



ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 8013

2017
Interim Report

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

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

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HONG KONG BRANCH SHARE REGISTRAR

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GEM STOCK CODE

8013

COMPANY'S WEBSITE

www.ecinfohk.com

FINANCIAL HIGHLIGHTS

Revenue of the ECI Technology Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 28 February 2017 amounted to approximately HK\$36.9 million while gross profit of the Group for the same period amounted to approximately HK\$10.3 million.

The net loss after tax of the Group for the six months ended 28 February 2017 amounted to approximately HK\$2.4 million (29 February 2016: net profit of approximately HK\$2.5 million), mainly due to the listing expenses of approximately HK\$5.5 million incurred by the Company during the period. Should this non-recurring listing expenses be excluded, the net profit after tax of the Group for the six months ended 28 February 2017 would be amounted to approximately HK\$3 million, representing an increase of 24% as compared to last period.

The board of directors (the “Board”) does not recommend a payment of an interim dividend for the six months ended 28 February 2017.

FINANCIAL RESULTS

The Board of the Company is pleased to announce the unaudited consolidated financial results of the Group for the three months and six months ended 28 February 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 28 February 2017

	NOTES	Three months ended		Six months ended	
		28 February 2017 (Unaudited) HK\$'000	29 February 2016 (Unaudited) HK\$'000	28 February 2017 (Unaudited) HK\$'000	29 February 2016 (Unaudited) HK\$'000
Revenue	4	20,469	17,401	36,901	35,133
Cost of sales		(14,929)	(14,846)	(26,581)	(27,018)
Gross profit		5,540	2,555	10,320	8,115
Other income		3	5	216	12
Administrative expenses		(5,454)	(3,124)	(12,717)	(4,978)
Profit (loss) from operations		89	(564)	(2,181)	3,149
Finance costs		(130)	(102)	(266)	(213)
(Loss) profit before taxation		(41)	(666)	(2,447)	2,936
Income tax credit (expenses)		-	110	-	(485)
(Loss) profit and total comprehensive income for the period attributable to owners of the Company	5	(41)	(556)	(2,447)	2,451
(Loss) earnings per share attributable to owners of the Company					
Basic and diluted (HK cent)	7	(0.003)	(0.043)	(0.188)	0.189

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2017

	NOTES	As at	
		28 February 2017 (Unaudited) HK\$'000	31 August 2016 (Audited) HK\$'000
Non-current asset			
Property, plant and equipment	8	7,999	8,388
Current assets			
Trade receivables	9	19,827	18,484
Amounts due from customers for contract work		7,029	7,041
Amounts due from related companies	10	20	34
Amount due from a director		–	1,612
Deposits, prepayments and other receivables		2,032	1,382
Bank balances and cash		665	5,753
		29,573	34,306
Current liabilities			
Trade payables	11	4,105	3,427
Amounts due to customers for contract work		1,332	310
Accruals and other payables		311	373
Bank borrowings	12	16,394	17,462
Obligations under finance leases	13	–	525
Tax payable		1,151	3,436
		23,293	25,533
Net current assets		6,280	8,773
Total assets less current liabilities		14,279	17,161
Non-current liabilities			
Obligations under finance leases	13	–	435
Deferred taxation		1,162	1,162
		1,162	1,597
Net assets		13,117	15,564
Capital and reserve			
Share capital	14	–	2,301
Reserves		13,117	13,263
		13,117	15,564

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 28 February 2017

	Attributable to owners of the Company			Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	
At 1 September 2015 (audited)	2,301	–	15,320	17,621
Profit and total comprehensive income for the period	–	–	2,451	2,451
At 29 February 2016 (unaudited)	2,301	–	17,771	20,072
At 1 September 2016 (audited)	2,301	–	13,263	15,564
Reorganisation	(2,301)	2,301	–	–
Loss and total comprehensive income for the period	–	–	(2,447)	(2,447)
At 28 February 2017 (unaudited)	–	2,301	10,816	13,117

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 28 February 2017

	Six months ended	
	28 February 2017 (Unaudited) HK\$'000	29 February 2016 (Unaudited) HK\$'000
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(4,381)	954
INVESTING ACTIVITIES		
Others	1,584	(4,510)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	1,584	(4,510)
FINANCING ACTIVITIES		
New bank borrowings raised	28,359	–
Repayment of bank borrowings	(29,427)	(1,375)
Others	(1,223)	(365)
NET CASH USED IN FINANCING ACTIVITIES	(2,291)	(1,740)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,088)	(5,296)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,753	8,693
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	665	3,397

NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 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 interim financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Group.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements of the Group for the six months ended 28 February 2017 (the “Reporting Period”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated interim financial statements should be read in conjunction with the accountants’ report (the “Accountants’ Report”) included in the prospectus of the Company dated 27 February 2017 (the “Prospectus”).

