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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 2023

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 2023, together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Note	Six months ended 30 September	
		2023 HK\$' 000 (unaudited)	2022 HK\$' 000 (unaudited)
Revenue	4	334,021	160,136
Cost of sales		(311,581)	(154,621)
Gross profit		22,440	5,515
Other income		1,208	1,465
Impairment losses on financial assets		(10,224)	–
Other administrative expenses		(4,967)	(9,597)
Operating profit/(loss)		8,457	(2,617)
Finance income		1	–
Finance costs		(298)	(460)
Finance costs, net		(297)	(460)
Profit/(loss) before income tax		8,160	(3,077)
Income tax (expense)/credit	5	(1,034)	348
Profit/(loss) for the period		7,126	(2,729)
Other comprehensive income		–	–
Profit/(loss) and total comprehensive income/ (loss) attributable to owners of the Company		7,126	(2,729)
		HK cents	HK cents
Earnings/(loss) per share	6		
Basic		1.49	(0.57)
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		47,131	52,214
Financial assets at fair value through profit or loss		7,875	7,768
		55,006	59,982
		55,006	59,982
Current assets			
Trade and retention receivables	8	167,068	83,139
Prepayments, deposits and other receivables		12,094	11,967
Contract assets		101,287	165,048
Income tax recoverable		164	164
Restricted bank balances		2,938	–
Cash and cash equivalents		25,975	18,629
		309,526	278,947
		309,526	278,947
Current liabilities			
Trade and retention payables	9	77,632	65,081
Other payables and accruals		1,074	1,661
Contract liabilities		8,859	2,304
Lease liabilities		1,934	2,310
Borrowings		7,830	7,830
		97,329	79,186
		97,329	79,186
Net Current Assets		212,197	199,761
Total Assets less Current Liabilities		267,203	259,743
Non-current liabilities			
Lease liabilities		183	883
Deferred income tax liabilities		1,672	638
		1,855	1,521
		1,855	1,521
Net Assets		265,348	258,222
EQUITY			
Share capital		4,796	4,796
Reserves		260,552	253,426
		265,348	258,222
Equity attributable to Owners of the Company		265,348	258,222

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 leasing of construction machinery in Hong Kong.

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 Office D, 16/F., MG Tower, 133 Hoi Bun Road, 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 2023 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 2023, 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 expenses. 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 2023.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2023, 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 for foundation works and general building works and leasing of construction machinery in the ordinary course of business. Revenue recognised is as follows:

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue from construction contracts	332,636	156,779
Revenue from leasing of construction machinery	1,385	3,357
	334,021	160,136

(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 2023 (unaudited)

	Construction works HK\$'000	Leasing of construction machinery HK\$'000	Total HK\$'000
Segment revenue from external customers	332,636	1,385	334,021
Segment profit	11,264	952	12,216
Unallocated other income			1,208
Unallocated expenses			(3,842)
Unallocated depreciation			(1,125)
Finance costs, net			(297)
Profit before income tax			8,160
Income tax expense			(1,034)
Profit for the period			7,126
Included in segment profit are:			
Depreciation	(3,608)	(433)	(4,041)
Impairment losses recognised on:			
– trade and retention receivables	(2,705)	–	(2,705)
– contract assets	(7,519)	–	(7,519)

For the six months ended 30 September 2022 (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	156,779	3,357	160,136
Segment profit	2,958	2,557	5,515
Unallocated other income			1,465
Unallocated expenses			(5,204)
Unallocated depreciation			(4,393)
Finance costs, net			(460)
Loss before income tax			(3,077)
Income tax credit			348
Loss for the period			(2,729)
Included in segment profit is:			
Depreciation	–	(800)	(800)

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*

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Hong Kong	334,021	160,136

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

(b) *Non-current assets*

	At	At
	30 September	31 March
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Hong Kong	55,006	59,982

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

5. INCOME TAX (EXPENSE)/CREDIT

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

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Hong Kong profits tax		
Current income tax	–	–
Deferred income tax	(1,034)	348
	(1,034)	348

No provision for Hong Kong profits tax is provided as the Group has tax losses brought forward to offset against the assessable profits for Hong Kong profits tax during the six months ended 30 September 2023.

