VICON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3878)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Vicon 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") for the six months ended 30 September 2019, together with the comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	Note	***HK$'000***	*HK$'000*
		(unaudited)	*(unaudited)*
Revenue	4	**175,882**	172,493
Cost of sales		**(154,223)**	(149,666)
Gross profit		**21,659**	22,827
Other income and gains		**2,894**	126
Other administrative expenses		**(5,438)**	(6,019)
Operating profit		**19,115**	16,934
Finance income		**2**	2
Finance costs		**(3,892)**	(2,201)
Finance costs, net		**(3,890)**	(2,199)
Profit before taxation		**15,225**	14,735
Income tax expense	5	**(2,893)**	(2,395)
Profit for the period		**12,332**	12,340
Other comprehensive income		**—**	—
Profit and total comprehensive income attributable to equity holders of the Company		**12,332**	12,340
Basic and diluted earnings per share (HK cents)	6	**3.08**	3.09

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2019

	Note	**As at 30 September 2019 HK$'000 (unaudited)**	As at 31 March 2019 HK$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**150,767**	140,883
Prepayments and deposits		**1,687**	155
		152,454	141,038
Current assets			
Trade and retention receivables	8	**77,073**	47,819
Prepayments, deposits and other receivables		**15,097**	3,429
Contract assets		**293,830**	286,650
Income tax recoverable		**461**	3,354
Restricted bank balances		**3,197**	4,877
Cash and cash equivalents		**23,490**	16,516
		413,148	362,645
Total assets		**565,602**	503,683
EQUITY			
Capital and reserve			
Share capital		**4,000**	4,000
Reserves		**297,139**	284,807
Total equity		**301,139**	288,807
LIABILITIES			
Non-current liabilities			
Borrowings		**5,876**	38,913
Lease liabilities		**43,447**	–
Deferred income tax liabilities		**5,343**	5,343
		54,666	44,256
Current liabilities			
Trade and retention payables	9	**75,843**	63,650
Other payables and accruals		**5,725**	6,983
Contract liabilities		**721**	721
Lease liabilities		**15,873**	–
Borrowings		**111,635**	99,145
Income tax payables		**–**	121
		209,797	170,620
Total liabilities		**264,463**	214,876
Total equity and liabilities		**565,602**	503,683

Notes:

1. GENERAL INFORMATION

Vicon Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the foundation works and ancillary services, and general building works in Hong Kong and Macau.

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 13 January 2016 and its shares (the "Shares") were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 22 December 2017 (the "Listing"). The address of the registered office and the principal place of business of the Company is 31st Floor, Kings Tower, 111 King Lam Street, Cheung Sha Wan, Kowloon, Hong Kong.

The unaudited condensed consolidated interim financial information of the Company is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The unaudited condensed consolidated interim financial information has not been audited by the Company's auditors, but has been reviewed by the audit committee of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 September 2019 has 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 disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules").

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), and any public announcement made by the Company during the interim reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2019.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2019, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group has changed its accounting policies and made retrospective adjustments as a result of adopting HKFRS 16 Leases ("HKFRS16").

The impact of the adoption of the leasing standard and the new accounting policy is disclosed below. The other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

The below explains the impact of adoption of HKFRS 16 on the Group's unaudited condensed consolidated interim financial information and also discloses the new accounting policy that has been applied from 1 April 2019.

(i) Accounting policy applied from 1 April 2019

From 1 April 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the useful life when the lease transfer ownership of the underlying assets to the lessee by the end of the lease term, otherwise, the right-of-use assets are depreciated over shorter of the assets' useful lives and the lease terms on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any initial direct cost.

(ii) Impact of adoption

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the reporting period ended 31 March 2019, as permitted under the specific transitional provisions in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening consolidated balance sheet on 1 April 2019.

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 Leases ("HKAS 17"). 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 "operating lease" liabilities on 1 April 2019 was 3.5%.

For leases previously classifed as finance leases the Group recognised the carrying amount of the lease assets and lease liabilities immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurement to the lease liabilties were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

The reconciliation between the operating lease commitments as disclosed by applying HKAS 17 as at 31 March 2019 and lease liabilities recognised in the opening consolidated balance sheet as at 1 April 2019 (date of initial application of HKFRS 16) is a follows:

	2019 HK$'000
Operating lease commitments disclosed as at 31 March 2019	4,247
Discounted using the lessee's incremental borrowing rate at the date of initial application	4,150
Add: finance lease liabilities recognised as at 31 March 2019	43,588
Lease liabilities recognised as at 1 April 2019	47,738
On which are:	
– Current lease liabilities	13,870
– Non-current lease liabilities	33,868
	47,738

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 1 April 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The carrying amount of right-of-use assets by class of underlying assets are as below:

