

INTERIM REPORT 2019

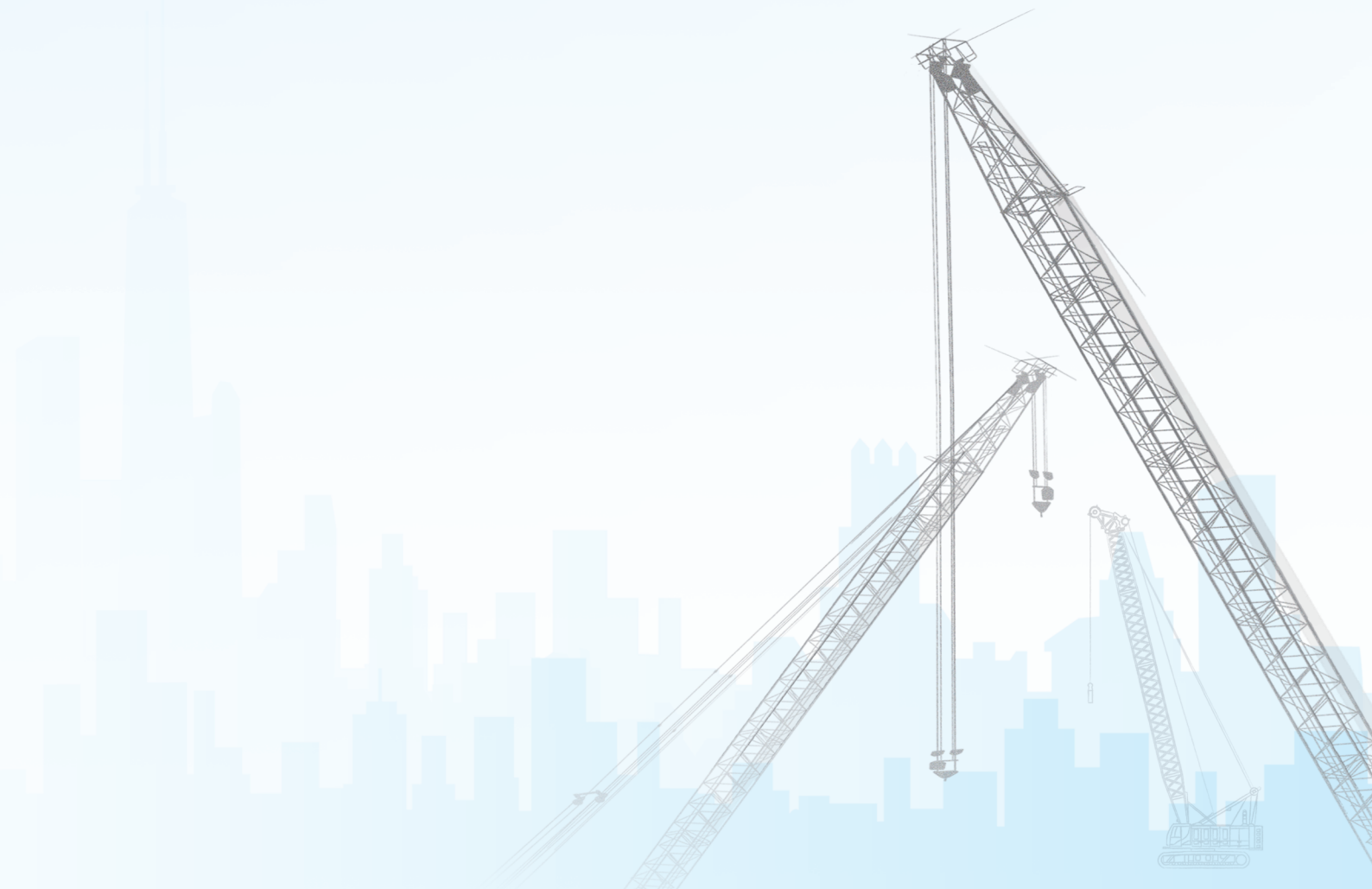


# VICON

## VICON HOLDINGS LIMITED

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

STOCK CODE: 3878



## CONTENTS

- 2 Corporate Information
- 4 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive  
Income
- 5 Condensed Consolidated Balance Sheet
- 6 Condensed Consolidated Statement of Changes in Equity
- 7 Condensed Consolidated Statement of Cash Flows
- 8 Notes to Condensed Consolidated Interim Financial Statements
- 23 Management Discussion and Analysis
- 28 Corporate Governance and Other Information



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Chow Kwok Chun (*Chairman*)  
Mr. Tsang Hing Kuen (*Chief Executive Officer*)  
Mr. Leung Kim Lim  
Mr. Liu Jin Fai