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 2022.

6. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

	Six months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
Profit/(loss) attributable to owners of the Company (HK\$'000)	7,126	(2,729)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (thousands)	479,600	479,600
Basic earnings/(loss) per share (HK cents)	<u>1.49</u>	<u>(0.57)</u>

(b) Diluted earnings/loss per share

Diluted earnings/(loss) per share is not presented as there were no potential ordinary shares in issue for both of the periods ended 30 September 2023 and 2022.

7. INTERIM DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

8. TRADE AND RETENTION RECEIVABLES

	At 30 September	At 31 March
	2023	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Trade receivables	117,043	40,636
Less: loss allowance recognised	<u>(2,457)</u>	<u>(1,557)</u>
	<u>114,586</u>	<u>39,079</u>
Retention receivables	60,606	50,379
Less: loss allowance recognised	<u>(8,124)</u>	<u>(6,319)</u>
	<u>52,482</u>	<u>44,060</u>
Trade and retention receivables	<u>167,068</u>	<u>83,139</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 2023, the ageing analysis of the trade receivables, less allowance recognised, based on invoice date is as follows:

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
1 to 30 days	106,697	31,331
31 to 60 days	–	–
61 to 90 days	–	–
91 to 180 days	–	–
181 to 365 days	–	–
1 to 3 years	7,889	7,748
	114,586	39,079

At 30 September 2023, the ageing analysis of the retention receivables, less allowance recognised, based on invoice date is as follows:

	At 30 September 2023 HK\$'000 (unaudited)	At 31 March 2023 HK\$'000 (audited)
Within 1 year	35,832	32,196
Between 1 to 2 years	6,765	–
Between 2 to 5 years	9,150	10,236
More than 5 years	735	1,628
	52,482	44,060

9. TRADE AND RETENTION PAYABLES

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
Trade payables	49,336	33,460
Retention payables	28,296	31,621
	<u>77,632</u>	<u>65,081</u>

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

At 30 September 2023, the ageing analysis of the trade payables based on invoice date is as follows:

	At 30 September 2023 <i>HK\$'000</i> (unaudited)	At 31 March 2023 <i>HK\$'000</i> (audited)
1 to 30 days	48,035	32,159
31 days to 90 days	–	–
Over 90 days	1,301	1,301
Total	<u>49,336</u>	<u>33,460</u>

The terms and conditions in relation to the release of retention vary from contract to contract. At 30 September 2023, the ageing analysis of the retention payables based on invoice date is as follows:

	30 September 2023 <i>HK\$'000</i> (unaudited)	31 March 2023 <i>HK\$'000</i> (audited)
Within 1 year	11,269	11,879
Between 1 and 3 years	67	3,173
Between 3 and 5 years	16,960	16,569
	<u>28,296</u>	<u>31,621</u>

10. CONTINGENT LIABILITIES

As at 30 September 2023, the Group has given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to approximately HK\$2.9 million (31 March 2023: nil). The performance bonds as at 30 September 2023 were 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 2023 (the “Current Period”), the Group recorded revenue of approximately HK\$334.0 million, an increase of approximately 108.6% as compared to revenue of approximately HK\$160.1 million for the six months ended 30 September 2022 (the “Last Period”).

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

Revenue contributed from projects in which we were acting as main contractor has increased from approximately 82.4% in the Last Period to approximately 95.9% in the Current Period. The increase in the percentage was because the Group mainly acted as main contractor in the newly awarded projects, in which the project scale is relatively large.

The amount of backlog revenue as at 30 September 2023 was approximately HK\$112.1 million (31 March 2023: HK\$448.3 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 2023, there were 9 projects (six months ended 30 September 2022: 7 projects) contributing revenue of approximately HK\$332.6 million (six months ended 30 September 2022: HK\$156.8 million) to the Group.

