VICON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3878)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL HIGHLIGHTS
(for the year ended 31 March 2020)

– Revenue was approximately HK$468.2 million (2019: HK$370.4 million)

– Gross profit was approximately HK$49.1 million (2019: HK$50.1 million)

– Profit for the year attributable to equity holders of the Company was approximately HK$23.7 million (2019: HK$29.2 million)

– Basic and diluted earnings per share was approximately HK5.93 cents per share (2019: HK7.29 cents per share)

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Vicon Holdings Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2020 ("FY2020"), together with the comparative figures for the year ended 31 March 2019 ("FY2019") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
Revenue	*3*	**468,240**	370,433
Cost of sales		**(419,137)**	(320,375)
Gross profit		**49,103**	50,058
Other income, net		**9,935**	6,683
Impairment losses on contract assets		**(7,966)**	(4,942)
Other administrative expenses		**(14,238)**	(10,489)
Operating profit		**36,834**	41,310
Finance income		**19**	10
Finance costs		**(8,849)**	(6,726)
Finance costs, net		**(8,830)**	(6,716)
Profit before taxation		**28,004**	34,594
Income tax expense	*4*	**(4,273)**	(5,439)
Profit for the year		**23,731**	29,155
Other comprehensive income		**–**	–
Profit and total comprehensive income attributable to equity holders of the Company		**23,731**	29,155
Basic and diluted earnings per share *(HK cents)*	*5*	**5.93**	7.29

CONSOLIDATED BALANCE SHEET

As at 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**160,716**	140,883
Prepayments and deposits		**7,030**	155
		167,746	141,038
Current assets			
Trade and retention receivables	7	**46,522**	47,819
Prepayments, deposits and other receivables		**11,103**	3,429
Contract assets	8	**324,494**	286,650
Income tax recoverable		**4,136**	3,354
Restricted bank balances		**3,180**	4,877
Cash and cash equivalents		**19,386**	16,516
		408,821	362,645
Total assets		**576,567**	503,683
EQUITY			
Capital and reserves			
Share capital	10	**4,000**	4,000
Reserves		**308,538**	284,807
Total equity		**312,538**	288,807
LIABILITIES			
Non-current liabilities			
Borrowings		**3,033**	38,913
Lease liabilities		**41,715**	–
Deferred income tax liabilities		**9,125**	5,343
		53,873	44,256
Current liabilities			
Trade and retention payables	9	**77,136**	63,650
Other payables and accruals		**5,288**	6,983
Contract liabilities	8	**3,351**	721
Income tax payable		**3,429**	121
Lease liabilities		**15,968**	–
Borrowings		**104,984**	99,145
		210,156	170,620
Total liabilities		**264,029**	214,876
Total equity and liabilities		**576,567**	503,683

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 13 January 2016 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 31st Floor, Kings Tower, 111 King Lam Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries provide foundation works and ancillary services and general building works in Hong Kong and Macau. The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited ("the Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars "HK$", unless otherwise stated and were approved for issue on 26 June 2020.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied during the year, unless otherwise stated.

The principal accounting policies applied in the preparation of the consolidated financial statements which are in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

2.1 Changes in accounting policy and disclosures

(a) Adoption of new standards, interpretation and amendments to standards

The Group has adopted the following new standard, improvements, interpretation and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on 1 April 2019:

HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC)-Int23	Uncertainty over income tax treatments
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 cycle

The Group had to change its accounting policies as a result of adopting HKFRS 16 "Leases". The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 April 2019. This disclosed in Note 2.1(c). Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Except for the impact for HKFRS 16 which have been disclosed in Note 2.1(c), the adoption of the above new standards, improvements, interpretation and amendments to standards did not have significant financial impact on these consolidated financial statements.

(b) ***New standards and interpretations not yet adopted by the Group***

The following are new standard, revised framework and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2020 or later periods, but have not been early adopted by the Group.

Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform[1]
HKFRS 3 (Amendments)	Definition of a Business[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts[2]

(1) Effective for the accounting period beginning on 1 January 2020

(2) Effective for the accounting period beginning on 1 January 2021

(3) Effective date to be determined

The Group will apply the above new standard, revised framework and amendments to standards when they become effective. No new standard, revised framework and amendments to standards is expected to have a significant effect on the consolidated financial statements of the Group.

(c) ***Changes in accounting policies***

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 of the 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 (date of initial application of HKFRS 16). The weighted average lessee's incremental borrowing rate applied to the "operating lease" liabilities on 1 April 2019 was 3.5%.

For leases previously classified 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 liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

In applying HKFRS 16 for the first time, the Group has used a single discount rate to a portfolio of leases with reasonable similar characteristics, which is a practical expedient permitted by the standard.

