

# ECI Technology Holdings Limited

# 2018

**First Quarterly Report**

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

Stock code: 8013

# CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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

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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

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

### NON-EXECUTIVE DIRECTOR

Ms. Wong Tsz Man

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### COMPANY SECRETARY

Mr. Lau Chi Yuen

### COMPLIANCE OFFICER

Dr. Ng Tai Wing

### AUTHORISED REPRESENTATIVES

Dr. Ng Tai Wing  
Mr. Law Wing Chong

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### AUDITOR

SHINEWING (HK) CPA Limited  
43rd Floor  
Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

### COMPLIANCE ADVISER

Kingsway Capital Limited  
7/F, Tower One, Lippo Centre  
89 Queensway  
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**LEGAL ADVISERS**

*As to Hong Kong law*

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9 Queen's Road Central

Hong Kong

*As to Cayman Islands law*

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**PRINCIPAL BANKER**

DBS Bank (Hong Kong) Limited

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Central

Hong Kong

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

Factory D on 3/F of Block II of

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Block I and Block II

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Hong Kong

**REGISTERED OFFICE**

Estera Trust (Cayman) Limited

Clifton House

75 Fort Street

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

**PRINCIPAL SHARE REGISTRAR  
AND TRANSFER OFFICE**

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Cayman Islands

**HONG KONG BRANCH SHARE  
REGISTRAR**

Tricor Investor Services Limited

Level 22 Hopewell Centre

183 Queen's Road East

Hong Kong

**GEM STOCK CODE**

8013

**COMPANY'S WEBSITE**

[www.ecinfohk.com](http://www.ecinfohk.com)



## FINANCIAL HIGHLIGHTS

Revenue of the ECI Technology Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the three months ended 30 November 2017 (the “Period”) amounted to approximately HK\$21,721,000 (three months ended 30 November 2016: approximately HK\$16,374,000) while gross profit of the Group for the Period amounted to approximately HK\$7,002,000 (three months ended 30 November 2016: gross profit of approximately HK\$4,722,000).

The net profit after tax of the Group for the three months ended 30 November 2017 amounted to approximately HK\$1,400,000 (three months ended 30 November 2016: net loss of approximately HK\$2,865,000). As non-recurring listing expenses of approximately HK\$4,122,000 was no longer incurred in the results for the three months ended 30 November 2017, in addition that there were more contracts for maintenance service and installation brought by successful bids during the Period, the result for the three months ended 30 November 2017 has turned from loss to profit.

The board (the “Board”) of directors (the “Directors”) does not recommend a payment of an interim dividend for the three months ended 30 November 2017.

## FINANCIAL RESULTS

The Board of the Company is pleased to announce the unaudited consolidated financial results of the Group for the three months ended 30 November 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

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

FOR THE THREE MONTHS ENDED 30 NOVEMBER 2017

	NOTES	Three months ended 30 November	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	4	21,721	16,374
Cost of sales		(14,719)	(11,652)
Gross profit		7,002	4,722
Other income		22	92
Administrative expenses		(5,036)	(7,264)
Profit (loss) from operations		1,988	(2,450)
Finance costs		(75)	(135)
Profit (loss) before taxation		1,913	(2,585)
Income tax		(513)	(280)
Profit (loss) and total comprehensive income (expense) for the period attributable to owners of the Company	5	1,400	(2,865)
Earnings (loss) per share attributable to owners of the Company			
Basic and diluted (HK cent)	7	0.09	(0.22)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 NOVEMBER 2017

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 September 2016 (Audited)	2,301	-	-	13,263	15,564
Loss and total comprehensive expense for the period	-	-	-	(2,865)	(2,865)
At 30 November 2016 (Unaudited)	2,301	-	-	10,398	12,699
At 1 September 2017 (Audited)	16,000	24,187	2,301	8,326	50,814
Profit and total comprehensive income for the period	-	-	-	1,400	1,400
At 30 November 2017 (Unaudited)	16,000	24,187	2,301	9,726	52,214

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 3 October 2016 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is principally engaged in investment holding. The principal activity of its major operating subsidiary is the provision of extra-low voltage (“ELV”) solutions primarily on central control monitoring system in Hong Kong. The ultimate holding company of the Company is ECI Asia Investment Limited (“ECI Asia Investment”), a company incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Dr. Ng Tai Wing (“Dr. Ng”).

