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## 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 2021

#### 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 2021, together with the comparative figures for the corresponding period in 2020 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		<b>Six months ended 30 September</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>HK\$' 000</b>	HK\$' 000
		<b>(unaudited)</b>	(unaudited)
Revenue	4	<b>59,635</b>	210,389
Cost of sales		<b>(54,786)</b>	(192,304)
Gross profit		<b>4,849</b>	18,085
Other income, net		<b>1,105</b>	4,275
Other administrative expenses		<b>(20,750)</b>	(5,567)
Operating (loss)/profit		<b>(14,796)</b>	16,793
Finance income		–	2
Finance costs		<b>(1,761)</b>	(4,233)
Finance costs, net		<b>(1,761)</b>	(4,231)
(Loss)/profit before income tax		<b>(16,557)</b>	12,562
Income tax credit/(expense)	5	<b>1,830</b>	(2,073)
(Loss)/profit for the period		<b>(14,727)</b>	10,489
Other comprehensive income		–	–
(Loss)/profit and total comprehensive (loss)/income attributable to equity holders of the Company		<b>(14,727)</b>	10,489
Basic and diluted (loss)/earnings per share (HK cents)	6	<b>(3.50)</b>	2.62

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2021

	Note	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		116,633	132,513
Prepayments and deposits		7,425	7,294
Deferred income tax assets		1,155	–
		<u>125,213</u>	<u>139,807</u>
<b>Current assets</b>			
Trade and retention receivables	8	40,770	55,322
Prepayments, deposits and other receivables		3,775	4,760
Contract assets		204,961	189,387
Income tax recoverable		23	1,162
Cash and cash equivalents		19,604	14,609
		<u>269,133</u>	<u>265,240</u>
<b>Total assets</b>		<u><b>394,346</b></u>	<u><b>405,047</b></u>
<b>EQUITY</b>			
<b>Capital and reserve</b>			
Share capital		4,796	4,000
Reserves		260,869	257,029
<b>Total equity</b>		<u><b>265,665</b></u>	<u><b>261,029</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		18,823	26,508
Deferred income tax liabilities		3,858	4,533
		<u>22,681</u>	<u>31,041</u>
<b>Current liabilities</b>			
Trade and retention payables	9	54,759	37,873
Other payables and accruals		2,349	4,301
Contract liabilities		8,188	4,262
Lease liabilities		17,874	18,138
Borrowings		22,830	48,403
		<u>106,000</u>	<u>112,977</u>
<b>Total liabilities</b>		<u><b>128,681</b></u>	<u><b>144,018</b></u>
<b>Total equity and liabilities</b>		<u><b>394,346</b></u>	<u><b>405,047</b></u>

**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 and leasing of construction machinery.

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 are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 31st Floor, Kings Tower, 111 King Lam Street, Cheung Sha Wan, Kowloon, Hong Kong, respectively.

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 2021 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 2021, 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 2021.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2021, 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. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(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**

(a) **Revenue**

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue from construction contracts	<b>58,066</b>	198,710
Revenue from leasing of construction machinery	<b>1,569</b>	11,679
	<b><u>59,635</u></b>	<b><u>210,389</u></b>

(b) **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.

Specifically, the Group's reportable segments are as follows:

- Construction works; and
- Leasing of construction machinery

**Segment revenues and results**

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

*For the six months ended 30 September 2021 (unaudited)*

	Construction works <i>HK\$'000</i>	Leasing of construction machinery <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue from external customers	<u>58,066</u>	<u>1,569</u>	<u>59,635</u>
Segment results	4,009	840	4,849
Unallocated other income, net			1,105
Unallocated expenses			(10,618)
Unallocated depreciation			(10,132)
Finance costs, net			<u>(1,761)</u>
Loss before income tax			(16,557)
Income tax credit			<u>1,830</u>
Loss for the period			<u><u>(14,727)</u></u>
Included in segment results are:			
Depreciation	<u><u>-</u></u>	<u><u>(729)</u></u>	<u><u>(729)</u></u>

*For the six months ended 30 September 2020 (unaudited)*

	Construction works <i>HK\$'000</i>	Leasing of construction machinery <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue from external customers	<u>198,710</u>	<u>11,679</u>	<u>210,389</u>
Segment results	11,346	6,739	18,085
Unallocated other income, net			4,275
Unallocated expenses			(4,453)
Unallocated depreciation			(1,114)
Finance costs, net			<u>(4,231)</u>
Profit before income tax			12,562
Income tax expense			<u>(2,073)</u>
Profit for the period			<u><u>10,489</u></u>
Included in segment results are:			
Depreciation	<u><u>(6,134)</u></u>	<u><u>(4,940)</u></u>	<u><u>(11,074)</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, other income and finance costs. This is the measure reported to the directors with respect to the resource allocation and performance assessment.

