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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 2024

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 2024, together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	Note	Six months ended 30 September	
		2024 HK\$' 000 (unaudited)	2023 HK\$' 000 (unaudited)
Revenue	4	165,888	334,021
Cost of sales		(153,698)	(311,581)
Gross profit		12,190	22,440
Other income		1,609	1,208
Impairment losses recognised on trade and retention receivables		(2,093)	(2,705)
Impairment losses reversed/(recognised) on contract assets and contract deposits		565	(7,519)
Other administrative expenses		(4,472)	(4,967)
Operating profit		7,799	8,457
Finance costs		(298)	(297)
Profit before income tax		7,501	8,160
Income tax expense	5	(1,081)	(1,034)
Profit for the period		6,420	7,126
Other comprehensive income		–	–
Profit and total comprehensive income attributable to owners of the Company		6,420	7,126
		HK cents	HK cents
Earnings per share	6		
Basic		1.34	1.49
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		39,102	43,047
Financial assets at fair value through profit or loss		8,227	8,115
Deferred income tax assets		150	1,231
		47,479	52,393
Current assets			
Trade and retention receivables	8	62,913	105,100
Prepayments, deposits and other receivables		10,980	8,051
Contract assets and contract deposits		131,605	86,585
Income tax recoverable		727	727
Pledged bank deposits		21,626	19,927
Cash and cash equivalents		34,139	35,635
		261,990	256,025
Current liabilities			
Trade and retention payables	9	22,257	29,485
Other payables and accruals		1,188	1,408
Contract liabilities		4,158	2,258
Lease liabilities		788	906
Borrowings		7,830	7,830
		36,221	41,887
Net Current Assets		225,769	214,138
Total Assets less Current Liabilities		273,248	266,531
Non-current liabilities			
Lease liabilities		338	41
Net Assets		272,910	266,490
EQUITY			
Share capital		4,796	4,796
Reserves		268,114	261,694
Equity attributable to Owners of the Company		272,910	266,490

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 2024 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 2024, 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 2024.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2024, 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) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2024 for the preparation of the condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the aforesaid amendments to HKFRSs in the current interim period had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The application of the amendments do not have significant impact on the Group’s condensed consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs not yet effective in respect of the current year will have no material impact on the condensed consolidated financial statements in the foreseeable future.

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue from construction contracts	163,375	332,636
Revenue from leasing of construction machinery	2,513	1,385
	165,888	334,021

(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 2024 (unaudited)

	Construction works HK\$'000	Leasing of construction machinery HK\$'000	Total HK\$'000
Segment revenue from external customers	<u>163,375</u>	<u>2,513</u>	<u>165,888</u>
Segment profit	9,066	1,596	10,662
Unallocated other income			1,609
Unallocated expenses			(3,406)
Unallocated depreciation			(1,066)
Finance costs			<u>(298)</u>
Profit before income tax			7,501
Income tax expense			<u>(1,081)</u>
Profit for the period			<u><u>6,420</u></u>
Segment profit is arrived at after charging:			
Depreciation	(3,542)	(519)	(4,061)
Impairment losses (recognised)/ reversed on:			
– trade and retention receivables	(1,695)	(398)	(2,093)
– contract assets and contract deposits	<u>565</u>	<u>–</u>	<u>565</u>

For the six months ended 30 September 2023 (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	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			(297)
Profit before income tax			8,160
Income tax expense			(1,034)
Profit for the period			<u>7,126</u>
Segment profit is arrived at after charging:			
Depreciation	(3,608)	(433)	(4,041)
Impairment losses recognised on:			
– trade and retention receivables	(2,705)	–	(2,705)
– contract assets and contract deposits	(7,519)	–	(7,519)

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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Hong Kong	165,888	334,021

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

(b) *Non-current assets*

	At	At
	30 September	31 March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Hong Kong	39,102	43,047

The non-current assets information above is based on the location of the assets and excluded financial assets at fair value through profit or loss and deferred income tax assets.

5. INCOME TAX EXPENSE

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

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current income tax		
Hong Kong	—	—
	—	—
Deferred income tax expense	1,081	1,034
	1,081	1,034

No provision for Hong Kong profits tax during the six months ended 30 September 2024 (2023: Nil) has been made in the consolidated financial statements as the Group has tax losses brought forward to offset against the assessable profits for Hong Kong profits taxes both of the periods presented, and the Group has no assessable profits that are subject to tax in the other jurisdiction for the current period.

6. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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	
	2024	2023
	(unaudited)	(unaudited)
Profit attributable to owners of the Company (HK\$'000)	6,420	7,126
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (thousands)	479,600	479,600
Basic earnings per share (HK cents)	<u>1.34</u>	<u>1.49</u>

(b) Diluted earnings per share

Diluted earnings per share is not presented as there were no potential ordinary shares in issue for both of the periods ended 30 September 2024 and 2023.

