

ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)
Stock code: 8013

2022
INTERIM REPORT

70%

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This report, 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 report 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 report misleading.

This report will be available on the Company’s website <http://www.ecinfohk.com> and will remain on the “Latest Listed Company Information” page on the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.

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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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ECI TECHNOLOGY HOLDINGS LIMITED

Interim Report 2022

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GEM STOCK CODE

8013

COMPANY'S WEBSITE

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FINANCIAL HIGHLIGHTS

Revenue of ECI Technology Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 28 February 2022 (the “Period”) amounted to approximately HK\$69,908,000 (2021: approximately HK\$70,532,000) while gross profit of the Group for the Period amounted to approximately HK\$17,520,000 (2021: approximately HK\$13,825,000).

The profit for the Period of the Group amounted to approximately HK\$2,289,000 (2021: approximately HK\$6,447,000).

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

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

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

	Notes	Three months ended		Six months ended	
		28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
Revenue	4	32,898	38,890	69,908	70,532
Cost of sales		(24,687)	(31,676)	(52,388)	(56,707)
Gross profit		8,211	7,214	17,520	13,825
Other income	6	83	648	149	5,994
Administrative expenses		(7,683)	(6,891)	(14,787)	(13,259)
Reversal of impairment loss (Impairment loss) on trade receivables and contract assets		33	(14)	(26)	(14)
Fair value (loss) gain on financial assets at fair value through profit or loss		(30)	110	(18)	110
Profit from operations		614	1,067	2,838	6,656
Finance costs	7	(52)	(89)	(121)	(135)
Profit before taxation		562	978	2,717	6,521
Income tax expenses	8	(168)	(43)	(428)	(74)
Profit for the period	9	394	935	2,289	6,447

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

	Notes	Three months ended		Six months ended	
		28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss:					
Net fair value gain on financial asset at fair value through other comprehensive income		4	-	4	-
Profit and total comprehensive income for the period attributable to owners of the Company		398	935	2,293	6,447
Earnings per share					
Basic and diluted (HK cent)	10	0.025	0.058	0.143	0.403

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2022

	Notes	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	5,769	6,043
Right-of-use assets	13	4,846	5,420
Deposit for acquisition of non-current assets		207	207
Interest in an associate	14	–	–
Financial assets at fair value through other comprehensive income	15	444	–
		11,266	11,670
Current assets			
Trade receivables	16	31,982	25,480
Contract assets	17	14,428	14,871
Financial assets at fair value through profit or loss	18	88	106
Deposits, prepayments and other receivables	19	1,555	1,530
Tax recoverable		2	2
Bank balances and cash		24,703	29,059
		72,758	71,048
Current liabilities			
Trade payables	20	5,076	4,993
Contract liabilities	17	72	17
Accruals and other payables		1,795	2,594
Tax payable		697	251
Bank borrowings	21	4,267	4,387
Lease liabilities	13	1,553	1,877
		13,460	14,119
Net current assets		59,298	56,929
Total assets less current liabilities		70,564	68,599

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 28 FEBRUARY 2022

	Notes	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities	13	3,128	3,438
Deferred tax liabilities	22	646	664
		3,774	4,102
		66,790	64,497
Capital and reserves			
Share capital	23	16,000	16,000
Reserves		50,790	48,497
		66,790	64,497

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Retained earnings HK\$'000	
At 1 September 2020 (audited)	16,000	24,187	2,301	13,293	55,781
Profit for the period	-	-	-	6,447	6,447
At 28 February 2021 (unaudited)	16,000	24,187	2,301	19,740	62,228
At 1 September 2021 (audited)	16,000	24,187	2,301	22,009	64,497
Profit for the period	-	-	-	2,289	2,289
Other comprehensive income for the period					
Net fair value gain on financial assets at fair value through other comprehensive income	-	-	4	-	4
At 28 February 2022 (unaudited)	16,000	24,187	2,305	24,298	66,790

Note:

Other reserve mainly 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

	Six months ended	
	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(2,522)	3,221
INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(440)	–
Purchase of property, plant and equipment	(38)	(31)
Proceeds from disposal of property, plant and equipment	–	814
Interest income received	–	1
Deposit paid for acquisition of non-current assets	–	(719)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(478)	65
FINANCING ACTIVITIES		
New bank borrowings raised	8,000	6,000
Repayment of bank borrowings	(8,120)	(7,869)
Repayment of lease liabilities	(1,114)	(1,766)
Interest paid	(122)	(135)
NET CASH USED IN FINANCING ACTIVITIES	(1,356)	(3,770)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,356)	(484)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	29,059	23,502
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	24,703	23,018

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

1. GENERAL INFORMATION

ECI Technology Holdings Limited (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 of Hong Kong Limited on 10 March 2017.

The address of its registered office is Ocorian Trust (Cayman) Limited at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its 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.

In opinion of directors of the Company, its ultimate holding company and immediate holding company is ECI Asia Investment Limited, a company incorporated in British Virgin Islands (the “BVI”), which is controlled by Dr. Ng Tai Wing.

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 interim condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is same as the functional currency of the Company and its subsidiaries (collectively referred to as the “Group”).

These interim condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements for the six months ended 28 February 2022 have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 August 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, and any public announcement made by the Company during the interim reporting period.

3. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

The accounting policies used in the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2021 except as described below.

Financial assets at fair value through other comprehensive income (“FVTOCI”)

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial assets at fair value through other comprehensive income (“FVTOCI”) (Continued)

Equity instruments designated as at FVTOCI (Continued)

Dividends from investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘other income’ line item in profit or loss.

In the current interim period, the Group has applied, for the first time, the Amendments to Reference to the Conceptual Framework in HKFRSs and the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 September 2021 for the preparation of the Group’s interim condensed consolidated financial statements.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

4. REVENUE

Revenue represents the net amounts received and receivable for installation, maintenance and security guarding services. The revenue is derived from both customers in private sector (mainly property developers and property management companies) and public sector.

During the three months and six months ended 28 February 2022, the Group’s operating revenue was generated from contracts with customers within the scope of HKFRS 15. Revenue is recognised over time.

4. REVENUE (Continued)

An analysis of the Group's respective revenue for the three months and six months ended 28 February 2022 and 28 February 2021 is as follows:

	Three months ended		Six months ended	
	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
Maintenance services	19,227	24,622	39,603	37,131
Installation services	11,734	12,968	26,406	31,055
Security guarding services	1,937	1,300	3,899	2,346
	32,898	38,890	69,908	70,532

5. SEGMENT INFORMATION

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 CODM have been aggregated in arriving at the reportable segments of the Group.

The CODM reviews the financial information of installation and maintenance services as well as security guarding services separately for performance assessment and resources allocation. Accordingly, the Group's operating and reportable segments are as follows:

- Installation and maintenance services
- Security guarding services

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the six months ended 28 February 2022

	Installation and maintenance services HK\$'000 (Unaudited)	Security guarding services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE			
External sales	66,009	3,899	69,908
Segment profit (loss)	5,804	(855)	4,949
Fair value loss on financial assets at fair value through profit or loss ("FVTPL")			(18)
Unallocated corporate expenses			(2,214)
Profit before taxation			2,717

5. SEGMENT INFORMATION *(Continued)*
Segment revenue and results *(Continued)*

For the six months ended 28 February 2021

	Installation and maintenance services HK\$'000 (Unaudited)	Security guarding services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE			
External sales	68,186	2,346	70,532
Segment profit	8,117	479	8,596
Fair value gain on financial assets at FVTPL			110
Unallocated corporate expenses			(2,185)
Profit before taxation			6,521

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, share of loss of an associate and fair value gain (loss) on financial assets at FVTPL. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

5. SEGMENT INFORMATION *(Continued)*

Other segment information

For the six months ended 28 February 2022

	Installation and maintenance services HK\$'000 (Unaudited)	Security guarding services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets (Note)	38	–	38
Depreciation and amortisation	1,335	32	1,367
(Reversal of impairment loss)/ Impairment loss of trade receivables and contract assets	(3)	29	26
Bank interest income	–	–	–
Finance costs	117	4	121

