

ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 8013



Interim Report **2018**

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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.

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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

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

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Cayman Islands

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AND TRANSFER OFFICE**

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Grand Cayman KY1-1108
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**HONG KONG BRANCH SHARE
REGISTRAR**

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Level 22 Hopewell Centre
183 Queen's Road East
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 six months ended 28 February 2018 (the “Period”) amounted to approximately HK\$44,556,000 (six months ended 28 February 2017: approximately HK\$36,901,000) while gross profit of the Group for the Period amounted to approximately HK\$14,990,000 (six months ended 28 February 2017: gross profit of approximately HK\$10,320,000).

The profit after tax of the Group for the Period amounted to approximately HK\$2,774,000 (six months ended 28 February 2017: loss after tax of approximately HK\$2,447,000). As non-recurring listing expenses of approximately HK\$5,490,000 was no longer incurred in the results for the Period, in addition that there were more contracts for maintenance service and installation brought by successful bids during the Period, the result for the Period has turned from loss to profit.

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



SHINEWING (HK) CPA Limited
43/F., The Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF
ECI TECHNOLOGY HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information of ECI Technology Holdings Limited (the “Company”) and its subsidiaries set out on pages 7 to 39, which comprise the interim condensed consolidated statement of financial position as at 28 February 2018 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong

12 April 2018

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

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2018

	Notes	Three months ended		Six months ended	
		28 February		28 February	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue	6	22,835	20,469	44,556	36,901
Cost of sales		(14,847)	(14,929)	(29,566)	(26,581)
Gross profit		7,988	5,540	14,990	10,320
Other income	7	68	3	90	216
Administrative expenses		(6,251)	(5,454)	(11,250)	(12,717)
Realised gain on disposal of held-for-trading investment		-	-	6	-
Unrealised loss on fair value change in held-for-trading investment	18	(6)	-	(49)	-
Profit (loss) from operations		1,799	89	3,787	(2,181)
Finance costs	8	(82)	(130)	(157)	(266)
Profit (loss) before taxation		1,717	(41)	3,630	(2,447)
Income tax expenses	9	(343)	-	(856)	-
Profit (loss) and total comprehensive income (expense) for the period attributable to owners of the Company	10	1,374	(41)	2,774	(2,447)
Earnings (loss) per share					
Basic and diluted (HK cent)	11	0.086	(0.003)	0.173	(0.188)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2018

	Notes	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	13	7,820	7,566
Intangible asset	14	229	–
		8,049	7,566
Current assets			
Trade receivables	15	25,219	16,742
Amounts due from customers for contract work	16	11,862	9,828
Amount due from ultimate holding company	17	–	4
Held-for-trading investment	18	401	–
Deposits, prepayments and other receivables	19	6,129	1,213
Tax recoverable		348	–
Cash and cash equivalents		22,073	30,993
		66,032	58,780
Current liabilities			
Trade payables	20	4,767	2,967
Amounts due to customers for contract work	16	689	333
Accruals and other payables		2,874	1,344
Bank borrowings	21	10,465	7,438
Obligations under finance leases	22	194	–
Tax payable		1	2,344
		18,990	14,426
Net current assets		47,042	44,354
Total assets less current liabilities		55,091	51,920

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 28 FEBRUARY 2018

	Notes	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Non-current liabilities			
Obligations under finance leases	22	418	–
Deferred tax liability	23	1,085	1,106
		1,503	1,106
		53,588	50,814
Capital and reserves			
Share capital	24	16,000	16,000
Reserves		37,588	34,814
		53,588	50,814

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2018

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note)	Retained earnings HK\$'000	
At 1 September 2016 (audited)	2,301	–	–	13,263	15,564
Reorganisation	(2,301)	–	2,301	–	–
Loss and total comprehensive expense for the period	–	–	–	(2,447)	(2,447)
At 28 February 2017 (unaudited)	–	–	2,301	10,816	13,117
At 1 September 2017 (audited)	16,000	24,187	2,301	8,326	50,814
Profit and total comprehensive income for the period	–	–	–	2,774	2,774
At 28 February 2018 (unaudited)	16,000	24,187	2,301	11,100	53,588

Note:

