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ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8013)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

CHARACTERISTICS OF THE 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 that 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
Ms. Wong Tsz Man
(re-designated as an executive
Director on 1 December 2022)

REMUNERATION COMMITTEE

Mr. Sung Wai Tak Herman
(*Committee Chairman*)
Mr. Hui Chun Ho Eric
Mr. Fung Tak Chung
(passed away on 17 December 2022)
Dr. Chow Kin San

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chun Ho Eric
Mr. Sung Wai Tak Herman
Mr. Fung Tak Chung
(passed away on 17 December 2022)
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
(passed away on 17 December 2022)
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
(passed away on 17 December 2022)
Dr. Chow Kin San

REGISTERED PIE AUDITOR

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PO Box 1350

Grand Cayman KY1-1108

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HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

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16 Harcourt Road

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 six months ended 28 February 2023 (the “Period”) amounted to approximately HK\$76,490,000 (2022: approximately HK\$69,908,000) while gross profit of the Group for the Period amounted to approximately HK\$20,703,000 (2022: approximately HK\$17,520,000).

The profit for the Period of the Group amounted to approximately HK\$4,075,000 (2022: approximately HK\$2,289,000).

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF ECI TECHNOLOGY HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements of ECI Technology Holdings Limited (the “Company”) and its subsidiaries set out on pages 7 to 36, which comprise the interim condensed consolidated statement of financial position as at 28 February 2023 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the interim condensed consolidated statement of profit or loss and other comprehensive income for each of the three-month periods ended 28 February 2023 and 28 February 2022 and the relevant explanatory notes included in these interim condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong

12 April 2023

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

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	Notes	Three months ended		Six months ended	
		28 February 2023	28 February 2022	28 February 2023	28 February 2022
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	40,838	32,898	76,490	69,908
Cost of sales		(30,263)	(24,687)	(55,787)	(52,388)
Gross profit		10,575	8,211	20,703	17,520
Other income and gain, net	6	295	83	1,108	149
Administrative expenses		(9,268)	(7,683)	(17,228)	(14,787)
(Impairment loss) reversal of impairment on loss trade receivables and contract assets		(21)	33	35	(26)
Fair value gain (loss) on financial asset at fair value through profit or loss		1	(30)	(13)	(18)
Profit from operations		1,582	614	4,605	2,838
Finance costs	7	(46)	(52)	(93)	(121)
Profit before taxation		1,536	562	4,512	2,717
Income tax expenses	8	(238)	(168)	(437)	(428)
Profit for the period	9	1,298	394	4,075	2,289

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

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	Notes	Three months ended		Six months ended	
		28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)
Other comprehensive (expense) income					
Item that will not to be reclassified subsequently to profit or loss:					
Change in fair value of financial assets at fair value through other comprehensive income		(337)	4	(1,615)	4
Total comprehensive income for the period attributable to owners of the Company		961	398	2,460	2,293
Earnings per share					
Basic and diluted (HK cent)	10	0.081	0.025	0.255	0.143

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2023

	Notes	28 February 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	5,563	5,615
Right-of-use assets	13	4,040	3,885
Intangible assets		–	–
Deposit for acquisition of non-current assets		568	207
Interest in an associate		–	–
Financial assets at fair value through other comprehensive income	14	1,729	318
		11,900	10,025
Current assets			
Trade receivables	15	34,261	27,183
Contract assets	16	14,095	10,371
Deposits, prepayments and other receivables	17	1,302	1,292
Tax recoverable		6	1
Financial assets at fair value through profit or loss	18	105	118
Bank balances and cash	19	32,203	37,511
		81,972	76,476
Current liabilities			
Trade payables	20	6,353	3,352
Accruals and other payables		2,613	2,205
Tax payable		543	504
Bank borrowings	21	4,021	4,146
Lease liabilities	13	2,288	1,754
Contract liabilities	16	1,758	240
		17,576	12,201
Net current assets		64,396	64,275
Total assets less current liabilities		76,296	74,300

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 28 FEBRUARY 2023

	Notes	28 February 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities	13	2,502	2,943
Deferred tax liability	22	615	638
		3,117	3,581
		73,179	70,719
Capital and reserves			
Share capital	23	16,000	16,000
Reserves		57,179	54,719
		73,179	70,719