#### Independent Non-executive Directors

Mr. Ip Ka Ki  
Professor Kuang Jun Shang  
Mr. Tse Ka Ching Justin

### BOARD COMMITTEES

#### Audit Committee

Mr. Tse Ka Ching Justin (*Chairman*)  
Mr. Ip Ka Ki  
Professor Kuang Jun Shang

#### Nomination Committee

Mr. Chow Kwok Chun (*Chairman*)  
Mr. Ip Ka Ki  
Mr. Tse Ka Ching Justin

#### Remuneration Committee

Mr. Ip Ka Ki (*Chairman*)  
Mr. Chow Kwok Chun  
Professor Kuang Jun Shang

### COMPANY SECRETARY

Mr. Leung Cheuk Hei (*HKICPA*)

### AUTHORISED REPRESENTATIVES

Mr. Chow Kwok Chun  
Mr. Leung Cheuk Hei

### HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31st Floor, Kings Tower  
111 King Lam Street  
Cheung Sha Wan  
Kowloon  
Hong Kong

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shop 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong

### LEGAL ADVISORS AS TO HONG KONG LAW

CFN Lawyers  
Room Nos. 4101-4104, 41/F, Sun Hung Kai Centre  
30 Harbour Road, Wan Chai  
Hong Kong

## PRINCIPAL BANKS

DBS Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
CMB Wing Lung Bank Limited

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
22/F  
Prince's Building  
Central  
Hong Kong

## COMPANY'S WEBSITE

[www.vicon.com.hk](http://www.vicon.com.hk)

## STOCK CODE

3878

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

For the six months ended 30 September 2019

	Note	Six months ended 30 September	
		2019 HK\$' 000 (unaudited)	2018 HK\$' 000 (unaudited)
Revenue	4	<b>175,882</b>	172,493
Cost of services		<b>(154,223)</b>	(149,666)
Gross profit		<b>21,659</b>	22,827
Other income and gains	5	<b>2,894</b>	126
Other administrative expenses		<b>(5,438)</b>	(6,019)
Operating profit		<b>19,115</b>	16,934
Finance income	7	<b>2</b>	2
Finance costs	7	<b>(3,892)</b>	(2,201)
Finance costs, net	7	<b>(3,890)</b>	(2,199)
Profit before taxation	6	<b>15,225</b>	14,735
Income tax expense	8	<b>(2,893)</b>	(2,395)
Profit for the period		<b>12,332</b>	12,340
Other comprehensive income		<b>-</b>	-
Profit and total comprehensive income attributable to equity holders of the Company		<b>12,332</b>	12,340
Basic and diluted earnings per share (HK cents)	10	<b>3.08</b>	3.09

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2019

	Note	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	150,767	140,883
Prepayments and deposits		1,687	155
		<b>152,454</b>	141,038
<b>Current assets</b>			
Trade and retention receivables	13	77,073	47,819
Prepayments, deposits and other receivables		15,097	3,429
Contract assets	14	293,830	286,650
Income tax recoverable		461	3,354
Restricted bank balances		3,197	4,877
Cash and cash equivalents		23,490	16,516
		<b>413,148</b>	362,645
<b>Total assets</b>		<b>565,602</b>	503,683
<b>EQUITY</b>			
<b>Capital and reserve</b>			
Share capital		4,000	4,000
Reserves		297,139	284,807
<b>Total equity</b>		<b>301,139</b>	288,807
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		5,876	38,913
Lease liabilities	12	43,447	–
Deferred income tax liabilities		5,343	5,343
		<b>54,666</b>	44,256
<b>Current liabilities</b>			
Trade and retention payables	15	75,843	63,650
Other payables and accruals	15	5,725	6,983
Contract liabilities	14	721	721
Lease liabilities	12	15,873	–
Borrowings		111,635	99,145
Income tax payables		–	121
		<b>209,797</b>	170,620
<b>Total liabilities</b>		<b>264,463</b>	214,876
<b>Total equity and liabilities</b>		<b>565,602</b>	503,683

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2019

	Share capital HK\$'000 (Note 17)	Share premium HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	4,000	104,742	30,000	150,065	288,807
Profit and total comprehensive income for the period (unaudited)	–	–	–	12,332	12,332
At 30 September 2019 (unaudited)	4,000	104,742	30,000	162,397	301,139
At 1 April 2018 (audited)	4,000	104,742	30,000	120,910	259,652
Profit and total comprehensive income for the period (unaudited)	–	–	–	12,340	12,340
At 30 September 2018 (unaudited)	4,000	104,742	30,000	133,250	271,992