The increase in revenue was primarily because certain projects that were already in progress during the Last Period have reached a later stage and contributed more revenue in the Current Period.

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 2023, the revenue derived from our leasing of construction machinery amounted to approximately HK\$1.4 million (six months ended 30 September 2022: HK\$3.4 million), representing a decrease of approximately 58.8% for the Current Period. This represented approximately 0.4% of our total revenue (six months ended 30 September 2022: 2.1%). The decrease in revenue from leasing of construction machinery of the Group was mainly due to the increase in the usage rate of machinery by the Group during the Current Period.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$173.9 million from approximately HK\$160.1 million for the Last Period to approximately HK\$334.0 million for the Current Period.

The increase was primarily because certain projects that were already in progress during the Last Period have reached a later stage and contributed more revenue in the Current Period.

Cost of Sales

Our direct costs increased from approximately HK\$154.6 million for the Last Period to approximately HK\$311.6 million for the Current Period, representing an increase of approximately HK\$157.0 million or 101.6%. Such increase was generally in line with the increase in revenue and mainly attributable to the increase in subcontracting charges as our operations scaled up with the increase in labour costs and inflation.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$16.9 million, from approximately HK\$5.5 million for the Last Period to approximately HK\$22.4 million for the Current Period. Our gross profit margin increased by approximately 3.3%, from approximately 3.4% for the Last Period to approximately 6.7% for the Current Period.

The increase in gross profit margin was mainly because the projects undertaken during the Current Period have a higher average gross profit margin compared to the average gross profit margin of projects in the Last Period.

Other income

Our other income decreased by approximately HK\$0.3 million from approximately HK\$1.5 million for the Last Period to approximately HK\$1.2 million for the Current Period.

Impairment losses on financial assets

Our impairment losses on financial assets represents a provision for impairment loss allowance amounted to approximately HK\$10.2 million (six month ended 30 September 2022: nil) made based on the management's latest assessment of risk of default in the Group's financial assets for the Current Period. The increase in impairment losses on financial assets was mainly due to the change in the default risk of certain financial assets during the Current Period.

In general, the Group holds progress meetings with customers and their consultants on a regular basis to communicate on progress during the course of the project. The Group conducts a thorough evaluation of its work done and the relevant payment status for each project.

The impairment assessment was conducted based on the specific risk profile of each customer, the ageing pattern of the contract assets, historical credit loss percentage and the market credit loss percentage.

The Directors considered that the valuation model adopted, including the basis of valuation, assumptions made and valuation methodology used, were fair and reasonable and reflected an accurate estimate of the recoverability of the Group's contract assets.

The Group continues to monitor the settlement status of contract assets and will consider to write off the specific loss allowance for the respective contract assets.

Other administrative expenses

Our administrative expenses decreased by approximately HK\$4.6 million from approximately HK\$9.6 million for the Last Period to approximately HK\$5.0 million for the Current Period. The decrease in other administrative expenses was mainly attributable to the decrease in unallocated depreciation for our machinery and equipment not used in our construction projects from approximately HK\$4.4 million for the Last Period to approximately HK\$1.1 million for the Current Period upon disposal of certain machinery.

Finance costs

Our finance costs, net decreased by approximately HK\$0.2 million from approximately HK\$0.5 million for the Last Period to approximately HK\$0.3 million for the Current Period. Such decrease was mainly due to the repayments of certain finance leases during the Current Period.

Profit/(loss) For the Period

Based on the above factors, profit and total comprehensive income attributable to owners of the Company increased by approximately HK\$9.8 million, from a loss of approximately HK\$2.7 million for the Last Period to a profit of approximately HK\$7.1 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 2023, the capital structure of the Group consisted of equity of approximately HK\$265.3 million (31 March 2023: HK\$258.2 million) and bank borrowings of approximately HK\$7.8 million (31 March 2023: HK\$7.8 million). For details of the bank borrowings, please refer to the paragraph headed “Bank borrowings” below.

