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Vico International Holdings Limited

域高國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1621)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 44.0% to approximately HK\$726.7 million for the six months ended 30 September 2023 from approximately HK\$504.6 million for the six months ended 30 September 2022.
- Gross profit increased by approximately 23.4% to approximately HK\$29.3 million for the six months ended 30 September 2023 from approximately HK\$23.8 million for the six months ended 30 September 2022.
- Net profit increased by approximately 42.8% to approximately HK\$12.3 million for the six months ended 30 September 2023 from approximately HK\$8.6 million for the six months ended 30 September 2022.
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: nil).

INTERIM RESULTS

The board of directors (the “**Board**”) of Vico International Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**” or “**We**”) for the six months ended 30 September 2023 (the “**Current Period**”) together with the comparative unaudited figures for the six months ended 30 September 2022 (the “**Corresponding Period**”). The consolidated interim results of the Group have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended	
		30 September	
	Notes	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	726,658	504,565
Cost of sales		<u>(697,335)</u>	<u>(480,796)</u>
Gross profit		29,323	23,769
Other income	5	1,820	2,086
Selling and distribution expenses		(757)	(1,285)
Administrative and operating expenses		(12,759)	(13,506)
Finance costs	6	<u>(719)</u>	<u>(807)</u>
Profit before tax		16,908	10,257
Income tax expense	7	<u>(4,607)</u>	<u>(1,641)</u>
Profit and total comprehensive income for the period	8	<u><u>12,301</u></u>	<u><u>8,616</u></u>
Earnings per share (<i>HK cents</i>)			
Basic and diluted	10	<u><u>1.23</u></u>	<u><u>0.86</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	<i>Notes</i>	30 September 2023 <i>HK\$'000</i> (Unaudited)	31 March 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		68,637	70,782
Investment properties		67,032	67,337
Right-of-use assets		1,671	2,413
		137,340	140,532
Current assets			
Inventories		10,789	10,556
Trade and other receivables	<i>11</i>	76,956	67,246
Amount due from ultimate holding company		59	59
Income tax recoverable		268	268
Time deposit		2,301	9,421
Bank balances		51,911	32,734
		142,284	120,284
Current liabilities			
Trade and other payables	<i>12</i>	11,767	8,098
Lease liabilities		1,652	1,737
Bank borrowings		42,878	43,773
Income tax payables		5,642	978
		61,939	54,586
Net current assets		80,345	65,698
Total assets less current liabilities		217,685	206,230

		30 September	31 March
	<i>Notes</i>	2023	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current liabilities			
Lease liabilities		–	790
Deferred tax liabilities		<u>2,294</u>	<u>2,350</u>
		<u>2,294</u>	<u>3,140</u>
Net assets		<u>215,391</u>	<u>203,090</u>
Capital and reserves			
Share capital	<i>13</i>	10,000	10,000
Reserves		<u>205,391</u>	<u>193,090</u>
Total equity		<u>215,391</u>	<u>203,090</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2022 (Audited)	10,000	62,978	28,272	93,044	194,294
Profit and total comprehensive income for the period (Unaudited)	<u>–</u>	<u>–</u>	<u>–</u>	<u>8,616</u>	<u>8,616</u>
At 30 September 2022 (Unaudited)	<u>10,000</u>	<u>62,978</u>	<u>28,272</u>	<u>101,660</u>	<u>202,910</u>
At 1 April 2023 (Audited)	10,000	62,978	28,272	101,840	203,090
Profit and total comprehensive income for the period (Unaudited)	<u>–</u>	<u>–</u>	<u>–</u>	<u>12,301</u>	<u>12,301</u>
At 30 September 2023 (Unaudited)	<u>10,000</u>	<u>62,978</u>	<u>28,272</u>	<u>114,141</u>	<u>215,391</u>