5. SEGMENT INFORMATION *(Continued)*

Other segment information

For the six months ended 28 February 2021

	Installation and maintenance services HK\$'000 (Unaudited)	Security guarding services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets (Note)	3,584	–	3,584
Depreciation and amortisation	1,110	63	1,173
Impairment loss of trade receivables and contract assets	8	6	14
Bank interest income	1	–	1
Finance costs	135	–	135

Note: Additions to non-current assets include property, plant and equipment, intangible asset, right-of-use assets and deposit for acquisition of non-current assets for the six months ended 28 February 2022 and 28 February 2021.

Geographical information

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

6. OTHER INCOME

	Three months ended		Six months ended	
	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
Bank interest income	-	-	-	1
Rental income	51	54	102	108
Government grants(note)	-	395	-	5,686
Gain on disposal of property, plant and equipment	5	199	5	199
Sundry income	27	-	42	-
	83	648	149	5,994

Note: The Group recognised government subsidies of approximately HK\$5,686,000 in respect of Coronavirus Disease 2019 related subsidies, including those related to Employment Support Scheme for the six months ended 28 February 2021. There are no unfulfilled conditions or other contingencies attached to these grants.

7. FINANCE COSTS

	Three months ended		Six months ended	
	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
Interests on:				
Bank borrowings	4	4	9	16
Lease liabilities	48	85	112	119
	52	89	121	135

8. INCOME TAX EXPENSES

	Three months ended		Six months ended	
	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits Tax	178	47	446	88
Deferred tax (Note 21)	(10)	(4)	(18)	(14)
	168	43	428	74

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (b) Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. For the six months ended 28 February 2022 and 28 February 2021, Hong Kong Profits Tax of the qualified entity 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%.

9. PROFIT FOR THE PERIOD

Profit for the period is arrived at after charging:

	Three months ended		Six months ended	
	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
Directors' remuneration				
– fees	150	150	300	300
– salaries, allowances and other benefits	501	501	1,002	1,002
– contributions to retirement benefit scheme	15	15	30	30
Other staff costs (excluding directors' emoluments)				
– salaries and other benefits	18,384	18,187	37,781	35,857
– contributions to retirement benefit scheme	877	834	1,746	1,646
Total staff costs	19,927	19,687	40,859	38,835
Auditor's remuneration	185	190	370	380
Depreciation of property, plant and equipment	135	150	312	323
Depreciation of right-of-use assets	484	450	1,055	818
Amortisation of intangible asset	–	12	–	32
Lease expenses for short-term leases	269	95	428	203

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Three months ended		Six months ended	
	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
Earnings				
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	394	935	2,289	6,447

	Three months ended		Six months ended	
	28 February 2022 '000 (Unaudited)	28 February 2021 '000 (Unaudited)	28 February 2022 '000 (Unaudited)	28 February 2021 '000 (Unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,600,000	1,600,000	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 in issue during the six months ended 28 February 2022 and 28 February 2021.

11. DIVIDEND

No dividend has been paid, declared or proposed by the Company during the six months ended 28 February 2022 and 28 February 2021, nor has any dividend been proposed since the end of the reporting period.

12. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 28 February 2022, the Group acquired plant and equipment with total costs of approximately HK\$38,000 (six months ended 28 February 2021: approximately HK\$31,000) and disposed of certain motor vehicles with total carrying values of HK\$nil (six months ended 28 February 2021: HK\$615,000).

At 28 February 2022, the carrying values of leasehold land and buildings of approximately HK\$5,123,000 (31 August 2021: HK\$5,220,000) were pledged to secure bank borrowings to the Group.

During the six months ended 28 February 2022, no impairment loss was recognised for the property, plant and equipment (six months ended 28 February 2021: nil).