As at 30 September 2023, the Company had 479,600,000 (31 March 2023: 479,600,000) ordinary shares in issue and the Company’s issued share capital was HK\$4,796,000 (31 March 2023: HK\$4,796,000).

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 2023, our cash and cash equivalents were approximately HK\$26.0 million (31 March 2023: HK\$18.6 million). The Group also had restricted bank balances of approximately HK\$2.9 million (31 March 2023: nil) deposited for a bank to issue surety bonds in respect of our foundation projects.

As at 30 September 2023, the current ratio of the Group was approximately 3.2 times (31 March 2023: 3.5 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:

	At 30 September 2023 HK\$’000 (unaudited)	At 31 March 2023 HK\$’000 (audited)
Within 1 year	<u>7,830</u>	<u>7,830</u>

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

	At 30 September 2023 (unaudited)	At 31 March 2023 (audited)
Short-term bank loans	<u><u>4.71%</u></u>	<u><u>2.52%</u></u>

GEARING RATIO

As at 30 September 2023, the Group's gearing ratio was approximately 3.0% (31 March 2023: 3.0%), 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 2023, the Group had net current assets of approximately HK\$212.2 million (31 March 2023: HK\$199.8 million). The increase in net current assets position was mainly attributable to the profit generated from the Group's operations during the Current 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

There was no capital expenditures incurred for the Current Period (six months ended 30 September 2022: HK\$1.7 million).

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 2023 and 2022. 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 2023, the Group had given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to approximately HK\$2.9 million. (31 March 2023: nil).

PLEDGE OF ASSETS

As at 30 September 2023, 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 2023: 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\$7.9 million (31 March 2023: HK\$7.8 million).

CAPITAL COMMITMENTS

As at 30 September 2023, the Group did not have any capital commitments contracted but not provided for.

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As at 30 September 2023, the Group had a total of 21 employees (31 March 2023: 22). Total staff costs (including Directors' emoluments) for the six months ended 30 September 2023 were approximately HK\$9.3 million (six months ended 30 September 2022: HK\$4.9 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.

During the six months ended 30 September 2023, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

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 2023.

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 2023.

FUTURE PROSPECTS

Despite the challenging and competitive construction market in Hong Kong in 2023, marked by a decrease in foundation contracts from both the public and private sectors, our financial performance has shown improvement. This can be attributed to the award of larger-scale projects in mid-2022. These projects have substantially increased our revenue during the Current Period, resulting in enhanced financial outcomes and a reinforced market position.

In the coming year, we believe the construction market in Hong Kong will remain under pressure due to persisting uncertainty in the economy and the property market environment. In addition, the industry is facing challenges due to a shortage of skilled labour and inflationary pressures, which are driving up project costs and cutting into profit margins. As a result, the construction market is expected to remain highly competitive as contractors vie for a limited number of development projects, resulting in shrinking profit margins. Despite these challenges, the government's strategy to increase the public housing supply is expected to have a positive impact on the industry. 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 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, save for the deviation from code provision C.2.1 described below, the Company was in compliance with the code provisions set out in Part 2 of Appendix 14 to the Listing Rules during the Current Period.

Mr. Chow Kwok Chun is currently both the chairman and chief executive officer of the Company. Code provision C.2.1 requires that the responsibilities between the chairman and the chief executive officer be segregated. The Board is aware of the above deviation from code provision C.2.1. However, the Board believes that it is appropriate and in the interests of the Company for Mr. Chow to take up both roles at the present stage as it helps to ensure consistent leadership within the Group and enable more effective and efficient overall strategic planning for the Group. The Board also believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with not less than half the number thereof being independent non-executive directors. Therefore, the Board considers that the deviation from the code provision C.2.1 is appropriate in the circumstances.

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 2023 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 2023 (six months ended 30 September 2022: 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 2023 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, 29 November 2023

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