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ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8013)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 NOVEMBER 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors” and each a “Director”) of ECI Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Dr. Ng Tai Wing
(Chairman and Chief Executive Officer)
Mr. Law Wing Chong

NON-EXECUTIVE DIRECTOR

Ms. Wong Tsz Man

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chun Ho Eric
Mr. Sung Wai Tak Herman
Mr. Fung Tak Chung
Dr. Chow Kin San

COMPANY SECRETARY

Mr. Lau Chi Yuen

COMPLIANCE OFFICER

Dr. Ng Tai Wing

AUTHORISED REPRESENTATIVES

Dr. Ng Tai Wing
Mr. Law Wing Chong

AUDIT COMMITTEE

Mr. Hui Chun Ho Eric
(Committee Chairman)
Mr. Sung Wai Tak Herman
Mr. Fung Tak Chung
Dr. Chow Kin San

REMUNERATION COMMITTEE

Mr. Sung Wai Tak Herman
(Committee Chairman)
Mr. Hui Chun Ho Eric
Mr. Fung Tak Chung
Dr. Chow Kin San

NOMINATION COMMITTEE

Dr. Ng Tai Wing
(Committee Chairman)
Mr. Hui Chun Ho Eric
Mr. Sung Wai Tak Herman
Mr. Fung Tak Chung
Dr. Chow Kin San

REGISTERED PIE AUDITOR

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**HEADQUARTERS AND
PRINCIPAL PLACE OF BUSINESS
IN HONG KONG**

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AND TRANSFER OFFICE**

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Cayman Islands

**HONG KONG BRANCH SHARE
REGISTRAR**

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Hong Kong

GEM STOCK CODE

8013

COMPANY'S WEBSITE

www.ecinfohk.com



FINANCIAL HIGHLIGHTS

Revenue of ECI Technology Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the three months ended 30 November 2021 (the “Period”) amounted to approximately HK\$37,010,000 (2020: approximately HK\$31,642,000) while gross profit of the Group for the Period amounted to approximately HK\$9,309,000 (2020: approximately HK\$6,611,000).

The net profit after tax of the Group for the Period amounted to approximately HK\$1,895,000 (2020: approximately HK\$5,512,000).

The board (the “Board”) of directors (the “Directors”) does not recommend the payment of an interim dividend for the Period.

FINANCIAL RESULTS

The Board is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months ended 30 November 2021 together with the comparative unaudited figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 NOVEMBER 2021

	NOTES	Three months ended 30 November	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	4	37,010	31,642
Cost of sales		(27,701)	(25,031)
Gross profit		9,309	6,611
Other income	5	66	5,346
Administrative expenses		(7,104)	(6,368)
Impairment losses recognised on trade receivables and contract assets under expected credit losses model		(59)	–
Fair value gain on financial asset at fair value through profit or loss		12	–
Profit from operations		2,224	5,589
Finance costs		(69)	(46)
Profit before taxation		2,155	5,543
Income tax expenses	6	(260)	(31)
Profit and total comprehensive income for the period attributable to owners of the Company	7	1,895	5,512
Earnings per share attributable to owners of the Company			
Basic and diluted (HK cent)	9	0.12	0.34

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 NOVEMBER 2021

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Retained earnings HK\$'000	Total HK\$'000
At 31 August 2020 (Audited)	16,000	24,187	2,301	13,293	55,781
Profit and total comprehensive income for the period	-	-	-	5,512	5,512
At 30 November 2020 (Unaudited)	16,000	24,187	2,301	18,805	61,293
At 31 August 2021 (Audited)	16,000	24,187	2,301	22,009	64,497
Profit and total comprehensive income for the period	-	-	-	1,895	1,895
At 30 November 2021 (Unaudited)	16,000	24,187	2,301	23,904	66,392

Note:

Other reserve represents the difference between the nominal value of the issued share capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 on 3 October 2016 as an exempted company with limited liability and the shares of the Company are listed on the GEM of the Stock Exchange on 10 March 2017.

The address of its registered office is Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its headquarters and principal place of business is Factory D on 3/F of Block II of Camelpaint Buildings, Block I and Block II, No.62 Hoi Yuen Road, Kowloon, Hong Kong.

The Company is an investment holding company. Its major operating subsidiaries are engaged in the provision of installation and maintenance services and security guarding services. The ultimate holding company of the Company is ECI Asia Investment Limited (“ECI Asia”), a company incorporated in the British Virgin Islands. The ultimate controlling shareholder of the Company is Dr. Ng Tai Wing (“Dr. Ng”).

