INFORMATION (CONTINUED)

Other segment information

For the year ended 31 March 2020

	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 right-of-use assets	–	–	–	–	1,732	1,732
Allowance for inventories	–	–	62	–	–	62
Depreciation of property, plant and equipment	659	2,142	100	–	2,582	5,483

For the year ended 31 March 2019

	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	418	1,351	100	–	1,445	3,314

8. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

	2020 HK$'000	2019 HK$'000
Hong Kong	**1,032,743**	1,076,678
Macau	**1,397**	309
Vietnam	**8,934**	11
Dubai	**1,004**	–
Malaysia	**537**	–
Singapore	**733**	–
	1,045,348	1,076,998

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

Information about major customers

Details of the customers accounting for 10% or more of aggregate revenue of the Group are as follows:

	2020 HK$'000	2019 HK$'000
Customer A[1]	**327,224**	407,219
Customer B[1]	**160,035**	N/A[2]
Customer C[1]	**116,356**	130,064
Customer D[1]	**109,564**	N/A[2]

1 Revenue from sales of diesel and lubricant oil.
2 The corresponding revenue does not contribute over 10% of total revenue of the Group.

9. OTHER INCOME

	2020 HK$'000	2019 HK$'000
Interest income of bank deposits	**185**	8
Gain on disposal of property, plant and equipment	**679**	130
Government subsidies *(Note)*	**657**	125
Others	**41**	5
	1,562	268

Note:

The income represents government subsidies received under the "Ex-gratia Payment Scheme for Phasing Out Pre-Euro IV Diesel Commercial Vehicles" in 2020 and 2019 upon retirement of certain motor vehicles.

10. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest expenses on:		
– Bank borrowings	**684**	378
– Lease liabilities	**147**	–
– Obligations under finance leases	**–**	5
	831	383

11. INCOME TAX EXPENSE

	2020 HK$'000	2019 HK$'000
Current income tax		
Hong Kong Profits Tax		
– Current year	**4,328**	4,849
– Under-provision in prior year	**225**	–
	4,553	4,849
Deferred taxation *(Note 24)*	**372**	410
	4,925	5,259

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits for the year (2019: 16.5%).

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2020 HK$'000	2019 HK$'000
Profit before tax	**20,937**	23,247
Tax calculated at the domestic income tax rate of 16.5% (2019: 16.5%)	**3,454**	3,836
Tax effect of expenses not deductible for tax purpose	**707**	743
Tax effect of income not taxable for tax purpose	**(31)**	(1)
Under-provision in prior year	**225**	–
Effect of two-tiered profits tax rate regime	**(165)**	(165)
Tax losses not recognised	**795**	906
Tax concession *(Note)*	**(60)**	(60)
Income tax expense for the year	**4,925**	5,259

Note: During the year ended 31 March 2020, three (2019: three) subsidiaries entitled tax concession of HK$20,000 (2019: HK$20,000) for the year.

Details of the deferred taxation are set out in Note 24.

12. PROFIT FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' emoluments *(Note 13)*	**2,961**	1,498
Other staff costs:		
Salaries and allowances	**6,869**	5,761
Contributions to retirement benefit scheme	**303**	255
Total staff costs	**10,133**	7,514
Auditor's remuneration	**800**	800
Cost of inventories recognised as expenses (included in cost of sales)	**987,890**	1,024,471
Allowance for inventories (included in cost of sales) *(Note)*	**62**	–
Depreciation of property, plant and equipment	**5,483**	3,314
Depreciation of right-of-use assets	**1,732**	–
Minimum operating lease rental in respect of carparks, office premises and warehouse	**N/A**	1,769

Note: During the year ended 31 March 2020, an allowance for inventories of approximately HK$62,000 was made for write-down of obsolete inventories that are no longer suitable for sell in the market.

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive officer's emoluments

The emoluments paid or payable to each of the ten (2019: nine) directors of the Company and the chief executive officer ("**CEO**") of the Group during the year were as follows:

For the year ended 31 March 2020

	Directors' fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiaries				
Executive directors:				
Mr. Hui	–	455	18	473
Ms. Tong	–	455	18	473
Ms. Hui Wing Man Rebecca ("**Ms. Rebecca Hui**")	–	455	18	473
Mr. Eric Hui	–	455	18	473
Mr. Kong Man Ho ("**Mr. Kong**")	–	455	18	473
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries				
Non Executive director:				
Mr. Wong Chun Man *(Note i)*	120	–	–	120
Independent non-executive directors:				
Mr. Leung Ho Chi *(Note i)*	150	–	–	150
Mr. Lam Kwong Siu *(Note ii)*	6	–	–	6
Mr. Tse Yung Hoi	200	–	–	200
Mr. Chan Ching Sum *(Note iii)*	120	–	–	120
Total	596	2,275	90	2,961