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:

	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 reclassified 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 for finance leases were measured on a retrospective basis as if the new rules had always been applied.

Other 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:

	HK$'000
Office premises and warehouse	4,150
Plant and machinery	70,184
	74,334

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

	As previously stated *HK$'000*	**Impact of adoption of HKFRS 16** *HK$'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
Current liabilities:			
Borrowings	99,145	(10,552)	88,593
Lease liabilities	–	13,870	13,870
	138,058	4,150	142,208

3. REVENUE AND 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 regard the Group's business as a single operating segment and review financial information accordingly.

Geographical information

(a) Revenue from external customers

	2020 ***HK$'000***	2019 *HK$'000*
Hong Kong	**468,240**	360,973
Macau	**–**	9,460
	468,240	370,433

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

(b) Non-current assets

	2020 ***HK$'000***	2019 *HK$'000*
Hong Kong	**167,746**	141,038

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

Information about major customers

For the year ended 31 March 2020, there were 2 customers which individually contributed over 10% of the Group's total revenue. The revenue contributed from each of these customers was as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A *(Note)*	**282,994**	N/A
Customer B	**66,781**	194,906

Note: Revenue from Customer A did not exceed 10% of the total revenue for the year ended 31 March 2019.

4. INCOME TAX EXPENSE

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

	2020	2019
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current income tax	**464**	1,110
Deferred income tax	**3,782**	4,264
Under provision in prior year	**27**	65
	4,273	5,439

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the year.

5. 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 years.

	2020	2019
Profit attributable to equity holders of the Company *(HK$'000)*	**23,731**	29,155
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)*	**5.93**	7.29

(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 year end.

6. **DIVIDENDS**

The Board did not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

7. **TRADE AND RETENTION RECEIVABLES**

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**234**	19,539
Retention receivables	**46,288**	28,280
	46,522	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 31 March 2020, the ageing analysis of the trade receivables based on invoice date were as follows:

	2020	2019
	HK$'000	*HK$'000*
1 – 30 days	**–**	11,808
91 – 180 days	**–**	–
181 – 365 days	**20**	7,731
1 – 2 years	**214**	–
	234	19,539

At 31 March 2020, the ageing analysis of the retention receivables based on invoice date were as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 1 year	**25,609**	16,601
Between 1 to 2 years	**11,730**	7,206
Between 2 to 5 years	**8,949**	4,473
	46,288	28,280

8. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with customers:

	31 March 2020	31 March 2019
	HK$'000	*HK$'000*
Contract assets		
Provision of construction services	**337,402**	291,592
Less: Loss allowance	**(12,908)**	(4,942)
	324,494	286,650
Contract liabilities		
Provision of construction services	**3,351**	721

9. TRADE AND RETENTION PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**54,569**	41,386
Retention payables	**22,567**	22,264
	77,136	63,650

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

At 31 March 2020, the ageing analysis of the trade payables based on invoice date was as follows:

	2020	2019
	HK$'000	*HK$'000*
1 – 30 days	**54,569**	41,386

10. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares, authorised:		
At 31 March 2018, 2019 and 2020	1,000,000,000	10,000

	Number of shares	**Share capital**
		HK$'000
Ordinary shares, issued and fully paid:		
At 31 March 2018, 2019 and 2020	400,000,000	4,000

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

For FY2020, the Group recorded revenue of approximately HK$468.2 million as compared to revenue of HK$370.4 million for FY2019, which represented an increase of approximately HK$97.8 million or 26.4%.

Revenue contributed from projects which we were acting as main contractor has increased from approximately 72% of our total revenue in FY2019 to approximately 98% of our total revenue in FY2020.

The amount of backlog revenue as at 31 March 2020 was approximately HK$280.1 million (31 March 2019: HK$374.0 million).

Foundation Works and Ancillary 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 which covers clearance of the site, excavation, demolition of a building or any substantial part of a building.

During FY2020, there were 13 projects (FY2019: 20 projects) contributing revenue of approximately HK$468.2 million (FY2019: HK$343.4 million) to the Group. Despite the number of projects contributing revenue to the Group in FY2020 was lower than that in FY2019, revenue was higher due to a number of sizable projects which were in the mature stages of construction, which contributed a large portion of their contract values to the revenue in FY2020.

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 FY2020, there was nil (FY2019: one) general building works project contributing revenue (FY2019: HK$27.0 million) to this business segment.

Outlook and prospects

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 22 December 2017 (the "Listing"). The Listing improved our reputation and provided additional capital to the Group to explore business opportunities.

The construction market in Hong Kong remained under pressure and continued to be weak and highly competitive in FY2020 with a reduction in the number of foundation contracts in both the public and private sectors. Our business has been primarily focused in the Hong Kong private sector but the reduction of foundation contracts has led to enhanced competition in the industry, affecting our tender prices and therefore reduced the award prices of the projects.