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	16,908	10,257
Adjustments for:		
Depreciation of property, plant and equipment	2,343	3,219
Depreciation of investment properties	305	1,374
Depreciation of right-of-use assets	742	858
Loss allowance for impairment of trade receivables	1,274	–
Finance costs	719	807
Gain on disposal of property, plant and equipment	(523)	–
Government subsidies	–	(797)
Bank interest income	(293)	(10)
Reversal of impairment loss on inventories	–	(97)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	21,475	15,611
Increase in inventories	(233)	(4,070)
Increase in trade and other receivables	(10,983)	(14,217)
Increase in trade and other payables	3,746	893
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Cash generated from (used in) operations	14,005	(1,783)
Income tax paid	–	(312)
	<hr/>	<hr/>
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	14,005	(2,095)
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Withdrawal of time deposit	9,421	1,026
Proceeds from disposal of property, plant and equipment	523	–
Bank interest income received	293	10
Acquisition of property, plant and equipment	(275)	–
Placements of time deposit	(2,301)	(1,026)
Acquisition of investment properties	–	(1,248)
	<hr/>	<hr/>
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	7,661	(1,238)
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	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(7,895)	(12,557)
Repayment of lease liabilities	(875)	(977)
Interest paid	(719)	(807)
Bank borrowings raised	7,000	–
Government subsidies received	–	797
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NET CASH USED IN FINANCING ACTIVITIES	(2,489)	(13,544)
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,177	(16,877)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 1 APRIL	32,734	53,600
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, represented by bank balances	51,911	36,723
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Vico International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 24 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 5 March 2018. The Company’s immediate and ultimate holding company is Max Fortune Holdings Limited (“**Max Fortune**”), a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability. The ultimate controlling parties are Mr. Hui Pui Sing (“**Mr. Hui**”), Ms. Tong Man Wah (“**Ms. Tong**”), spouse of Mr. Hui and Mr. Hui Yip Ho, Eric (“**Mr. Eric Hui**”), son of Mr. Hui and Ms. Tong. The addresses of the Company’s registered office and the principal place of business are at Tricor Services (Cayman Islands) Limited, Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103 Cayman Islands and Unit D, 11/F, Billion Plaza II, No. 10 Cheung Yue Street, Cheung Sha Wan, Hong Kong, respectively.

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

The condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 March 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2023.

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

3. REVENUE

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
Sales of diesel	685,333	461,304
Provision of fleet cards service	15,443	17,260
Sales of lubricant oil	22,090	22,585
Sales of others	3,792	3,416
	<u>726,658</u>	<u>504,565</u>
Disaggregation of revenue by timing of recognition		
Timing of revenue recognition		
At a point in time	<u>726,658</u>	<u>504,565</u>

4. SEGMENT INFORMATION

Geographical information

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	725,504	503,590
Macau	–	430
Vietnam	203	545
Dubai	951	–
	<u>726,658</u>	<u>504,565</u>

The Group's property, plant and equipment and investment properties are solely located in Hong Kong.

Information about major customers

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A ¹	138,809	85,013
Customer B ¹	120,163	94,120
Customer C ¹	92,267	49,232
Customer D ¹	N/A ²	55,603

¹ Revenue from sales of diesel and lubricant oil.

² The corresponding revenue does not contribute over 10% of total revenue of the Group.

5. OTHER INCOME

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	293	10
Government subsidies (<i>Note</i>)	–	797
Gain on disposal of property, plant and equipment	523	–
Rental income from investment properties		
– Lease payments that are fixed	780	1,279
Others	224	–
	<u>1,820</u>	<u>2,086</u>

Note:

During the six months ended 30 September 2022, the Group recognised government subsidies of HK\$676,000 in respect of COVID-19-related subsidies related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund and HK\$121,000 provided by the Hong Kong Productivity Council to support enterprises to adopt IT solutions to continue their business and services during the epidemic.