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

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors' and chief executive officer's emoluments (Continued)

For the year ended 31 March 2019

	Directors' fees *HK$'000*	Salaries and other benefits *HK$'000*	Retirement benefit scheme contributions *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiaries				
Executive directors:				
Mr. Hui	–	195	10	205
Ms. Tong	–	130	7	137
Ms. Rebecca Hui	–	130	7	137
Mr. Eric Hui	–	130	7	137
Mr. Kong	–	199	8	207
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries				
Non Executive director:				
Mr. Ong Chor Wei *(Note iv)*	83	–	–	83
Independent non-executive directors:				
Mr. Lam Kwong Siu *(Note ii)*	200	–	–	200
Mr. Tse Yung Hoi	192	–	–	192
Mr. Wong Hei Chiu *(Note v)*	200	–	–	200
Total	675	784	39	1,498

Notes:

i) Appointed on 1 April 2019

ii) Resigned on 12 April 2019

iii) Appointed on 12 April 2019

iv) Resigned on 1 February 2019

v) Resigned on 1 April 2019

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors' and chief executive officer's emoluments (Continued)

Mr. Eric Hui is also the CEO of the Group and his emoluments disclosed above include those for services rendered by him as the CEO.

(b) Employees' emoluments

All (2019: Nil) of the five highest paid individuals were directors of the Company during the year ended 31 March 2020, whose emoluments are included in the analysis presented above. Details of emoluments paid to the remaining individuals of the Group during the years ended 31 March 2020 and 2019 were as follows:

	2020 **HK$'000**	2019 HK$'000
Salaries and other allowances	–	1,560
Contributions retirement benefit scheme	–	74
	–	1,634

Their emoluments were within the following bands:

	2020 **No. of employees**	2019 No. of employees
Not more than HK$1,000,000	–	5

There were no performance related incentive payments during the years ended 31 March 2020 and 2019.

No emoluments were paid by the Group to the five highest paid individuals or any of the directors or CEO of the Company as an incentive payment to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2020 and 2019.

14. DIVIDEND

During the current year, a final dividend in respect of the year ended 31 March 2019 of HK$0.01 per ordinary share was declared and paid to the shareholders of the Company. The aggregate amount of final dividend declared during the year amounted to HK$10,000,000.

No final dividend was proposed for ordinary shareholders of the Company for the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period.

15. EARNINGS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	**16,012**	17,988

	2020	2019
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,000,000,000**	1,000,000,000

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2020 and 2019.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST					
At 1 April 2018	19,239	2,143	2,390	10,860	34,632
Additions	53,679	369	1,010	4,457	59,515
Disposals	–	–	–	(1,353)	(1,353)
At 31 March 2019 and 1 April 2019	72,918	2,512	3,400	13,964	92,794
Additions	4,701	1,667	257	2,730	9,355
Disposals	–	–	–	(2,394)	(2,394)
At 31 March 2020	**77,619**	**4,179**	**3,657**	**14,300**	**99,755**
ACCUMULATED DEPRECIATION					
At 1 April 2018	2,350	401	1,727	9,504	13,982
Provided for the year	1,821	81	334	1,078	3,314
Eliminated on disposals	–	–	–	(1,001)	(1,001)
At 31 March 2019 and 1 April 2019	4,171	482	2,061	9,581	16,295
Provided for the year	2,552	697	396	1,838	5,483
Eliminated on disposals	–	–	–	(1,662)	(1,662)
At 31 March 2020	**6,723**	**1,179**	**2,457**	**9,757**	**20,116**
CARRYING VALUES					
At 31 March 2020	**70,896**	**3,000**	**1,200**	**4,543**	**79,639**
At 31 March 2019	68,747	2,030	1,339	4,383	76,499

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 buildings	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 2020, the Group pledged its leasehold land and buildings with carrying values of HK$66,308,000 (2019: HK$16,306,000) to secure its bank borrowings.

The leasehold land and buildings are located in Hong Kong.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

	31/3/2020	1/4/2019
	HK$'000	*HK$'000*
Building	**2,453**	4,185

The Group has lease arrangements for offices and car parks. The lease terms are 4 years.