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	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 2021(audited)	16,000	24,187	2,301	22,009	64,497
Profit and total comprehensive income for the period	-	-	-	2,289	2,289
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
At 1 September 2022 (audited)	16,000	24,187	2,179	28,353	70,719
Profit and total comprehensive income for the period	-	-	-	4,075	4,075
Net fair value gain on financial assets at fair value through other comprehensive income	-	-	(1,615)	-	(1,615)
At 28 February 2023 (unaudited)	16,000	24,187	564	32,428	73,179

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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

	Six months ended	
	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(1,047)	(2,522)
INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(3,026)	(440)
Deposit paid for acquisition of non-current assets	(361)	–
Purchase of property, plant and equipment	(275)	(38)
NET CASH USED IN INVESTING ACTIVITIES	(3,662)	(478)
FINANCING ACTIVITIES		
New bank borrowings raised	8,000	8,000
Repayment of bank borrowings	(8,125)	(8,120)
Repayment of lease liabilities	(1,075)	(1,114)
Interest paid	(93)	(122)
Governments grants received	694	–
NET CASH USED IN FINANCING ACTIVITIES	(599)	(1,356)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,308)	(4,356)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	37,511	29,059
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	32,203	24,703

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2023

1. GENERAL INFORMATION

ECI Technology Holdings Limited (the “Company”) was incorporated in the Cayman Islands under the Companies Act, 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 (the “Stock Exchange”) 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 the opinion of directors of the Company, its ultimate holding company and immediate holding company is ECI Asia Investment Limited, a company incorporated in the 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 2023 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 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, and any public announcements 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 2022 except as described below.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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 2022 for the preparation of the Group's interim condensed consolidated financial statements.

Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to HKFRSs	Annual Improvement to HKFRSs 2018 – 2020 cycle

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 revenue arising on provision of installation, maintenance and security guarding services for the period.

An analysis of the Group's respective revenue for the three months and six months ended 28 February 2023 and 28 February 2022 is as follows:

	Three months ended		Six months ended	
	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)
Maintenance services	21,467	19,227	37,560	39,603
Installation services	17,896	11,734	36,281	26,406
Security guarding services	1,475	1,937	2,649	3,899
	40,838	32,898	76,490	69,908

During the three months and six months ended 28 February 2023, the Group's operating revenue was generated from contracts with customers within the scope of HKFRS 15. Revenue is recognised over time.

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 2023

	Installation and maintenance services HK\$'000 (Unaudited)	Security guarding services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE			
External sales	73,841	2,649	76,490
Segment profit (loss)	7,060	(398)	6,662
Unallocated income			5
Fair value loss on financial asset at fair value through profit or loss ("FVTPL")			(13)
Unallocated corporate expenses			(2,142)
Profit before taxation			4,512

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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 gain on financial asset at FVTPL			(18)
Unallocated corporate expenses			(2,214)
Profit before taxation			2,717

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 certain other income, central administration costs, directors' emoluments, and fair value gain (loss) on financial asset at fair value through profit or loss. 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 2023

	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)	1,804	–	1,804
Depreciation and amortisation	1,308	32	1,340
(Reversal of) impairment loss of trade receivables and contract assets	(62)	27	(35)
Government grants	606	83	689
Finance costs	83	10	93

5. **SEGMENT INFORMATION** *(Continued)*

Other segment information *(Continued)*

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 of trade receivables and contract assets	(3)	29	26
Finance costs	117	4	121

Note: Additions to non-current assets include property, plant and equipment, right-of-use assets and deposit for acquisition of non-current assets for the six months ended 28 February 2023 and 28 February 2022.

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 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)
Bank interest income	244	-	290	-
Rental income	51	51	102	102
Government grants (note)	-	-	694	-
Sundry income	-	32	22	47
	295	83	1,108	149

Note: During the six months ended 28 February 2023, the Group recognised government subsidies of approximately HK\$694,000 in respect of Coronavirus Disease 2019 related subsidies, including those related to Employment Support Scheme ("ESS"). There are no unfulfilled conditions or other contingencies attached to these grants.