(c) **Geographical information**

(a) *Revenue from external customers*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Hong Kong	<u><b>59,635</b></u>	<u>210,389</u>

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

(b) *Non-current assets*

	<b>At</b>	At
	<b>30 September</b>	31 March
	<b>2021</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(audited)
Hong Kong	<u><b>125,213</b></u>	<u>139,807</u>

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

**5. INCOME TAX (CREDIT)/EXPENSE**

The amount of income tax (credited)/charged to profit or loss represents:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Hong Kong profits tax		
Current income tax	–	2,073
Deferred income tax	<u>(1,830)</u>	<u>–</u>
	<u><b>(1,830)</b></u>	<u>2,073</u>

No provision for Hong Kong profits tax is provided as the Company and its subsidiaries do not have assessable profits during the six months ended 30 September 2021.

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 2020.

## 6. (LOSS)/EARNINGS PER SHARE

### (a) Basic

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

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
(Loss)/profit attributable to equity holders of the Company (HK\$'000)	<b>(14,727)</b>	10,489
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	<b>421,314</b>	400,000
Basic (loss)/earnings per share (HK cents)	<b><u>(3.50)</u></b>	<u>2.62</u>

### (b) Diluted

Diluted (loss)/earnings per share is the same as the basic (loss)/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 2021 (six months ended 30 September 2020: Nil).

## 8. TRADE AND RETENTION RECEIVABLES

	<b>At 30 September 2021 HK\$'000 (unaudited)</b>	At 31 March 2021 HK\$'000 (audited)
Trade receivables	<b>8,954</b>	23,590
Less: loss allowance	<b><u>(408)</u></b>	<u>(408)</u>
	<b>8,546</b>	23,182
Retention receivables	<b>32,231</b>	32,147
Less: loss allowance	<b><u>(7)</u></b>	<u>(7)</u>
	<b>32,224</b>	32,140
Trade and retention receivables	<b><u>40,770</u></b>	<u>55,322</u>

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 2021, the ageing analysis of the trade receivables based on invoice date is as follows:

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
1 to 30 days	2,022	9,556
31 to 60 days	–	2,295
61 to 90 days	–	995
91 to 180 days	–	9,140
181 to 365 days	6,305	783
1 to 2 years	219	413
	<u>8,546</u>	<u>23,182</u>

At 30 September 2021, the ageing analysis of the retention receivables based on invoice date is as follows:

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
Within 1 year	2,071	9,583
Between 1 to 2 years	12,025	8,902
Between 2 to 5 years	18,128	13,655
	<u>32,224</u>	<u>32,140</u>

#### 9. TRADE AND RETENTION PAYABLES

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
Trade payables	32,231	9,088
Retention payables	22,528	28,785
	<u>54,759</u>	<u>37,873</u>

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



At 30 September 2021, the ageing analysis of the trade payables based on invoice date is as follows:

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
1-30 days	<u>32,231</u>	<u>9,088</u>

The terms and conditions in relation to the release of retention vary from contract to contract. At 30 September 2021, the ageing analysis of the retention payables based on invoice date is as follows:

	At 30 September 2021 <i>HK\$'000</i> (unaudited)	At 31 March 2021 <i>HK\$'000</i> (audited)
Within 1 year	2,225	9,333
Between 1 to 3 years	<u>20,303</u>	<u>19,452</u>
	<u>22,528</u>	<u>28,785</u>

#### 10. CONTINGENT LIABILITIES

As at 30 September 2021, the Group has given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to HK\$3.4 million (31 March 2021: HK\$5.7 million). The performance bonds as at 30 September 2021 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, and leasing of construction machinery.

For the six months ended 30 September 2021 (the “Current Period”), the Group recorded revenue of approximately HK\$59.6 million as compared to revenue of approximately HK\$210.4 million for the six months ended 30 September 2020 (the “Last Period”).

The decrease for the Current Period was primarily driven by the decline in revenue from the construction works segment for the reasons detailed below.

Revenue contributed from projects which we were acting as main contractor has decreased from approximately 99.9% in the Last Period to approximately 56.4% in the Current Period.