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) *Right-of-use assets*

	Buildings HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
As at 1 September 2020 (Audited)	633	1,768	2,401
Additions	164	5,249	5,413
Transferred to property, plant and equipment	–	(474)	(474)
Depreciation	(595)	(1,325)	(1,920)
As at 31 August 2021 and 1 September 2021 (Audited)	202	5,218	5,420
Additions	–	481	481
Depreciation	(127)	(928)	(1,055)
As at 28 February 2022 (Unaudited)	75	4,771	4,846

The Group has lease arrangements for car parks, offices and motor vehicles. The lease terms are generally ranged from 1 to 5 years.

Extension options are included in the lease of buildings. Certain periods covered by extension options were included in these lease terms as the Group was reasonably certain to exercise the options. None of these leases include variable lease payments.

In respect of lease arrangement for renting motor vehicles, the ownership of the motor vehicles will be transferred to the Group at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such lease.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

(i) Right-of-use assets (Continued)

During the six months ended 28 February 2022, no impairment loss was recognised for the right-of-use assets (six months ended 28 February 2021: nil).

(ii) Lease liabilities

	At 28 February 2022 HK\$'000 (Unaudited)	At 31 August 2021 HK\$'000 (Audited)
Non-current	3,128	3,438
Current	1,553	1,877
	4,681	5,315

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

(ii) Lease liabilities (Continued)

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Amounts payable under lease liabilities		
Within one year	1,553	1,877
After one year but within two years	1,214	1,174
After two years but within five years	1,914	2,264
	4,681	5,315
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,553)	(1,877)
Amount due for settlement after 12 months	3,128	3,438

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

(iii) Amount recognised in profit or loss

	Six months ended 28 February 2022 HK\$'000 (Unaudited)	Six months ended 28 February 2021 HK\$'000 (Unaudited)
Depreciation of right-of-use assets of:		
- Building	127	298
- Motor vehicles	928	520
Interest expense on lease liabilities	112	119
Expense relating to short-term leases	428	203

(iv) Others

During the six months ended 28 February 2022, the total cash outflows for lease amounts to HK\$1,226,000 (six months ended 28 February 2021: HK\$1,885,000).

14. INTEREST IN AN ASSOCIATE/ LOAN TO AN ASSOCIATE

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Cost of investment in an associate	2	2
Share of post-acquisition loss and other comprehensive expenses	(2)	(2)
	-	-
Loan to an associate (note)	421	421
Less: Impairment loss on interest in an associate	(309)	(309)
Less: Share of post-acquisition losses that are in excess of the cost of the investment	(112)	(112)
	-	-

Note: The investment cost represents the Group's 20% equity interest in Starfire Technology Group Limited ("Starfire"), an entity established in Hong Kong principally engaged in the provision of consulting service.

The loan to an associate is unsecured, interest free and has no fixed repayment terms which, in substance, from part of the net investment in the associate.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
– Unlisted equity securities in Hong Kong	444	–

The above unlisted equity investment represents investments in unlisted equity securities.

16. TRADE RECEIVABLES

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Trade receivables	32,580	26,049
Less: allowance for impairment of trade receivables	(598)	(569)
	31,982	25,480

As at 28 February 2022, the gross amount of trade receivables arising from contracts with customers amounted to HK\$32,580,000 (31 August 2021: HK\$26,049,000)

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aged analysis of trade receivables, presented based on the date of certified report which approximates revenue recognition date, at the end of the reporting period:

16. TRADE RECEIVABLES *(Continued)*

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Within 30 days	17,651	14,248
31-60 days	7,219	5,157
61-90 days	2,763	3,001
Over 90 days	4,349	3,074
	31,982	25,480

The movement in the allowance for impairment of trade receivables is set out below:

	HK\$'000
As at 1 September 2020 (Audited)	530
Impairment losses recognised	39
As at 31 August 2021 and 1 September 2021 (Audited)	569
Impairment losses recognised	29
As at 28 February 2022 (Unaudited)	598

17. CONTRACT ASSETS/ CONTRACT LIABILITIES

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Contract assets	14,442	14,888
Less: allowance for impairment of contract assets	(14)	(17)
	14,428	14,871
Contract liabilities	72	17

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

The balance of contract assets and contract liabilities are expected to be recovered/settled within one year.