7. FINANCE COSTS

	Three months ended		Six months ended	
	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)
Interests on:				
Bank borrowings	2	4	5	9
Lease liabilities	44	48	88	112
	46	52	93	121

8. INCOME TAX EXPENSES

	Three months ended		Six months ended	
	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits Tax	247	178	460	446
Deferred tax	(9)	(10)	(23)	(18)
	238	168	437	428

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% (2022: 8.25%), and profits above HK\$2,000,000 will be taxed at 16.5% (2022: 16.5%). For the six months ended 28 February 2023 and 28 February 2022, 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 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)
Directors' remuneration				
– fees	95	150	245	300
– salaries, allowances and other benefits	726	501	1,227	1,002
– contributions to retirement benefit scheme	21	15	36	30
Other staff costs (excluding directors' emoluments)				
– salaries and other benefits	19,627	18,384	38,340	37,781
– contributions to retirement benefit scheme	934	877	1,783	1,746
Total staff costs	21,403	19,927	41,631	40,859
Auditor's remuneration	200	185	400	370
Depreciation of property, plant and equipment	157	135	327	312
Depreciation of right-of-use assets	548	484	1,013	1,055
Impairment loss (reversal of impairment loss) on trade receivable and contract assets	21	(33)	(35)	26
Lease expenses for short- term leases	144	269	358	428

10. EARNINGS PER SHARE

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

	Three months ended		Six months ended	
	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)
Earnings				
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	1,298	394	4,075	2,289

	Three months ended		Six months ended	
	28 February 2023 '000 (Unaudited)	28 February 2022 '000 (Unaudited)	28 February 2023 '000 (Unaudited)	28 February 2022 '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 dilutive potential ordinary shares outstanding during the six months ended 28 February 2023 and 28 February 2022.

11. DIVIDEND

No dividend has been paid, declared or proposed by the Company during the six months ended 28 February 2023 and 28 February 2022, 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 2023, the Group acquired plant and equipment with total costs of approximately HK\$275,000 (six months ended 28 February 2022: approximately HK\$38,000).

At 28 February 2023, the carrying values of leasehold land and buildings of approximately HK\$4,929,000 (31 August 2022: HK\$5,027,000) were pledged to secure bank borrowings to the Group.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

During the six months ended 28 February 2023, the Group entered into two renewal arrangements in respect of buildings. Right-of-use assets and lease liabilities of approximately HK\$1,168,000 were recognised at the inception of the leases.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	28 February 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Unaudited)
– Listed equity securities in Hong Kong	1,287	–
– Unlisted equity securities in Hong Kong	442	318
	1,729	318

The above equity investments represents investments in listed and unlisted equity securities.

15. TRADE RECEIVABLES

	28 February 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
Trade receivables	34,785	27,729
Less: allowance for impairment of trade receivables	(524)	(546)
	34,261	27,183

As at 28 February 2023, the gross amount of trade receivable arising from contracts with customer amounted to HK\$34,785,000 (31 August 2022: HK\$27,729,000)

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:

	28 February 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
Within 30 days	22,757	12,614
31 –60 days	5,178	7,598
61 –90 days	2,234	3,448
Over 90 days	4,092	3,523
	34,261	27,183

15. TRADE RECEIVABLES *(Continued)*

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

	HK\$'000
As at 1 September 2021 (Audited)	569
Reversal of impairment losses recognised	(23)
<hr/>	
As at 31 August 2022 and 1 September 2022 (Audited)	546
Reversal of impairment losses recognised	(22)
<hr/>	
As at 28 February 2023 (Unaudited)	524

16. CONTRACT ASSETS/CONTRACT LIABILITIES

	28 February 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
Contract assets	14,119	10,408
Less: allowance for impairment of contract assets	(24)	(37)
<hr/>		
	14,095	10,371
<hr/>		
Contract liabilities	1,758	240

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.

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

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

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

	HK\$'000
As at 1 September 2021(Audited)	17
Impairment losses recognised	20
<hr/>	
As at 31 August 2022 and 1 September 2022 (Audited)	37
Reversal of impairment losses recognised	(13)
<hr/>	
As at 28 February 2023 (Unaudited)	24

17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	28 February 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
Deposits	445	404
Prepayments	817	847
Other receivables	40	41
<hr/>		
	1,302	1,292

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	28 February 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
– Equity securities listed in Hong Kong	105	118

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. BANK BALANCES AND CASH

Bank balances carried interest at the prevailing market rates which range from 0.0001% to 0.01% per annum for the six months ended 28 February 2023 (31 August 2022: 0.0001% to 0.01%).

