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ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8013)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 MAY 2023

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

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

Given 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)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chun Ho Eric

Mr. Sung Wai Tak Herman

Dr. Chow Kin San

Mr. Fung Tak Chung
(Passed away on 17 December 2022)

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

Dr. Chow Kin San

Mr. Fung Tak Chung
(Passed away on 17 December 2022)

REMUNERATION COMMITTEE

Mr. Sung Wai Tak Herman
(*Committee Chairman*)

Mr. Hui Chun Ho Eric

Dr. Chow Kin San

Mr. Fung Tak Chung
(Passed away on 17 December 2022)

NOMINATION COMMITTEE

Dr. Ng Tai Wing
(*Committee Chairman*)

Mr. Hui Chun Ho Eric

Mr. Sung Wai Tak Herman

Dr. Chow Kin San

Mr. Fung Tak Chung
(Passed away on 17 December 2022)

REGISTERED PIE AUDITOR

SHINEWING (HK) CPA Limited

17/F, Chubb Tower

Windsor House

311 Gloucester Road

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Hong Kong

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Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited
11/F, The Center
99 Queen's Road Central
Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Factory D on 3/F of Block II of
Camelpaint Buildings
Block I and Block II
No. 62 Hoi Yuen Road
Kowloon, Hong Kong

REGISTERED OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
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Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
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 (the “Group”) for the nine months ended 31 May 2023 (the “Period”) amounted to approximately HK\$123,822,000 (2022: approximately HK\$97,650,000) while gross profit of the Group for the Period amounted to approximately HK\$31,915,000 (2022: approximately HK\$23,288,000).

The profit for the Period amounted to approximately HK\$6,517,000 (2022: approximately HK\$3,002,000).

The board (the “Board”) of directors (the “Directors”) of the Company does not recommend payment of an interim dividend for the Period (2022: Nil).

FINANCIAL RESULTS

The Board is pleased to announce the unaudited consolidated financial results of the Group for the three months and nine months ended 31 May 2023 together with the comparative unaudited figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 May 2023

	Notes	Three months ended 31 May		Nine months ended 31 May	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	4	47,332	27,742	123,822	97,650
Cost of sales		(36,120)	(21,974)	(91,907)	(74,362)
Gross profit		11,212	5,768	31,915	23,288
Other income		220	2,254	1,328	2,403
Administrative expenses		(8,410)	(7,637)	(25,638)	(22,424)
Share of profits of an associate		-	123	-	123
Impairment loss on trade receivables and contract assets		(147)	(59)	(112)	(85)
Fair value gain (loss) on financial assets at fair value through profit or loss		1	11	(12)	(7)
Profit from operations		2,876	460	7,481	3,298
Finance costs		(41)	(50)	(134)	(171)
Profit before taxation		2,835	410	7,347	3,127
Income tax (expenses) credit	5	(393)	303	(830)	(125)
Profit for the period	6	2,442	713	6,517	3,002

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

For the nine months ended 31 May 2023

	Notes	Three months ended 31 May		Nine months ended 31 May	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Other comprehensive (expenses) income					
Item that will not be reclassified to profit or loss:					
Net fair value (loss) gain on financial asset at fair value through other comprehensive (expenses) income		(89)	56	(1,704)	60
Profit and total comprehensive income for the period attributable to owners of the Company		2,353	769	4,813	3,062
Earnings per share attributable to owners of the Company					
Basic and diluted (HK cent)	7	0.153	0.045	0.407	0.188

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 May 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 for the period	-	-	-	3,002	3,002
Other comprehensive income for the period					
Net fair value gain on financial assets at fair value through other comprehensive income	-	-	60	-	60
At 31 May 2022 (unaudited)	16,000	24,187	2,361	25,011	67,559
At 1 September 2022 (audited)	16,000	24,187	2,179	28,353	70,719
Profit for the period	-	-	-	6,517	6,517
Other comprehensive expenses for the period					
Net fair value loss on financial asset at fair value through other comprehensive expenses	-	-	(1,704)	-	(1,704)
At 31 May 2023 (unaudited)	16,000	24,187	475	34,870	75,532

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 May 2022

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 GEM of the Stock Exchange on 10 March 2017.

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

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

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

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the Period have been prepared in accordance with Hong Kong Accounting Standards 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 GEM of the Stock Exchange (the “GEM Listing Rules”). These unaudited 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 announcement made by the Company during the Period.

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

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

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the 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 nine months ended 31 May 2023, the Group's operating revenue was generated from contracts with customers within the scope of HKFRS 15. Revenue is recognised over time.