These unaudited condensed consolidated interim 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 interim 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 2016.

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 Ints (hereinafter collectively referred to as “new and revised HKFRSs”) which are not yet effective.

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

New and revised HKFRSs issued but not yet effective (continued)

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 ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 15	Clarifications to HKFRS 15 ¹
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle ⁴

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 six months ended 28 February 2017 and 29 February 2016.

	Three months ended		Six months ended	
	28 February 2017 (Unaudited) HK\$'000	29 February 2016 (Unaudited) HK\$'000	28 February 2017 (Unaudited) HK\$'000	29 February 2016 (Unaudited) HK\$'000
Installation	12,622	9,641	20,525	20,244
Maintenance	7,847	7,760	16,376	14,889
	20,469	17,401	36,901	35,133

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. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging:

	Three months ended		Six months ended	
	28 February 2017 (Unaudited) HK\$'000	29 February 2016 (Unaudited) HK\$'000	28 February 2017 (Unaudited) HK\$'000	29 February 2016 (Unaudited) HK\$'000
Directors' remuneration				
– Salaries, allowances and other benefit	275	275	549	549
Other staff costs				
(excluding directors' emoluments				
– Salaries, allowances and other benefit	1,152	792	2,321	1,361
– Contributions to retirement benefit				
scheme	58	39	115	68
Total staff costs	1,485	1,106	2,985	1,978
Auditor's remuneration	100	–	100	–
Depreciation	233	196	447	342
Listing expenses	1,368	–	5,490	–
Minimum lease payments				
under operation lease charges	158	137	323	236

6. INTERIM DIVIDENDS

The Board does not recommend a payment of an interim dividend for the six months ended 28 February 2017 (29 February 2016: Nil).

7. (LOSS) EARNINGS PER SHARE

	Three months ended		Six months ended	
	28 February 2017 (Unaudited) HK\$'000	29 February 2016 (Unaudited) HK\$'000	28 February 2017 (Unaudited) HK\$'000	29 February 2016 (Unaudited) HK\$'000
(Loss) profit and total comprehensive income for the year attributable to owners of the Company	(41)	(556)	(2,447)	2,451
Number of shares				
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares	1,300,000	1,300,000	1,300,000	1,300,000

The weighted average number of ordinary shares in issued used in the basic earnings 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 per share as there were no potential dilutive ordinary shares outstanding for the six months ended 28 February 2017 and 29 February 2016.

8. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment amounting to approximately HK\$57,000 (six months ended 29 February 2016: approximately HK\$791,000).

9. TRADE RECEIVABLES

	As at	
	28 February 2017 (Unaudited) HK\$'000	31 August 2016 (Audited) HK\$'000
Trade receivables	19,827	18,484

The Group does not hold any collateral over these balances.

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate.

9. TRADE RECEIVABLES *(continued)*

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgment and estimates. Provisions would apply to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances.

The aged analysis of trade receivables based on the invoice date as as follows:-

	As at	
	28 February 2017 (Unaudited) HK\$'000	31 August 2016 (Audited) HK\$'000
Within 30 days	6,923	9,532
31 to 60 days	4,042	3,428
61 to 90 days	4,632	2,113
Over 90 days	4,230	3,411
	19,827	18,484

During the six months ended 28 February 2017 and 29 February 2016, no trade receivables were written off as uncollectible. As of 28 February 2017 and 31 August 2016, the remaining trade receivables were not impaired.

The carrying amounts of trade and other receivables approximate their fair values due to their short maturities.

10. AMOUNTS DUE FROM RELATED COMPANIES

The details of amounts due from related companies are as follow:

		As at	
	<i>Note</i>	28 February 2017 (Unaudited) HK\$'000	31 August 2016 (Audited) HK\$'000
Glory Asia Engineering Limited	<i>(a)</i>	6	7
Vfact Engineering Limited	<i>(b)</i>	-	13
Shining Junction Limited	<i>(a)</i>	14	14
		20	34

10. AMOUNTS DUE FROM RELATED COMPANIES *(continued)*

- (a) Dr. Ng, the director of the Company, is the director of and has direct interest of the related companies during each of the period/year ended 28 February 2017 and 31 August 2016.