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 HK\$' 000 (unaudited)	2018 HK\$' 000 (unaudited)
<b>Cash flows from operating activities</b>		
Profit before taxation	15,225	14,735
Adjustments for:		
– Depreciation of property, plant and equipment and right-of-use assets	10,610	9,489
– Gain on disposal of machinery and equipment	(1,146)	(126)
– Interest expenses	3,892	2,201
– Interest income	(2)	(2)
	<b>28,579</b>	26,297
Changes in working capital		
Increase in trade and retention receivables	(29,254)	(1,438)
Increase in prepayments, deposits and other receivables	(5,091)	(13,561)
Increase in contract assets	(7,180)	(50,285)
Decrease in restricted bank balances	1,680	–
Increase in contract liabilities	–	2,880
Increase/(decrease) in trade and retention payables	12,193	(11,387)
Decrease in other payables and accruals	(1,258)	(3,925)
Net cash used in operations	(331)	(51,419)
Income tax paid	(121)	–
Net cash used in operating activities	<b>(452)</b>	(51,419)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13,275)	(43,360)
Proceeds from disposal of property, plant and equipment	9,850	310
Interest received	2	2
Net cash used in investing activities	<b>(3,423)</b>	(43,048)
<b>Cash flows from financing activities</b>		
Drawdown of short-term borrowings	188,482	173,928
Repayment of short-term borrowings	(165,441)	(107,512)
Payments for lease liabilities (including interest element)	(8,300)	(22,527)
Interest paid	(3,892)	(2,201)
Net cash generated from financing activities	<b>10,849</b>	41,688
Net increase/(decrease) in cash and cash equivalents	<b>6,974</b>	(52,779)
Cash and cash equivalents at 1 April	<b>16,516</b>	100,475
Cash and cash equivalents at 30 September	<b>23,490</b>	47,696



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

### 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.

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 is detailed in the Corporate Information of this report.

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 2019 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 2019, 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 2019.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2019, 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.

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## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group has changed its accounting policies and made retrospective adjustments as a result of adopting HKFRS 16 Leases ("HKFRS16").

The impact of the adoption of the leasing standard and the new accounting policy is disclosed below. The other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

The below explains the impact of adoption of HKFRS 16 on the Group's unaudited condensed consolidated interim financial information and also discloses the new accounting policy that has been applied from 1 April 2019.

#### (i) Accounting policy applied from 1 April 2019

From 1 April 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the useful life when the lease transfer ownership of the underlying assets to the lessee by the end of the lease term, otherwise, the right-of-use assets are depreciated over shorter of the assets' useful lives and the lease terms on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any initial direct cost.

#### (ii) Impact of adoption

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the reporting period ended 31 March 2019, as permitted under the specific transitional provisions in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening consolidated balance sheet on 1 April 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases ("HKAS 17"). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the "operating lease" liabilities on 1 April 2019 was 3.5%.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(a) New and amended standards adopted by the Group (Cont'd)****(ii) Impact of adoption (Cont'd)**

For leases previously classified as finance leases the Group recognised the carrying amount of the lease assets and lease liabilities immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurement to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

The reconciliation between the operating lease commitments as disclosed by applying HKAS 17 as at 31 March 2019 and lease liabilities recognised in the opening consolidated balance sheet as at 1 April 2019 (date of initial application of HKFRS 16) is as follows:

	<b>2019</b> <b>HK\$' 000</b>
Operating lease commitments disclosed as at 31 March 2019	4,247
Discounted using the lessee's incremental borrowing rate at the date of initial application	4,150
Add: finance lease liabilities recognised as at 31 March 2019	<b>43,588</b>
Lease liabilities recognised as at 1 April 2019	<b>47,738</b>
On which are:	
– Current lease liabilities	13,870
– Non-current lease liabilities	<b>33,868</b>
	<b>47,738</b>

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 1 April 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The carrying amount of right-of-use assets by class of underlying assets are as below:

	<b>At 30</b> <b>September</b> <b>2019</b> <b>HK\$' 000</b> <b>(unaudited)</b>	At 1 April 2019 HK\$' 000 (unaudited)
Properties	2,484	4,150
Plant and machinery	87,891	70,184
Total right-of-use assets	<b>90,375</b>	74,334

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(a) New and amended standards adopted by the Group (Cont'd)****(ii) Impact of adoption (Cont'd)**

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

	As previously stated HK\$'000	Impact of the adoption of HKFRS 16 HK\$'000	As restated HK\$'000
<b>Consolidated Balance Sheet (Extract)</b>			
<b>Assets</b>			
Property, plant and equipment	140,883	4,150	145,033
<b>Liabilities</b>			
Non-current liabilities:			
Borrowings	38,913	(33,036)	5,877
Lease liabilities	–	33,868	33,868
	38,913	832	39,745
<b>Current liabilities:</b>			
Borrowings	99,145	(10,552)	88,593
Lease liabilities	–	13,870	13,870
	99,145	3,318	102,463
	138,058	4,150	142,208