An analysis of the Group's respective revenue for the three months and nine months ended 31 May 2023 and 31 May 2022 is as follows:

	Three months ended 31 May		Nine months ended 31 May	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Installation services	17,114	9,183	54,674	35,589
Maintenance services	24,640	16,899	60,921	56,502
Security guarding services	5,578	1,660	8,227	5,559
	47,332	27,742	123,822	97,650

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.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group's operating and reportable segments are as follows:

- Installation and maintenance services
- Security guarding services

The segment information provided to the CODM for reportable segments for the nine months ended 31 May 2023 and 31 May 2022 respectively is as follows:

	Installation and maintenance services (Unaudited) HK\$'000	Security guarding services (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
For the nine months ended			
31 May 2023			
Segment revenue	115,595	8,227	123,822
Segment results	9,560	157	9,717
For the nine months ended			
31 May 2022			
Segment revenue	92,091	5,559	97,650
Segment results	6,667	(458)	6,209

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

5. INCOME TAX EXPENSES (CREDIT)

	Three months ended 31 May		Nine months ended 31 May	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	409	(294)	869	152
Deferred tax	(16)	(9)	(39)	(27)
	<u>393</u>	<u>(303)</u>	<u>830</u>	<u>125</u>

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 qualified corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. For the nine months ended 31 May 2023, 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 qualified for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% (nine months ended 31 May 2022: 16.5%).

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Three months ended 31 May		Nine months ended 31 May	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Directors' remuneration				
– Salaries, allowances and other benefits	837	666	2,345	1,998
Other staff costs (excluding directors' emoluments)				
– Salaries, allowances and other benefits	21,781	17,377	60,121	55,158
– Contributions to retirement benefit scheme	991	804	2,774	2,550
Total staff costs	23,609	18,847	65,240	59,706
Auditor's remuneration	200	185	600	555
Depreciation of property, plant and equipment	155	136	482	448
Depreciation of right-of-use assets	551	477	1,564	1,532
Lease expenses for short term leases	126	257	484	685

Note: Staff cost of approximately HK\$52,786,000 (2022: approximately HK\$48,611,000) was included in cost of sales.

7. EARNINGS PER SHARE

	Three months ended 31 May		Nine months ended 31 May	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Earnings				
Profit for the Period attributable to owners of the Company for the purpose of basic and diluted earnings per share	2,442	713	6,517	3,002
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 outstanding for the nine months ended 31 May 2023 and 31 May 2022 respectively.

8. INTERIM DIVIDEND

No dividend has been paid, declared or proposed by the Company during the nine months ended 31 May 2023 and 31 May 2022 respectively, nor has any dividend been proposed since the end of the reporting period.

9. RELATED PARTY TRANSACTIONS

Transactions with related parties

Related Party	Nature of transaction	Nine months ended	
		31 May 2023 HK\$'000 (Unaudited)	31 May 2022 HK\$'000 (Unaudited)
Land Power International Property Management Limited	Rental income	76	76
Guardman Property Management Limited	Rental income	77	77
Starfire Technology Group Limited	Subcontracting expenses	–	40

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 on 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 sector and government departments such as the Drainage Services Department, Hong Kong Police Force, the Leisure and Cultural Services Department, etc. During the nine months ended 31 May 2023, some of the major projects were completed, such as replacement of modulators for the broadcast reception installation system in Legislative Council, replacement and upgrading of video wall system at West Kowloon Government Office for Transportation Department 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, 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. In March 2023, the Group was awarded and has commenced security guarding services contract in Villa Esplanada. The monthly services fee is approximately HK\$1.6 million.

To increase and diversify the sources of income, EC Infotech Limited (“EC Infotech”), one of the operating subsidiaries of the Company, 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 the 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 Villa Esplanada, Skyview Cliff and Vista Mount Davis are in progress and we expect that there will be more security projects in 2023. In addition to 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. Currently, we are setting up EV charging operation at The Cairnhill and Shui On Centre, 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 26.80% from approximately HK\$97,650,000 for the nine months ended 31 May 2022 to approximately HK\$123,822,000 for the Period. The increase in revenue is mainly due to the increase in revenue generated from provision of 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 23.59% from approximately HK\$74,362,000 for the nine months ended 31 May 2022 to approximately HK\$91,907,000 for the Period, which was in line with the increase in revenue.

The Group's gross profit increased by approximately 37.04% from approximately HK\$23,288,000 for the nine months ended 31 May 2022 to approximately HK\$31,915,000 for the Period, which was in line with the increase in revenue.

Administrative Expenses

The Group's administrative expenses increased by approximately 14.33% from approximately HK\$22,424,000 for the nine months ended 31 May 2022 to approximately HK\$25,638,000 for the Period, which was mainly due to the general increase in wages of administrative staff.

Profit for the Period

The Group recorded a profit for the Period of approximately HK\$6,517,000 (2022: approximately HK\$3,002,000).

The increase in the profit attributable to owners of the Company was mainly due to the increase in revenue generated from provision of installation services.

FINANCIAL REVIEW (continued)

Dividend

The Board does not recommend payment of an interim dividend for the Period (2022: Nil).

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 May 2023.

Capital Commitments

As at 31 May 2023, the Group had capital commitments of approximately HK\$297,000 (31 August 2022: HK\$117,000) in relation to the acquisition of new software.