The amount of backlog revenue at 30 September 2021 was approximately HK\$149.0 million (31 March 2021: HK\$7.3 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, 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 2021, there were 12 projects (six months ended 30 September 2020: 10 projects) contributing revenue of approximately HK\$58.1 million (six months ended 30 September 2020: HK\$198.7 million) to the Group.

The decrease in revenue was primarily because (i) certain projects with relatively larger contract sums were completed in the year ended 31 March 2021 and certain new projects undertaken in the Current Period are with lower contract sums; and (ii) substantial decrease in the number of tenders for foundation works and the keener competition of the market.

### Leasing of construction machinery

Leasing of construction machinery mainly include the rental of our construction machinery according to the requirements of the customers.

During the six months ended 30 September 2021, the revenue derived from our leasing of construction machinery amounted to approximately HK\$1.6 million (six months ended 30 September 2020: HK\$11.7 million), representing approximately 2.6% of (six months ended 30 September 2020: 5.6%) our total revenue. The decrease in revenue from leasing of construction machinery of the Group was mainly due to the decrease in the number of machinery rented out during the Current Period.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue decreased by approximately HK\$150.8 million, or approximately 71.7%, from approximately HK\$210.4 million for the Last Period to approximately HK\$59.6 million for the Current Period.

### **Gross profit and gross profit margin**

Our gross profit decreased by approximately HK\$13.3 million, or approximately 73.2% from approximately HK\$18.1 million for the Last Period to approximately HK\$4.8 million for the Current Period. Our gross profit margin decreased by approximately 0.5%, from approximately 8.6% for the Last Period to approximately 8.1% for the Current Period.

The decrease in gross profit margin was mainly attributable to the combined effects of the following factors:

1. the outbreak of COVID-19 pandemic have reduced the number of construction works available in the market, in particular from the private sector or the target market area of the Group, which has led to fierce competition resulting in a decline in the Group's revenue and gross profit in the Current Period;
2. the lower contract sum of some of the Group's projects completed during the Current Period; and
3. management took a prudent approach by applying less aggressive pricing in its tender submissions to account for high price fluctuations in construction materials as exacerbated by disruptions in the supply chain, leading to less competitive tender prices and a resulting reduction in the number of sizeable projects awarded during the Current Period.

### **Other income, net**

Our other income, net decreased by approximately HK\$3.2 million from approximately HK\$4.3 million for the Last Period to approximately HK\$1.1 million for the Current Period, which was mainly attributable to the one off receipt and recognition of a Government grant under the Employment Support Scheme launched by the HKSAR Government of approximately HK\$1.7 million for the last Period and the decrease of approximately HK\$1.6 million from the maintenance income from machinery and equipment and labour provision services of approximately HK\$1.6 million for the Last Period to approximately HK\$nil for the Current Period.

### **Other administrative expenses**

Our administrative expenses increased by approximately HK\$15.2 million from approximately HK\$5.6 million for the Last Period to approximately HK\$20.8 million for the Current Period. The increase in other administrative expenses was mainly attributable to i) the increase in staff costs to approximately HK6.8 million for staff not directly participating to our construction projects, in which the corresponding staff costs of HK\$0.3 million was recorded as administrative expenses for the Last Period; and ii) the increase of unallocated depreciation of our machinery and equipment not used in our construction projects from approximately HK\$1.1 million for the Last Period to approximately HK\$10.1 million for the Current Period.

### **Finance costs, net**

Our finance costs, net decreased by approximately HK\$2.4 million, or 58.4%, from approximately HK\$4.2 million for the Last Period to approximately HK\$1.8 million for the Current Period. Such decrease was mainly due to the repayments of borrowings during the Current Period.

### **(Loss)/profit for the period**

Based on the above factors, (loss)/profit and total comprehensive (loss)/income attributable to equity holders of the Company deteriorated by approximately HK\$25.2 million, from a profit of approximately HK\$10.5 million for the Last Period to a loss of approximately HK\$14.7 million for the Current 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 2021, the capital structure of the Group consisted of equity of approximately HK\$265.7 million (31 March 2021: HK\$261.0 million) and borrowings of approximately HK\$22.8 million (31 March 2021: HK\$48.4 million). For details of the borrowings, please refer to the paragraph headed “Bank borrowings” below.

On 26 July 2021, 79,600,000 ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.25 per placing share by way of placing under general mandate (the “Placing”). The share capital of the Group only comprises ordinary shares.

As at 30 September 2021, the Company had 479,600,000 ordinary shares in issue and the Company’s issued share capital was HK\$4,790,000.

For details in relation to the Placing, please refer to the announcements of the Company dated 26 July 2021 and 13 August 2021.