	At 30 September 2019 HK$' 000 (Unaudited)	At 1 April 2019 HK$' 000 (Unaudited)
Properties	2,484	4,150
Plant and machinery	87,891	70,184
Total right-of-use assets	90,375	74,334

The following tables summarise the impacts of adopting HKFRS 16 in the opening consolidated balance sheet as at 1 April 2019 (date of initial application of HKFRS 16):

	As previously stated HK$' 000	Impact of the adoption of HKFRS 16 HK$' 000	As restated HK$' 000
Consolidated Balance Sheet (Extract)			
Assets:			
Property, plant and equipment	140,883	4,150	145,033
Liabilities			
Non-current liabilities:			
Borrowings	38,913	(33,036)	5,877
Lease liabilities	–	33,868	33,868
	38,913	832	39,745
Current liabilities:			
Borrowings	99,145	(10,552)	88,593
Lease liabilities	–	13,870	13,870
	99,145	3,318	102.463
	138,058	4,150	142,208

(b) Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the revenue from construction contracts from foundation works and general building works on building construction in the ordinary course of business. Revenue recognised is as follows:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Revenue from construction contracts	**175,882**	**172,493**

Segment information

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors consider the segment from a business perspective and regards the Group's business as a single operating segment and review financial information accordingly.

Geographical information

(a) **Revenue from external customers**

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Hong Kong	**175,882**	163,871
Macau	**–**	8,622
	175,882	172,493

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Hong Kong	**152,454**	141,038

The non-current assets information above is based on the locations of the assets.

5. INCOME TAX EXPENSE

The amount of income tax charged to profit or loss represents:

	Six months ended 30 September 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited)
Hong Kong profits tax		
Current income tax	**2,893**	2,395

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits during the six months ended 30 September 2019 and 2018.

6. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 September 2019	2018
Profit attributable to equity holders of the Company (HK$'000)	**12,332**	12,340
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	**400,000**	400,000
Basic earnings per share (HK cents)	**3.08**	3.09

(b) Diluted

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding as at period end.

7. INTERIM DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

8. TRADE AND RETENTION RECEIVABLES

	At 30 September 2019 *HK$'000* *(unaudited)*	At 31 March 2019 *HK$'000* *(audited)*
Trade receivables	**43,997**	19,539
Retention receivables	**33,076**	28,280
	77,073	47,819

The credit period granted to trade customers other than for retention receivables was within 30 days or due upon presentation of invoices. The terms and conditions in relation to the release of retention vary from contract to contract, which may be subject to practical completion, the expiry of the defects liability period or a pre-agreed time period. The Group does not hold any collateral as security.

At 30 September 2019, the ageing analysis of the trade receivables based on invoice date is as follows:

	At 30 September 2019 *HK$'000* *(unaudited)*	At 31 March 2019 *HK$'000* *(audited)*
1 - 30 days	**29,359**	11,808
91 - 180 days	**14,423**	—
181 - 365 days	**215**	7,731
	43,997	19,539

At 30 September 2019, the ageing analysis of the retention receivables based on invoice date is as follows:

	At 30 September 2019 *HK$'000* *(unaudited)*	At 31 March 2019 *HK$'000* *(audited)*
Within 1 year	**18,746**	16,601
Between 1 to 2 years	**10,264**	7,206
Between 2 to 5 years	**4,066**	4,473
	33,076	28,280

9. TRADE AND RETENTION PAYABLES

	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Trade payables	**49,099**	41,386
Retention payables	**26,744**	22,264
	75,843	63,550

The credit period granted by trade creditors was within 30 days.

At 30 September 2019, the ageing analysis of the trade payables based on invoice date is as follows:

	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
1 - 30 days	**49,099**	41,386

The terms and conditions in relation to the release of retention vary from contract to contract. At 30 September 2019, the ageing analysis of the retention payables based on invoice date is as follows:

	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Within 1 year	**8,182**	17,552
Between 1 and 3 years	**18,562**	4,712
	26,744	22,264

10. CONTINGENT LIABILITIES

As at 30 September 2019, the Group has given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to HK$65.0 million (31 March 2019: HK$52.4 million). The performance bonds as at 30 September 2019 are expected to be released in accordance with the terms of the respective construction contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a specialist foundation contractor and focuses on design-and-build foundation projects in the Hong Kong private sector. Our projects involve different types of construction works, such as piling construction, ELS works, pile cap construction and general building works in Hong Kong and Macau.

For the six months ended 30 September 2019 (the "Current Period"), the Group recorded revenue of approximately HK$175.9 million as compared to revenue of approximately HK$172.5 million for the six months ended 30 September 2018 (the "Last Period").

Revenue contributed from projects which we were acting as main contractor has increased from approximately 62.4% in the Last Period to approximately 96.4% in the Current Period.

The amount of backlog revenue at 30 September 2019 was approximately HK$527.1 million (31 March 2019: HK$374.0 million).