Foreign Exchange Exposure

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

Financial Assets

As at 31 May 2023, the Group's financial assets consisted of securities listed on the Stock Exchange and the performance of the listed securities during the Period was as follow:

Company Name/(Stock Code)	Number of shares held at 31 May 2023	Percentage of shareholdings at 31 May 2023	Carrying amount at 31 August 2022 HK\$'000	Fair value changes on financial assets for the nine months ended 31 May 2023 HK\$'000	Fair value at 31 May 2023 HK\$'000	Percentage of total financial assets at 31 May 2023	Percentage of total assets of the Group as at 31 May 2023
Allied Sustainability and Environmental Consultants Group Limited (8320)	1,125,000	0.16%	118	(12)	106	8.12%	0.12%
MTT Group Holdings Limited (2350)	3,525,000	0.56%	-	(1,828)	1,199	91.88%	1.30%

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 annual report of AEC for the year ended 31 March 2023, 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\$46.74 million (representing an increase of 8.3% compared to corresponding period in 2022) and loss for the period of HK\$3.3 million.

MTT Group Holdings Limited (“MTT”, together with its subsidiaries, the “MTT Group”) is an investment holding company and the MTT Group is principally engaged in the provision of information technology (IT) solutions. MTT Group’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. MTT was established in 2020 with headquarter in Hong Kong,

FINANCIAL REVIEW (continued)

Use of Proceeds from the Listing

The Company's shares were successfully listed on GEM of the Stock Exchange on 10 March 2017 (the "Listing Date") by way of share offer. After deduction of all related listing expenses and commissions, the net proceeds from listing amounted to approximately HK\$31.5 million. As announced by the Company on 20 September 2019, certain unutilised proceeds from the listing would be re-allocated for other purposes. Details of the change in the use of proceeds were set out in the announcement of the Company dated 20 September 2019. Up to 31 May 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 31 May 2023 HK\$' million	Approximate amount unutilised as at 31 May 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

FINANCIAL REVIEW (continued)

Use of Proceeds from the Listing (continued)

Notes:

- (i) As announced in the announcement on business update dated on 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 licences and qualifications 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 delayed, the unutilised proceeds is intended to be fully utilised in 2025.
- (iii) The unutilised net proceeds as at 31 May 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 GEM Listing Rules on the share schemes have been amended with effect from 1 January 2023. The Share Option Scheme is subject to the latest requirements of the GEM Listing Rules.

Subject to the requirements 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 take up options 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 the 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 to attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

SHARE OPTION SCHEME (continued)

The total number of Shares which may be issued upon exercise of all options under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, 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 by the Company under the Share Option Scheme during the nine months ended 31 May 2023. The Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into Shares as at 31 May 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 31 May 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 ("SFO")) which have been 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:–

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%

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 (continued)

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 31 May 2023.
- (3) These shares are held by ECI Asia Investment Limited ("ECI Asia", an associated corporation of the Company), a company wholly-owned by Dr. Ng. Pursuant to the SFO, Dr. Ng is deemed to have an interest in all shares in which ECI Asia has, or deemed to have, an interest.
- (4) Ms. Wong Tsz Man is the spouse of Dr. Ng. Under the SFO, Ms. Wong Tsz Man is deemed to be interested in all of the shares which Dr. Ng is interested.

Save as disclosed above, as at 31 May 2023 and as at of the date of this report, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

So far as the Directors are aware, as at 31 May 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 Division 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 31 May 2023.
- (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 (continued)

Save as disclosed above, as at 31 May 2023 and as at of the date of this report, the Directors were not aware that any person, other than the Directors 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 for the Period 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 have undertaken to the Company (for itself and as trustee for each of its subsidiaries from time to time) that with effect from the Listing Date, they would not and would procure that none of their close associates (except for any members of our 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 our Group in Hong Kong or such other places as our Group may conduct or carry on business from time to time.

The controlling Shareholders have confirmed to the Company that for the Period 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 Period 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 Corporate Governance Code contained in Part 2 of Appendix 15 to the GEM Listing Rules (“Corporate Governance Code”). Except for the deviation from code 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 nine months ended 31 May 2023 and up to the date of this report.

Code provision C.2.1 stipulates that the roles of chairman and chief executive officer 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 both roles of chairman and chief executive officer in Dr. Ng is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Directors consider that the deviation from code provision C.2.1 of the Corporate Governance Code is appropriate in such circumstance.

COMPLIANCE WITH THE CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

Under code provision C.1.3 of the Corporate Governance Code, the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquires by the Company, all Directors confirmed that they had complied with the standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company for the Period 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 nine months ended 31 May 2023 and up to the date of this report.

CHANGE IN INFORMATION OF DIRECTORS

For the nine months ended 31 May 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 the Corporate Governance Code 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 a member of the Audit Committee on 17 December 2022.

AUDIT COMMITTEE (continued)

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

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

The findings in relation to the unaudited condensed consolidated financial statements of the Group for the Period have been taken into consideration by the Audit Committee in its review of the quarterly results for the Period, which have been approved by the Board on 6 July 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 Group for the nine months ended 31 May 2023. This announcement, containing the full text of the Company’s third quarterly report for the nine months ended 31 May 2023 (the “2023 Third Quarterly Report”), complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcement of quarterly results. Printed version of the 2023 Third Quarterly 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, 6 July 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.