The amounts are unsecured, non-interest bearing and repayable on demand. The amount is borne by Dr. Ng and was settled in March 2017.

- (b) Dr. Ng, the director of the Company, is the director of and has direct interest of the related company during the year ended 31 August 2016 but was no longer the director of the related company and has no direct interest as at February 2017.

11. TRADE PAYABLES

	As at	
	28 February 2017 (Unaudited) HK\$'000	31 August 2016 (Audited) HK\$'000
Trade payables	4,105	3,427

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within 30-60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. The following is the aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at	
	28 February 2017 (Unaudited) HK\$'000	31 August 2016 (Audited) HK\$'000
Within 30 days	2,273	1,745
31 to 60 days	1,263	593
61 to 90 days	58	122
Over 90 days	511	967
	4,105	3,427

12. BANK BORROWINGS

Movement in bank borrowings during the Reporting Period is analysed as follows:–

	HK\$'000
Balance as at 1 September 2016 (audited)	17,462
Proceeds from drawdowns	28,359
Repayment of bank borrowings	(29,427)
<hr/>	
Balance as at 28 February 2017 (unaudited)	16,394

13. OBLIGATIONS UNDER FINANCE LEASES

	As at	
	28 February 2017 (Unaudited) HK\$'000	31 August 2016 (Audited) HK\$'000
Analyzed for reporting purposes as:		
Current liabilities	–	525
Non-current liabilities	–	435
<hr/>		
	–	960

The Group has leased certain of its motor vehicles under finance leases. The average lease term ranged from 3 to 4 years during the year ended 31 August 2016. The obligations under finance leases carried interest at fixed rates from 2.50% to 4.95% per annum.

The obligations under finance leases of the Group are secured by the lessor's charge over the leased assets and denominated in HK\$.

14. SHARE CAPITAL

	Number of shares	Nominal value of ordinary shares HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 28 February 2017 (unaudited)	3,800,000,000	38,000
Issued and fully paid		
At 28 February 2017 (unaudited)	2	–

The reorganisation has not completed as at 31 August 2016, the share capital as at 31 August 2016 represented the share capital of EC Infotech Limited, a wholly owned subsidiary of the Company.

15. EVENTS AFTER THE REPORTING PERIOD

There was an issuance of shares by way of share offer (the "Share Offer"). Upon completion of listing on 10 March 2017, the shares of the Company have been listed on the GEM of the Stock Exchange. On 10 March 2017, 400,000,000 ordinary shares of HK\$0.01 each were allotted and issued at a price of HK\$0.15 by way of share offer.

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.

We have undertaken installation projects and maintenance projects for various Government entities as well as customers engaged in property development and property security businesses. Some of the projects completed were the public audio system of Fire and Ambulance Services Academy and wifi system of Nam Fung Sun Chuen.

For the six months ended 28 February 2017, the Group recorded a net loss of approximately HK\$2,447,000 as compared to the net profit of approximately HK\$2,451,000 for the same period in 2016. The Directors are of the view that the net loss is due to the listing expenses of approximately HK\$5,490,000. Should this non-recurring listing expenses be excluded, the net profit after tax of the Group for the six months ended 28 February 2017 would be amounted to approximately HK\$3 million, representing an increase of 24% as compared to last period. In view of the steady growth for the six months ended 28 February 2017, the Directors are of the opinion that there has been no fundamental deterioration or changes in the commercial and operational viability in the Group's business.

Outlook And Prospects

There are broad usage 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.

As at 28 February 2017, our Group's bank balances and cash was approximately HK\$665,000 and the borrowings were approximately HK\$16,394,000. We must maintain a strong financial position to secure more projects with larger contract sum from the customers in the public sector.

Upon Listing, the net proceeds of the Share Offer will provide us with the necessary funding to expand our business, allow us to take up larger projects and strengthen our financial position. Our Directors also believe that listing of the Shares on GEM will allow the Company to access the capital market for raising funds in the future and promote 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 plans to expand its existing ELV solution business, we have started engaging external professionals to develop a new mobile app for our customers to place order, and purchase vehicles to increase the efficiency and competitiveness of the Company. The Company is confident that the current financial position of the Company shall provide full support of this development and business strategy.

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.