6. FINANCE COSTS

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on:		
– Bank borrowings	705	776
– Lease liabilities	14	31
	<u>719</u>	<u>807</u>

7. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
Hong Kong Profits Tax		
– Current period	4,664	1,698
Deferred taxation	<u>(57)</u>	<u>(57)</u>
	<u>4,607</u>	<u>1,641</u>

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs, including directors' emoluments		
– Salaries and allowances	4,397	5,333
– Contributions to retirement benefit scheme	<u>165</u>	<u>156</u>
Total staff costs	<u>4,562</u>	<u>5,489</u>
Cost of inventories recognised as expenses (included in cost of sales)	687,852	471,162
Reversal of impairment loss on inventories (included in cost of sales)	–	(97)
Impairment loss on trade receivables	1,274	–
Depreciation of property, plant and equipment	2,343	3,219
Depreciation of investment properties	305	1,374
Depreciation of right-of-use assets	<u>742</u>	<u>858</u>

9. DIVIDEND

No dividends were paid, declared or proposed during the six months ended 30 September 2023 and 2022. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	<u>12,301</u>	<u>8,616</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

11. TRADE AND OTHER RECEIVABLES

	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	43,770	38,010
Less: allowance for impairment of trade receivables	<u>(4,846)</u>	<u>(3,572)</u>
	38,924	34,438
Trade deposits paid	28,009	29,998
Deposits and prepayments	447	482
Receivables due from suppliers	<u>9,576</u>	<u>2,328</u>
	<u>76,956</u>	<u>67,246</u>

The Group allows an average credit period of 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.

	30 September 2023 <i>HK\$'000</i> (Unaudited)	31 March 2023 <i>HK\$'000</i> (Audited)
0 to 30 days	33,465	32,559
31 to 60 days	1,018	348
61 to 90 days	350	19
Over 90 days	<u>4,091</u>	<u>1,512</u>
	<u>38,924</u>	<u>34,438</u>

12. TRADE AND OTHER PAYABLES

	30 September 2023 <i>HK\$'000</i> (Unaudited)	31 March 2023 <i>HK\$'000</i> (Audited)
Trade payables	435	647
Trade deposits received	3,009	951
Accrued directors' emoluments	–	590
Other payables and accruals	<u>8,323</u>	<u>5,910</u>
	<u>11,767</u>	<u>8,098</u>

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

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	30 September 2023 <i>HK\$'000</i> (Unaudited)	31 March 2023 <i>HK\$'000</i> (Audited)
0 to 30 days	<u>435</u>	<u>647</u>

13. SHARE CAPITAL

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

	Number of shares		Share capital	
	30 September 2023 (Unaudited)	31 March 2023 (Audited)	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Ordinary shares of HK\$0.01 each				
Authorised:				
At the beginning and end of period/ year	<u>10,000,000,000</u>	<u>10,000,000,000</u>	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:				
At the beginning and end of period/ year	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>10,000</u>	<u>10,000</u>

14. CONTINGENT LIABILITIES

As at 30 September 2023, the Group had issued a letter of guarantee through the banking facilities granted, to a supplier amounting to HK\$4,000,000 (unaudited) (31 March 2023: HK\$4,000,000). The facilities are secured by corporate guarantee of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

The Group is also an authorized reseller of fleet cards. As at 30 September 2023, the Group operated a total number of 54,897 fleet card accounts (2022: 50,347 fleet card accounts).

Leveraging on the Group's experience and competitive strengths, for the Current Period, the Group's revenue, gross profit and net profit was approximately HK\$726.7 million, HK\$29.3 million and HK\$12.3 million, respectively, representing an increase of 44.0%, an increase of 23.4% and an increase of 42.8%, respectively as compared with the Corresponding Period. The increase in profit for the Current Period was primarily attributed to the enhanced market demand of diesel, a trend influenced by the gradual growth of the Hong Kong economy.

BUSINESS PROSPECTS

The economic landscape in Hong Kong and China presents a nuanced business outlook for the upcoming year. The noticeable economic slowdown and diminished consumer confidence in both China and Hong Kong pose challenges to our fleet card sector, potentially impacting the overall demand for commercial fuels.

Furthermore, the uncertainties surrounding trade disputes and geopolitical tensions may have repercussions on the cost and availability of raw materials, thereby influencing our operational costs. Simultaneously, the recent "zero bid" phenomenon for a property development at Tung Chung East station suggests a potential lack of confidence among real estate developers in the Hong Kong economy and housing market. In the context of our petrochemical products catering to construction companies, the hesitancy among real estate developers could result in a temporary decline in demand for construction-related petrochemicals.