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2018

	Six months ended 28 February	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
OPERATING ACTIVITIES		
Cash used in operating activities	(7,434)	(4,381)
Hong Kong Profits Tax paid	(3,568)	–
NET CASH USED IN OPERATING ACTIVITIES	(11,002)	(4,381)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(24)	(57)
Purchase of held-for-trading investment	(554)	–
Proceeds from disposals of held-for-trading investment	104	–
Acquisition of a subsidiary (note 27)	(237)	–
Advance from a director	–	1,628
Advance from related companies	–	13
Repayment from ultimate holding company	4	–
Interest received	37	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(670)	1,584

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2018

	Six months ended 28 February	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
FINANCING ACTIVITIES		
New bank borrowings raised	5,000	28,359
Repayment of bank borrowings	(1,973)	(29,427)
Repayment of obligations under finance leases	(118)	(957)
Interest paid	(157)	(266)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	2,752	(2,291)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,920)	(5,088)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	30,993	5,753
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTING BANK BALANCES AND CASH	22,073	665

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2018

1. GENERAL INFORMATION

ECI Technology Holdings Limited (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 GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 March 2017.

The address of its registered office is Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, 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.

In opinion of directors of the Company, its ultimate holding company of the Company and immediate holding company is ECI Asia Investment Limited (“ECI Asia”), a company incorporated in British Virgin Islands (the “BVI”).

The Company is an investment holding company while the principal subsidiary, Ec InfoTech Limited (“Ec InfoTech”), is mainly engaged in the provision of installation and maintenance services.

The interim condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”) which is same as the functional currency of the Company and its subsidiaries (collectively referred to as the “Group”).

This interim condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 28 February 2018 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This interim condensed consolidated financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 August 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA.

3. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial information have been prepared on the historical cost basis except for certain held-for-trading investments which are measured at fair values.

The accounting policies used in the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2017, except as described below.

Financial assets

Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss (“FVTPL”) (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is classified as unrealised gain (loss) on fair value change on held-for-trading investments in the consolidated statement of profit or loss and other comprehensive income.

Intangible asset

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Intangible asset *(Continued)*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

In the current interim period, the Group has applied, for the first time, the following amendments (new and revised HKFRSs) issued by the HKICPA which are effective for the Group's financial year beginning 1 September 2017.

Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12</i>
Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>

The application of the new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial information.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 August 2017 as described in those consolidated financial statements, except as described below.

Impairment of intangible asset

At the end of the reporting period, the directors of the Company review the carrying amount of its intangible asset with finite useful lives of approximately HK\$229,000 (31 August 2017: nil) and identified there is indication that the asset may suffer an impairment loss. Accordingly, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The estimate of the recoverable amount of the asset require the use of assumptions such as cash flow projections and discount rates. No impairment loss has been recognised during the six months ended 28 February 2018.

5. FINANCIAL INSTRUMENTS

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 August 2017.

There have been no changes in the risk management policies of the Group since 31 August 2017.

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group relies on bank borrowings as a significant source of liquidity and the management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the bank choosing to exercise their rights within one year after the reporting date.

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 28 February 2018 (unaudited)					
Non-derivative financial liabilities					
Trade payables	4,767	-	-	4,767	4,767
Accruals and other payables	2,874	-	-	2,874	2,874
Obligations under finance leases	219	219	220	658	612
Bank borrowings	10,793	-	-	10,793	10,465
	18,653	219	220	19,092	18,718

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 August 2017 (audited)					
Non-derivative financial liabilities					
Trade payables	2,967	-	-	2,967	2,967
Accruals and other payables	1,344	-	-	1,344	1,344
Bank borrowings	7,867	-	-	7,867	7,438
	12,178	-	-	12,178	11,749

5. FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The amounts included above for bank borrowings are term loans from banks with a requirement on demand clause. The maturity analysis of the term loans based on agreed scheduled repayments set out in the loan agreements is summarised as follows. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors of the Company considered that it is not probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that the terms loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis – Term loans subject to a repayment on demand clause based on scheduled repayments					Carrying amount HK\$'000
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	
	As at 28 February 2018 (unaudited)	6,140	1,738	2,915	–	
As at 31 August 2017 (audited)	2,140	2,140	3,036	551	7,867	7,438

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for installation projects and maintenance services rendered. An analysis of the Group's revenue for the six months ended 28 February 2018 and 2017 is as follows:

	Three months ended 28 February		Six months ended 28 February	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Installation	9,340	12,622	20,640	20,525
Maintenance	13,495	7,847	23,916	16,376
	22,835	20,469	44,556	36,901