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Group.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the Period comprises the financial information of the Group and its interests in an associate.

The unaudited condensed consolidated financial statements for the Period have been prepared in accordance with Hong Kong Accounting Standards (“HKASs”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the GEM Listing Rules. It should be read in conjunction with the annual financial statements of the Group for the year ended 31 August 2021 (“2021 Annual Report”).

The unaudited condensed consolidated financial statements for the Period have been prepared in accordance with the same accounting policies adopted in the 2021 Annual Report, except for the adoption of all relevant new and/or revised Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs, amendments and interpretations, which are effective for the current accounting period. Details of any changes in significant accounting policies are set out in Note 3.

The preparation of the unaudited condensed consolidated financial statements for the Period in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements for the Period contain condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial performance of the Group since the 2021 Annual Report. The unaudited condensed consolidated financial statements and notes for the Period do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

These unaudited condensed consolidated financial statements for the Period have not been reviewed or audited by the Company’s auditor, but have been reviewed by the audit committee of the Company.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current period of the Group. These new and revised HKFRSs have no significant impact on the results or the financial position of the Group for the current and previous accounting periods. The Group has not applied any new standards or interpretation that is not yet effective for the Period.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the revenue arising on provision of installation, maintenance and security guarding services for the Period. An analysis of the Group's revenue for the Period is as follows:

	Three months ended 30 November	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Installation services	14,672	12,509
Maintenance services	20,376	18,087
Security guarding services	1,962	1,046
	37,010	31,642

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

4. REVENUE AND SEGMENT INFORMATION (continued)

Accordingly, the Group's operating and reportable segments are as follows:

- Installation and maintenance services
- Security guarding services

The segment information provided to the CODM for reportable segments for the three months ended 30 November 2021 and 2020 is as follows:

	Installation services and maintenance services (Unaudited) HK\$'000	Security guarding services (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
For the three months ended 30 November 2021			
Segment revenue	35,048	1,962	37,010
Segment results	3,253	(421)	2,832
For the three months ended 30 November 2020			
Segment revenue	30,596	1,046	31,642
Segment results	5,566	51	5,617

No geographical information is presented as all revenue from external customers of the Group is derived from Hong Kong and all non-current assets of the Group are located in Hong Kong.

5. OTHER INCOME

	Three months ended 30 November	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Bank interest income	–	1
Rental income	51	54
Government grants (<i>note</i>)	–	5,291
Sundry income	15	–
	66	5,346

Note: During the three months ended 30 November 2020, the Group recognised government subsidies of approximately HK\$5,291,000 in respect of Coronavirus Disease 2019 related subsidies, including those related to Employment Support Scheme (“ESS”) and one-off subsidies for transport trades and construction industry under Anti-Epidemic Fund. There are no unfulfilled conditions or other contingencies attached to these grants.

6. INCOME TAX EXPENSES

Details of the movement of the taxation on profit of the Group are shown below:

	Three months ended 30 November	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	268	41
Deferred tax	(8)	(10)
	260	31

Note: Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the three months ended 30 November 2021 and 2020, Hong Kong profits tax of the qualified entity of the Company is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Three months ended	
	30 November	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Directors' emoluments		
– salaries, allowances and other benefits	666	666
Other staff costs		
(excluding directors' emoluments)		
– salaries, allowances and other benefits	19,397	17,670
– contributions to retirement benefit scheme	869	812
Total staff costs	20,932	19,148
Auditor's remuneration	185	190
Depreciation		
– property, plant and equipment	177	173
– right-of-use assets	571	368
Amortisation of intangible asset (included in administrative expenses)	–	20
Lease expenses for short-term leases	159	108

Note: Staff costs of approximately HK\$17,504,000 (2020: approximately HK\$15,950,000) was included in cost of sales.

8. INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 30 November 2021 (2020: Nil).

9. EARNINGS PER SHARE

	Three months ended 30 November	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Profit and total comprehensive income for the period attributable to the owners of the Company	1,895	5,512

	Number of shares	
	'000	'000
Number of shares		
Weighted average number of ordinary shares	1,600,000	1,600,000

Diluted earnings per share were the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding for the three months ended 30 November 2021 and 2020.

10. CAPITAL COMMITMENT

As at 30 November 2021, the Group had capital commitments of approximately HK\$117,000 (31 August 2021: approximately HK\$117,000) in relation to the acquisition of new software.