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

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”), amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the GEM Listing Rules. The unaudited condensed consolidated statements for the three months ended 30 November 2017 do not include all the information and disclosures required in the consolidated financial statements for the year ended 31 August 2017 and should be read in conjunction the consolidated financial statements for the year ended 31 August 2017.

These unaudited condensed consolidated financial statements have been reviewed by the audit committee of the Company.



### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

For the purpose of preparing and presenting the financial information of these unaudited condensed consolidated financial statements, the Group has consistently adopted HKFRSs, HKASs, amendments and interpretations issued by the HKICPA which are effective for the Group’s financial year beginning on 1 September 2017.

#### **New and revised HKFRSs issued but not yet effective**

At the date of this report, the HKICPA has issued the following new and revised HKFRSs, HKASs, amendments and interpretations (hereinafter collectively referred to as “new and revised HKFRSs”) which are not yet effective.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
Amendments to HKAS 40	Transfer to Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle <sup>4</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
HK(IFRIC)-Ints 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC)-Ints 23	Uncertainty over Income Tax Treatments <sup>2</sup>

1. Effective for annual periods beginning on or after 1 January 2018.
2. Effective for annual periods beginning on or after 1 January 2019.
3. Effective date not yet been determined.
4. Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for installation projects and maintenance services rendered for the three months ended 30 November 2017.

	Three months ended 30 November	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Installation	11,300	7,843
Maintenance	10,421	8,531
	<b>21,721</b>	<b>16,374</b>

The executive directors of the Company, being the chief operating decision-makers, review the Group's internal reporting in order to assess performance and allocate resource. The Group focuses on provision of ELV solutions. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Company as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

The Group primarily operates in Hong Kong with all of its non-current assets located in and capital expenditure incurred in Hong Kong. Revenue was also earned from customers located in Hong Kong.

## 5. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging:

	Three months ended 30 November	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Directors' remuneration		
– Salaries, allowances and other benefit	550	275
Other staff costs (excluding directors' emoluments		
– Salaries, allowances and other benefit	1,264	1,168
– Contributions to retirement benefit scheme	59	56
<b>Total staff costs</b>	<b>1,873</b>	<b>1,499</b>
Auditor's remuneration	–	–
Depreciation	229	224
Listing expenses	–	4,122
Minimum lease payments under operation lease charges	280	239

## 6. INTERIM DIVIDENDS

The Board does not recommend a payment of an interim dividend for the three months ended 30 November 2017 (30 November 2016: Nil).

## 7. EARNINGS (LOSS) PER SHARE

	Three months ended 30 November	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Profit (loss) and total comprehensive income (expense) for the period attributable to owners of the Company	1,400	(2,865)
	<b>Number of shares</b>	
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares	1,600,000	1,300,000

The weighted average number of ordinary shares in issued used in the basic earnings (loss) per share calculation is determined on the assumption that reorganisation and capitalisation issued as described in the Prospectus had been effective on 1 September 2015.

Diluted earnings (loss) per share were the same as basic earnings (loss) per share as there were no potential dilutive ordinary shares outstanding for the three months ended 30 November 2017 and 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

We have been providing ELV solutions primarily on central control monitoring systems to our customers in Hong Kong since 2003. Central control monitoring systems refer to all of the wide variety of systems relating to management of a single block of building, residential development, commercial and industrial buildings, sewage treatment facilities, hospitals or other government facilities. The key central control monitoring systems we install and maintain include security systems, car park systems, clubhouse management systems, etc. In addition, we also provide ELV solutions on telecommunications and broadcasting services systems such as CABD System and SMATV System.

Our customers come from both the private and public sectors. Customers in the private sector are mainly property developers and property management companies in Hong Kong. Our customers in the public sector are mainly Government departments such as Drainage Services Department, Leisure and Cultural Services Department, Electrical and Mechanical Services Department, etc.

During the Period, some of the projects were completed, such as the carpark access control system at Coastal Skyline, CCTV system at Kwu Tung Market Shopping Centre, octopus card system at Ocean Court etc. Meanwhile, approximately HK\$70,000,000 operation and maintenance contract has been awarded from a major government project. The contract period is from 1 December 2017 to 30 November 2020.