Segment revenues, results, assets and liabilities

The 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 and maintenance services. 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.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's geographical segments are also classified by the location of assets. Information about the Group's non-current assets by geographical location are detailed as below:

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Hong Kong	8,049	7,566

7. OTHER INCOME

	Three months ended 28 February		Six months ended 28 February	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Bank interest income	23	–	37	–
Sundry income	45	3	53	216
	68	3	90	216

8. FINANCE COSTS

	Three months ended		Six months ended	
	28 February		28 February	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest on:				
Bank borrowings	74	116	136	239
Obligations under finance leases	8	14	21	27
	82	130	157	266

9. INCOME TAX EXPENSES

	Three months ended		Six months ended	
	28 February		28 February	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	343	-	877	-
Deferred tax (note 23)	-	-	(21)	-
	343	-	856	-

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these jurisdictions.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for both periods.

10. PROFIT (LOSS) FOR THE PERIOD

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

	Three months ended		Six months ended	
	28 February		28 February	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Directors' remuneration				
– fees	150	–	300	–
– salaries, allowances and other benefits	471	270	862	540
– contributions to retirement benefit scheme	14	5	23	9
Other staff costs (excluding directors' emoluments)				
– salaries and other benefits	9,719	8,525	19,716	16,414
– contributions to retirement benefit scheme	460	256	927	806
Total staff costs	10,814	9,056	21,828	17,769
Auditor's remuneration	228	100	228	100
Depreciation of property, plant and equipment	271	233	500	447
Amortisation of intangible asset	7	–	7	–
Listing expenses	–	1,368	–	5,490
Minimum lease payments paid under operating leases rentals in respect of rental premises	291	158	571	323

Note: Staff cost of approximately HK\$17,397,000 (six months ended 28 February 2017: HK\$14,384,000) was included in cost of sales.

11. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	Three months ended 28 February		Six months ended 28 February	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Earnings (loss)				
Profit (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	1,374	(41)	2,774	(2,447)
	Three months ended 28 February		Six months ended 28 February	
	2018 (Unaudited) '000	2017 (Unaudited) '000	2018 (Unaudited) '000	2017 (Unaudited) '000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	1,600,000	1,300,000	1,600,000	1,300,000

The weighted average number of ordinary shares for the purpose of basic loss per share during the six months ended 28 February 2017 have been retrospectively adjusted for the effect of the capitalisation issue as described in note 24.

Diluted earnings (loss) per share were the same as basic earnings (loss) per share as there were no potential dilutive ordinary shares in issue during the six months ended 28 February 2018 and 2017.

12. DIVIDEND

No dividend has been paid, declared or proposed by the Company during the six months ended 28 February 2018, nor has any dividend been proposed since the end of the reporting period (six months ended 28 February 2017: nil).

13. PROPERTY, PLANT AND EQUIPMENT

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
As the beginning of the period	7,566	8,388
Additions	754	81
Depreciation	(500)	(903)
At the end of the period	7,820	7,566

During the six months ended 28 February 2018, the Group acquired plant and equipment with total costs of approximately HK\$754,000 (six months ended 28 February 2017: approximately HK\$57,000).

At 28 February 2018, the carrying values of motor vehicles included amounts of approximately HK\$665,000 (31 August 2017: HK\$nil) in respect of assets held under finance leases.

At 28 February 2018, the carrying values of leasehold land and buildings of approximately HK\$5,928,000 (31 August 2017: approximately HK\$5,999,000) were pledged to secure bank borrowings to the Group.

14. INTANGIBLE ASSET

	License HK\$'000
COST	
At 1 September 2016, 31 August 2017 and 1 September 2017	–
Acquisition of subsidiary accounted for as asset acquisition (note 27)	236
	<hr/>
At 28 February 2018	236
	<hr/>
AMORTISATION	
At 1 September 2016, 31 August 2017 and 1 September 2017	–
Provided for the period	7
	<hr/>
At 28 February 2018	7
	<hr/>
CARRYING VALUE	
At 28 February 2018 (unaudited)	229
	<hr/> <hr/>
At 31 August 2017 (audited)	–
	<hr/> <hr/>

The amount represents security company license which is amortised on a straight-line basis over 3 years.

15. TRADE RECEIVABLES

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Trade receivables	25,219	16,742

The Group does not hold any collateral over its trade receivables. No impairment of trade receivables had been recognised during the six months ended 28 February 2018 and year ended 31 August 2017.