**(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.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

**4. REVENUE AND SEGMENT INFORMATION****Revenue**

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

	<b>Six months ended 30 September</b>	
	<b>2019</b> <b>HK\$' 000</b> <b>(unaudited)</b>	<b>2018</b> <b>HK\$' 000</b> <b>(unaudited)</b>
Revenue from construction contracts	<b>175,882</b>	172,493

**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.

**Geographical information****(a) Revenue from external customers**

	<b>Six months ended 30 September</b>	
	<b>2019</b> <b>HK\$' 000</b> <b>(unaudited)</b>	<b>2018</b> <b>HK\$' 000</b> <b>(unaudited)</b>
Hong Kong	<b>175,882</b>	163,871
Macau	–	8,622
	<b>175,882</b>	172,493

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

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

**4. REVENUE AND SEGMENT INFORMATION (Cont'd)****Geographical information (Cont'd)****(b) Non-current assets**

	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
Hong Kong	152,454	141,038

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

**Information about major customers**

For the six months ended 30 September 2019, there were 3 customers (2018: 2 customers) which individually contributed over 10% of the Group's total revenue. The revenue contributed from each of these customers was as follows:

	Six months ended 30 September	
	2019 HK\$000 (unaudited)	2018 HK\$'000 (unaudited)
Customer A	85,385	N/A
Customer B	37,566	98,685
Customer C	24,251	N/A
Customer D	N/A	41,867

Notes: 1. Revenue from Customer A and Customer C did not exceed 10% of total revenue for the six months ended 30 September 2018.

2. Revenue from Customer D did not exceed 10% of total revenue for the six months ended 30 September 2019.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

**5. OTHER INCOME AND GAINS**

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Machinery rental income	1,718	–
Gain on disposal of property, plant and equipment	1,146	126
Others	30	–
	<b>2,894</b>	126

**6. PROFIT BEFORE TAXATION**

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	10,610	9,489
Directors' emoluments	5,218	4,947
Other staff costs:		
Salaries and other benefits	14,114	14,459
Retirement benefit scheme contributions	516	515
Total staff costs	<b>19,848</b>	19,921

**7. FINANCE COSTS, NET**

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Finance income:		
– Interest income on bank deposits	2	2
Finance costs:		
– Interest expenses on bank borrowings	(2,183)	(1,546)
– Interest expenses on lease liabilities	(1,709)	(655)
Finance costs, net	<b>(3,890)</b>	(2,199)

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

**8. INCOME TAX EXPENSE**

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

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Hong Kong profits tax		
– Current income tax	2,893	2,395

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 2019 and 2018.

**9. INTERIM DIVIDEND**

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

**10. EARNINGS PER SHARE****(a) Basic**

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

	Six months ended 30 September	
	2019 (unaudited)	2018 (unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	12,332	12,340
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	400,000	400,000
Basic earnings per share (HK cents)	3.08	3.09

**(b) Diluted**

Diluted earnings per share is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding as at period end.



## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 11 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK\$' 000	Leasehold improvements HK\$' 000	Furniture and fixtures HK\$' 000	Machinery HK\$' 000	Motor vehicles HK\$' 000	Office equipment HK\$' 000	Computer HK\$' 000	Total HK\$' 000
<b>As at 1 April 2019 (audited)</b>								
Cost	–	1,903	1,497	180,912	3,120	315	120	187,867
Accumulated depreciation	–	(1,903)	(1,474)	(41,006)	(2,181)	(300)	(120)	(46,984)
Net book amount (as previously presented)	–	–	23	139,906	939	15	–	140,883
<b>Change in accounting policy</b>								
Cost	84,861	–	–	(80,711)	–	–	–	4,150
Accumulated depreciation	(10,527)	–	–	10,527	–	–	–	–
	74,334	–	–	(70,184)	–	–	–	4,150
<b>Restated as at 1 April 2019</b>								
Cost	84,861	1,903	1,497	100,201	3,120	315	120	192,017
Accumulated depreciation	(10,527)	(1,903)	(1,474)	(30,479)	(2,181)	(300)	(120)	(46,984)
Net book amount (restated)	74,334	–	23	69,722	939	15	–	145,033
<b>Six months ended 30 September 2019 (unaudited)</b>								
Opening net book amount	74,334	–	23	69,722	939	15	–	145,033
Additions	21,998	–	–	3,050	–	–	–	25,048
Depreciation	(5,957)	–	(3)	(4,406)	(229)	(15)	–	(10,610)
Disposals	–	–	–	(8,704)	–	–	–	(8,704)
Closing net book amount	90,375	–	20	59,662	710	–	–	150,767
<b>As at 30 September 2019 (unaudited)</b>								
Cost	106,859	1,903	1,497	89,143	3,120	315	120	202,957
Accumulated depreciation	(16,484)	(1,903)	(1,477)	(29,481)	(2,410)	(315)	(120)	(52,190)
Net book amount	90,375	–	20	59,662	710	–	–	150,767
<b>As at 1 April 2018</b>								
Cost	–	1,903	1,497	136,981	4,131	315	120	144,947
Accumulated depreciation	–	(1,628)	(1,279)	(29,051)	(2,368)	(260)	(119)	(34,705)
Net book amount	–	275	218	107,930	1,763	55	1	110,242
<b>Six months ended 30 September 2018 (unaudited)</b>								
Opening net book amount	–	275	218	107,930	1,763	55	1	110,242
Additions	–	–	–	43,360	–	–	–	43,360
Depreciation	–	(183)	(116)	(8,805)	(364)	(20)	(1)	(9,489)
Disposals	–	–	–	–	(184)	–	–	(184)
Closing net book amount	–	92	102	142,485	1,215	35	–	143,929

