

# ECI Technology Holdings Limited

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

Stock code: 8013



2021

Interim Report

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

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*This report, for which the directors (the “Directors” and each a “Director”) of ECI Technology Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, 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 Listed Company Information” 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  
*(Committee Chairman)*  
Mr. Sung Wai Tak Herman  
Mr. Fung Tak Chung  
Dr. Chow Kin San

### **REMUNERATION COMMITTEE**

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

### **NOMINATION COMMITTEE**

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

### **REGISTERED PIE AUDITOR**

ShineWing (HK) CPA Limited  
43rd Floor  
Lee Garden One  
33 Hysan Avenue  
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## **LEGAL ADVISER**

*As to Hong Kong law*

Raymond Siu & Lawyers

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11 Duddell Street

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## **PRINCIPAL BANKER**

DBS Bank (Hong Kong) Limited

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99 Queen's Road Central

Central

Hong Kong

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

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Hong Kong

## **REGISTERED OFFICE**

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Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR**

Boardroom Share Registrars (HK) Limited

2103B, 21/F

148 Electric Road

North Point

Hong Kong

## **GEM STOCK CODE**

8013

## **COMPANY'S WEBSITE**

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

## **FINANCIAL HIGHLIGHTS**

Revenue of ECI Technology Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 28 February 2021 (the “Period”) amounted to approximately HK\$70,532,000 (2020: approximately HK\$60,612,000) while gross profit of the Group for the Period amounted to approximately HK\$13,825,000 (2020: approximately HK\$16,175,000).

The net profit after tax of the Group for the Period amounted to approximately HK\$6,447,000 (2020: approximately HK\$2,128,000). The increase in net profit after tax is mainly due to government subsidies granted to the Group under the Employment Support Scheme.

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 STATEMENTS



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

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

## INTRODUCTION

We have reviewed the interim condensed consolidated financial statements 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 2021 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and 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 statements 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 statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 statements 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 statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the interim condensed consolidated statement of profit or loss and other comprehensive income for each of the three-month periods ended 28 February 2021 and 29 February 2020 and the relevant explanatory notes included in these interim condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Kwan Chi Fung**

Practising Certificate Number: P06614

Hong Kong

12 April 2021

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

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

	Notes	Three months ended		Six months ended	
		28 February 2021	29 February 2020	28 February 2021	29 February 2020
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	38,890	35,122	70,532	60,612
Cost of sales		(31,676)	(25,914)	(56,707)	(44,437)
<hr/>					
Gross profit		7,214	9,208	13,825	16,175
Other income	6	648	141	5,994	235
Administrative expenses		(6,891)	(6,735)	(13,259)	(13,240)
Share of losses of an associate		–	(4)	–	(48)
Impairment loss on trade receivables and contract assets		(14)	(196)	(14)	(196)
Fair value gain (loss) on financial assets at fair value through profit or loss		110	23	110	(45)
<hr/>					
Profit from operations		1,067	2,437	6,656	2,881
Finance costs	7	(89)	(60)	(135)	(121)
<hr/>					
Profit before taxation		978	2,377	6,521	2,760
Income tax expenses	8	(43)	(516)	(74)	(632)
<hr/>					
Profit and total comprehensive income for the period attributable to owners of the Company	9	935	1,861	6,447	2,128
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Earnings per share					
Basic and diluted (HK cent)	10	0.058	0.116	0.403	0.133

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 28 FEBRUARY 2021

	Notes	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	5,896	6,327
Intangible asset		–	32
Right-of-use assets	13	3,941	2,401
Deposit for acquisition of non-current assets		823	104
Interest in an associate	14	–	–
		<b>10,660</b>	<b>8,864</b>
<b>Current assets</b>			
Trade receivables	15	31,934	22,872
Contract assets	16	13,023	14,270
Financial assets at fair value through profit or loss	17	191	81
Deposits, prepayments and other receivables	18	2,308	1,523
Tax recoverable		202	290
Bank balances and cash		23,018	23,502
		<b>70,676</b>	<b>62,538</b>
<b>Current liabilities</b>			
Trade payables	19	4,880	3,431
Contract liabilities	16	1,180	439
Accruals and other payables		4,444	2,332
Bank borrowings	20	3,506	5,375
Lease liabilities	13	1,862	1,797
		<b>15,872</b>	<b>13,374</b>
<b>Net current assets</b>		<b>54,804</b>	<b>49,164</b>
<b>Total assets less current liabilities</b>		<b>65,464</b>	<b>58,028</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 28 FEBRUARY 2021