17. CONTRACT ASSETS/ CONTRACT LIABILITIES *(Continued)*

The movement in the allowance for impairment of contract assets is set out below:

	HK\$'000
As at 1 September 2020(Audited)	8
Impairment losses recognised	9
<hr/>	
As at 31 August 2021 and 1 September 2021 (Audited)	17
Impairment losses reversed	(3)
<hr/>	
As at 28 February 2022 (Unaudited)	14
<hr/> <hr/>	

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
– Equity securities listed in Hong Kong	88	106
<hr/> <hr/>		

The listed securities are stated at fair value. The fair value of the listed securities have been determined by reference to published price quotations in open market.

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Deposits	475	476
Prepayments	1,022	1,013
Other receivables	58	41
	1,555	1,530

20. TRADE PAYABLES

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Trade payables	5,076	4,993

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Within 30 days	1,808	2,806
31-60 days	670	882
61-90 days	681	435
Over 90 days	1,917	870
	5,076	4,993

20. TRADE PAYABLES *(Continued)*

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within 30-60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

21. BANK BORROWINGS

	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Secured	4,267	4,387
Within 1 year which contains a repayment on demand clause	4,244	4,241
After 1 year but within 2 years which contains a repayment on demand clause	23	146
	4,267	4,387

At 28 February 2022, secured bank borrowings carried interest at fixed rates ranging from 2.15% to 2.75% (31 August 2021: 2.15% to 3.25%) per annum.

The bank borrowings were denominated in Hong Kong dollar for the six months ended 28 February 2022 and the year ended 31 August 2021.

22. DEFERRED TAX LIABILITIES

The following is the deferred tax liabilities recognised and movements thereon during the current period and prior year:

	Accelerated tax depreciation HK\$'000
At 1 September 2020 (Audited)	636
Charged to profit or loss	28
<hr/>	
At 31 August 2021 and 1 September 2021 (Audited)	664
Credited to profit or loss (Note 8)	(18)
<hr/>	
At 28 February 2022 (Unaudited)	646
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23. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 September 2020 (Audited), 28 February 2021 (Unaudited), 31 August 2021 (Audited) and 28 February 2022 (Unaudited)	3,800,000,000	38,000
<hr/>		
Issued and fully paid:		
At 1 September 2020 (Audited), 28 February 2021 (Unaudited), 31 August 2021 (Audited) and 28 February 2022 (Unaudited)	1,600,000,000	16,000
<hr/>		

24. CAPITAL COMMITMENTS

As at 28 February 2022, the Group had capital commitments of HK\$117,000 (31 August 2021: HK\$117,000) in relation to the acquisition of new software and leasehold improvements.

25. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the interim condensed consolidated financial statements, the Group entered into transactions with its related parties as follows:

(a) *Balances with related parties*

Related Party	Nature of balance	28 February 2022 HK\$'000 (Unaudited)	31 August 2021 HK\$'000 (Audited)
Land Power International Property Management Limited (Note i)	Rental deposit received	17	17
Guardman Property Management Limited (Note i)	Rental deposit received	17	17
Starfire (Note ii)	Trade payables	62	–

25. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties

Related Party	Nature of transaction	Six months ended	
		28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
Land Power International Property Management Limited (Notes i and iii)	Rental income	51	51
Guardman Property Management Limited (Notes i and iii)	Rental income	51	51
Starfire (Notes ii and iii)	Project cost	–	328

Notes:

- i. These related parties are owned and controlled by the controlling shareholders of the Company.
- ii. Starfire is an associate of the Group, where the Group held 20% of its ownership interests.
- iii. The related party transactions do not constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules, or are otherwise exempted from the disclosure requirements in Chapter 20 of the GEM Listing Rules.