Our goal is to continue to be one of the leading ELV solutions providers in Hong Kong. The shares of the Company were successfully listed on the GEM of the Stock Exchange on 10 March 2017 (the “Listing”). The Listing enables us to have sufficient financial resources to meet and achieve the abovementioned goal. 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 5.03% from approximately HK\$35,133,000 for the six months ended 29 February 2016 to approximately HK\$36,901,000 for the six months ended 28 February 2017. The increase in revenue is mainly due to more contracts for maintenance services and installation was successful in the bids.

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 decreased by approximately 1.62% from approximately HK\$27,018,000 for the six months ended 29 February 2016 to approximately HK\$26,581,000 for the six months ended 28 February 2017, which is due to the decrease in the cost of material and equipment.

The Group’s gross profit increased by approximately 27.17% from approximately HK\$8,115,000 for the six months ended 29 February 2016 to approximately HK\$10,320,000 for the six months ended 28 February 2017. The increase in gross profit is mainly due to decrease in the cost of material and equipment.

Administrative Expenses

The Group’s administrative expenses increased by approximately 155.46% from approximately HK\$4,978,000 for the six months ended 29 February 2016 to approximately HK\$12,717,000 for the six months ended 28 February 2017, which is mainly due to the Company’s incurrence of the listing expenses of approximately HK\$5,490,000 and increase of other staff cost by approximately HK\$1,007,000 for the six months ended 28 February 2017.

(Loss) profit attributable to the owners of the Company

The Group recorded a loss attributable to the owners of the Company of approximately HK\$2,447,000 for the six months ended 28 February 2017 (six months ended 29 February 2016: profit approximately HK\$2,451,000). The result turned from profit to loss is mainly due to the Company’s incurrence of the listing expenses of approximately HK\$5,490,000 for the six months ended 28 February 2017.

Liquidity, Financial Resources and Capital Structure

Historically, the Company has met the liquidity and capital requirements primarily through operating cash flows and capital contribution from its shareholders.

The Company requires cash primarily for working capital needs. As at 28 February 2017, the Company had approximately HK\$665,000 in bank balances and cash (as at 31 August 2016: approximately HK\$5,753,000), representing a decrease of approximately HK\$5,088,000 as compared to that as at 31 August 2016.

On 10 March 2017, the ordinary shares of the Company (the “Shares”) were listed on GEM by way of Share Offer and completed the share offer of its 400,000,000 ordinary shares, comprising 300,000,000 new shares offered by the Company for subscription and 100,000,000 sale shares offered by the selling shareholder, with a par value of HK\$0.01 each at offer price of HK\$0.15 per Share for the net proceeds of approximately HK\$31.5 million. The Company believes that the funding from the share offer on the GEM would allow the Group to access the capital market for raising funds in the future.

Capital Expenditure

The Company purchased property, plant and equipment amounting approximately HK\$57,000 for the six months ended 28 February 2017 which comprised acquisition of furniture, fixtures and office equipment.

Interim Dividend

The Board does not recommend a payment of an interim dividend for the six months ended 28 February 2017 (29 February 2016: Nil).

Employees and Remuneration Policies

As at 28 February 2017, the Company had a total of 158 employees (31 August 2016: 153). The Company’s remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. The Company recognizes the importance of a good relationship with its employees. The remuneration payable to its employees includes salaries and allowances.

Use of Proceeds from the Listing

On 10 March 2017, the Shares of the Company were listed on GEM. The initial public offering was 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.

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; and (iv) to strengthen our maintenance teams by purchasing equipment and developing new software.

Given that the Share Offer was completed after the Reporting Period, the implementation plan as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus will commence during the year ending 31 August 2017.

As the Listing Date (10 March 2017) is after the half-year end date (28 February 2017), there was no utilisation of the proceeds as at 28 February 2017.

Gearing Ratio

The gearing ratio (total debt to total equity) was 1.2 times as at 28 February 2017 (31 August 2016: 1.2 times).

Foreign Exchange Exposure

The Group’s business operations were conducted in Hong Kong. All transactions and monetary assets were denominated and settled in Hong Kong dollar. As such, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

Treasury Policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 28 February 2017. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Significant Investments and Future Plans for Material Investments and Capital Assets

The Group did not hold any significant investments in equity interest in any other companies. Except for those included in the section headed "Future Plans and Use of Proceeds" for inclusion in the Prospectus, the Group had no definite future plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures

Apart from the reorganisation in relation to the Listing as disclosed in the Prospectus, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 28 February 2017.

