



2019

FIRST QUARTERLY REPORT

ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 8013

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors” and each a “Director”) of ECI Technology Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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: (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (ii) 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.

CONTENTS

Corporate Information	2
Financial Highlights	4
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Condensed Consolidated Statement of Changes in Equity	6
Notes to the Condensed Consolidated Financial Statements	7
Management Discussion and Analysis	16
Other Information	22



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Ms. Wong Tsz Man

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Mr. Lau Chi Yuen

COMPLIANCE OFFICER

Dr. Ng Tai Wing

AUTHORISED REPRESENTATIVES

Dr. Ng Tai Wing
Mr. Law Wing Chong

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

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
Hong Kong

LEGAL ADVISER

As to Hong Kong law
Raymond Siu & Lawyers
Unit 1802, 18/F
Ruttonjee House
11 Duddell Street
Central
Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited
11th Floor, 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

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

**PRINCIPAL SHARE REGISTRAR
AND TRANSFER OFFICE**

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

**HONG KONG BRANCH SHARE
REGISTRAR**

Boardroom Share
Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point
Hong Kong

GEM STOCK CODE

8013

COMPANY'S WEBSITE

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 2018 (the “Period”) amounted to approximately HK\$21,512,000 (2017: approximately HK\$21,721,000) while gross profit of the Group for the Period amounted to approximately HK\$6,392,000 (2017: approximately HK\$7,002,000).

The net profit after tax of the Group for the three months ended 30 November 2018 amounted to approximately HK\$210,000 (2017: HK\$1,400,000). The decrease for the Period is mainly due to the increase in costs of direct labour and direct material and the increase in rental expenses and depreciation of premises for security guarding operations.

The board (the “Board”) of directors (the “Directors”) does not recommend the payment of an interim dividend for the three months ended 30 November 2018.

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 2018 together with the comparative unaudited figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 30 NOVEMBER 2018

	NOTES	Three months ended 30 November	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue	4	21,512	21,721
Cost of sales		(15,120)	(14,719)
Gross profit		6,392	7,002
Other income		21	22
Administrative expenses		(6,070)	(5,036)
Unrealised gain on fair value change in held-for-trading investment		18	–
Profit from operations		361	1,988
Finance costs		(68)	(75)
Profit before taxation		293	1,913
Income tax expenses		(83)	(513)
Profit and total comprehensive income for the period attributable to owners of the Company	5	210	1,400
Earnings per share attributable to owners of the Company Basic and diluted (HK cent)	7	0.01	0.09

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED 30 NOVEMBER 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Retained earnings HK\$'000	Total HK\$'000
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
At 1 September 2018 (Audited)	16,000	24,187	2,301	9,450	51,938
Profit and total comprehensive income for the period	-	-	-	210	210
At 30 November 2018 (Unaudited)	16,000	24,187	2,301	9,660	52,148

Note:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 3 October 2016 as an exempted company with limited liability and the shares of the Company are listed on the GEM of the Stock Exchange on 10 March 2017.

The address of its registered office is Estera Trust (Cayman) Limited, Clifton House, 75 Fort Street, 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.

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”), a company incorporated in the British Virgin Islands. The ultimate controlling shareholder 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 of the Group for the Period 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 accounting policies and methods of computation used in preparing the unaudited condensed consolidated financial statements for the three months ended 30 November 2018 are consistent with those used in the audit consolidated financial statements of the Group for the year ended 31 August 2018, except for the adoption of HKFRS 15 *Revenue from Contracts with Customers* (“HKFRS 15”) as further explained in Note 3. The unaudited condensed consolidated statements for the three months ended 30 November 2018 do not include all the information and disclosures required in the consolidated financial statements for the year ended 31 August 2018 and should be read in conjunction the consolidated financial statements for the year ended 31 August 2018.

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

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

The HKICPA has issued certain revised HKFRSs that are first effective or available for early adoption for the current period of the Group. Except HKFRS 15, these 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.


The Group has adopted HKFRS 15 from 1 September 2018, which resulted in changes accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The directors of the Company intend to use the modified retrospective approach upon transition to HKFRS 15 and prior period comparative figures have not been restated.

The accounting policies were changed to comply with HKFRS 15. HKFRS 15 replaces the provisions of HKAS 18 *Revenue* (“HKAS 18”) and HKAS 11 *Construction contracts* (“HKAS 11”) that relate to the recognition, classification and measurement of revenue and costs.