11. RELATED PARTY TRANSACTIONS

Related Party	Nature of transaction	Three months ended 30 November	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Land Power International Property Management Limited	Rental income	51	51
Guardman Property Management Limited	Rental income	51	51
Starfire Technology Group Limited	Subcontracting expenses	—	186



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our ELV solutions primarily focus on a central monitoring system that has been deployed in Hong Kong since 2013 in residential and commercial buildings for which enhancing control and security. Extra-Low Voltage (“ELV”) solutions cover all the new modern technologies that are increasingly becoming a must-have system in every building such as CCTV, fire alarm systems, public address systems, audio/video solutions, access control systems, car park systems and clubhouse management systems. Our experts provide consultation, design, integration, implementation and maintenance services to our clients from both private and public sectors incorporating a wide range of audio-visual and security systems.

In 2021, we have undertaken various installation and maintenance projects for various customers from both the private sector and government departments such as the Drainage Services Department, Hong Kong Police Force, the Leisure and Cultural Services Department, the Electrical and Mechanical Services Department, etc. During the Period, some of the major projects were completed, such as the upgrade of public address system at Lee Garden One and installation of drop bar system in the main entrance at Martin Heights.

With respect to maintenance works, the Group always responds fast to relevant government policies to identify and seize opportunities to expand its market share. The Group benefits from the government policy of Migration of Six Digital Channels to New Transmitting Frequencies on television broadcast. A four-year framework project on maintenance modification and installation works of television systems for the Transport Department was awarded to the Group and is in operation during the Period.

With respect to our security guarding operation, the Group strives to enhance its market reputation and expand its operation. During the Period under review, we were the successful bidder for security guarding services for the global event “The Standard Chartered Hong Kong Marathon 2021”. The Group gained reputation and improved experience after the completion of marathon projects and we are more equipped to bid for similar event projects in the future. We have also managed to maintain our client base for security projects in the private sector, including but not limited to Skyview Cliff and Yuen Long DHL warehouse.

OUTLOOK AND PROSPECTS

The Group's ELV solutions cover commercial buildings, shopping malls, hospitals and government facilities in the private and public sectors. In order to provide the most suitable solutions to our valued customers, we integrate the latest technology with various intelligent device and keep up-to-date technology level through internal development and collaborate with overseas companies to offer the best solutions to our customers. For example, with the extensive use of smartphones, we are continuously optimizing our carpark system in recent years to include more diversified payment methods for the convenience of users. Apart from developing new technology as part of our blueprint, the Group will seek opportunities with third-party strategic partners to set up different parking systems and strive to build the most advanced technology in Hong Kong.

Due to the outbreak of COVID-19 which resulted in a global economic slowdown, it is undeniable that the current global political and economic situation is complicated. The growth in demand for installation and replacement security system has remained stagnant. It is widely expected that the situation will continue in 2022. Thus, we put more focuses on bidding ELV maintenance services contracts and aim to strengthen the relationship with our customers by offering high quality and timely services. Furthermore, by expanding our maintenance services business segment, we can increase our market share and enhance our reputation in the industry.

For our security guarding operations, growth is resuming. Security projects, namely Sunshine City and Grand Promenade, are in progress and it is widely expected that there will be more security projects in 2022. Apart from the provision of building security guarding services, we will also look for event security guarding projects to improve and diversify our service branding.

For our electric vehicle solution, we have recently been awarded a project for modification of electric vehicle charging system at various facilities for the Drainage Services Department. To facilitate this project, we invested in one of our business partners, namely Skytec Technology Company Limited ("Skytec") in September 2021 and worked with Skytec to provide electric solution business by integrating different brands of electric chargers.

Lastly, the Group will continue to invest in our development of in-house capabilities as well as cooperating with other business partners to provide one-stop solutions and security guarding services into a fully integrated platform in a new way, thereby generating long term and sustainable growth in shareholders value.



FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately 16.96% from approximately HK\$31,642,000 for the three months ended 30 November 2020 to approximately HK\$37,010,000 for the three months ended 30 November 2021. The increase in revenue was mainly due to the increase in contract fees received from ELV operation, such as fees for installation services from migration of digital channel on television broadcasting in 2021 and maintenance services from government policy in job creation of cleaners and technicians in various locations such as West Kowloon Station and the Hong-Kong-Zhuhai-Macao-Bridge.