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

**12 LEASE****(i) Amounts recognised in the condensed consolidated balance sheet**

The condensed consolidated balance sheet shows the following amounts relating to the leases:

	At 30 September 2019 HK\$' 000 (unaudited)
<b>Right-of-use assets*</b>	
Non-current:	
– Office premises and warehouse	2,484
– Plant and machinery	87,891
	<b>90,375</b>
* The balances were included in Note 11 “Property, plant and equipment”.	
<b>Lease liabilities</b>	
Non-current	43,447
Current	15,873
	<b>59,320</b>

Additions to right-of-use assets during the six months ended 30 September 2019 was HK\$21,998,000.

As at 30 September 2019, the remaining contractual maturities of the Group’s lease liabilities were as follow:

	At 30 September 2019 HK\$' 000 (unaudited)
The minimum lease payments were as follows:	
Within one year	18,741
Later than one year but no later than five years	47,268
Total minimum lease payments	66,009
Future finance charges	(6,689)
Total lease liabilities	<b>59,320</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

**12 LEASE (Cont'd)****(i) Amounts recognised in the condensed consolidated balance sheet (Cont'd)**

	At 30 September 2019 HK\$' 000 (unaudited)
The present value of the minimum lease payments were as follows:	
Within one year	43,447
Later than one year but no later than five years	15,873
	<b>59,320</b>

**(ii) Amounts recognised in the condensed consolidated statement of comprehensive income**

The condensed consolidated statement of comprehensive income shows the following amounts relating to the leases:

	Six months ended 30 September 2019 HK\$' 000 (unaudited)
Depreciation charges of right-of-use assets	5,957
Interest expense	1,709

**(iii) Amounts recognised in the condensed consolidated statement of cash flows**

During the six months ended 30 September 2019, the total cash outflows for leases were analysed as below:

	Six months ended 30 September 2019 HK\$' 000 (unaudited)
<b>Cash flows from financing activities</b>	
Payments for lease liabilities (including interest element)	8,300
Total cash outflow of lease	<b>8,300</b>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

**13. TRADE AND RETENTION RECEIVABLES**

	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
Trade receivables	43,997	19,539
Retention receivables	33,076	28,280
	<b>77,073</b>	47,819

The credit period granted to trade customers other than for retention receivables was within 30 days or due upon presentation of invoices. The terms and conditions in relation to the release of retention vary from contract to contract, which may be subject to practical completion, the expiry of the defects liability period or a pre-agreed time period. The Group does not hold any collateral as security.

At 30 September 2019, the ageing analysis of the trade receivables based on invoice date is as follows:

	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
1 to 30 days	29,359	11,808
91 to 180 days	14,423	–
181 to 365 days	215	7,731
	<b>43,997</b>	19,539

At 30 September 2019, the ageing analysis of the retention receivables based on invoice date is as follows:

	At 30 September 2019 HK\$'000 (unaudited)	At 31 March 2019 HK\$'000 (audited)
Within 1 year	18,746	16,601
Between 1 to 2 years	10,264	7,206
Between 2 to 5 years	4,066	4,473
	<b>33,076</b>	28,280

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 14. CONTRACT ASSETS AND CONTRACT LIABILITIES

	At 30 September 2019 HK\$' 000 (unaudited)	At 31 March 2019 HK\$' 000 (audited)
Contract assets		
Provision of Construction Services	298,772	291,592
Less: Provision for impairment of contract assets	(4,942)	(4,942)
	<b>293,830</b>	286,650
Contract liabilities		
Provision of Construction Services	721	721

**(a) Significant changes in contract assets and liabilities**

Contract assets have increased as the Group has provided more construction services ahead of the right to payment upon receiving certification from quantity surveyors for fixed-price contracts. The Group also applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for contract assets.

**(b) Revenue recognition in relation to contract liabilities**

The following table shows how much of the revenue recognised during the year ended 30 September 2019 relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in previous periods.

	2019 HK\$' 000
Revenue recognised that was included in the contract liability balance at the beginning of the period	–

**(c) Unsatisfied performance obligations**

The following table shows unsatisfied performance obligations resulting from fixed-price long-term construction contracts.