(ii) Lease liabilities

	31/3/2020	1/4/2019
	HK$'000	*HK$'000*
Non-current	**754**	2,508
Current	**1,754**	1,677
	2,508	4,185

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(ii) Lease liabilities (Continued)

Amounts payable under lease liabilities	**31/3/2020** *HK$'000*
Within one year	1,754
After one year but within two years	754
	2,508
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,754)
Amount due for settlement after 12 months	754

(iii) Amounts recognised in profit or loss

	Year ended 31/3/2020 *HK$'000*
Depreciation expense on right-of-use assets	1,732
Interest expense on lease liabilities	147
Expense relating to short-term leases	56

(iv) Others

During the year ended 31 March 2020, the total cash outflow for leases amount to approximately HK$1,880,000.

18. INVENTORIES

	2020	2019
	HK$'000	*HK$'000*
Raw materials	**232**	574
Finished goods	**5,786**	5,366
	6,018	5,940

As 31 March 2020, the carrying amounts of the Group's inventories were net of impairment provisions of approximately HK$62,000 (2019: Nil).

During the year ended 31 March 2020, there was a decrease in the net realised value of the raw materials and finished goods due to market condition. As a result, a write-down of raw materials and finished goods of approximately HK$62,000 (2019: Nil) has been recognised and included in cost of sales in the current year.

19. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**38,909**	48,802
Trade deposits paid	**15,868**	3,949
Deposits and prepayments	**257**	236
Receivables due from suppliers	**1,777**	1,972
	56,811	54,959

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group allows an average credit period of 15 to 30 days (2019: 15 to 30 days) to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**31,309**	45,083
31 to 60 days	**4,830**	1,642
61 to 90 days	**1,280**	1,372
Over 90 days	**1,490**	705
	38,909	48,802

The Group performs ongoing credit evaluations of its customers and credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers.

The Group has policy regarding impairment losses on trade receivables. The Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are assessed by using a provision matrix based on the credit risk characteristic and the ageing of trade receivables. The Group considers the historical loss rates in the past three years and adjusts for forward looking factors in calculating the ECL rates.

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's lifetime ECL for trade receivables based on the ageing of customers (by invoice date).

Year ended 31 March 2020:

	Weighted average expected loss rate	**Gross carrying amount**
	%	***HK$'000***
0 to 30 days	*	**31,309**
31 to 60 days	*	**4,830**
61 to 90 days	*	**1,280**
Over 90 days	*	**1,490**
		38,909

Year ended 31 March 2019:

	Weighted average expected loss rate	Gross carrying amount
	%	*HK$'000*
Within 30 days	*	45,083
31 to 60 days	*	1,642
61 to 90 days	*	1,372
Over 90 days	*	705
		48,802

* The weighted average expected loss rate is immaterial.

The directors of the Company consider the ECL of trade receivables is insignificant, therefore no loss allowance on trade receivables was recognised as at 31 March 2020 and 2019.

The assessments on ECL of other receivables and deposits are set out in Note 6.

20. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

Details of amount due from ultimate holding company are as follows:

	As at 31 March		Maximum amount During the year ended 31 March	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Max Fortune	**20**	8	**20**	8

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

21. TIME DEPOSIT/BANK BALANCES AND CASH

Time deposit

As at 31 March 2020, deposit with a bank of approximately HK$1,017,000 (2019: HK$1,015,000), with original maturity of more than three months, carried interest rate of 0.45% (2019: 0.2%) per annum.

Bank balances and cash

The bank balances and cash comprised cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances at 31 March 2020 carried interest at the prevailing market rate of 0.01% (2019: 0.01%) per annum.

22. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables *(Note)*	**386**	5,330
Trade deposits received	**586**	1,069
Accrued directors' emolument	**536**	683
Other payables and accruals	**2,732**	1,940
	4,240	9,022

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

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**386**	5,330

The average credit period on purchase of goods is from 30 days to 60 days.

23. BANK BORROWINGS

	2020	2019
	HK$'000	*HK$'000*
Variable-rate bank borrowings:		
Secured and guaranteed	**30,109**	13,623
Bank borrowings repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**3,239**	2,445
More than one year but not exceeding two years	**3,270**	2,457
More than two years but not exceeding five years	**6,331**	5,776
More than five years	**17,269**	2,945
	30,109	13,623
Less: Carrying amounts 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)	**(26,870)**	(11,178)
Less: Carrying amounts of bank borrowings that are repayable within one year from the end of the reporting period and contain a repayment on demand clause	**(3,239)**	(2,445)
Amount shown under current liabilities	**(30,109)**	(13,623)
Amount shown under non-current liabilities	**–**	–

All bank borrowings were secured by charges over certain leasehold land and buildings of the Group with carrying value of HK$66,308,000 as at 31 March 2020 (2019: HK$16,306,000).