Foundation works and anciliary services

Foundation works mainly include mini-piling, percussive piling, rock socketed in steel H-pile and bored pile, together with pile cap. Ancillary services mainly include site formation and demolition works, for example, clearance of the site, excavation, demolition of a building or any substantial part of a building.

During the six months ended 30 September 2019, there were 11 projects (six months ended 30 September 2018: 19 projects) contributing revenue of approximately HK$175.9 million (six months ended 30 September 2018: HK$166.2 million) to the Group. Despite the number of projects contributing revenue to the Group in the Current Period was fewer than that in the Last Period, there were a number of projects in the middle stages of construction, which contributed more revenue accordingly.

General Buildings Works

General building works mainly include structural alteration and addition works, development of superstructures such as entire dwelling, office buildings, stores, public utility buildings, farm buildings, etc.

For the six months ended 30 September 2019, there was nil revenue generated from general building works project as the project from Last Period has been completed, while there was one general building works project contributing revenue of approximately HK$6.3 million for the Last Period.

FINANCIAL REVIEW

Revenue

Our revenue remained relatively stable increasing by approximately HK$3.4 million, or 2.0%, from approximately HK$172.5 million to approximately HK$175.9 million.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK$1.1 million, or 5.2% from approximately HK$22.8 million for the Last Period to approximately HK$21.7 million for the Current Period. Our gross profit margin decreased by approximately 0.9%, from approximately 13.2% for the Last Period to approximately 12.3% for the Current Period.

The decrease in gross profit margin was mainly attributable to the increase in the revenue contributed by the foundation projects undertaken by us with relatively low gross profit margin as compared with the overall gross profit margin for the Last Period.

Other administrative expenses

Our administrative expenses decreased by approximately HK$0.6 million, or approximately 9.7%, from approximately HK$6.0 million for the Last Period to approximately HK$5.4 million for the Current Period.

Finance costs, net

Our finance costs, net increased by approximately HK$1.7 million, or 76.8%, from approximately HK$2.2 million for the Last Period to approximately HK$3.9 million for the Current Period. Such increase was mainly due to the increase in the balance of borrowings to finance the increased scale of business operation as the proportion of revenue contributed from projects which we were acting as main contractors increased from approximately 62.4% of our revenue in the Last Period to approximately 96.4% of our revenue in the Current Period.

Profit for the period

Our profit for the period remained stable at approximately HK$12.3 million for the Current Period and the Last Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through retained profits and borrowings.

As at 30 September 2019, the capital structure of the Group consisted of equity of approximately HK$301.1 million (31 March 2019: HK$288.8 million), borrowings of approximately HK$117.3 million (31 March 2019: HK$94.5 million) and lease liabilities of approximately HK$59.3 million (1 April 2019: HK$43.6 million).

Cash position and fund available

During the Current Period, the Group maintained a healthy liquidity position, with working capital being financed by our operating cash flows and borrowings.

As at 30 September 2019, our cash and cash equivalents were approximately HK$23.5 million (31 March 2019: HK$16.5 million). The Group also had restricted bank balances of approximately HK$3.2 million (31 March 2019: HK$4.9 million) deposited for a bank to issue surety bonds in respect of our foundation projects.

As at 30 September 2019, the current ratio of the Group was approximately 2.0 times (31 March 2019: 2.1 times).

GEARING RATIO

As at 30 September 2019, the Group's gearing ratio was approximately 58.7% (31 March 2019: 47.8%), calculated as the borrowings divided by the total equity as at the end of the respective periods and multiplied by 100%.

NET CURRENT ASSETS

As at 30 September 2019, the Group had net current assets of approximately HK$203.4 million (31 March 2019: HK$192.0 million). The increase in net current assets position was mainly attributable to the net profit generated from the Group's operations during the period.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from the banks to meet its liquidity requirements. The Board is not aware of any liquidity issue that may cast significant doubt on the Group's ability to continue as a going concern.

CAPITAL EXPENDITURES

The Group's capital expenditures for the Current Period amounted to approximately HK$25.0 million (six months ended 30 September 2018: HK$43.4 million), which was incurred due to the purchase of machine and equipment.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the six months periods ended 30 September 2019 and 2018. The Board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

USE OF NET PROCEEDS

The net proceeds of the share offer of the Company's shares for Listing in 2017 was approximately HK$82.7 million, after deducting the listing expenses borne by the Company. Such net proceeds have been allocated according to the principles and proposed percentage of utilisation as specified in the section headed "Reasons for the listing, future plans and proposed use of net proceeds from the share offer" of the Prospectus.