	2019 HK\$' 000
Aggregate amount of the transaction price of long-term construction contracts that are unsatisfied as at 30 September	527,100

Management expects that the transaction prices regarding the unsatisfied contracts as of 30 September 2019 will be recognised as revenue by referencing to the progress towards completion of the contract activity.

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

**15. TRADE AND RETENTION PAYABLES, OTHER PAYABLES AND ACCRUALS**

	At 30 September 2019 HK\$' 000 (unaudited)	At 31 March 2019 HK\$' 000 (audited)
Trade payables	49,099	41,386
Retention payables	26,744	22,264
Trade and retention payables	75,843	63,650
Other payables and accruals	5,725	6,983
	<b>81,568</b>	70,633

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

At 30 September 2019, the ageing analysis of the trade payables based on invoice date is as follows:

	At 30 September 2019 HK\$' 000 (unaudited)	At 31 March 2019 HK\$' 000 (audited)
1 to 30 days	49,099	41,386

The terms and conditions in relation to the release of retention vary from contract to contract. In the unaudited condensed consolidated balance sheet, retention payables were classified as current liabilities. The ageing analysis of the retention payables based on invoice date is as follows:

	30 September 2019 HK\$' 000 (unaudited)	31 March 2019 HK\$' 000 (audited)
Within 1 year	8,182	17,552
Between 1 and 3 years	18,562	4,712
	<b>26,744</b>	22,264

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

### 16. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

#### Key management personnel compensation

The remuneration of directors of the Company and other members of key management personnel during the period was as follows:

	Six months ended 30 September	
	2019 HK\$' 000 (unaudited)	2018 HK\$' 000 (unaudited)
Short-term benefits	4,947	4,947
Post-employment benefits	36	36
	<b>4,983</b>	4,983

### 17. CONTINGENT LIABILITIES

As at 30 September 2019, the Group has given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to HK\$65.0 million (31 March 2019: HK\$52.4 million). The performance bonds as at 30 September 2019 were expected to be released in accordance with the terms of the respective construction contracts.

### 18. ULTIMATE HOLDING COMPANY

Management considers Vic Group Holdings Limited as the ultimate holding company of the Group, which is a company incorporated in the British Virgin Islands and wholly owned by Mr. Chow.

### 19. EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2019 and up to the date of this interim report.

## 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.

For the six months ended 30 September 2019 (the “Current Period”), the Group recorded revenue of approximately HK\$175.9 million as compared to revenue of approximately HK\$172.5 million for the six months ended 30 September 2018 (the “Last Period”).

Revenue contributed from projects which we were acting as main contractor has increased from approximately 62.4% in the Last Period to approximately 96.4% in the Current Period.

The amount of backlog revenue at 30 September 2019 was approximately HK\$527.1 million (31 March 2019: HK\$374.0 million).

#### Foundation Works and Ancillary Services

Foundation works mainly include mini-piling, percussive piling, rock socketed in steel H-pile and bored pile, together with pile cap. Ancillary services mainly include site formation and demolition works which covers clearance of the site, excavation, demolition of a building or any substantial part of a building.

During the six months ended 30 September 2019, there were 11 projects (six months ended 30 September 2018: 19 projects) contributing revenue of approximately HK\$175.9 million (six months ended 30 September 2018: HK\$166.2 million) to the Group. Despite the number of projects contributing revenue to the Group in the Current Period was fewer than that in the Last Period, there were a number of projects in the middle stages of construction, which contributed more revenue accordingly.

#### General Buildings Works

General building works mainly include structural alteration and addition works, development of superstructures such as entire dwelling, office buildings, stores, public utility buildings, farm buildings, etc.

For the six months ended 30 September 2019, there was nil revenue generated from general building works project as the project from the Last Period has been completed, while there was one general building works project contributing revenue of approximately HK\$6.3 million for the Last period.

#### Revenue

Our revenue remained relatively stable increasing by approximately HK\$3.4 million, or 2.0%, from approximately HK\$172.5 million to approximately HK\$175.9 million.

#### Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately HK\$1.1 million, or 5.2% from approximately HK\$22.8 million for the Last Period to approximately HK\$21.7 million for the Current Period. Our gross profit margin decreased by approximately 0.9%, from approximately 13.2% for the Last Period to approximately 12.3% for the Current Period.

The decrease in gross profit margin was mainly attributable to the increase in the revenue contributed by the foundation projects undertaken by us with relatively low gross profit margin as compared with the overall gross profit margin for the Last period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Other Administrative Expenses

Our administrative expenses decreased by approximately HK\$0.6 million, or approximately 9.7% from approximately HK\$6.0 million for the Last Period to approximately HK\$5.4 million for the Current Period.