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised direct labour, direct material and equipment. The cost of sales increased by approximately 10.67% from approximately HK\$25,031,000 for the three months ended 30 November 2020 to approximately HK\$27,701,000 for the three months ended 30 November 2021. Such increase was in line with the increase in revenue.

The Group's gross profit increased by approximately 40.81% from approximately HK\$6,611,000 for the three months ended 30 November 2020 to approximately HK\$9,309,000 for the three months ended 30 November 2021.

Administrative Expenses

The Group's administrative expenses increased by approximately 11.56% from approximately HK\$6,368,000 for the three months ended 30 November 2020 to approximately HK\$7,104,000 for the three months ended 30 November 2021, which was mainly due to the increase in general office staff salaries and increase in marketing expenses.

Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately HK\$1,895,000 for the three months ended 30 November 2021 (2020: approximately HK\$5,512,000). Such decrease was mainly due to government subsidies recognised in prior period and is partially net-off by the increase in revenue in the current period.

FINANCIAL REVIEW (continued)

Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 30 November 2021 (2020: Nil).

Financial Assets at Fair Value Through Profit or Loss

As at 30 November 2021, the Group's financial assets at fair value through profit or loss consisted of securities listed in Hong Kong and the investee's performance was as follows:

Company Name (Stock Code)	Number of shares held at 30 November 2021	Percentage of shareholding at 30 November 2021	Fair value changes on financial asset at fair value through profit or loss for the		Fair value at 30 November 2021 HK\$'000	Percentage of total financial assets at fair value through profit or loss at 30 November 2021	Percentage of total assets of the Group as at 30 November 2021
			Fair value at 31 August 2021 HK\$'000	3 months ended 30 November 2021 HK\$'000			
Allied Sustainability and Environmental Consultants Group Limited (8320)	1,125,000	0.16%	106	12	118	100.00%	0.13%

Allied Sustainability and Environmental Consultants Group Limited (“AEC”, together with its subsidiaries, the “AEC Group”) is an investment holding company with its subsidiaries mainly engaged in the provision of environmental consulting services. It mainly operates through four segments. Green Building Certification Consultancy segment is involved in consultancy on the application of green building certification for new buildings, existing buildings and interiors of buildings. Sustainability and Environmental Consultancy segment is involved in consultancy on sustainability and environmental impact assessment for compliance with statutory requirements in relation to environmental impact and pollution control. Acoustics, Noise and Vibration Control and Audio-Visual Design Consultancy segment is involved in designs for architectural acoustic, mechanical vibration, noise control and audio-visual systems. ESG Reporting and Consultancy segment involves conducting assessment of the ESG systems, preparing reports in compliance with the GEM Listing Rules and the Rules Governing the Listing of Securities on the Stock Exchange, and related services. AEC operates its business in Hong Kong, the Mainland China and Macau.

As disclosed in the interim report of AEC for the six months ended 30 September 2021, through ongoing business diversification, AEC Group endeavours to expand its project portfolio across the Southeast Asia riding on the Belt and Road Initiative.

FINANCIAL REVIEW (continued)

Commitments

Details of capital commitments are set out in note 10 to the unaudited condensed consolidated financial statements.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 November 2021.

Foreign Exchange Exposure

Since the Group's business activities are mainly operated in Hong Kong and all relevant transactions are denominated in Hong Kong dollars, the Directors consider that the Group's exposure to foreign exchange risks is insignificant.

FINANCIAL REVIEW (continued)

Use of Proceeds from the Listing

The Company's shares were successfully listed on GEM of the Stock Exchange on 10 March 2017 (the "Listing Date") by way of share offer. After deduction of all related listing expenses and commissions, the net proceeds from listing amounted to approximately HK\$31.5 million. As announced by the Company on 20 September 2019, certain unutilised proceeds from the listing would be re-allocated for other purposes. Details of the change in the use of proceeds were set out in the announcement of the Company dated 20 September 2019. Up to 31 August 2021 and 31 November 2021, the Group has unutilised proceeds from the listing of approximately HK\$3.5 million. A summary of utilised and unutilised proceeds are set out in the table below:

	Revised allocation of unutilised net proceeds as at 20 September 2019 HK\$' million (note i)	Approximate amount utilised as at 31 August 2021 and 30 November 2021 HK\$' million	Approximate amount unutilised as at 31 August 2021 and 30 November 2021 HK\$' million	Notes
Obtaining additional licences and qualifications	3.5	-	3.5	ii
Expansion of existing security guarding operating segment	5.0	5.0	-	
Salary payment and purchase of capital assets of the major maintenance projects at the Hong-Kong-Zhuhai-Macao Bridge and the West Kowloon Station	6.5	6.5	-	
Total	15.0	11.5	3.5	iii

FINANCIAL REVIEW (continued)

Use of Proceeds from the Listing (continued)

Notes:

- (i) As announced in the announcement dated 20 September 2019, the Directors have resolved to change the use of unutilised net proceeds from the share offer.
- (ii) The Group is planning to use the unutilised proceeds to satisfy the minimum working capital and employed capital requirement for the establishment of “Electrical and Mechanical Installation for Sewage Treatment and Screening Plant”. Since the plan is being delayed, the unutilised proceeds is intended to be fully utilised in 2025.
- (iii) The unutilised proceeds as at 31 August 2021 and 30 November 2021 is placed in interest-bearing deposits with licensed banks in Hong Kong.

OTHER INFORMATION

SHARE OPTION SCHEME

The share option scheme of the Company (the “Share Option Scheme”) has been conditionally adopted by the then sole shareholder on 17 February 2017.

The Board may, at its discretion, offer to grant an option to any person belonging to any of the following classes of participants (the “Eligible Participants”), to subscribe for the Shares:

- (i) any full-time or part-time employees, executives or officers of the Group;
- (ii) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) of the Group; and
- (iii) any suppliers, customers, consultants, agents, advisers and related entities to the Group.

Unless terminated by the Company by shareholders’ resolution in general meeting, the Share Option Scheme shall be effective for a period of 10 years commencing from 10 March 2017, i.e. the date on which the Share Option Scheme becomes unconditional.

The purpose of the Share Option Scheme is to enable our Company to grant options to selected participants as incentives or rewards for their contribution or potential contribution to the Group. The Share Option Scheme will reward the Eligible Participants who have contributed or will contribute to the Group and to motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group and the shareholders of the Company (the “Shareholders”). Besides, it can help to attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.



SHARE OPTION SCHEME (continued)

The total number of Shares which may be issued upon exercise of all options under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange, which amounts to 160,000,000 Shares. Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of all outstanding options granted to each Eligible Participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue, which is 16,000,000 Shares.

No options had been granted or agreed to be granted by the Company under the Share Option Scheme during the three months ended 30 November 2021. The Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into Shares as at 30 November 2021 and up to the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 30 November 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap.571 Laws of Hong Kong) ("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) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, are as follows:-

Long positions in the Shares of the Company

Name of Director	Capacity/ Nature of Interest	Number of Shares held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Dr. Ng Tai Wing ("Dr. Ng")	Interest in controlled corporation <i>(Note 3)</i>	880,000,000 (L)	55%
Ms. Wong Tsz Man	Interest of spouse <i>(Note 4)</i>	880,000,000 (L)	55%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The approximate percentage of shareholding is calculated based on 1,600,000,000 Shares in issue as at 30 November 2021.
- (3) These Shares are held by ECI Asia Investment Limited ("ECI Asia", an associated corporation of the Company), and all the issued shares of HK\$0.01 each of ECI Asia are owned by Dr. Ng. Pursuant to the SFO, Dr. Ng is deemed to have an interest in all of the Shares in which ECI Asia has, or is deemed to have.
- (4) Ms. Wong Tsz Man is the spouse of Dr. Ng. Under the SFO, Ms. Wong Tsz Man is deemed to be interested in all of the Shares which Dr. Ng is interested in.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

Save as disclosed above, as at 30 November 2021 and as at the date of this report, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 November 2021, the following persons have or are deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name of Shareholders	Capacity/Nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (Note 2)
ECI Asia (Note 3)	Beneficial owner	880,000,000 (L)	55%
Mr. Yang Shuo ("Mr. Yang")	Beneficial owner	320,000,000 (L)	20%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The approximate percentage of shareholding is calculated based on 1,600,000,000 Shares in issue as at 30 November 2021.
- (3) These Shares are registered in the name of ECI Asia which is a controlled corporation of Dr. Ng. As Ms. Wong Tsz Man is the spouse of Dr. Ng, she is deemed to be interested in all the Shares held by ECI Asia under the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Save as disclosed above, as at 30 November 2021 and as at the date of this report, the Directors were not aware of any person, other than the Directors or chief executive of the Company, whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register pursuant to Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme and save as disclosed under the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, at no time during the three months ended 30 November 2021 and up to the date of this report, neither the Company nor any of its subsidiaries, or any of its fellow subsidiaries, was a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.