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aged analysis of trade receivables, presented based on the date of certified report which approximates revenue recognition date, at the end of the reporting period:

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Within 30 days	10,519	6,445
31 – 60 days	7,003	3,161
61 – 90 days	2,596	2,191
Over 90 days	5,101	4,945
	25,219	16,742

15. TRADE RECEIVABLES *(Continued)*

The Group's policy for impairment loss on trade receivables which approximates revenue recognition date at the end of each reporting period: customer is considered on a case-by-case basis and stipulated in the project correctly 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.

Trade receivables that were neither past due nor impaired related to customers that have no recent history of default payment.

The following is an aged analysis of trade receivables which are past due but not impaired:

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Past due:		
Within 30 days	7,003	3,161
31 to 60 days	2,596	2,191
61 to 90 days	1,069	1,875
Over 90 days	4,032	3,070
	14,700	10,297
Neither past due nor impaired	10,519	6,445
	25,219	16,742

As at 28 February 2018, included in the Group's trade receivables were debtors with aggregate carrying amount of approximately HK\$14,700,000 (31 August 2017: approximately HK\$10,297,000) which were past due as at the end of the reporting period for which the Group has not provided for impairment loss because these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are considered recoverable.

16. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	15,619	23,921
Less: progress billings	(4,446)	(14,426)
	11,173	9,495
Analysed for reporting purposes as:		
Amounts due from customers for contract work	11,862	9,828
Amounts due to customers for contract work	(689)	(333)
	11,173	9,495

17. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
ECI Asia	–	4

The amount due from ultimate holding company was unsecured, interest-free and repayable on demand.

18. HELD-FOR-TRADING INVESTMENT

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Held-for-trading investment:		
– Equity security listed in Hong Kong	401	–

Held-for-trading investment is stated in fair value. The fair value of the listed security has been determined by reference to published price quotations in active markets. Loss on fair value change on held-for-trading investment of approximately HK\$49,000 (31 August 2017: HK\$nil) has been recognised in profit or loss during the six months ended 28 February 2018.

19. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Deposits	899	270
Prepayments	1,537	795
Other receivables	3,693	148
	6,129	1,213

20. TRADE PAYABLES

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Trade payables	4,767	2,967

20. TRADE PAYABLES *(Continued)*

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

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Within 30 days	2,839	2,155
31 – 60 days	1,231	195
61 – 90 days	28	57
Over 90 days	669	560
	4,767	2,967

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within 30 – 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

21. BANK BORROWINGS

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Secured	10,465	7,438
Carrying amount of bank borrowings repayable within one year*	5,991	1,958
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	4,474	5,480
	10,465	7,438

* The amounts due are based on schedule repayment dates set out in the loan agreements.

At 28 February 2018, secured bank borrowings carried interest at floating rates ranging from 2.15% to 4.25% per annum (31 August 2017: 2.15% to 4.25% per annum).

The bank borrowings were denominated in HK\$ for the six months ended 28 February 2018 and year ended 31 August 2017.

22. OBLIGATIONS UNDER FINANCE LEASES

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Analysed for reporting purposes as:		
Current liabilities	194	–
Non-current liabilities	418	–
	612	–

22. OBLIGATIONS UNDER FINANCE LEASES *(Continued)*

The Group had leased certain of its motor vehicles under finance leases. The average lease term is 4 years during the six months ended 28 February 2018 (31 August 2017: nil). The obligations under finance leases carried interest at fixed rates 2.50% per annum during the six months ended 28 February 2018 (31 August 2017: nil).

At the end of the reporting period, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Amounts payable under finance leases:				
Within one year	219	–	194	–
After one year but within two years	219	–	204	–
After two years but within five years	220	–	214	–
	658	–	612	–
Less: future finance charges	(46)	–	–	–
Present value of lease obligations	612	–	612	–
Less: amount due for settlement within one year shown under current liabilities			(194)	–
Amount due for settlement after one year			418	–

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

23. DEFERRED TAX LIABILITY

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

	Accelerated tax depreciation HK\$'000
At 1 September 2016	1,162
Credited to profit or loss	(56)
<hr/>	
At 31 August 2017 and 1 September 2017 (audited)	1,106
Credited to profit or loss (note 9)	(21)
<hr/>	
At 28 February 2018 (unaudited)	1,085
<hr/> <hr/>	

24. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 3 October 2016 (date of incorporation) (note (a))	38,000,000	380
Increase during the period (note (c))	3,762,000,000	37,620
<hr/>		
At 31 August 2017 (audited) and 28 February 2018 (unaudited)	3,800,000,000	38,000
<hr/>		
Issued and fully paid:		
Issue of share at 3 October 2016 (date of incorporation) (note (a))	1	*–
Issue of share at a consideration for the acquisition of the issued share capital of Ec InfoTech (note (b))	1	*–
Issue of shares in connection with the placing of shares of the Company (note (d))	300,000,000	3,000
Capitalisation issue of shares (note (d))	1,299,999,998	13,000
<hr/>		
At 31 August 2017 (audited) and 28 February 2018 (unaudited)	1,600,000,000	16,000
<hr/>		

* The balances had been presented as “nil” as a result of rounding.

24. SHARE CAPITAL *(Continued)*

Notes:

- (a) On 3 October 2016, the Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. On the same date, one share was allotted and issued at nil-paid to the initial subscriber, which was then transferred to ECI Asia at nil consideration.
- (b) On 9 February 2017, the Company through ECI International (BVI) Limited acquired 1,001,791 issued shares of Ec InfoTech, representing 100% equity interest in Ec InfoTech, from Dr. Ng, at a consideration of HK\$15,000,000 by crediting one nil-paid share of the Company held by ECI Asia as fully paid.
- (c) Pursuant to the written resolutions passed by the shareholder of the Company on 17 February 2017, the Company's authorised share capital was increased from HK\$380,000 to HK\$38,000,000 by the creation of additional 3,762,000,000 new ordinary shares of HK\$0.01 each.
- (d) At a special general meeting of the Company held on 17 February 2017, the directors of the Company were authorised to allot and issue 120,000,000 ordinary shares of HK\$0.01 each to the public and 180,000,000 ordinary shares of HK\$0.01 each by placing on 10 March 2017, both at a price of HK\$0.15 per share. The gross total proceeds was HK\$45,000,000, representing amounts of HK\$3,000,000 credited to the Company's share capital and HK\$42,000,000 credited to the Company's share premium before any issuance expenses. The directors of the Company were also authorised to allot and issue a total of 1,299,999,998 ordinary shares on 17 February 2017, credited as fully paid at par to the holders of shares on the register of members at the close of business on 17 February 2017 by the way of capitalisation. The sum of approximately HK\$13,000,000 was credited from the share premium, account of the Company following the issue of new shares mentioned above.
- (e) All shares issued rank *pari passu* with the existing shares in all respects.

25. OPERATING LEASE COMMITMENT

The Group as lessee

At the end of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Within one year	315	490
In the second to fifth years inclusive	–	75
	315	565

Operating lease payments represent rentals payable by the Group for certain of its car parks, office premise and warehouse. Leases are negotiated for original term of one to three years (31 August 2017: one to three years) and rentals are fixed over the lease term of the respective leases.

26. RELATED PARTY TRANSACTIONS

(a) Balance with related party

Balance with related party as at 28 February 2018 and 31 August 2017 was disclosed in note 17.

(b) Compensation to key management personnel

The remuneration of members of key management personnel including directors of the Company during the six months ended 28 February 2018 and year ended 31 August 2017 were as follows:

	28 February 2018 (Unaudited) HK\$'000	31 August 2017 (Audited) HK\$'000
Short-term benefits	862	1,534
Contributions to retirement benefits scheme	23	37
	885	1,571

27. ACQUISITION OF SUBSIDIARY ACCOUNTED FOR AS ASSET ACQUISITION

On 31 January 2018, the Group completed the acquisition of 100% equity interest in Asia-Protection Security Associates Limited (“Asia-Protection”) from an independent third party for a cash consideration of HK\$250,000 (the “Acquisition”). The directors of the Company are of the opinion that the Acquisition is in substance an asset acquisition instead of a business combination, as the net assets of Asia-Protection was mainly the security company licence and Asia-Protection was inactive and did not constitute a business prior to the acquisition by the Group.