As green energy and environmental protection are on the trend all over the world, the Group believes that it is important to catch up with this trend in its business. To promote energy saving, the Group plans to provide more green building solutions by central control monitoring systems. During the Period, the Company had entered into a non-legally binding letter of intent (the “Letter of Intent”) on 2 November 2017 with Allied Sustainability and Environmental Consultants Group Limited (Stock

Code: 8320) (“AEC”). Pursuant to the Letter of Intent, AEC and the Company agree to conduct further negotiations on a possible mutually beneficial cooperation and collaboration between the parties. The new cooperation and collaboration between AEC and the Company may include provision of solutions and products in relation to smart building and green buildings (such as energy savings, daylight savings, building management system, and building performance monitoring, etc.) globally including but not limit to Hong Kong, China, Asia Pacific Region and other locations under One-Belt-One-Road strategy and framework. Details of the Letter of Intent are set out in the announcement dated 2 November 2017. The Company is confident that the current financial position of the Group shall provide full support of this development and business strategy.

The net profit after tax of the Group for the three months ended 30 November 2017 amounted to approximately HK\$1,400,000 (three months ended 30 November 2016: net loss of approximately HK\$2,865,000). As non-recurring listing expenses of approximately HK\$4,122,000 was no longer incurred in the results for the three months ended 30 November 2017, in addition that there were more contracts for maintenance service and installation brought by successful bids during the Period, the result for the three months ended 30 November 2017 has turned from loss to profit.

## OUTLOOK AND PROSPECTS

There are broad usages of ELV in Hong Kong. ELV is a voltage range in electricity supply, used as a means to protect against dangerous electrical shock. ELV integrated service is one of the electrical services that can be used in all types of building infrastructure installations in commercial and industrial premises.

The net proceeds of the Share Offer provided us with the necessary funding to expand our business, allowed us to take up larger projects and strengthen our financial position. The results for the Period is a promising testimony that the Company is developing gradually in its business. Our Directors also believe that listing of the shares of the Company (the “Shares”) on GEM allowed us to access to the capital market for raising funds in the future and promoted our brand to potential new customers.



Nowadays, 20%-60% of the total building cost is spent on building services. Since people now recognise the importance of safety, comfort and convenience in using building systems and equipment, developers have spent more effort on developing better building services, especially in developing intelligent ELV systems. In view of this market condition and given the increasing popularity of mobile technology, the Group has grabbed hold of the trend and also has planned to expand its existing ELV solution business, we have started engaging external professionals to develop a new mobile application for our customers to place order.

Meanwhile, there are currently approximately 70 sewage plants in Hong Kong. As such, in the next two years, we target to be selected under the category “Electrical and Mechanical Installation for Sewage Treatment and Screening Plant” on the list of approved suppliers of materials and specialist contractors for public work for the Development Bureau. This will enable us to become a main contractor to projects in relation to sewage treatment and screening plant, and the Directors believe that being qualified as a main contractor in such projects will provide more certainty in securing our role in the project than only acting as a subcontractor. Once we secure the project, we can achieve higher profit margin than acting as a subcontractor. To kick things up a notch, the Group is applying for the approved contractor list and approved supplier list of several property developers in order to seize for larger contract sum projects. The Group anticipates this can not only generate more income but also help to build up the brand name and reputation of the Group in the industry.

In order to expand for larger market share, the Group will expand its business in various education institutions. Pursuant to the Letter of Intent, the Company may form a company with AEC to provide occupational safety training and licensing courses for people in construction industry.

Our goal is to continue to be one of the leading ELV solutions providers in Hong Kong. The Shares were successfully listed on the GEM of the Stock Exchange on 10 March 2017. The Listing enables us to have sufficient financial resources to meet and achieve the abovementioned goals. With the support of the shareholders of the Company (the “Shareholders”), the Company shall hold on with its aspirations and bring benefits to the Company and the Shareholders as a whole.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group increased by approximately 32.7% from approximately HK\$16,374,000 for the three months ended 30 November 2016 to approximately HK\$21,721,000 for the three months ended 30 November 2017. The increase in revenue is mainly due to more contracts for maintenance services and installation brought by successful bids during the Period.

### Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised direct labour, and material and equipment. The cost of sales increased by approximately 26.3% from approximately HK\$11,652,000 for the three months ended 30 November 2016 to approximately HK\$14,719,000 for the three months ended 30 November 2017, which is in line with the increase of revenue.

The Group's gross profit increased by approximately 48.3% from approximately HK\$4,722,000 for the three months ended 30 November 2016 to approximately HK\$7,002,000 for the three months ended 30 November 2017. The increase in gross profit is mainly due to more contracts for maintenance services and installation brought by successful bids.

### Administrative Expenses

The Group's administrative expenses decreased by approximately 30.7% from approximately HK\$7,264,000 for the three months ended 30 November 2016 to approximately HK\$5,036,000 for the three months ended 30 November 2017, which is mainly due to the Company's incurrence of the non-recurring listing expenses of approximately HK\$4,122,000 for the three months ended 30 November 2016 which was no longer incurred during the Period.



### **Profit attributable to owners of the Company**

The Group recorded a profit attributable to owners of the Company of approximately HK\$1,400,000 for the three months ended 30 November 2017 (three months ended 30 November 2016: loss of approximately HK\$2,865,000). The result turned from loss to profit is mainly due to the Company's incurrence of the non-recurring listing expenses of approximately HK\$4,122,000 for the three months ended 30 November 2016 which was no longer incurred during the Period.

### **Dividend**

The Board does not recommend a payment of an interim dividend for the three months ended 30 November 2017 (30 November 2016: Nil).

### **Use of Proceeds from the Listing**

On 10 March 2017, the Shares of the Company were listed on GEM by way of share offer. The Group intends to apply the proceeds from the Listing in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus dated 27 February 2017 (the "Prospectus").

As set out in the Prospectus, the business objectives and strategies of the Group are (i) to expand our existing ELV solutions business by offering instalment payment option to our customers; (ii) to obtain additional licences and qualifications; (iii) to reduce our gearing ratio by repaying a certain bank borrowing in an one-off manner; (iv) to purchase five more commercial vehicles and two street lamp cars; (v) to develop new mobile app for our customers to place their order for maintenance service; and (vi) used for working capital and other corporate development purposes.

After deduction of all related listing expenses and commissions, the net proceeds from Listing amounted to approximately HK\$31,500,000. Up to 30 November 2017, the Group has utilized approximately HK\$8,700,000 of the net proceeds from Listing as follows:

Use of proceeds	Net proceeds raised as stated in Prospectus	Actual use of net proceeds up to 30 November 2017 <i>(approximately)</i>	Unutilized use of net proceeds up to 30 November 2017 <i>(approximately)</i>
Expanding our existing ELV solutions business by offering instalment payment option to our customers	HK\$12.0 million	–	HK\$12.0 million
Obtaining additional licences and qualifications	HK\$4.4 million	–	HK\$4.4 million
Reducing our gearing ratio by repaying a certain bank borrowing in an one-off manner	HK\$8.0 million	HK\$8.0 million	–
Purchasing five more commercial vehicles and two street lamp cars	HK\$3.0 million	HK\$0.7 million	HK\$2.3 million
Developing new mobile app for our customers to place their order for maintenance service	HK\$1.5 million	–	HK\$1.5 million
Using for working capital and other corporate development purposes	HK\$2.6 million	–	HK\$2.6 million
<b>Total</b>	<b>HK\$31.5 million</b>	<b>HK\$8.7 million</b>	<b>HK\$22.8 million</b>

## OTHER INFORMATION

### SHARE OPTION SCHEME

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

The Board may, at its discretion, offer to grant an option to any person belonging to any of the following classes of participants (the “Eligible Participants”), to 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 resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on 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. 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.

No option has been granted by the Company under the Share Option Scheme during the three months ended 30 November 2017. The Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into Shares as at 30 November 2017 and up to the date of this report.