As at 31 March 2020, the bank borrowings carried interests at HK Prime Rate less 2.5% to 2.8% per annum (2019: HK Prime Rate less 0.25% to 2.75% per annum). The effective interest rates of the bank borrowings as at 31 March 2020 (which are also equal to contractual interest rate) ranged from 2.4% to 2.53% per annum (2019: from 2.4% to 4.9% per annum).

24. DEFERRED TAX LIABILITY

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2018	341	(104)	237
Charged to profit or loss *(Note 11)*	306	104	410
At 31 March 2019 and 1 April 2019	647	–	647
Charged to profit or loss *(Note 11)*	372	–	372
At 31 March 2020	**1,019**	**–**	**1,019**

As at 31 March 2020, certain subsidiaries of the Group had aggregate unused tax losses of HK$10,370,000 (2019: HK$5,552,000) available for offset against future profits. No deferred tax asset has been recognised as at 31 March 2019 and 2020 due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

25. SHARE CAPITAL

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 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	1,000,000,000	10,000

26. OPERATING LEASES COMMITMENTS

The Group as lessee

As at 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019
	HK$'000
Within one year	1,910
In the second to fifth year, inclusive	2,584
	4,494

Included in the above are lease commitments with related parties and Mr. Hui as follows:

	2019
	HK$'000
Within one year	1,824
In the second to fifth year, inclusive	2,584
	4,408

The Group leases certain of its carparks, office premises and warehouse under operating lease arrangements. Leases are negotiated for a term ranged from two to three years with fixed rentals as at 31 March 2019.

27. CAPITAL COMMITMENT

	2020	2019
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**27,000**	–

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Investment in a subsidiary		**52,036**	52,036
Amounts due from subsidiaries	*a*	**86,358**	107,266
		138,394	159,302
Current asset			
Bank balances and cash		**10,787**	3,757
Current liability			
Other payables and accruals		**558**	493
Net current assets		**10,229**	3,264
Net assets		**148,623**	162,566
Capital and reserves			
Share capital		**10,000**	10,000
Reserves	*b*	**138,623**	152,566
Total equity		**148,623**	162,566

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

Notes:

(a) The amounts due from subsidiaries are unsecured, interest-free and are not expected to be recoverable within the next twelve months from the end of the reporting period.

(b) **Movements in reserves**

	Share premium *HK$'000*	**Capital reserve** *HK$'000*	**(Accumulated loss) retained profits** *HK$'000*	**Total** *HK$'000*
As at 1 April 2018	62,978	74,832	(20,767)	117,043
Profit and total comprehensive income for the year	–	–	35,523	35,523
As at 31 March 2019 and 1 April 2019	62,978	74,832	14,756	152,566
Loss and total comprehensive expense for the year	–	–	(3,943)	(3,943)
Dividend declared and paid	–	–	(10,000)	(10,000)
As at 31 March 2020	**62,978**	**74,832**	**813**	**138,623**

29. RETIREMENT BENEFIT SCHEMES

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant costs to the scheme, which contribution is matched by employees. The contributions from each of the employer and employees are subject to a cap of HK$1,500 per month.

The Group made contributions to the retirement benefits schemes of HK$393,000 (2019: HK$294,000) for the year ended 31 March 2020.

30. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group has entered into the following significant transactions with related parties during the year.

(a) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the year was as follows:

	2020	2019
	HK$'000	*HK$'000*
Short-term employee benefits	**3,418**	1,976
Post-employment benefits	**118**	61
	3,536	2,037

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

(b) During the year, the Group entered into the following significant transactions with related parties:

Related parties	**Nature of transactions**	**2020**	2019
		HK$'000	*HK$'000*
Yee Sing Hong Petroleum Products Limited *(Note)*	Lease and interest payment/ Rental expense paid	**420**	364
Bright Ford Development Limited *(Note)*	Lease and interest payment/ Rental expense paid	**648**	618
Sunny Gainer Investment Limited *(Note)*	Lease and interest payment/ Rental expense paid	**336**	316
Grand Winning Holdings Limited *(Note)*	Lease and interest payment	**36**	–
Mr. Hui	Lease and interest payment/ Rental expense paid	**384**	364

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

30. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) (Continued)

These transactions were carried out at terms determined and agreed by the Group and the relevant parties. During the year ended 31 March 2018, the Group entered into several leases with three year lease terms in respect of certain properties from related parties and Mr. Hui, the director of the Group. During the year ended 31 March 2020, the amounts of rent payable by the Group under the lease is HK$152,000 per month (2019: HK$139,000 per month) in total. As at 31 March 2020, the total carrying amounts of such lease liabilities is HK$2,508,000 (31 March 2019: HK$4,185,000).