	Notes	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities	13	2,614	1,611
Deferred tax liability	21	622	636
		<b>3,236</b>	<b>2,247</b>
		<b>62,228</b>	<b>55,781</b>
<b>Capital and reserves</b>			
Share capital	22	16,000	16,000
Reserves		46,228	39,781
		<b>62,228</b>	<b>55,781</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

	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 2019 (audited)	16,000	24,187	2,301	9,638	52,126
Profit and total comprehensive income for the period	-	-	-	2,128	2,128
At 29 February 2020 (unaudited)	16,000	24,187	2,301	11,766	54,254
At 1 September 2020 (audited)	16,000	24,187	2,301	13,293	55,781
Profit and total comprehensive income for the period	-	-	-	6,447	6,447
At 28 February 2021 (unaudited)	16,000	24,187	2,301	19,740	62,228

Note:

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

	Six months ended	
	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>3,221</b>	<b>(2,673)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	814	–
Interest income received	1	71
Purchase of property, plant and equipment	(31)	(108)
Deposit paid for acquisition of non-current assets	(719)	(114)
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>65</b>	<b>(151)</b>
<b>FINANCING ACTIVITIES</b>		
New bank borrowings raised	6,000	3,000
Repayment of bank borrowings	(7,869)	(4,636)
Repayment of lease liabilities	(1,766)	(762)
Interest paid	(135)	(121)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3,770)</b>	<b>(2,519)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(484)</b>	<b>(5,343)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>23,502</b>	<b>25,366</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>23,018</b>	<b>20,023</b>

# **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

## **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 the GEM of the Stock Exchange on 10 March 2017.

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

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

The Company is an investment holding company. Its major operating subsidiaries are engaged in the provision of installation and maintenance services and security guarding services.

The interim condensed consolidated financial statements are 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”).

These interim condensed consolidated financial statements have not been audited.

## **2. BASIS OF PREPARATION**

These interim condensed consolidated financial statements for the six months ended 28 February 2021 have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”). These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 August 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, and any public announcement made by the Company during the interim reporting period.

## **3. PRINCIPAL ACCOUNTING POLICIES**

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

The accounting policies used in the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 August 2020 except as described below.

### **3. PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

In the current interim period, the Group has applied, for the first time, the Amendments to Reference to the Conceptual Framework in HKFRSs and the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 September 2020 for the preparation of the Group's interim condensed consolidated financial statements.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform

The application of the Amendments to Reference to the Conceptual Framework in HKFRSs and the amendments to 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 condensed consolidated financial statements.

### **4. REVENUE**

Revenue represents the net amounts received and receivable for installation, maintenance and security guarding services. The revenue is derived from both customers in private sector (mainly property developers and property management companies) and public sector.

During the three months and six months ended 28 February 2021, the Group's operating revenue was generated from contracts with customers within the scope of HKFRS 15. Revenue is recognised over time.

#### 4. REVENUE (Continued)

An analysis of the Group's respective revenue for the three months and six months ended 28 February 2021 and 29 February 2020 is as follows:

	Three months ended		Six months ended	
	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)
Maintenance services	24,622	13,035	37,131	26,545
Installation services	12,968	20,533	31,055	31,169
Security guarding services	1,300	1,554	2,346	2,898
	<b>38,890</b>	<b>35,122</b>	<b>70,532</b>	<b>60,612</b>

#### 5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The CODM reviews the financial information of installation and maintenance services as well as security guarding services separately for performance assessment and resources allocation. Accordingly, the Group's operating and reportable segments are as follows:

- Installation and maintenance services
- Security guarding services

**5. SEGMENT INFORMATION** *(Continued)*

**Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable and operating segment.

*For the six months ended 28 February 2021*

	Installation and maintenance services HK\$'000 (Unaudited)	Security guarding services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>REVENUE</b>			
External sales	68,186	2,346	70,532
Segment profit	8,117	479	8,596
Fair value gain on financial assets at fair value through profit or loss ("FVTPL")			110
Unallocated corporate expenses			(2,185)
Profit before taxation			6,521