20. TRADE PAYABLES

	28 February 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
Trade payables	6,353	3,352

20. TRADE PAYABLES *(Continued)*

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

	28 February 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
Within 30 days	2,385	1,921
31 –60 days	3,003	248
61 –90 days	58	287
Over 90 days	907	896
	6,353	3,352

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 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
Secured	4,021	4,146
Within 1 year which contains a repayment on demand clause	4,021	4,146

21. BANK BORROWINGS *(Continued)*

At 28 February 2023, secured bank borrowings carried interest at floating rates ranging from 2.15% to 3.25% (31 August 2022: 2.15% to 3.25%) per annum.

The bank borrowings were denominated in Hong Kong dollar for the six months ended 28 February 2023 and the year ended 31 August 2022.

22. DEFERRED TAX LIABILITY

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

	Accelerated tax depreciation
	HK\$'000
At 1 September 2021 (Audited)	664
Credited to profit or loss	(26)
<hr/>	
At 31 August 2022 and 1 September 2022 (Audited)	638
Credited to profit or loss	(23)
<hr/>	
At 28 February 2023 (Unaudited)	615
<hr/> <hr/>	

23. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 September 2021 (Audited), 28 February 2022 (Unaudited), 31 August 2022 (Audited) and 28 February 2023 (Unaudited)	3,800,000,000	38,000
Issued and fully paid:		
At 1 September 2021 (Audited), 28 February 2022 (Unaudited), 31 August 2022 (Audited) and 28 February 2023 (Unaudited)	1,600,000,000	16,000

24. CAPITAL COMMITMENT

As at 28 February 2023, the Group had capital commitments of HK\$598,000 (31 August 2022: HK\$117,000) in relation to the acquisition of new software and plant and equipment.

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 2023 HK\$'000 (Unaudited)	31 August 2022 HK\$'000 (Audited)
Land Power International Property Management Limited (Notes i and ii)	Rental deposit received	17	17
Guardman Property Management Limited (Notes i and ii)	Rental deposit received	17	17

25. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

Related Party	Nature of transaction	Six months ended	
		28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)
Land Power International Property Management Limited (Notes i and ii)	Rental income	51	51
Guardman Property Management Limited (Notes i and ii)	Rental income	51	51

Notes:

- i. These related parties are owned and controlled by the controlling shareholders of the Company.
- ii. None of the above related party balances or transactions falls under the definition of connected transaction or continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

25. RELATED PARTY TRANSACTIONS *(Continued)*

(c) *Transactions with related parties*

The remuneration of members of key management personnel including directors of the Company during the six months ended 28 February 2023 and 28 February 2022 were as follows:

	Six months ended	
	28 February 2023 HK\$'000 (Unaudited)	28 February 2022 HK\$'000 (Unaudited)
Short-term benefits	1,472	1,302
Contributions to retirement benefits scheme	36	30
	1,508	1,332

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 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 current period, we have undertaken various installation and maintenance projects for various customers from both private and government departments such as the Drainage Services Department, Hong Kong Police Force, the Leisure and Cultural Services Department, etc. During the six months ended 28 February 2023, some of the major projects were completed, such as replacement of modulators for the broadcast reception installation system in Legislative Council, video surveillance system improvement work and Phase I and Phase II of Healthy Village and octopus access system at Marina Garden.

With respect to maintenance work, the Group was able to maintain its customers base and is looking for opportunities to expand its market share. The Group was awarded a major contract in television broadcasting, which we have worked on for over ten years, by the Electrical and Mechanical Service Department on maintenance and improvement of satellite master antenna television system for the Government of the Hong Kong Special Administrative Region in August 2022. In addition to television broadcasting contract, the Group was also awarded quadrennial term contract for the maintenance of burglar alarm and security installation for disciplined services venues with contract sum of over HK\$25 million. Both contracts have been commenced in December 2022.

BUSINESS REVIEW (continued)

With respect to our security guarding operation, the Group strives to enhance its business 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 2023”. The Group gained reputation and improved experiences after completion of the marathon project and we are more equipped to bid for similar event projects in the future. We have also managed to maintain our customers base for security project in the private sector, including but not limited to Skyview Cliff and Vista Mount Davis.

To increase and diversify sources of income, EC Infotech Limited (“EC Infotech”), one of the operating subsidiaries of ECI Technology Holdings Limited, has entered into a cornerstone investment agreement (the “Agreement”) with MTT Group Holdings Limited (“MTT”) in August 2022.