However, the impending construction of Route 11, designed to alleviate traffic congestion in the North West New Territories and support proposed developments in the region, presents a significant opportunity for our Group. As a provider of petrochemical products to the construction and logistics sectors, we can actively engage with the project. The construction of Route 11 is anticipated to generate heightened demand for construction materials and fuel, aligning seamlessly with our core offerings.

Recognizing the global trend towards an increased focus on sustainability and environmental consciousness, our Group will explore initiatives promoting cleaner fuels and eco-friendly practices. This proactive approach aligns with evolving consumer expectations and regulatory measures, positioning us as a responsible and forward-thinking player in the market.

To navigate potential challenges and capitalize on emerging opportunities, our Group should diligently monitor economic trends, reassess supply chain dependencies, and remain agile in adapting marketing and operational strategies. By staying attuned to market dynamics and implementing strategic measures, we can position ourselves for sustainable growth in the coming year, ensuring resilience in the face of economic uncertainties and capitalizing on evolving consumer preferences.

FINANCIAL REVIEW

Revenue

During the Current Period, the Group's revenue amounted to approximately HK\$726.7 million, which increased by 44.0% as compared to that of approximately HK\$504.6 million during the Corresponding Period. The increase in revenue was attributed to the heightened demand for diesel, which was a result of the relaxation of restrictions on cross-boundary land cargo logistics.

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\$685.3 million and HK\$461.3 million respectively, representing 94.3% and 91.4% of the total revenue respectively.

Sales of lubricant oil

Our revenue from sales of lubricant oil 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\$22.1 million and HK\$22.6 million respectively, representing 3.0% and 4.5% of the total revenue respectively.

Provision of fleet cards service

Our income from our provision of fleet cards service decreased by approximately HK\$1.9 million or 10.9% from approximately HK\$17.3 million for the Corresponding Period to approximately HK\$15.4 million for the Current Period. The decrease was primarily due to reduced demand, stemming from the sluggish expansion of the domestic economy post-pandemic and heightened competition in the domestic market.

Sales of other products

Our revenue from sales of other products mainly represents the sales of bitumen, kerosene and diesel exhaust fluid. For the Current Period and the Corresponding Period, our revenue from the sales of other products amounted to approximately HK\$3.8 million and HK\$3.4 million respectively, representing 0.5% and 0.7% 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\$697.3 million and HK\$480.8 million respectively, increased by 45.0%. 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\$5.5 million or approximately 23.1% from approximately HK\$23.8 million for the Corresponding Period to approximately HK\$29.3 million for the Current Period.

Selling and distribution expenses

Our selling and distribution expenses mainly consist of truck drivers' costs. Selling and distribution expenses decreased by approximately HK\$0.6 million or 46.2% to approximately HK\$0.7 million for the Current Period from approximately HK\$1.3 million for the Corresponding Period.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately HK\$0.7 million or 5.2%, from approximately HK\$13.5 million for the Corresponding Period to approximately HK\$12.8 million for the Current Period.

Finance costs

Our finance costs mainly consist of the interest on our interest-bearing bank borrowings and lease liabilities. Finance costs decreased by approximately HK\$0.1 million or 12.5% to approximately HK\$0.7 million for the Current Period from approximately HK\$0.8 million for the Corresponding Period, primarily due to the decrease in the amount of bank borrowing during Current Period.

Income tax expenses

Income tax expenses increased by approximately HK\$3.0 million or 187.5%, from approximately HK\$1.6 million for the Corresponding Period to approximately HK\$4.6 million for the Current Period, primarily due to the profitable companies resulted in higher profit comparing with the Corresponding Period.