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

So far as the Directors are aware, as at the date of this report, 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

Name of Directors	Capacity/ Nature of Interest	Number of Shares held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Dr. Ng Tai Wing (“Dr. Ng”)	Interest in controlled corporation <i>(Note 3)</i>	1,200,000,000 (L)	75%
Ms. Wong Tsz Man	Interest of spouse <i>(Note 4)</i>	1,200,000,000 (L)	75%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) The approximate percentage of shareholding is calculated based on 1,600,000,000 Shares in issue as at 30 November 2017.
- (3) These Shares are held by ECI Asia Investment, which is wholly-owned by Dr. Ng. Pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, Dr. Ng is deemed to have an interest in all Shares in which ECI Asia Investment 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 30 November 2017 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' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 November 2017, so far as the Directors are aware, 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 Investment	Beneficial owner	1,200,000,000 (L)	75%
Dr. Ng	Interest in controlled corporation (Note 3)	1,200,000,000 (L)	75%
Ms. Wong Tsz Man	Interest of spouse (Note 4)	1,200,000,000 (L)	75%

### Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The approximate percentage of shareholding is calculated based on 1,600,000,000 Shares in issue as at 30 November 2017.
- (3) Dr. Ng beneficially owns the entire issued share capital of ECI Asia Investment. Therefore, Dr. Ng is deemed, or taken to be interested in 1,200,000,000 Shares held by ECI Asia Investment for the purpose of the SFO.
- (4) These shares are registered in the name of ECI Asia Investment which is a controlled corporation of Dr. Ng. Ms. Wong Tsz Man is the spouse of Dr. Ng. Under the SFO, Ms. Wong Tsz Man is deemed to be interested in all the Shares held by ECI Asia Investment.

Save as disclosed above, as at 30 November 2017 and as at of the date of this report, no 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” above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded 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” above, at no time for the three months ended 30 November 2017 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) have entered into 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. Pursuant to the Deed of Non-competition, the controlling Shareholders have undertaken to the Company (for itself and as trustee for each of its subsidiaries from time to time) that with effect from the Listing Date, they would not and would procure that none of their close associates (except for any members of the Group) shall, except through their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the business of our Group in Hong Kong or such other places as our Group may conduct or carry on business from time to time.



For the three months ended 30 November 2017 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.

The controlling Shareholders have confirmed to the Company that for the three months ended 30 November 2017 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.

### **CORPORATE GOVERNANCE CODE**

The Company and the Directors recognize the importance of incorporating elements 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 Appendix 15 to the GEM Listing Rules (“Corporate Governance Code”). Except for the deviation from provision A.2.1 of the Corporate Governance Code, the Company’s corporate governance practices have complied with the Corporate Governance Code during the three months ended 30 November 2017 and up to the date of this report.

Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Ng is the chairman and chief executive officer of the Company. In view of Dr. Ng is 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 A.2.1 of the Corporate Governance Code is appropriate in such circumstances.

## **COMPLIANCE WITH THE CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquires by the Company, all Directors confirmed that they had complied with the standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company for the three months ended 30 November 2017 and up to the date of this report.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither did the Company redeem nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities during the three months ended 30 November 2017 and up to the date of this report.

## **INTERESTS OF COMPLIANCE ADVISER**

As notified by Kingsway Capital Limited ("Kingsway"), the compliance adviser of the Company, save for the compliance adviser agreement entered into between the Company and Kingsway dated 12 October 2016, neither Kingsway nor any of its close associates (as defined in the GEM Listing Rules), the Directors or employees had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 November 2017 and up to the date of this report.

## **AUDIT COMMITTEE**

The Company has established the audit committee ("Audit Committee") on 17 February 2017 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee internal control procedures of the Company.



The Audit Committee consists of four independent non-executive Directors, namely Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman, Mr. Fung Tak Chung and Dr. Chow Kin San. Mr. Hui Chun Ho Eric is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters with senior management of the Company relating to the preparation of the unaudited condensed consolidated financial statements of the Group for the three months ended 30 November 2017.

The findings in relation to the unaudited condensed consolidated financial statements of the Group for the three months ended 30 November 2017 have been taken into consideration by the Audit Committee in its review of the quarterly results for the three months ended 30 November 2017, which have been approved by the Board on 11 January 2018 prior to its issuance.

By the order of the Board  
**ECI Technology Holdings Limited**  
**Dr. Ng Tai Wing**  
*Chairman*

As at the date of this report, the executive Directors are Dr. Ng Tai Wing and Mr. Law Wing Chong, the non-executive Director is Ms. Wong Tsz Man, and the independent non-executive Directors are Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman, Mr. Fung Tak Chung and Dr. Chow Kin San.