EC Infotech has similar operation with MTT, both being distributors of products and SI solutions mainly in security sector in Hong Kong. We have started our trading relationship with MTT since 2019 and both Trittech and Multisoft are our approved vender or contractor. Our management believes that through investing in MTT, we can maintain a more stable trading relationship. They can bring in the latest products and technology from all over the world to our Company such as the LORA system which we have recently work with. Further, with closer business relationship, we can bargain for discounts from Trittech and Multisoft when making purchases or subcontracting our works, which can improve the Company’s profitability and benefit the Group and the Shareholders.

OUTLOOK AND PROSPECTS

The Group’s ELV solutions cover commercial buildings, shopping malls, hospitals and government facilities from 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 devices and keep up-to-date technology through internal development and collaboration 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 ourselves, 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.

OUTLOOK AND PROSPECTS (continued)

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 2023. 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 operation, growth is resuming. Security projects in Skyview Cliff and Vista Mount Davis are in progress and we expect that there will be more security projects in 2023. Apart from the provision of building security services, with our strong background and experiences in temporary and short-term event projects, we will look for and participate in more event security guarding projects in the coming years.

For our electric vehicle charging (“EV charging”) management solution business, we are still working with our business partner in completing a project for modification of EV charging system at various facilities of Drainage Services Department. We have recently expanded our EV charging operations when we secure a contract from one of our customers, The Cairnhill, to build an EV charging station in its parking lot, which our Group will operate and maintain the same. Currently, we are setting up its EV charging operation, which we plan to commence operation in 2023.

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 9.42% from approximately HK\$69,908,000 for the six months ended 28 February 2022 to approximately HK\$76,490,000 for the Period. The increase in revenue was mainly due to the increase 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 increased by approximately 6.49% from approximately HK\$52,388,000 for the six months ended 28 February 2022 to approximately HK\$55,787,000 for the Period, which was in line with the increase in revenue.

The Group's gross profit increased by approximately 18.17% from approximately HK\$17,520,000 for the six months ended 28 February 2022 to approximately HK\$20,703,000 for the Period.

Administrative Expenses

The Group's administrative expenses increased by approximately 16.51% from approximately HK\$14,787,000 for the six months ended 28 February 2022 to approximately HK\$17,228,000 for the Period, which was mainly due to the increase in office staff salaries.

Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately HK\$4,075,000 for the Period (2022: approximately HK\$2,289,000). The increase in the profit attributable to owners of the Company was mainly due to the increase in revenue generated from installation services and government subsidies related to ESS.

FINANCIAL REVIEW (continued)

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 28 February 2023 (28 February 2022: Nil).

Financial Assets

As at 28 February 2023, the Group's financial assets 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 2023	Percentage of shareholdings at 28 February 2023	Carrying amount at 31 August 2022 HK\$'000	Fair value changes on financial assets for the period ended 28 February 2023 HK\$'000	Fair value at 28 February 2023 HK\$'000	Percentage of total financial assets at fair value through profit or loss at 28 February 2023	Percentage of total assets of the Group as at 28 February 2023
Allied Sustainability and Environmental Consultants Group Limited (8320)	1,125,000	0.16%	118	(13)	105	7.54%	0.11%
MTT Group Holdings Limited (2350)	3,525,000	0.56%	-	(1,740)	1,287	92.46%	1.37%

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.

FINANCIAL REVIEW (continued)

Financial Assets (continued)

As disclosed in the 2022 third quarterly report of AEC Group published on the website of the Stock Exchange on 8 February 2023, its presence in Malaysia and Hengqin, Zhuhai, signifying the expansion of the Group's green building, sustainable development and environmental, social and governance (ESG) business footprint into the Asia Pacific region. Following the opening of a branch office in Kuala Lumpur, Malaysia in the 2nd half of 2022, AEC Group has also strived to develop the Mainland market. In January this year, AEC Group has collaborated with its business partners in Hong Kong and Macau to establish a branch office in Hengqin, Zhuhai, adding a stronghold to capture the substantial business opportunities of green and low-carbon industries in the Mainland China.

In addition, the presence of AEC Group in the Asia Pacific has started in Thailand and Singapore in 2020, and now the strategic hub in Malaysia and Zhuhai, through ongoing business diversification, AEC Group endeavours to expand its project portfolio across the Southeast Asia riding on the Belt and Road Initiative.