Profit for the Current Period

Profit for the Current Period increased by approximately HK\$3.7 million or 43.0% from approximately HK\$8.6 million for the Corresponding Period to approximately HK\$12.3 million for the Current Period, and the Group's net profit margin was approximately 1.7% and 1.2% for the Current Period and the Corresponding Period respectively.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed a total of 31 full-time employees (as at 31 March 2023: 33 full-time employees). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The remuneration packages are subject to review on a regular basis.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: nil).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Current Period.

LIQUIDITY AND CAPITAL RESOURCES

Financial resources and liquidity

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowings. The Group recorded net current assets of approximately HK\$80.3 million as at 30 September 2023, compared to approximately HK\$65.7 million as at 31 March 2023.

As at 30 September 2023, the Group's current assets amounted to approximately HK\$142.0 million (as at 31 March 2023: HK\$120.3 million) of which approximately HK\$51.9 million (as at 31 March 2023: HK\$32.7 million) was bank balances and cash, approximately HK\$77.0 million (as at 31 March 2023: HK\$67.2 million) was trade and other receivables. The Group's current liabilities amounted to approximately HK\$61.9 million (as at 31 March 2023: HK\$54.6 million), including trade and other payables in the amount of approximately HK\$11.8 million (as at 31 March 2023: HK\$8.1 million), bank borrowings in the amount of approximately HK\$42.9 million (as at 31 March 2023: HK\$43.8 million) and income tax payable in the amount of approximately HK\$5.6 million (as at 31 March 2023: HK\$1.0 million). The current ratio (which was calculated by dividing current assets by current liabilities) was 2.3 as at 30 September 2023 (as at 31 March 2023: 2.2).

The gearing ratio (which was calculated based on the total debt (including bank borrowings and lease liabilities) divided by total equity multiplied by 100%) was 20.7% as at 30 September 2023 (as at 31 March 2023: 22.8%).

Capital structure

For the Current Period, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$215.4 million. There has been no change in the capital structure of the Group during the Current Period.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group had no material off-balance sheet capital commitments.

PLEDGE OF ASSETS

As at 30 September 2023, the Group pledged its leasehold land and building of HK\$63,474,000 and investment property of HK\$67,032,000 respectively (as at 31 March 2023: HK\$64,613,000 and HK\$67,337,000 respectively) to secure its bank borrowings.

FOREIGN CURRENCY RISK

The Group is not exposed to foreign currency risk in respect of HKD against USD as long as these currencies are pegged. The transactions and monetary assets denominated in USD are minimal, the Group considers there is no significant foreign exchange risk in respect of USD.

As at 30 September 2023, the Group had not entered into any arrangements to hedge its foreign currency risk. The Group's operating cash flow is not exposed to foreign exchange fluctuation risks.

MATERIAL CHANGES SINCE 31 MARCH 2023

Save for those disclosed in this announcement, there were no other material changes in the Group's financial position since the publication of the 2022/23 annual report of the Company.

CORPORATE GOVERNANCE

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

The Company has made specific enquiry of all the Directors and all the Directors have confirmed that they complied with the required standard set out in the Securities Dealing Code during the Current Period and up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent non-executive Directors, namely Mr. Leung Ho Chi, Mr. Chan Ching Sum and Mr. Tse Yung Hoi. 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 interim results of the Group for the Current Period have been reviewed by the Audit Committee.

PUBLICATION OF 2023 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's corporate website at www.vicointernational.hk and the HKEXnews at www.hkexnews.hk. The 2023 Interim Report of the Company will be despatched to shareholders of the Company and published on the aforesaid websites in due course.

APPRECIATION

The Board would like to extend its sincere thanks to the Group's shareholders, business partners and customers for their utmost support to the Group. The Group would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the Current Period.

By order of the Board
Vico International Holdings Limited
Hui Pui Sing
Chairman and Executive Director

Hong Kong, 30 November 2023

As at the date of this announcement, the executive directors are Mr. Hui Pui Sing, Ms. Tong Man Wah, Mr. Hui Yip Ho Eric and Mr. Kong Man Ho, the non-executive director is Mr. Wong Chun Man and the independent non-executive directors are Mr. Leung Ho Chi, Mr. Chan Ching Sum and Mr. Tse Yung Hoi.