### Finance Costs, net

Our finance costs, net increased by approximately HK\$1.7 million, or 76.8%, from approximately HK\$2.2 million for the Last Period to approximately HK\$3.9 million for the Current Period. Such increase was mainly due to the increase in the balance of borrowings to finance the increased scale of business operation as the proportion of revenue contributed from projects which we were acting as main contractors increased from approximately 62.4% of our revenue in the Last Period to approximately 96.4% of our revenue in the Current Period.

### Profit For the Period

Our profit for the period remained stable at approximately HK\$12.3 million for the Current Period and the Last 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 2019, the capital structure of the Group consisted of equity of approximately HK\$301.1 million (31 March 2019: HK\$288.8 million), bank borrowings of approximately HK\$117.3 million (31 March 2019: HK\$94.5 million) and finance lease liabilities of approximately HK\$59.3 million (1 April 2019: HK\$43.6 million).

### 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 2019, our cash and cash equivalents were approximately HK\$23.5 million (31 March 2019: HK\$16.5 million). The Group also had restricted bank balances of approximately HK\$3.2 million (31 March 2019: HK\$4.9 million) deposited for a bank to issue surety bonds in respect of our foundation projects.

As at 30 September 2019, the current ratio of the Group was approximately 2.0 times (31 March 2019: 2.1 times).

### Gearing Ratio

As at 30 September 2019, the Group's gearing ratio was approximately 58.7% (31 March 2019: 47.8%), calculated as the bank borrowings divided by the total equity as at the end of the respective periods and multiplied by 100%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Net Current Assets

As at 30 September 2019, the Group had net current assets of approximately HK\$203.4 million (31 March 2019: HK\$192.0 million). The increase in net current assets position was mainly attributable to the net profit generated from the Group's operations during the 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's capital expenditures for the Current Period amounted to approximately HK\$25.0 million (six months ended 30 September 2018: HK\$43.4 million), which was incurred due to the purchase of machine and equipment.

### Interim Dividend

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

### Foreign Exchange Risk

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 month periods ended 30 September 2019 and 2018. The Board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

### Employees and Remuneration Policy

As at 30 September 2019, the Group had a total of 70 employees (31 March 2019: 74). Total staff costs (including Directors' emoluments) for the six months ended 30 September 2019 were approximately HK\$19.8 million (six months ended 30 September 2018: HK\$19.9 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 2019, 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.

### Capital Commitments

As at 30 September 2019, the Group did not have any capital commitments contracted but not provided for.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Contingent Liabilities

As at 30 September 2019, the Group has given guarantees on performance bonds in respect of construction contracts in the ordinary course of business amounting to HK\$65.0 million (31 March 2019: HK\$52.4 million). The performance bonds as at 30 September 2019 were expected to be released in accordance with the terms of the respective construction contracts.

### Pledge of Assets

As at 30 September 2019, banking facilities were granted to the Group in respect of the specific projects, with an aggregate amount of approximately HK\$108.3 million (31 March 2019: HK\$74.3 million) were guaranteed by (i) the Company; and (ii) charge over the Group's trade receivables with an aggregate amount of approximately HK\$26.4 million (31 March 2019: HK\$11.4 million), of which approximately HK\$20.9 million (31 March 2019: HK\$3.4 million) of the banking facilities had not yet been utilised. These banking facilities can only be used for project-specific financing which will be terminated upon the completion of the foundation projects as specified in the relevant facility letters.

As at 30 September 2019, the finance lease liabilities amounting to approximately HK\$56.8 million (31 March 2019: HK\$43.6 million) from two banks are guaranteed by the Company and pledged by the Group's machinery and equipment with carrying amount of approximately HK\$89.4 million (31 March 2019: HK\$70.2 million).

As at 30 September 2019, machinery and equipment with carrying amount of approximately HK\$16.6 million (31 March 2019: HK\$17.8 million) were pledged for the Group's bank borrowings.

### Material Acquisitions and Disposals of Subsidiaries and Associated Companies

The Group did not have any material acquisitions and disposals of subsidiaries, associated and joint ventures during the Current Period.

### Significant Investments

The Group has no significant investment held as at 30 September 2019.

### Future Plans for Material Investments or Capital Assets

The Group did not have other plans for material investments and capital assets as at 30 September 2019.

### Use of Net Proceeds

The net proceeds of the share offer of the Company's shares for Listing in 2017 was approximately HK\$82.7 million, after deducting the listing expenses borne by the Company. Such net proceeds have been allocated according to the principles and proposed percentage of utilisation as specified in the section headed "Reasons for the listing, future plans and proposed use of net proceeds from the Share Offer" of the Prospectus.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the period from the Listing Date to 30 September 2019, the net proceeds were used as follows:

	Net proceeds HK\$'million	Actual usage up to 30 September 2019 HK\$'million	Unutilised amount at 30 September 2019 HK\$'million
Take out of surety bond	34.0	34.0	–
Purchase of machinery	17.4	17.4	–
Repayment of bank loan	14.0	14.0	–
Strengthen of design team (Note 1)	8.5	0.8	7.7
Purchase of software (Note 2)	0.5	0.1	0.4
General working capital	8.3	8.3	–
	82.7	74.6	8.1

Note 1:

As at 30 September 2019, the Group hired an assistant quantity surveyor and an assistant project manager to strengthen our in-house design team. The Group was in the process of identifying further suitable candidates for our in-house design team.