The effects of the adoption of HKFRS 15 are as follow:

Accounting for constructive activities

Under HKFRS 15, the Company recognises construction contract revenue over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Construction contracts are generally accounted for as a single unit of account (a single performance obligation) and are not segmented between types of services. The Company recognised revenue using the cost-to-cost method (input method), based primarily on contract cost incurred to date compared to total estimated contract cost. The input method is the most faithful depiction of the Company’s performance because it directly measures the value of the services transferred to the customer.



Changes to total estimated contract cost or losses, if any, are recognised in the period which they are determined as assessed at the contract level.

Contract assets represent revenue recognised in excess of amounts billed and include unbilled receivables. Unbilled receivables, which represent an unconditional right to payment, are reclassified to account receivable when they are billed under the terms of the contract and subject only to the passage of time. Advances that are payments on account of contract assets have been deducted from contract assets. Contract liabilities represent amounts billed to clients in excess of revenue recognised to date.

The amount by each financial statements line items affected in the Period by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

Condensed consolidated statement of profit or loss (extracted)	Three months ended 30 November 2018		
	Result without adoption of HKFRS 15 HK'000	Effects of the adoption of HKFRS 15 HK'000	Results as reported HK'000
Revenue	23,452	(1,940)	21,512
Cost of sales	(15,401)	281	(15,120)
Income tax expenses	(306)	223	(83)
Profit for the Period	1,646	(1,436)	210

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 16	Leases ¹
HKFRS 17	Insurance Contracts ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 19	Plan amendment, curtailment or settlement (amendments) ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ¹

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective date not yet been determined.



4. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the Period is as follows:

	Three months ended 30 November	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Installation projects and maintenance services	21,508	21,721
Security guarding services	4	–
	21,512	21,721

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 installation projects and maintenance services and security guarding services. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the services delivered or provided.

The segment information provided to chief operating decision makers for reportable segments for the three months ended 30 November 2018 and 2017 is as follows:

	Installation projects and maintenance services HK\$'000	Security guarding services HK\$'000	Total HK\$'000
For the three months ended 30 November 2018			
Segment revenue	21,508	4	21,512
Segment results	2,018	(175)	1,843
For the three months ended 30 November 2017			
Segment revenue	21,721	–	21,721
Segment results	3,051	–	3,051

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. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Three months ended 30 November	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Directors' remuneration		
– salaries, allowances and other benefits	696	550
Other staff costs (excluding directors' emoluments)		
– salaries, allowances and other benefits	9,989	6,349
– contributions to retirement benefit scheme	467	466
Total staff costs	11,152	7,365
Auditor's remuneration	180	–
Depreciation of property, plant and equipment	443	229
Amortisation of intangible asset (include in administrative expenses)	20	–
Minimum lease payments under operation lease charges in respect of rented office premise, carparks and warehouse	386	280

Note: Staff cost of approximately HK\$8,192,000 (2017: HK\$5,085,000) was included in cost of sales.

6. INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 30 November 2018 (30 November 2017: Nil).

7. EARNINGS PER SHARE

	Three months ended 30 November	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Profit and total comprehensive income for the period attributable to the owners of the Company	210	1,400
	<hr/>	
	Number of shares	
	'000	'000
Number of shares		
Weighted average number of ordinary shares	1,600,000	1,600,000

Diluted earnings per share were the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding for the three months ended 30 November 2018 and 2017.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our service on ELV solutions primarily on central control monitoring systems has been deployed in residential and commercial buildings for the purposes of better control and security in Hong Kong since 2003. ELV covers all the new modern technologies that are increasingly becoming must-have systems in every building such as CCTV, fire alarm systems, public address systems, audio/video solutions, access control, car park systems and clubhouse management systems. Our team of consultants and experts provides design, integration and implementation services to our clients from both private and public sectors incorporating a wide range of audio-visual and security systems.

Same as the past, we have undertaken installation projects and maintenance projects for various customers mainly from property developers and property management companies from the private sectors and government departments such as Drainage Services Department, Leisure and Cultural Services Department, Electrical and Mechanical Services Department, etc. from the public sector. During the three months ended 30 November 2018, some of the projects were completed, such as installation of WiFi system at New World Tower I, installation of Octopus carpark system at Jade Grove, upgrade of the door access control system with Octopus card access control at Jat Min Chuen, etc.