Up to 30 September 2019, the net proceeds were used as follows:

	Net proceeds	**Actual usage up to 30 September 2019**	**Unutilised amount at 30 September 2019**
	HK$'million	*HK$'million*	*HK$'million*
Take out of surety bond	34.0	34.0	—
Purchase of machinery	17.4	17.4	—
Repayment of bank loan	14.0	14.0	—
Strengthen of design team *(Note 1)*	8.5	0.8	7.7
Purchase of software *(Note 2)*	0.5	0.1	0.4
General working capital	8.3	8.3	—
	82.7	74.6	8.1

Note 1:

As at 30 September 2019, the Group has hired an assistant quantity surveyor and an assistant project manager to strengthen our in-house design team. The Group was in the process of identifying further suitable candidates for our in-house design team.

Note 2:

As at 30 September 2019, the Group has purchased several licenses for engineering software programs and the Group expected to purchase additional licenses upon the recruitment of new members of our in-house design team.

The Group held the unutilised net proceeds mainly in short-term deposits with licensed banks in Hong Kong during the Current Period.

CONTINGENT LIABILITIES

As at 30 September 2019, the Group has given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to HK$65.0 million (31 March 2019: HK$52.4 million). The performance bonds as at 30 September 2019 were expected to be released in accordance with the terms of the respective construction contracts.

PLEDGE OF ASSETS

As at 30 September 2019, banking facilities were granted to the Group in respect of the specific projects, with an aggregate amount of approximately HK$108.3 million (31 March 2019: HK$74.3 million) were guaranteed by (i) the Company; and (ii) charge over the Group's trade receivables with an aggregate amount of approximately HK$26.4 million (31 March 2019: HK$11.4 million), of which approximately HK$20.9 million (31 March 2019: HK$3.4 million) of the banking facilities had not yet been utilised. These banking facilities can only be used for project-specific financing which will be terminated upon the completion of the foundation projects as specified in the relevant facility letters.

As at 30 September 2019, the finance lease liabilities amounting to approximately HK$56.8 million (31 March 2019: HK$43.6 million) from four banks are guaranteed by the Company and pledged by the Group's machinery and equipment with carrying amount of approximately HK$89.4 million (31 March 2019: HK$70.2 million).

As at 30 September 2019, machinery and equipment with carrying amount of approximately HK$16.6 million (31 March 2019: HK$17.8 million) were pledged for the Group's bank borrowings.

CAPITAL COMMITMENTS

As at 30 September 2019, the Group did not have any capital commitments contracted but not provided for.

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As at 30 September 2019, the Group had a total of 70 employees (31 March 2019: 74). Total staff costs (including Directors' emoluments) for the six months ended 30 September 2019 were approximately HK$19.8 million (six months ended 30 September 2018: HK$19.9 million). The remuneration offered to employees generally includes salaries, medical benefits and bonuses. In general, the Group determines salaries of its employees based on each employee's qualification, position and seniority. The Company adopted a share option scheme under which the Board may grant options to the employees. The Group provides training to its employees according to the work requirements.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Current Period.

SIGNIFICANT INVESTMENTS HELD

The Group did not have any significant investments held as at 30 September 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as at 30 September 2019.

FUTURE PROSPECTS

In the coming year, we believe the construction market in Hong Kong will remain under pressure due to the political environment and uncertainty economic environment. As a result, the construction market has become highly competitive with the decrease in number of development projects, which has resulted in shrinking profit margin.

The Group will strive to maintain a balance between risk and return and make investment decisions based on our shareholders' interest and the market situation. We consider we are well-positioned in the market as our operation model of contracting works gives us the flexibility to remain resilient to adverse impact.

Looking ahead, the Board is confident in the Group's future development with our current contracts on hand and established reputation. The Group intends to expand our business capacity and scale to strengthen its market position in Hong Kong and to capture more sizeable and profitable projects.

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 a sufficient public float under the Listing Rules from the Listing Date and up to the date of this announcement.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of corporate governance. The Board is of the opinion that the Company has complied with all the code provisions set out in the CG Code during the Current Period.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code during the Current Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2019 and up to the date of this interim results announcement.

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee"), with its terms of reference established in compliance with the Listing Rules, comprises three independent non-executive Directors, namely Mr. Tse Ka Ching Justin (chairman), Mr. Ip Ka Ki and Professor Kuang Jun Shang.

The Group's unaudited condensed consolidated interim financial information for the six months ended 30 September 2019 have not been audited by the Company's independent auditor, but have been reviewed by the Audit Committee. The Audit Committee was satisfied that the unaudited condensed consolidated interim financial information was prepared in accordance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

By order of the Board
Vicon Holdings Limited
CHOW Kwok Chun
Chairman

Hong Kong, 29 November 2019

As at the date of this announcement, the executive Directors are Mr. Chow Kwok Chun, Mr. Tsang Hing Kuen, Mr. Leung Kim Lim and Mr. Liu Jin Fai and the independent non-executive Directors are Mr. Ip Ka Ki, Professor Kuang Jun Shang and Mr. Tse Ka Ching Justin.