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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3878)**

## **CHANGE IN USE OF PROCEEDS**

Reference is made to the prospectus of Vicon Holdings Limited (the “**Company**”) in relation to the Share Offer for the Listing of securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) dated 12 December 2017, the Company’s announcement of offer price and allotment results dated 21 December 2017 (the “**Allotment Results Announcement**”) and the annual report for the year ended 31 March 2020 published on 24 July 2020 in relation to the use of the Net Proceeds (as defined below) from the Share Offer. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

### **PLANNED USE OF PROCEEDS**

According to the Allotment Results Announcement, the actual amount of the net proceeds from the Share Offer after deducting underwriting commission and other relevant expenses was approximately HK\$82.7 million (the “**Net Proceeds**”). As disclosed in the Prospectus, the Net Proceeds would be applied for (i) financing the issue of surety bonds; (ii) purchase of machinery for the Group’s foundation business in the Hong Kong private and public sectors; (iii) early repayment of financial lease liabilities incurred for the purchase of cranes and oscillators; (iv) expansion of the in-house design team; (v) purchase of additional licensed rights of selected professional construction design and analytical computer software; and (vi) general working capital.

As at 31 August 2020, according to the unaudited management accounts of the Group, the Group had used approximately HK\$76.4 million, representing approximately 92.3% of the Net Proceeds, and the remaining balance of the Net Proceeds was approximately HK\$6.3 million.

## CHANGE IN USE OF PROCEEDS

Having considered the current challenging business environment given the uncertainty in the economy caused by COVID-19 epidemic, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has re-evaluated the utilisation of Net Proceeds and resolved to reallocate the use of the Net Proceeds for the reasons set out in the paragraph headed “Reasons for the change in use of proceeds” below.

The changes to and the utilisation of the Net Proceeds from the Share Offer are set out below:

<b>Use of Net proceeds</b>	<b>Original allocation of Net Proceeds <i>HK\$ million</i></b>	<b>Revised allocation of Net Proceeds <i>HK\$ million</i></b>	<b>Actual amount of utilised Net Proceeds as of the date of this announcement <i>HK\$ million</i></b>	<b>Unutilised amount of Net Proceeds as of the date of this announcement <i>HK\$ million</i></b>
Take out of surety bond	34.0	34.0	34.0	–
Purchase of machinery	17.4	17.4	17.4	–
Repayment of bank loan	14.0	20.3	14.0	6.3
Strengthen of design team	8.5	2.6	2.6	–
Purchase of software	0.5	0.1	0.1	–
General working capital	8.3	8.3	8.3	–
	<u>82.7</u>	<u>82.7</u>	<u>76.4</u>	<u>6.3</u>

## REASONS FOR THE CHANGE IN USE OF PROCEEDS

### (1) Strengthening of the Group’s design team and purchase of software

Since the Listing, the Group has hired an assistant quantity surveyor, an engineer and an assistant project manager and has purchased several licences for engineering software programs for their use. The occurrence of social movements in 2019 and the outbreak of the COVID-19 pandemic in 2020 has led to a dramatic change in the business environment in Hong Kong. Given the uncertainty of the economy going forward, the Group considers it would be prudent and in the best interests of the Company to maintain its current organisational structure and suspend its plans to further expand the design team (and as a result its need for purchasing additional software licences) for the time being.

### (2) Increasing repayment of bank loan

The Net Proceeds originally allocated towards strengthening of the Group’s design team and purchase of software would be re-allocated towards reducing the Group’s bank loans. The Group considers that the reduction of interest expense and gearing will be more favourable to the Group’s long-term business development and be a better utilization of the Net Proceeds by allowing it to be better positioned from a liquidity standpoint to face the uncertainties in the business environment in which it operates.

The Group expects to use the reallocated unutilised Net Proceeds by 31 March 2021.

## **THE BOARD'S VIEW**

The Board considers that the change in the use of the Net Proceeds is fair and reasonable, and will allow the Group to meet its financial needs more efficiently and flexibly. The Board considers that the proposed change in the use of Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

By Order of the Board  
**VICON HOLDINGS LIMITED**  
**CHOW Kwok Chun**  
*Chairman*

Hong Kong, 9 September 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.*