Net assets of Asia-Protection acquired:

	HK\$'000
Intangible asset	236
Prepayments	2
Bank balances and cash	13
Tax payable	(1)
	<hr/>
	250
	<hr/>
Satisfied by:	
Cash	250
	<hr/>

Net cash outflow on acquisition of Asia-Protection:

	HK\$'000
Cash consideration paid	250
Less: cash and cash equivalent balances acquired	(13)
	<hr/>
Net cash outflow arising on acquisition	237
	<hr/>

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, digital terrestrial television broadcasting system at Tung Tau Correctional Institution and Pak Sha Wan Correctional Institution, octopus card system at Grandtech Centre 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 profit after tax of the Group for the six months ended 28 February 2018 amounted to approximately HK\$2,774,000 (six months ended 28 February 2017: loss after tax of approximately HK\$2,447,000). As non-recurring listing expenses of approximately HK\$5,490,000 was no longer incurred in the results for the six months ended 28 February 2018, in addition that there were more contracts for maintenance service and installation brought by successful bids during the Period, the result for the six months ended 28 February 2018 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.

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 being admitted in 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 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 20.74% from approximately HK\$36,901,000 for the six months ended 28 February 2017 to approximately HK\$44,556,000 for the six months ended 28 February 2018. 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 11.23% from approximately HK\$26,581,000 for the six months ended 28 February 2017 to approximately HK\$29,566,000 for the six months ended 28 February 2018, which is in line with the increase of revenue.

The Group's gross profit increased by approximately 45.25% from approximately HK\$10,320,000 for the six months ended 28 February 2017 to approximately HK\$14,990,000 for the six months ended 28 February 2018. 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 11.54% from approximately HK\$12,717,000 for the six months ended 28 February 2017 to approximately HK\$11,250,000 for the six months ended 28 February 2018, which is mainly due to the Company's incurrence of the non-recurring listing expenses of approximately HK\$5,490,000 for the six months ended 28 February 2017 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\$2,774,000 for the six months ended 28 February 2018 (six months ended 28 February 2017: loss of approximately HK\$2,447,000). The result turned from loss to profit is mainly due to the Company's incurrence of the non-recurring listing expenses of approximately HK\$5,490,000 for the six months ended 28 February 2017 which was no longer incurred during the Period.

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 28 February 2018 (six months ended 28 February 2017: 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 28 February 2018, the Group has utilized approximately HK\$13,400,000 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 28 February 2018 (approximately)	Unutilized use of net proceeds up to 28 February 2018 (approximately)
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 more commercial vehicles and two street lamp cars	HK\$3.0 million	HK\$1.1 million	HK\$1.9 million
Developing new mobile app for our customers to place their order for maintenance service	HK\$1.5 million	HK\$0.4 million	HK\$1.1 million
Using for working capital and other corporate development purposes	HK\$2.6 million	HK\$2.6 million	–
Total	HK\$31.5 million	HK\$13.4 million	HK\$18.1 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 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 six months ended 28 February 2018. The Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into Shares as at 28 February 2018 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 28 February 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 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>	880,000,000 (L)	55%
Ms. Wong Tsz Man	Interest of spouse <i>(Note 4)</i>	880,000,000 (L)	55%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The approximate percentage of shareholding is calculated based on 1,600,000,000 Shares in issue as at 28 February 2018.
- (3) These Shares are held by 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 28 February 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

As at 28 February 2018, so far as the Directors are aware, the following persons, other than a Director or chief executive of the Company as disclosed in "Directors, and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures", 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	Beneficial owner	880,000,000 (L)	55%
Mr. Yang Shuo	Beneficial owner	320,000,000 (L)	20%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The approximate percentage of shareholding is calculated based on 1,600,000,000 Shares in issue as at 28 February 2018.

Save as disclosed above, as at 28 February 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 six months ended 28 February 2018 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.

The controlling Shareholders have confirmed to the Company that for the six months ended 28 February 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.

For the six months ended 28 February 2018 and up to the date of this report, save and except for the interest the Directors have in the Company and its subsidiaries, none of the Directors, the controlling Shareholders or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflicts of interest with the Group.

CORPORATE GOVERNANCE CODE

The Company and the Directors recognize the importance of 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 six months ended 28 February 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 six months ended 28 February 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 six months ended 28 February 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 28 February 2018 and up to the date of this report.

AUDIT COMMITTEE

The Company has established the audit committee ("Audit Committee") on 10 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 and risk management 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 interim condensed consolidated financial information of the Group for the six months ended 28 February 2018. In addition, the independent auditor of the Company has reviewed the unaudited interim results for the six months ended 28 February 2018 in accordance with Hong Kong Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The findings in relation to the unaudited interim condensed consolidated financial statements of the Group for the six months ended 28 February 2018 have been taken into consideration by the Audit Committee in its review of the interim results for the six months ended 28 February 2018, which have been approved by the Board on 12 April 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.