MTT Group Holdings Limited ("MTT", together with its subsidiaries, the "MTT Group") is an investment holding company principally engaged in the provision of information technology (IT) solutions. The company's main business include the distribution of software and hardware for IT unified communications, network infrastructure, system integration and data center as well as security solutions, the provision of IT infrastructure solutions services such as evaluation, consulting and advice, IT product procurement, technology implementation and integration, performance testing, user acceptance testing and system roll-out as well as others. The company was established in 2020 with headquarter in Hong Kong,

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 0.1 as at 28 February 2023 (31 August 2022: 0.1).

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 2023.

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 2023, the Group had a total of 364 employees (28 February 2022: 450). The decrease in the number of employees was mainly because of the reduction 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 2023, 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 2023 HK\$' million	Approximate amount unutilised as at 28 February 2023 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 plans to obtain additional license and qualification and 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 being delayed, the unutilised proceeds is intended to be fully utilised in 2025.
- (iii) The unutilised proceeds as at 28 February 2023 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 terms of the Share Option Scheme are subject to the requirements of Chapter 23 of the GEM Listing Rules.

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 2023. 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 2023 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 2023, 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 of the 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:-

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 2023.
- (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 2023 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 2023, 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 2023.
- (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 28 February 2023 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 2023 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 2023 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 2023 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 (the “CG 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 CG Code during the six months ended 28 February 2023 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 CG Code is appropriate in such circumstances.

CODE OF CONDUCT FOR THE REQUIRED STANDARD OF DEALINGS

Under Code Provision C.1.3 of the CG Code, the Company has adopted its written guidelines on the code of conduct regarding Directors' dealings in the Company's securities (the "Guidelines") 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 (the "Required Standard of Dealings"). Having made specific enquires by the Company, all Directors and the relevant employees have confirmed that they had complied with the Required Standard of Dealings and the Guideline adopted by the Company throughout the six months ended 28 February 2023 and up to the date of this report.

"Relevant employee" includes any employee or a director or employee of a subsidiary or holding company who, because of his position or office, is likely to possess inside information in relation to the Company or its securities.

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 2023 and up to the date of this report.

CHANGE IN INFORMATION OF DIRECTORS

For the six months ended 28 February 2023, there were changes in the information of Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

With effect from 1 December 2022, Ms. Wong Tsz Man, was re-designated from a non-executive Director to an executive Director.

Mr. Fung Tak Chung, an independent non-executive Director, passed away on 17 December 2022 and he has ceased to be a Director and a member of each of the nomination committee, the remuneration committee and the audit committee of the Board on the same date accordingly.

Further details of the above changes are set out in the announcements dated 24 November 2022 and 6 January 2023 respectively.

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 CG Code as set out in Appendix 15 to the GEM Listing Rules has been adopted.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman and Dr. Chow Kin San. Mr. Hui Chun Ho Eric is the chairman of the Audit Committee. Mr. Fung Tak Chung ceased to be a Director and member of the Audit Committee on 17 December 2022.

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.

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 2023. In addition, the independent auditor of the Company has reviewed the unaudited interim results for the six months ended 28 February 2023 in accordance with Hong Kong Standard on Review Engagement 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

AUDIT COMMITTEE (continued)

The findings in relation to the unaudited interim condensed consolidated financial statements of the Group for the six months ended 28 February 2023 have been taken into consideration by the Audit Committee in its review of the interim results for the six months ended 28 February 2023, which have been approved by the Board on 12 April 2023 prior to its issuance.

CHANGE IN CONSTITUTIONAL DOCUMENT

The Company has adopted the first amended and restated memorandum and articles of association of the Company by special resolution passed on 18 January 2023 and effective on the same date, the same of which is available on the websites of the Company at www.ecinfohk.com and the Stock Exchange at www.hkexnews.hk.

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 six Directors, including three executive Directors, Dr. Ng Tai Wing (Chairman and Chief Executive Officer), Mr. Law Wing Chong and Ms. Wong Tsz Man; and three independent non-executive Directors, Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman and Dr. Chow Kin San.

The board of Directors (the “Board”) is pleased to announce the unaudited consolidated results of the Company for the six months ended 28 February 2023. This announcement, containing the full text of the 2023 Interim Report of the Company, complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcement of interim results. Printed version of the Company’s 2023 Interim Report will be delivered to the shareholders of the Company and available for viewing on the Stock Exchange website at www.hkexnews.hk 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, 12 April 2023

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

This announcement will remain on the Stock Exchange website at www.hkexnews.hk 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.