7. INTERIM DIVIDENDS

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

8. TRADE AND RETENTION RECEIVABLES

	At 30 September	At 31 March
	2024	2024
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade receivables	37,386	75,222
Less: loss allowance recognised	<u>(5,163)</u>	<u>(2,493)</u>
	<u>32,223</u>	<u>72,729</u>
Retention receivables	43,032	45,290
Less: loss allowance recognised	<u>(12,342)</u>	<u>(12,919)</u>
	<u>30,690</u>	<u>32,371</u>
Trade and retention receivables	<u>62,913</u>	<u>105,100</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 2024, the ageing analysis of the trade receivables, less allowance recognised, based on invoice date is as follows:

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
1 to 30 days	12,958	66,257
31 to 60 days	–	–
61 to 90 days	12,170	–
91 to 180 days	757	–
181 to 365 days	–	–
1 to 5 years	6,338	6,472
	32,223	72,729

At 30 September 2024, the ageing analysis of the retention receivables, less allowance recognised, based on invoice date is as follows:

	At 30 September 2024 HK\$'000 (unaudited)	At 31 March 2024 HK\$'000 (audited)
Within 1 year	4,394	10,867
Between 1 to 2 years	19,430	16,007
Between 2 to 5 years	6,508	5,139
More than 5 years	358	358
	30,690	32,371

9. TRADE AND RETENTION PAYABLES

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
Trade payables	1,533	12,731
Retention payables	<u>20,724</u>	<u>16,754</u>
	<u><u>22,257</u></u>	<u><u>29,485</u></u>

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

At 30 September 2024, the ageing analysis of the trade payables based on invoice date is as follows:

	At 30 September 2024 <i>HK\$'000</i> (unaudited)	At 31 March 2024 <i>HK\$'000</i> (audited)
1 to 30 days	<u>1,533</u>	<u>12,731</u>

The terms and conditions in relation to the release of retention vary from contract to contract. At 30 September 2024, the ageing analysis of the retention payables based on invoice date is as follows:

	30 September 2024 <i>HK\$'000</i> (unaudited)	31 March 2024 <i>HK\$'000</i> (audited)
Within 1 year	7,922	3,974
Between 1 and 3 years	22	–
Between 3 and 5 years	<u>12,780</u>	<u>12,780</u>
	<u><u>20,724</u></u>	<u><u>16,754</u></u>

10. CONTINGENT LIABILITIES

As at 30 September 2024, the Group has given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to approximately HK\$21.6 million (31 March 2024: HK\$19.9 million). The performance bonds as at 30 September 2024 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 in Hong Kong. The Group also engages in the provision of services including leasing of construction machinery.

For the six months ended 30 September 2024 (the “Current Period”), the Group recorded revenue of approximately HK\$165.9 million, representing a decrease of approximately HK\$168.1 million as compared to revenue of approximately HK\$334.0 million for the six months ended 30 September 2023 (the “Last Period”).

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

The majority of our revenue continued to come from projects where we acted as main contractor. Revenue contribution from these main contractor projects remained stable at approximately 95.4% for the Current Period as compared with approximately 95.9% during the Last Period. The Group continued to act as main contractor in the newly awarded projects.

The amount of backlog revenue as at 30 September 2024 was approximately HK\$627.5 million (31 March 2024: HK\$229.4 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 2024, there were 8 projects (six months ended 30 September 2023: 9 projects) contributing revenue of approximately HK\$163.4 million (six months ended 30 September 2023: HK\$332.6 million) to the Group.

The decrease in revenue was primarily because i) certain projects with relatively higher contract sums have been substantially completed in the Last Period; and ii) projects that contributed revenue in the Current Period were mainly in the beginning phase which contributed less revenue.

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 2024, the revenue derived from our leasing of construction machinery amounted to approximately HK\$2.5 million (six months ended 30 September 2023: HK\$1.4 million), representing an increase of approximately HK\$1.1 million for the Current Period. This represented approximately 1.5% of our total revenue (six months ended 30 September 2023: 0.4%). The increase in revenue from leasing of construction machinery of the Group was mainly due to the increase in the number of machinery rented out to our customers during the Current Period.

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately HK\$168.1 million from approximately HK\$334.0 million for the Last Period to approximately HK\$165.9 million for the Current Period.

The decrease in revenue was primarily because i) certain projects with relatively higher contract sums have been substantially completed in the Last Period; and ii) projects that contributed revenue in the Current Period were mainly in the beginning phase which contributed less revenue.

Cost of Sales

Our direct costs decreased from approximately HK\$311.6 million for the Last Period to approximately HK\$153.7 million for the Current Period, representing a decrease of approximately HK\$157.9 million. The decrease was in line with the decrease in revenue.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK\$10.2 million, from approximately HK\$22.4 million for the Last Period to approximately HK\$12.2 million for the Current Period. Our gross profit margin for the Current Period remained stable at approximately 7.3%, as compared with approximately 6.7% for the Last Period.