### **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 2021, our cash and cash equivalents were approximately HK\$19.6 million (31 March 2021: HK\$14.6 million).

As at 30 September 2021, the current ratio of the Group was approximately 2.5 times (31 March 2021: 2.3 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:

	<b>At 30 September 2021 HK\$'000 (unaudited)</b>	At 31 March 2021 HK\$'000 (audited)
Within 1 year	<u>22,830</u>	<u>48,403</u>

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

	<b>At 30 September 2021 (unaudited)</b>	At 31 March 2021 (audited)
Short-term bank loans	<u>3.01%</u>	<u>3.69%</u>

## GEARING RATIO

As at 30 September 2021, the Group's gearing ratio was approximately 8.6% (31 March 2021: 18.5%), 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 2021, the Group had net current assets of approximately HK\$163.1 million (31 March 2021: HK\$152.3 million). The increase in net current assets position was mainly attributable to the increase in share capital, offset by the net loss incurred 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 did not have any capital expenditures for the Current Period (six months ended 30 September 2020: HK\$1.0 million), in which the capital expenditures for the Last Period 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 six months periods ended 30 September 2021 and 2020. The Board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

## **CONTINGENT LIABILITIES**

As at 30 September 2021, the Group has given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to approximately HK\$3.4 million (31 March 2021: HK\$5.7 million). The performance bonds as at 30 September 2021 were expected to be released in accordance with the terms of the respective construction contracts.

## **PLEDGE OF ASSETS**

As at 30 September 2021, the Group did not have any machinery and equipment (31 March 2021: carrying amount of HK\$13.2 million) pledged for the Group's bank borrowings upon the repayment of the respective borrowings.

As at 30 September 2021, there were no project-specific financing granted to the Group.

As at 31 March 2021, banking facilities were granted to the Group in respect of the specific projects, with an aggregate amount of approximately HK\$89.0 million were guaranteed by the Company of which approximately HK\$66.4 million of the banking facilities had not yet been utilised. These banking facilities could only be used for project-specific financing which would be terminated upon the completion of the foundation projects as specified in the relevant facility letters.

As at 30 September 2021, a bank borrowing granted to the Group in respect of the key management insurance contract, with an amount of approximately HK\$7.8 million (31 March 2021: HK\$7.8 million) were guaranteed by (i) the Company; and (ii) charge over the Group's key management insurance contract with cash surrender value of approximately HK\$7.4 million (31 March 2021: HK\$7.3 million).

## **CAPITAL COMMITMENTS**

As at 30 September 2021, the Group did not have any capital commitments contracted but not provided for.

## **EMPLOYEES, TRAINING AND REMUNERATION POLICY**

As at 30 September 2021, the Group had a total of 20 employees (31 March 2021: 23). Total staff costs (including Directors' emoluments) for the six months ended 30 September 2021 were approximately HK\$6.8 million (six months ended 30 September 2020: HK\$14.7 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 2021.

## **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 2021.

## **FUTURE PROSPECTS**

The construction market in Hong Kong remained under pressure and continued to be weak and highly competitive in 2021 with a reduction in the number of foundation contracts in the private sector. 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 high price fluctuations in construction materials as exacerbated by disruptions in the supply chain, management took a prudent approach by applying less aggressive pricing in its tender submissions leading to less competitive tender prices and a resulting reduction in the number of sizeable projects awarded during the Current Period.

In the coming year, we believe the construction market in Hong Kong will remain under pressure due to the uncertain economic and property market environment. As a result, the construction market is expected to remain highly competitive with a decrease in the number of development projects, resulting in shrinking profit margins. 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 sizeable projects and to strengthen costs control measures in order to generate stable revenue and to reduce direct costs.

## **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**

CCTH CPA Limited was, subject to audit engagement acceptance procedures, appointed as the auditor of the Company on 19 November 2021 to fill the casual vacancy following the resignation of PricewaterhouseCoopers on 19 November 2021. Details of the change of auditor were set out in the announcement of the Company dated 19 November 2021. Save as disclosed, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2021 and up to the date of this announcement.

## **INTERIM DIVIDEND**

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: 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 Mr. Chan Wai Kit.

The Group’s unaudited condensed consolidated interim financial information for the six months ended 30 September 2021 have not been audited or reviewed 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, 30 November 2021

*As at the date of this announcement, the executive Directors are Mr. Chow Kwok Chun and Mr. Tsang Hing Kuen and the independent non-executive Directors are Mr. Ip Ka Ki, Mr. Tse Ka Ching Justin and Mr. Chan Wai Kit.*