**5. SEGMENT INFORMATION** *(Continued)*  
**Segment revenue and results** *(Continued)*  
*For the six months ended 29 February 2020*

	Installation and maintenance services HK\$'000 (Unaudited)	Security guarding services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>REVENUE</b>			
External sales	57,714	2,898	60,612
Segment profit (loss)	6,146	(957)	5,189
Share of loss of an associate			(48)
Fair value loss on financial asset at FVTPL			(45)
Unallocated corporate expenses			(2,336)
Profit before taxation			2,760

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, directors' emoluments, share of loss of an associate and fair value gain (loss) on financial asset at FVTPL. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

5. SEGMENT INFORMATION *(Continued)*

*Other segment information*

*For the six months ended 28 February 2021*

	Installation and maintenance services HK\$'000 (Unaudited)	Security guarding services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets (Note)	3,584	–	3,584
Depreciation and amortisation	1,110	63	1,173
Impairment loss of trade receivables and contract assets	8	6	14
Bank interest income	1	–	1
Finance costs	135	–	135

## 5. SEGMENT INFORMATION *(Continued)*

### *Other segment information (Continued)*

*For the six months ended 29 February 2020*

	Installation and maintenance services HK\$'000 (Unaudited)	Security guarding services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets (Note)	222	–	222
Depreciation and amortisation	1,072	105	1,177
Reversal of impairment loss of trade receivables and contract assets	195	1	196
Bank interest income	70	1	71
Finance costs	121	–	121

Note: Additions to non-current assets include property, plant and equipment, intangible asset, right-of-use assets and deposit for acquisition of non-current assets for the six months ended 28 February 2021 and 29 February 2020.

### ***Geographical information***

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

## 6. OTHER INCOME

	Three months ended		Six months ended	
	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)
Bank interest income	–	43	1	71
Rental income	54	54	108	108
Government grants (note)	395	–	5,686	–
Gain on disposal of property, plant and equipment	199	–	199	–
Sundry income	–	44	–	56
	<b>648</b>	<b>141</b>	<b>5,994</b>	<b>235</b>

Note: The Group recognised government subsidies of approximately HK\$5,686,000 in respect of COVID-19 related subsidies, including those related to Employment Support Scheme for the six months ended 28 February 2021. There are no unfulfilled conditions or other contingencies attached to these grants.

## 7. FINANCE COSTS

	Three months ended		Six months ended	
	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)
Interests on:				
Bank borrowings	4	23	16	43
Lease liabilities	85	37	119	78
	<b>89</b>	<b>60</b>	<b>135</b>	<b>121</b>

## 8. INCOME TAX EXPENSES

	Three months ended		Six months ended	
	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits Tax	47	534	88	652
Deferred tax (Note 21)	(4)	(18)	(14)	(20)
	<u>43</u>	<u>516</u>	<u>74</u>	<u>632</u>

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (b) Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. For the six months ended 28 February 2021 and 29 February 2020, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

## 9. PROFIT FOR THE PERIOD

Profit for the period is arrived at after charging:

	Three months ended		Six months ended	
	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)
Directors' remuneration				
– fees	150	180	300	360
– salaries, allowances and other benefits	501	501	1,002	1,002
– contributions to retirement benefit scheme	15	15	30	30
Other staff costs (excluding directors' emoluments)				
– salaries and other benefits	18,187	14,327	35,857	27,109
– contributions to retirement benefit scheme	834	658	1,646	1,270
<b>Total staff costs</b>	<b>19,687</b>	<b>15,681</b>	<b>38,835</b>	<b>29,771</b>
Auditor's remuneration	190	195	380	390
Depreciation of property, plant and equipment	150	215	323	417
Depreciation of right-of-use assets	450	351	818	721
Amortisation of intangible asset	12	19	32	39
Lease expenses for short-term leases	95	248	203	531

## 10. EARNINGS PER SHARE

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

	Three months ended		Six months ended	
	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)
<b>Earnings</b>				
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	935	1,861	6,447	2,128

	Three months ended		Six months ended	
	28 February 2021 '000 (Unaudited)	29 February 2020 '000 (Unaudited)	28 February 2021 '000 (Unaudited)	29 February 2020 '000 (Unaudited)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,600,000	1,600,000	1,600,000	1,600,000

Diluted earnings per share were the same as basic earnings per share as there were no potential dilutive ordinary shares in issue during the six months ended 28 February 2021 and 29 February 2020.