INTEREST IN COMPETING BUSINESSES

The controlling shareholders (as defined under GEM Listing Rules) of the Company have executed the deed of non-competition dated 17 February 2017 (the “Deed of Non-competition”) in favour of the Company, details of which were set out in the prospectus of the Company dated 27 February 2017. Pursuant to the Deed of Non-competition, the controlling shareholders have undertaken to the Company (for itself and as trustee for each of its subsidiaries from time to time) that with effect from the Listing Date, they would not and would procure that none of their close associates (except for any members of the Group) shall, except through their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the business of the Group in Hong Kong or such other places as the Group may conduct or carry on business from time to time.

The controlling shareholders of the Company have confirmed to the Company that for the three months ended 30 November 2021 and up to the date of this report, they and their respective close associates (as defined under the GEM Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

For the three months ended 30 November 2021 and up to the date of this report, save and except for the interest the Directors have in the Company and its subsidiaries, none of the Directors, the controlling shareholders or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflicts of interest with the Group.

CORPORATE GOVERNANCE CODE

The Company and the Directors recognize the importance of good corporate governance in the management and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the code provisions stated in the Part 2 of Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (“Corporate Governance Code”). Except for the deviation from provision C.2.1 of the Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices, the Company’s corporate governance practices have complied with the Corporate Governance Code during the three months ended 30 November 2021 and up to the date of this report.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Ng is the chairman and chief executive officer of the Company. In view of Dr. Ng being one of the founders of the Group and has been operating and managing the Group since 2003, the Board believes that the vesting of the roles of chairman and chief executive officer in Dr. Ng is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Directors consider that the deviation from code provision C.2.1 is appropriate in such circumstances.

COMPLIANCE WITH THE CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquires by the Company, all Directors confirmed that they had complied with the standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company for the three months ended 30 November 2021 and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither did the Company redeem nor did the Company or any of its subsidiaries purchase or sell any of the Company’s listed securities during the three months ended 30 November 2021 and up to the date of this report.



AUDIT COMMITTEE

The Company has established the audit committee (“Audit Committee”) on 17 February 2017 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with code provision D.3.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules has been adopted. The Audit Committee consists of four independent non-executive Directors, namely Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman, Mr. Fung Tak Chung and Dr. Chow Kin San. Mr. Hui Chun Ho Eric is the chairman of the Audit Committee.

Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor, review the financial statements of the Company and judgments in respect of financial reporting, and oversee internal control procedures of the Company.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters with senior management of the Company relating to the preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 30 November 2021.

The findings in relation to the unaudited condensed consolidated financial statements of the Group for the three months ended 30 November 2021 have been taken into consideration by the Audit Committee in its review of the quarterly results for the three months ended 30 November 2021, which have been approved by the Board on 11 January 2022 prior to its issuance.

By the order of the Board
ECI Technology Holdings Limited
Dr. Ng Tai Wing
Chairman and Chief Executive Officer

As at the date of this report, the Board comprises seven Directors, including two executive Directors, Dr. Ng Tai Wing (Chairman and Chief Executive Officer) and Mr. Law Wing Chong; one non-executive Director, Ms. Wong Tsz Man; and four independent non-executive Directors, Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman, Mr. Fung Tak Chung and Dr. Chow Kin San.

The board of Directors (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 November 2021. This announcement, containing the full text of the 2022 First Quarterly Report of the Company, complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcement of quarterly results. Printed version of the Company’s 2022 First Quarterly Report will be delivered to the shareholders of the Company and available for viewing on the GEM website at www.hkgem.com and the Company’s website at www.ecinfohk.com in due course.

By Order of the Board
ECI Technology Holdings Limited
Dr. Ng Tai Wing
Chairman and Chief Executive Officer

Hong Kong, 11 January 2022

As at the date of this announcement, the Board comprises seven Directors, including two executive Directors Dr. Ng Tai Wing (Chairman and Chief Executive Officer) and Mr. Law Wing Chong; one non-executive Director Ms. Wong Tsz Man; and four independent non-executive Directors Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman, Mr. Fung Tak Chung and Dr. Chow Kin San.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least seven days from the date of its publication and on the website of the Company at www.ecinfohk.com.