Note 2:

As at 30 September 2019, the Group purchased several licenses for engineering software programs and the Group expected to purchase additional licenses upon the recruitment of new members of our in-house design team.

The Group held the unutilised net proceeds mainly in short-term deposits with licensed banks in Hong Kong 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 2019 and up to the date of this interim report.

### FUTURE PROSPECTS

In the coming year, we believe the construction market in Hong Kong will remain under pressure due to the uncertainty from the economic and political environments. As a result, the construction market has become highly competitive and under fierce competition with the decrease in number of development projects, which has resulted in shrinking profit margin.

The Group will strive to maintain a balance between risks and returns and make investment decisions based on our shareholders' interest and the market situation. We consider we are well-positioned in the market as our operation model of contracting works gives us the flexibility to remain resilient to adverse impact.

Looking ahead, the Board is confident in the Group's future development with our current contracts on hand and established reputation. The Group intends to expand our business capacity and scale to strengthen its market position in Hong Kong and to capture more sizeable and profitable projects.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2019, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, are set out below:

#### (i) Long positions in our Shares

Name of Directors	Capacity	Long position/ Short position	Number of shares/ underlying shares held	Approximate percentage of the issued share capital of the Company	Note
Mr. Chow Kwok Chun	Interest in a controlled corporation	Long position	210,000,000	52.5	1
Mr. Tsang Hing Kuen	Interest in a controlled corporation	Long position	90,000,000	22.5	2

Note:

- The 210,000,000 shares are held through Vic Group Holdings Limited ("VGH"), which is wholly-owned by Mr. Chow Kwok Chun.
- The 90,000,000 shares are held through On Group Holdings Limited ("OGH"), which is wholly-owned by Mr. Tsang Hing Kuen.

#### (ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Capacity	Long position/ short position	Number of shares held in the associated corporation	Percentage of shareholding
Mr. Chow Kwok Chun	VGH	Beneficial owner	Long position	1 share	100%
Mr. Tsang Hing Kuen	OGH	Beneficial owner	Long position	1 share	100%

Save as disclosed above, none of the Directors, or chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2019.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

**SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 September 2019, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests of the Directors and the chief executives of the Company, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

<b>Name</b>	<b>Capacity</b>	<b>Long position/ short position</b>	<b>Number of shares/ underlying shares held</b>	<b>Approximate percentage of the issued share capital of the Company</b>	<b>Note</b>
VGH	Beneficial owner	Long position	210,000,000	52.5	1
OGH	Beneficial owner	Long position	90,000,000	22.5	2
Ms. Hon Yuk Hung	Interest of spouse	Long position	210,000,000	52.5	3
Ms. Lee Siu Fong	Interest of spouse	Long position	90,000,000	22.5	4

Note:

1. VGH is wholly-owned by Mr. Chow Kwok Chun.
2. OGH is wholly-owned by Mr. Tsang Hing Kuen.
3. Ms. Hon Yuk Hung is the spouse of Mr. Chow Kwok Chun. Ms. Hon Yuk Hung is deemed to be interested in all the Shares which are interested by Mr. Chow Kwok Chun by virtue of the SFO.
4. Ms. Lee Siu Fong is the spouse of Mr. Tsang Hing Kuen. Ms. Lee Siu Fong is deemed to be interested in all the Shares which are interested by Mr. Tsang Hing Kuen by virtue of the SFO.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 September 2019.

**COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has adopted the code provisions set out in the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

In the opinion of the Directors, the Company was in compliance with the code provisions set out in the CG Code during the six months ended 30 September 2019.

**COMPLIANCE WITH MODEL CODE**

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2019.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, within the Group's business at any time during the six months ended 30 September 2019 and up to the date of this interim report.

### SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 30 November 2017. The principal terms of the Share Option Scheme is summarised in Directors' report to the annual report 2019. The main purpose of the Share Option Scheme is to recognise and acknowledge the contributions eligible participants (including, among others, any employees, directors, advisers and related entities of the Group) have or may have made to the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 30 November 2017.

### PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

### 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 during the six months ended 30 September 2019 and up to the date of this interim report.

### 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 Professor Kuang Jun Shang.

The Group's unaudited condensed consolidated interim financial information for the six months ended 30 September 2019 have not been audited 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 2019