Apart from the existing ELV solutions, the Group has been continuously expanding its scope of business. During the Period, one of the operating subsidiaries of the Group has obtained the Security Company Licence Type I in the provision of security guarding services. During the Period, we commenced the provision of guarding services (e.g. event security service).

For the three months ended 30 November 2018, the Group has recorded a revenue of approximately HK\$21,512,000, representing a decrease of approximately 0.96% from approximately HK\$21,721,000 for the period ended 30 November 2017. The Group recorded a net profit of approximately HK\$210,000 for the three months ended 30 November 2018 compared to a net profit of approximately HK\$1,400,000 for the three months ended 30 November 2017. The decrease for the Period is mainly due to the increase in costs of direct labour and direct material and the increase in rental expenses and depreciation of premises for security guarding operations.

OUTLOOK AND PROSPECTS

The Group's ELV solutions cover commercial buildings, shopping malls, hospitals and government facilities from the private and public sectors. The Group has been adhering to the philosophy of "Customer First" since its establishment. It has always insisted on providing customers with the most advanced intelligent ELV solutions, not only integrating the latest technology into the traditional industry, but also introducing various advanced intelligent devices from different partners and providing one-stop installation and maintenance services. For example, with the extensive use of smartphones, we are continuously optimizing our carpark systems in recent years to include more diversified payment methods for the convenience of customers. Apart from developing new technology ourselves, the Group is negotiating with third-party strategic partners to set up different parking systems and strive to build the most advanced technology for Hong Kong.

It is widely expected that the stable and balanced economic growth in China will continue to outperform most other major economies. In line with the national "Belt and Road Initiative" policy and grasping relevant opportunities, the Group will continue to seek innovation and utilize the Internet of Things to provide customers with more comprehensive, advanced and promising solutions for customers in order to enhance competitiveness and share economic results. The major cross-border transport infrastructure projects designed to link Hong Kong with the rest of southern China, namely the Hong Kong-Zhuhai-Macau Bridge, was opened in October 2018. It will not only strengthen Hong Kong's social and economic ties with the Mainland but will also bolster its competitiveness as a connection between the Mainland and global markets. Hong Kong is best positioned to seize opportunities. The market for ELV system has grown rapidly in China. We do believe the "Belt and Road Initiative", the "Greater Bay Area Initiatives" and the development of a "Smart City" will enhance economic cooperation among regions and countries along the proposed routes. Hence, we have been working closely with our partners in China to prepare for the coming opportunities.



With competent security experts joining our Group in giving advice on the security guarding services, security guarding services will be one of our Group's major service provided for the coming years. Our Group will target to provide event security and integrated facility management services security. For event security, we will deal with the needs from the large-scale event to private functions such as property show room, sport competitions, exhibitions and auctions, etc. In view of the market condition of rising demands for security services, we also aim at providing reliable and flexible facility management services to our potential customers. Both residential and corporate clients will be our target customers and integrated facilities solutions will be designed in line with their specific facilities needs on various aspects.

Having been in the security system industry for years, we understand the needs of the market for a comprehensive monitoring system in addition to the existing stationary guard security. In view of the labor shortage in Hong Kong, it is difficult for the security industry to recruit talents. In view of this, the Group will establish a training center to train security personnel and to provide a one-stop solution. Besides, the Group will cooperate with a third party in the provision of occupational safety and licensing courses for people in construction industry. As such, it could be a new channel for recruiting and training relevant professionals and provide new blood for the industry.

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

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 0.96% from approximately HK\$21,721,000 for the three months ended 30 November 2017 to approximately HK\$21,512,000 for the three months ended 30 November 2018. The slight decrease in revenue is mainly due to decrease in installation projects completed during the Period.

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 2.72% from approximately HK\$14,719,000 for the three months ended 30 November 2017 to approximately HK\$15,120,000 for the three months ended 30 November 2018. Such increase is mainly due to an increase in costs of direct labour and direct material during the Period.

The Group's gross profit decreased by approximately 8.71% from approximately HK\$7,002,000 for the three months ended 30 November 2017 to approximately HK\$6,392,000 for the three months ended 30 November 2018. Such decrease is due to the increase in costs of direct labour and direct material.