25. RELATED PARTY TRANSACTIONS *(Continued)*

(c) *Compensation to key management personnel*

The remuneration of members of key management personnel including directors of the Company during the six months ended 28 February 2022 and 28 February 2021 were as follows:

	Six months ended	
	28 February 2022 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)
Short-term benefits	1,302	1,302
Contributions to retirement benefits scheme	30	30
	<hr/> 1,332	<hr/> 1,332

26. MAJOR NON-CASH TRANSACTIONS

During the six months ended 28 February 2022, the Group entered into new arrangements in respect of motor vehicles. Right-of-use assets and lease liabilities of HK\$481,000 were recognised at the commencement of the leases.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Extra-Low Voltage (“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. 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.

During the Period, we have undertaken various installation and maintenance projects for various customers from both private sectors and government departments such as the Drainage Services Department, Hong Kong Police Force, the Leisure and Cultural Services Department and the Electrical and Mechanical Services Department. As of the date of this report, some of the major projects were completed, such as the upgrade of public address system at Lee Garden One, replacement and improvement work to entrance gates and ticket system at Hong Kong Wetland Park 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 Vista Mount Davis.

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 Skyview Cliff and Vista Mount Davis, 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 the development of our in-house capabilities as well as cooperating with other business partners to provide one-stop solutions and security guarding services in order to establish 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 decreased by approximately 0.88% from approximately HK\$70,532,000 for the six months ended 28 February 2021 to approximately HK\$69,908,000 for the Period. The decrease in revenue was mainly due to the decrease in revenue generated from installation services.

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 decreased by approximately 7.62% from approximately HK\$56,707,000 for the six months ended 28 February 2021 to approximately HK\$52,388,000 for the Period, which was in line with the decrease in revenue.

The Group's gross profit increased by approximately 26.73% from approximately HK\$13,825,000 for the six months ended 28 February 2021 to approximately HK\$17,520,000 for the Period. Such increase was mainly due to the decrease in engagement of subcontractors, in which projects completed by subcontractors generate a relatively lower profit margin than projects completed by our own employees.

Administrative Expenses

The Group's administrative expenses increased by approximately 11.52% from approximately HK\$13,259,000 for the six months ended 28 February 2021 to approximately HK\$14,787,000 for the Period, which was mainly due to the increase in office staff salaries and increase in marketing expenses.

FINANCIAL REVIEW (continued)

Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately HK\$2,293,000 for the Period (2021: approximately HK\$6,447,000). The decrease in the profit attributable to owners of the Company was mainly due to the government subsidies granted to the Group under the Employment Support Scheme in 2021 while such subsidies were absent during the Period.

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 28 February 2022 (28 February 2021: Nil).

Financial assets at fair value through profit or loss

As at 28 February 2022, the Group's financial assets at fair value through profit or loss consisted of securities listed on the Stock Exchange and the performance of the listed securities was as follows:

Company Name/(Stock Code)	Number of shares held at 28 February 2022	Percentage of shareholdings at 28 February 2022	Carrying amount at 31 August 2021 HK\$'000	Fair value changes on financial assets at fair value through profit or loss for the period ended 28 February 2022 HK\$'000	Fair value at 28 February 2022 HK\$'000	Percentage of total financial assets at fair value through profit or loss at 28 February 2022	Percentage of total assets of the Group as at 28 February 2022
Allied Sustainability and Environmental Consultants Group Limited (8320)	1,125,000	0.16%	106	(18)	88	100.00%	0.10%

FINANCIAL REVIEW (continued)

Financial assets at fair value through profit or loss (continued)

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 People’s Republic of China and Macau.

As disclosed in the third quarterly report of AEC for the nine months ended 31 December 2021, through ongoing business diversification, AEC Group may expand its project portfolio across the Southeast Asia and other regions in the long run under the development plan of the Belt and Road Initiative. AEC recorded revenue of HK\$33.65 million (representing an increase of 19.0% compared to corresponding period in 2020) and profit for the period of HK\$0.2 million (representing a decrease of 90.0% compared to corresponding period in 2020).