## **11. DIVIDEND**

No dividend has been paid, declared or proposed by the Company during the six months ended 28 February 2021 and 29 February 2020, nor has any dividend been proposed since the end of the reporting period.

## **12. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 28 February 2021, the Group acquired plant and equipment with total costs of approximately HK\$31,000 (six months ended 29 February 2020: approximately HK\$108,000) and disposed certain motor vehicles with total carrying value of approximately HK\$615,000 (six months ended 29 February 2020: nil).

At 28 February 2021, the carrying values of leasehold land and buildings of approximately HK\$5,316,000 (31 August 2020: approximately HK\$5,413,000) were pledged to secure bank borrowings to the Group.

During the six months ended 28 February 2021, no impairment loss was recognised for the property, plant and equipment (six months ended 29 February 2020: nil).

### 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### (i) *Right-of-use assets*

	Buildings HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
As at 1 September 2019 (Audited)	1,232	2,447	3,679
Additions	1,040	374	1,414
Transferred to property, plant and equipment	–	(190)	(190)
Impairment loss on right-of-use assets	(954)	–	(954)
Depreciation	(685)	(863)	(1,548)
<hr/>			
As at 31 August 2020 and 1 September 2020 (Audited)	633	1,768	2,401
Additions	–	2,670	2,670
Transferred to property, plant and equipment	–	(476)	(476)
Depreciation	(298)	(520)	(818)
Lease modification	164	–	164
<hr/>			
As at 28 February 2021 (Unaudited)	499	3,442	3,941
<hr/>			

The Group has lease arrangements for car parks, offices and motor vehicles. The lease terms are generally ranged from 1 to 5 years.

Extension options are included in the lease of buildings. Certain periods covered by extension options were included in these lease terms as the Group was reasonably certain to exercise the options. None of these leases include variable lease payments.

During the period, the Group has a lease modification relating to the renewal of an existing lease contract with a lease period of 2 years.

**13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES** *(Continued)*

*(i) Right-of-use assets (Continued)*

In respect of lease arrangement for renting motor vehicles, the ownership of the motor vehicles will be transferred to the Group at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such lease.

During the six months ended 28 February 2021, no impairment loss was recognised for the right-of-use assets (six months ended 29 February 2020: nil).

*(ii) Lease liabilities*

	At 28 February 2021 HK\$'000 (Unaudited)	At 31 August 2020 HK\$'000 (Audited)
Non-current	2,614	1,611
Current	1,862	1,797
	4,476	3,408

### 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

#### *(ii) Lease liabilities (Continued)*

	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
<b>Amounts payable under lease liabilities</b>		
Within one year	1,862	1,797
After one year but within two years	1,060	1,201
After two years but within five years	1,554	410
	<b>4,476</b>	<b>3,408</b>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(1,862)</b>	<b>(1,797)</b>
Amount due for settlement after 12 months	<b>2,614</b>	<b>1,611</b>

**13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES** *(Continued)*

*(iii) Amount recognised in profit or loss*

	Six months ended 28 February 2021 HK\$'000 (Unaudited)	Six months ended 29 February 2020 HK\$'000 (Unaudited)
Depreciation of right-of-use assets of:		
– Building	298	299
– Motor vehicle	520	422
Interest expense on lease liabilities	119	78
Expense relating to short-term leases	203	531

*(iv) Others*

During the six months ended 28 February 2021, the total cash outflows for lease amounts to approximately HK\$2,088,000 (six months ended 29 February 2020: approximately HK\$1,371,000).

## 14. INTEREST IN AN ASSOCIATE/ LOAN TO AN ASSOCIATE

	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
Cost of investment in an associate	2	2
Share of post-acquisition loss and other comprehensive expenses	(2)	(2)
	-	-
Loan to an associate (note)	421	421
Less: Impairment loss on interest in an associate	(309)	(309)
Less: Share of post-acquisition losses that are in excess of the cost of the investment	(112)	(112)
	-	-

Note: The investment cost represents the Group's 20% equity interest in Starfire Technology Group Limited ("Starfire"), an entity established in Hong Kong principally engaged in the provision of consulting service.