Administrative Expenses

The Group's administrative expenses increased by approximately 20.53% from approximately HK\$5,036,000 for the three months ended 30 November 2017 to approximately HK\$6,070,000 for the three months ended 30 November 2018, which is mainly due to the increase in rental expenses and depreciation of premises for security guarding operations.



Profit attributable to owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately HK\$210,000 for the three months ended 30 November 2018 (three months ended 30 November 2017: HK\$1,400,000). The decrease in the profit attributable to owners of the Company is mainly due to the increase in costs of direct labour and direct material and the increase in rental expenses and depreciation of premises for security guarding operations.

Dividend

The Board does not recommend a payment of an interim dividend for the three months ended 30 November 2018 (30 November 2017: Nil).

Held-For-Trading Investment

As at 30 November 2018, the Group's held-for-trading investment consisted of security listed in Hong Kong and their respective performance was as follow:

Company Name/(Stock Code)	Number of share held at 30 November 2018	Percentage of shareholdings at 30 November 2018	Carrying amount at 31 August 2018 HK\$'000	Unrealised gain on fair value change for the period ended		Fair value at 30 November 2018 HK\$'000	Percentage of total financial assets at fair value through profit or loss at 30 November 2018	Percentage of total assets of the Group as at 30 November 2018
				30 November 2018 HK\$'000	30 November 2018 HK\$'000			
AEC Group (8320)	2,250,000	0.19%	333	18	351	100.00%	0.53%	

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\$31,500,000. Up to 30 November 2018, the Group has utilized proceeds from the Listing of approximately HK\$15,300,000 and a summary of use of proceeds are set out in the table below:

Intended use of proceeds	Proposed amount to be used	Actual approximate amount utilized up to 30 November 2018	Unutilized amount up to 30 November 2018
Expanding our existing ELV solutions business by offering instalment payment option to our customers	HK\$12.0 million	HK\$1.0 million	HK\$11.0 million
Obtaining additional licences and qualifications	HK\$4.4 million	HK\$0.3 million	HK\$4.1 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 additional commercial vehicles and two street lamp cars	HK\$3.0 million	HK\$3.0 million	–
Developing new mobile app for our customers to place their order for maintenance services	HK\$1.5 million	HK\$0.4 million	HK\$1.1 million
For working capital and other corporate development purposes	HK\$2.6 million	HK\$2.6 million	–
Total	HK\$31.5 million	HK\$15.3 million	HK\$16.2 million

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 shareholders 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 our Company to grant options to selected participants as incentives or rewards for their contribution or potential contribution to the Group. The Share Option Scheme will reward the Eligible Participants who have contributed or will contribute to the Group and to motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group and the Shareholders. 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 options had been granted or agreed to be granted by the Company under the Share Option Scheme during the three months ended 30 November 2018. The Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into Shares as at 30 November 2018 and up to the date of this report.

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

So far as the Directors are aware, as at 30 November 2018, 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 Director	Capacity/ Nature of Interest	Number of Shares held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Dr. Ng Tai Wing ("Dr. Ng")	Interest in controlled corporation <i>(Note 3)</i>	880,000,000 (L)	55%
Ms. Wong Tsz Man	Interest of spouse <i>(Note 4)</i>	880,000,000 (L)	55%
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 30 November 2018.
- (3) These shares are held by ECI Asia Investment Limited ("ECI Asia"), 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 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 2018 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

So far as the Directors are aware, as at 30 November 2018, 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 <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
ECI Asia Investment Limited <i>(Note 3)</i>	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 30 November 2018.
- (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. Under the SFO, Ms. Wong Tsz Man is deemed to be interested in all the shares held by ECI Asia.

Save as disclosed above, as at 30 November 2018 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 2018 and up to the date of this report, neither the Company or any of its subsidiaries, or any of its fellow subsidiaries, was a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

INTEREST IN COMPETING BUSINESSES

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

For the three months ended 30 November 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018.

The findings in relation to the unaudited condensed consolidated financial statements of the Group for the three months ended 30 November 2018 have been taken into consideration by the Audit Committee in its review of the quarterly results for the three months ended 30 November 2018, which have been approved by the Board on 14 January 2019 prior to its issuance.

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

As at the date of this report, the executive Directors are Dr. Ng Tai Wing, Mr. Law Wing Chong and Mr. Yang Shuo, 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.