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

			Non-cash change	
	1/4/2019	**Financing cash flows**	**Finance costs incurred**	**31/3/2020**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Bank borrowings	**13,623**	**15,802**	**684**	**30,109**
Lease liabilities	**4,185**	**(1,824)**	**147**	**2,508**
	13,623	**13,978**	**831**	**32,617**

			Non-cash change	
	1/4/2018	Financing cash flows	Finance costs incurred	31/3/2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	16,350	(3,105)	378	13,623
Obligations under finance leases	257	(262)	5	–
	16,607	(3,367)	383	13,623

32. CONTINGENT LIABILITIES

As at 31 March 2019 and 2020, the Group had issued a letter of guarantee through the banking facilities granted, to a supplier amounting to HK$4,000,000. The facilities are secured by corporate guarantee of the Company.

33. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2020 are as follows:

Name of subsidiaries	Place and the date of incorporation/ establishment	Issued and fully paid capital		Shareholding/ equity interest attributable to the Company		Proportion ownership interest held by the Company				Principal activities
						Directly		Indirectly		
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	
Billion Harvest	The BVI, 5 January 2018	**US$11,000**	US$11,000	**100%**	100%	**100%**	100%	**-**	–	Investment holding
Billion Faith	Hong Kong, 17 October 2005	**HK$10,000**	HK$10,000	**100%**	100%	**-**	–	**100%**	100%	Provision of fleet cards service and handling sales of lubricant oil for the Group's subsidiaries
Carmen Logistics	Hong Kong, 19 March 2012	**HK$2**	HK$2	**100%**	100%	**-**	–	**100%**	100%	Provision of transportation services to the Group's subsidiaries
Diamond Decade	The BVI, 23 January 2018	**US$1,000**	US1,000	**100%**	100%	**-**	–	**100%**	100%	Investment holding
Grand Wealthy	Hong Kong, 12 March 2003	**HK$10,000**	HK$10,000	**100%**	100%	**-**	–	**100%**	100%	Provision of fleet cards service
Lion Champion Holdings Limited (previously named as Power Max Limited)	Hong Kong, 20 December 2019	**HK$1**	N/A	**100%**	N/A	**-**	N/A	**100%**	N/A	Inactive
Tien Fung Hong	Hong Kong, 4 February 2004	**HK$50,000**	HK$50,000	**100%**	100%	**-**	–	**100%**	100%	Provision of fleet cards service and handling sales of lubricant oil for the Group's subsidiaries
Tiger Champion Limited	Hong Kong, 5 July 2018	**HK$10,000**	HK$10,000	**100%**	100%	**-**	–	**100%**	100%	Property holding
Trillion Star	The BVI, 1 December 2016	**US$1,000**	US$1,000	**100%**	100%	**-**	–	**100%**	100%	Investment holding
Tycoon City	The BVI, 28 November 2016	**US$1,000**	US$1,000	**100%**	100%	**-**	–	**100%**	100%	Investment holding
Yee Sing Hong	Hong Kong, 1 February 2002	**HK$200**	HK$200	**100%**	100%	**-**	–	**100%**	100%	Sales of diesel, lubricant oil and Others
Yee Sing Logistics	Hong Kong, 20 September 2002	**HK$10,000**	HK$10,000	**100%**	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 reporting period.

FINANCIAL SUMMARY

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

RESULTS	For the year ended 31 March				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**1,045,348**	1,076,998	828,139	671,805	730,471
Gross profit	**46,937**	45,438	47,484	41,351	41,880
Profit before taxation	**20,937**	23,247	12,265	25,657	26,715
Income tax expense	**(4,925)**	(5,259)	(5,449)	(4,628)	(4,358)
Profit for the year	**16,012**	17,988	6,816	21,029	22,357
Profit and total comprehensive income for the year attributable to the owners of the Company	**16,012**	17,988	6,816	20,983	22,219

ASSETS AND LIABILITIES	As at 31 March				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	**87,642**	76,499	20,650	22,560	25,982
Current assets	**130,278**	118,045	157,027	80,888	64,827
Non-current liabilities	**1,773**	647	237	523	862
Current liabilities	**39,362**	23,124	24,655	57,610	60,669
Net current assets	**90,916**	94,921	132,372	23,278	4,158
Total assets less current liabilities	**178,558**	171,420	153,022	45,838	30,140