With the outbreak of COVID-19 (the "Epidemic"), the spread of the disease has created a challenging operating environment worldwide. In view of the uncertainty brought by the Epidemic to the macroeconomic environment, the Group will continue to monitor the evolving situation, including Government guidance and measures initiated, in order to enable the Group to position itself well in the market. We will continue to focus on "design and build" projects and maintaining a strong financial position to meet the requirements of future potential projects.

The Group is in the process of multiple tender submissions for foundation projects. The Group will continue to submit tender for targeted and profitable projects in order to strive for a stable revenue growth.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK$97.8 million, or 26.4%, from approximately HK$370.4 million for FY2019 to approximately HK$468.2 million for FY2020.

Gross profit and gross profit margin

Our gross profit for FY2020 was approximately HK$49.1 million, while our gross profit for FY2019 was approximately HK$50.1 million. Our gross profit margin decreased from 13.5% for FY2019 to 10.5% for FY2020 due to fierce competition in the market.

Other income, net

Our other income, net increased by approximately HK$3.2 million from approximately HK$6.7 million for FY2019 to approximately HK$9.9 million for FY2020, which was mainly attributable to the increase of approximately HK$9.6 million from the rental income from machinery and equipment from approximately HK0.5 million for FY2019 to approximately HK$10.1 million for FY2020, partially offset by i) the decrease in consultancy income of approximately HK$2.9 million from approximately HK$3.1 million for FY2019 to approximately HK$0.2 million for FY2020; ii) decrease in gains on disposal of machinery and equipment of approximately HK$1.8 million from approximately HK$2.9 million for FY2019 to approximately HK$1.1 million for FY2020; and iii) changes in cash surrender values of key management life insurance contract of approximately HK$1.7 million (FY2019: nil).

Impairment losses on contract assets

Our impairment losses on contract assets represents a provision for impairment loss allowance amounting to approximately HK$8.0 million (FY2019: HK$4.9 million) made based on the management's latest assessment of risk of default in the Group's financial assets during the year.

Other administrative expenses

Our administrative expenses increased by approximately HK$3.7 million, or approximately 35.2%, from approximately HK$10.5 million for FY2019 to approximately HK$14.2 million for FY2020. The increase in administrative expenses was mainly due to the increase in the depreciation arising from the machinery rented out.

Finance costs, net

Our finance costs, net increased by approximately HK$2.1 million, or 31.3%, from approximately HK$6.7 million for FY2019 to approximately HK$8.8 million for FY2020. 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 72% of our total revenue in FY2019 to approximately 98% of our total revenue in FY2020.

Income tax expense

Our income tax expense decreased by approximately HK$1.1 million, from approximately HK$5.4 million for FY2019 to approximately HK$4.3 million for FY2020 due to the combined effect of the above factors. The effective tax rate for FY2020 was approximately 15.3%, which remained stable as compared to that of approximately 15.7% for FY2019.

Profit and total comprehensive income attributable to equity holders of the Company

Based on the above factors, profit and total comprehensive income attributable to equity holders of the Company decreased by approximately HK$5.5 million, or approximately 18.8%, from approximately HK$29.2 million for FY2019 to approximately HK$23.7 million for FY2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through retained profits, borrowings and cash inflows from operating activities.

As at 31 March 2020, the capital structure of the Group consisted of equity of approximately HK$312.5 million (2019: HK$288.8 million), bank borrowings of approximately HK$108.0 million (2019: HK$138.1 million including finance lease of machinery and equipment of HK$43.6 million). For details, please refer to the paragraph headed "Bank borrowings" below.

Cash position and fund available

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

As at 31 March 2020, our cash and cash equivalents were approximately HK$19.4 million (2019: HK$16.5 million). The Group also had restricted bank balances of approximately HK$3.2 million (2019: HK$4.9 million) deposited for a bank to issue surety bonds in respect of our foundation projects.

As at 31 March 2020, the current ratio of the Group was approximately 1.9 times (2019: 2.1 times).

Bank borrowings

The Group generally meets its working capital requirement by cash flows generated from its operation and borrowings. The maturity and interest rate profile of the Group's borrowings are set out below.

(a) The maturity of borrowings is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 1 year	**104,984**	88,593
Between 1 and 2 years	**3,033**	2,844
Between 2 and 5 years	**–**	3,033
	108,017	94,470

(b) Finance lease liabilities were included in borrowings until 31 March 2019, and were reclassified to lease liabilities on 1 April 2019 upon adoption of the new leasing standard. See Note 2.1(c) for further information about the change in the accounting policy for leases.