Pledge of Assets

At the end of the Reporting Period, the Group had pledged the leasehold land and building of approximately HK\$6,071,000 (31 August 2016: approximately HK\$6,142,000) to secure the banking facilities granted to the Group.

Commitments and Contingent Liabilities

The Group had no significant commitments and contingent liabilities as at 28 February 2017 (29 February 2016: Nil).

Financial Risk Management

Risk management is carried out by the Company's finance department under policies approved by the Board. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides guidance for overall risk management and specific areas, such as market risk, interest rate risk, credit risk and liquidity risk.

OTHER INFORMATION

Share Option Scheme

The share option scheme of the Company (the "Share Option Scheme") has been conditionally adopted by the sole shareholder of the Company 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 period from the Listing Date to 28 February 2017. The Company did not have any outstanding share options, warrants derivatives or securities which are convertible or exchangeable into Shares as at 28 February 2017 and up to the date of this report.

Substantial Shareholders' Interests and/or Short Positions in Shares and Underlying Shares

As at 28 February 2017, there was no interest in Shares and underlying Shares which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") and entered in the register maintained by the Company pursuant to Section 336 of the SFO.

So far as the Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (as defined in the Prospectus) and up to the date of this report, the following persons (other than a Director or chief executive of the Company) 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	Approximate percentage of shareholding (Note 1)
ECI Asia Investment	Beneficial owner	1,200,000,000	75%
Dr. Ng Tai Wing ("Dr. Ng")	Interest in controlled corporation (Note 2)	1,200,000,000	75%
Ms. Wong Tsz Man	Interest of spouse (Note 3)	1,200,000,000	75%

Notes:

- (1) The approximate percentage of shareholding is calculated based on 1,600,000,000 shares in issue as the Listing Date of 10 March 2017.
- (2) 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.
- (3) These shares are registered in the name of ECI Asia Investment which is a controlled corporation of Dr. Ng. Ms. Wong is the spouse of Dr. Ng. Under the SFO, Ms. Wong is deemed to be interested in all the shares held by ECI Asia Investment.

Save as disclosed above, as at 28 February 2017 and as at of the date of this report, no person, other than the Directors of the Company whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" below, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debenture of The Company and Its Associated Corporations

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 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 shareholder	Capacity/ Nature of Interest	Number of Shares held	Approximate percentage of shareholding (Note 1)
Dr. Ng	Interest in controlled corporation (Note 2)	1,200,000,000 (L)	75%
Ms. Wong Tsz Man	Interest of spouse (Note 3)	1,200,000,000 (L)	75%

Notes:

- (1) The approximate percentage of shareholding is calculated based on 1,600,000,000 shares in issue as the Listing Date of 10 March 2017.
- (2) 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.
- (3) 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 28 February 2017 and as at the date of this report, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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 since the Listing Date 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 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 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.

Since the Listing Date and up to the date of this report, none of the Directors, the controlling shareholders of the Company 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 of the Company have confirmed to the Company that from the Listing Date 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 period from the Listing Date 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 circumstance.

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 been 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 since the Listing Date and up to the date of this report.

Purchase, Sale or Redemption of the Company's Listed Securities

As the Shares of the Company were listed on GEM on 10 March 2017, neither did the Company redeem nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities during the six months ended 28 February 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 28 February 2017 and up to the date of this report.

Audit Committee

The Company has established the 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 three independent non-executive Directors, namely Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman and Mr. Fung Tak Chung. 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 and the auditors of the Company relating to the preparation of the condensed consolidated financial statements of the Group for the six months ended 28 February 2017, which are unaudited but certain agreed-upon procedures have been performed by the auditors of the Company in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" issued by the HKICPA. The findings on the aforementioned agreed-upon procedures have been taken into consideration by the Audit Committee in its review of the interim results for the six months ended 28 February 2017, which have been approved by the Board on 13 April 2017 prior to its issuance.

Significant Events After the End of the Reporting Period

The Shares of the Company were listed on GEM on 10 March 2017 by way of Share Offer and completed the Share Offer of its 400,000,000 ordinary shares, comprising 300,000,000 new Shares offered by the Company for subscription and 100,000,000 sale shares offered by ECI Asia Investment, the selling shareholder, with a par value of HK\$0.01 each at offer price of HK\$0.15 per Share for the net proceeds of approximately HK\$31.5 million. Details of the Share Offer are set out in the Prospectus.

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 and Mr. Fung Tak Chung.