Bank Borrowings

Details of bank borrowing are set out in note 21 to the interim condensed consolidated financial statements.

Gearing Ratio

The gearing ratio, being its total debts (including bank borrowings and lease liabilities) divided by its total equity, was 0.13 as at 28 February 2022 (31 August 2021: 0.15).

FINANCIAL REVIEW (continued)

Commitments and Contingent Liabilities

Details of capital commitments are set out in note 24 to the interim condensed consolidated financial statements. The Group had no significant contingent liabilities as at 28 February 2022.

Foreign Exchange Exposure

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

Employees and Remuneration Policies

As at 28 February 2022, the Group had a total of 450 employees (28 February 2021: 338). The increase in the number of employees was mainly due to the commencement of security guarding operation by the Group. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Group recognizes the importance of good relationships with its employees. The remuneration payable to its employees includes salaries and allowances.

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. Up to 28 February 2022, 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:

Intended use of proceeds	Revised allocation of unutilised net proceeds as at 20 September 2019 HK\$' million (note i)	Approximate amount utilised as at 28 February 2022 HK\$' million	Approximate amount unutilised as at 28 February 2022 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

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 Listing.
- (ii) The Group is currently in the process of satisfying the minimum working capital and employed capital requirement of "Electrical and Mechanical Installation for Sewage Treatment and Screening Plant". Since the plan is delayed, the unutilised proceeds is intended to be fully utilised in 2025.
- (iii) The unutilised proceeds as at 28 February 2022 had been 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 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 benefits of the Group and the shareholders of the Company (the “Shareholders”). Besides, it can help 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 commenced 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 option has been granted or agreed to be granted by the Company under the Share Option Scheme during the six months ended 28 February 2022. The Company did not have any outstanding, lapsed or cancelled share options, warrants, derivatives or securities which are convertible or exchangeable into Shares as at 28 February 2022 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 28 February 2022, 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 ("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 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:–

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

Long positions in the Shares of the Company

Name of Director	Capacity/ Nature of Interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (Note 2)
Dr. Ng Tai Wing ("Dr. Ng")	Interest in controlled corporation (Note 3)	880,000,000 (L)	55%
Ms. Wong Tsz Man	Interest of spouse (Note 4)	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 28 February 2022.
- (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 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 in which Dr. Ng is interested.

Save as disclosed above, as at 28 February 2022 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 5.48 to 5.67 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 28 February 2022, 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	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 28 February 2022.
- (3) These Shares are registered in the name of ECI Asia which is a controlled corporation of Dr. Ng. 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 28 February 2022 and as at the date of this report, the Directors were not aware that 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 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 six months ended 28 February 2022 and up to the date of this report, was the Company or any of its subsidiaries, or any of its fellow subsidiaries, 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 of the Company have undertaken to the Company (for itself and as trustee for each of our 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 our Group may conduct or carry on business from time to time.

INTEREST IN COMPETING BUSINESSES (continued)

The controlling shareholders of the Company have confirmed to the Company that for the six months ended 28 February 2022 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 six months ended 28 February 2022 and up to the date of this report, 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 structures 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 six months ended 28 February 2022 and up to the date of this report.

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 the fact that 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 provision C.2.1 of the Corporate Governance Code 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 enquiries 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 six months ended 28 February 2022 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 six months ended 28 February 2022 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 paragraph D.3.3 of Part 2 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 the appointment, re-appointment or removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee internal control and risk management procedures of the Company.

AUDIT COMMITTEE (continued)

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 interim condensed consolidated financial information of the Group for the six months ended 28 February 2022. In addition, the independent auditor of the Company (the “Auditor”) has performed their work in accordance with Hong Kong Standard on Related Services 4400 (Revised) “Agreed-Upon Procedures Engagements” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The work performed by the Auditor in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditor on this report.

The findings in relation to the unaudited interim condensed consolidated financial statements of the Group for the six months ended 28 February 2022 have been taken into consideration by the Audit Committee in its review of the interim results for the six months ended 28 February 2022, which have been approved by the Board on 11 April 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.