The minimum lease payments, lease liability and the future payment thereof as at 31 March 2019, relating to the aforementioned finance leases and expressed in terms of their net present value, are set out in the following table:

	2020	2019
	HK$'000	*HK$'000*
Commitments in relation to the finance lease are payable as follow:		
Within one year	**–**	13,013
Later than one year but no later than five years	**–**	36,678
Minimum lease payment	**–**	49,691
Future finance charges	**–**	(6,103)
Total lease liabilities	**–**	43,588
The present value of the finance lease liability is as follow:		
Within one year	**–**	10,552
Later than one year but no later than five years	**–**	33,036
Minimum lease payment	**–**	43,588

(c) The weighted average interest rates were as follows:

	2020	2019
Long-term bank loans	**3.50%**	3.50%
Short-term bank loans	**3.86%**	3.88%

GEARING RATIO

As at 31 March 2020, the Group's gearing ratio was approximately 34.6% (2019: 47.8%), calculated as the total borrowings divided by the total equity as at the end of the respective years and multiplied by 100%.

NET CURRENT ASSETS

As at 31 March 2020, the Group had net current assets of approximately HK$198.7 million (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 year.

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 year amounted to approximately HK$47.1 million (2019: HK$61.0 million), which was incurred due to the purchase of machinery 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 year ended 31 March 2020. 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 FROM LISTING

Based on the Offer Price of HK$1.20 per share, the net proceeds of the Share Offer received by the Company was approximately HK$82.7 million, after deducting the listing expenses borne by the Company. The proposed application of net proceeds as stated in the Prospectus has 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" in the Prospectus.

During the year ended 31 March 2020, the net proceeds were used as follows:

	Net proceeds from Share Offer *HK$'million*	Actual usage up to 31 March 2020 *HK$'million*	Unutilised amount *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	1.8	6.7
Purchase of software *(Note 2)*	0.5	0.1	0.4
General working capital	8.3	8.3	–
	82.7	75.6	7.1

Note 1:

As at 31 March 2020, the Group has hired an assistant quantity surveyor, an engineer 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 31 March 2020, the Group has purchased several licenses for engineering software programs and the Group expects 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.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group has given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to approximately HK$60.4 million (2019: HK$52.4 million). The performance bonds as at 31 March 2020 were expected to be released in accordance with the terms of the respective construction contracts.

PLEDGE OF ASSETS

As at 31 March 2020, machinery and equipment with carrying amount of approximately HK$15.5 million (2019: HK$17.8 million) were pledged for the Group's bank borrowings.

As at 31 March 2020, banking facilities were granted to the Group in respect of the specific projects, with an aggregate amount of approximately HK$119.9 million (2019: HK$74.3 million) were guaranteed by (i) the Company; and (ii) charge over the Group's trade receivables with an aggregate amount of approximately HK$nil (2019: HK$11.4 million), of which approximately HK$40.6 million (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 31 March 2020, a bank borrowing granted to the Group in respect of the key management insurance contract, with an amount of approximately HK$7.8 million (2019: nil) were guaranteed by (i) the Company; and (ii) charge over the Group's key management insurance contract with cash surrender value of approximately HK$7.0 million.

CAPITAL COMMITMENTS

As at 31 March 2020, the Group did not have any capital commitments contracted but not provided for.

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As at 31 March 2020, the Group had a total of 51 employees (2019: 74). Total staff costs (including Directors' emoluments) for the year were approximately HK$43.3 million (2019: HK$42.5 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 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 FY2020.

SIGNIFICANT INVESTMENTS HELD

The Group did not have any significant investments held as at 31 March 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other plans for material investments or capital assets as at 31 March 2020.

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 applicable code provisions set out in the CG Code during the year ended 31 March 2020.

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 standard set out in the Model Code during the year ended 31 March 2020.

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 year ended 31 March 2020.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2020 and up to the date of this announcement.

REVIEW OF ANNUAL RESULT BY AUDIT COMMITTEE

The Company has established the audit committee (the "Audit Committee") on 30 November 2017 with written terms of reference in compliance with the Listing Rules as amended from time to time. The Audit Committee consists of three independent non-executive Directors. The Audit Committee had reviewed the Group's consolidated financial statements of the FY2020, including the accounting principles and practices adopted by the Group, as well as the risk management and internal control systems of the Group.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2020 as well as the final results announcement of the Group for the year ended 31 March 2020. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position for the year ended 31 March 2020.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 10 September 2020, the register of members of the Company will be closed from Friday, 4 September 2020 to Thursday, 10 September 2020, both days inclusive, during which period no transfer of shares will be registered. All transfer of shares accompanied by the relevant certificates must be lodged with the Company's transfer office and share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 3 September 2020.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.vicon.com.hk and the Stock Exchange's website at www.hkexnews.hk. The 2020 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 26 June 2020

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.