Other income

Our other income increased by approximately HK\$0.4 million from approximately HK\$1.2 million for the Last Period to approximately HK\$1.6 million for the Current Period. The increase was mainly attributable to the increase in interest income earned during the Current Period.

Impairment losses on financial assets

Our impairment losses on financial assets represents a provision for impairment loss allowance amounting to approximately HK\$1.5 million (six months ended 30 September 2023: HK\$10.2 million), consisting of impairment losses recognised on trade and retention receivables of approximately HK\$2.1 million (six months ended 30 September 2023: impairment losses HK\$2.7 million) and reversal of impairment losses recognised on contract assets and contract deposits of approximately HK\$0.6 million (six months ended 30 September 2023: impairment loss recognised HK\$7.5 million), which is made based on the management's latest assessment of risk of default in the Group's financial assets for the Current Period. The decrease in impairment losses on financial assets was mainly due to the customers that the Group engaged in recent years are with good track record of payment and less expected credit loss on the relevant financial assets are required 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 financial 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, contract deposits and trade and retention receivables.

The Group continues to monitor the settlement status of contract assets, contract deposits and trade and retention receivables and will consider to write off the specific loss allowance for the respective items.

Other administrative expenses

Our administrative expenses decreased by approximately HK\$0.5 million from approximately HK\$5.0 million for the Last Period to approximately HK\$4.5 million for the Current Period. The decrease in other administrative expenses was mainly attributable to the decrease in the operating scale of the Group.

Finance costs

Our finance costs remained consistent at approximately HK\$0.3 million for the Last Period and the Current Period.

Profit For the Period

Based on the above factors, profit and total comprehensive income attributable to owners of the Company decreased by approximately HK\$0.7 million, from approximately HK\$7.1 million for the Last Period to approximately HK\$6.4 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 2024, the capital structure of the Group consisted of equity of approximately HK\$272.9 million (31 March 2024: HK\$266.5 million) and bank borrowings of approximately HK\$7.8 million (31 March 2024: HK\$7.8 million). For details of the bank borrowings, please refer to the paragraph headed “Bank borrowings” below.

As at 30 September 2024, the Company had 479,600,000 (31 March 2024: 479,600,000) ordinary shares in issue and the Company’s issued share capital was HK\$4,796,000 (31 March 2024: 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 2024, our cash and cash equivalents were approximately HK\$34.1 million (31 March 2024: HK\$35.6 million). The Group also had pledged bank deposits of approximately HK\$21.6 million (31 March 2024: HK\$19.9 million) deposited for a bank to issue surety bonds in respect of our foundation projects.

As at 30 September 2024, the current ratio of the Group was approximately 7.2 times (31 March 2024: 6.1 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:

	At 30 September 2024 HK\$’000 (unaudited)	At 31 March 2024 HK\$’000 (audited)
Within 1 year	7,830	7,830

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

	At 30 September 2024 (unaudited)	At 31 March 2024 (audited)
Short-term bank loans	<u><u>4.96</u></u>	<u><u>5.13%</u></u>

GEARING RATIO

As at 30 September 2024, the Group's gearing ratio was approximately 2.9% (31 March 2024: 2.9%), 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 2024, the Group had net current assets of approximately HK\$225.8 million (31 March 2024: HK\$214.1 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 2023: nil).

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 ended 30 September 2024 and 2023. 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 2024, the Group had given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to approximately HK\$21.6 million (31 March 2024: HK\$19.9 million).

The performance bonds were pledged by restricted bank deposits amounting to approximately HK\$21.6 million (31 March 2024: HK\$19.9 million). The performance bonds as at 30 September 2024 will be released in accordance with the terms of the respective construction contracts.

PLEDGE OF ASSETS

As at 30 September 2024, 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 2024: 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\$8.2 million (31 March 2024: HK\$8.1 million).

CAPITAL COMMITMENTS

As at 30 September 2024, the Group did not have any capital commitments contracted but not provided for.

EMPLOYEES, TRAINING AND REMUNERATION POLICY

As at 30 September 2024, the Group had a total of 22 employees (31 March 2024: 21). Total staff costs (including Directors' emoluments) for the six months ended 30 September 2024 were approximately HK\$9.0 million (six months ended 30 September 2023: HK\$9.3 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 2024, 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 2024.

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 2024.

FUTURE PROSPECTS

Given the current challenges in the property market and high interest rates, the government has taken a careful approach to private residential land sales. Consequently, the Group has noticed a decline in the number of available foundation contract tenders from the private sector. This has led to increased competition in the foundation industry.

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 such as the launch of more projects in the Northern Metropolis, 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 (the "CG Code") as set out in Part 2 of Appendix C1 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 of the CG Code described below, the Company was in compliance with the code provisions set out in Part 2 of Appendix C1 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 of the CG Code 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 of the CG Code. 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 of the CG Code 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 C3 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 2024 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 2024 (six months ended 30 September 2023: 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 2024 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, 28 November 2024

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.