The loan to an associate is unsecured, interest free and has no fixed repayment terms which, in substance, from part of the net investment in the associate.

**15. TRADE RECEIVABLES**

	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
Trade receivables	32,463	23,402
Less: allowance for impairment of trade receivables	(529)	(530)
	31,934	22,872

As at 28 February 2021, the gross amount of trade receivable arising from contracts with customers amounted to approximately HK\$32,463,000 (31 August 2020: approximately HK\$23,402,000).

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:

## 15. TRADE RECEIVABLES *(Continued)*

	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
Within 30 days	26,271	10,292
31-60 days	1,535	6,655
61-90 days	948	2,580
Over 90 days	3,180	3,345
	<b>31,934</b>	<b>22,872</b>

The movement in the allowance for impairment of trade receivables is set out below:

	HK\$'000
As at 1 September 2019 (Audited)	353
Amount written off as uncollectible	(118)
Impairment losses recognised	295
As at 31 August 2020 and 1 September 2020 (Audited)	530
Reversal of impairment losses recognised	(1)
As at 28 February 2021 (Unaudited)	529

**16. CONTRACT ASSETS/CONTRACT LIABILITIES**

	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
Contract assets	13,046	14,278
Less: allowance for impairment of contract assets	(23)	(8)
	<b>13,023</b>	<b>14,270</b>
Contract liabilities	<b>1,180</b>	<b>439</b>

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

The balance of contract assets and contract liabilities are expected to be recovered/settled within one year.

## 16. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

The movement in the allowance for impairment of contract assets is set out below:

	HK\$'000
As at 1 September 2019 (Audited)	12
Reversal of impairment losses recognised	(4)
<hr/>	
As at 31 August 2020 and 1 September 2020 (Audited)	8
Impairment losses recognised	15
<hr/>	
As at 28 February 2021 (Unaudited)	23
<hr/> <hr/>	

## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
– Equity securities listed in Hong Kong	191	81
<hr/> <hr/>		

The listed securities are stated at fair value. The fair value of the listed securities have been determined with reference to published price quotations in open market.

## 18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
Deposits	412	399
Prepayments	1,838	1,066
Other receivables	58	58
	<b>2,308</b>	<b>1,523</b>

## 19. TRADE PAYABLES

	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
Trade payables	4,880	3,431

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

	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
Within 30 days	1,094	2,510
31-60 days	2,831	180
61-90 days	291	–
Over 90 days	664	741
	<b>4,880</b>	<b>3,431</b>

## 19. TRADE PAYABLES *(Continued)*

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.

## 20. BANK BORROWINGS

	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
Secured	3,506	5,375
Within 1 year which contains a repayment on demand clause	3,239	3,903
After 1 year but within 2 years which contains a repayment on demand clause	244	923
After 2 years but within 5 years which contains a repayment on demand clause	23	549
	3,506	5,375

At 28 February 2021, secured bank borrowings carried interest at fixed rates ranging from 2.15% to 2.75% (31 August 2020: 2.15% to 3.25%) per annum.

The bank borrowings were denominated in Hong Kong dollars for the six months ended 28 February 2021 and year ended 31 August 2020.

## 21. 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 2019 (Audited)	686
Credited to profit or loss	(50)
<hr/>	
At 31 August 2020 and 1 September 2020 (Audited)	636
Credited to profit or loss (Note 8)	(14)
<hr/>	
At 28 February 2021 (Unaudited)	622
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## 22. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 September 2018 (Audited), 29 February 2020 (Unaudited), 31 August 2020 (Audited) and 28 February 2021 (Unaudited)	3,800,000,000	38,000
<hr/>		
<b>Issued and fully paid:</b>		
At 1 September 2018 (Audited), 29 February 2020 (Unaudited), 31 August 2020 (Audited) and 28 February 2021 (Unaudited)	1,600,000,000	16,000
<hr/>		

## 23. CAPITAL COMMITMENT

As at 28 February 2021, the Group had capital commitments of approximately HK\$353,000 (31 August 2020: approximately HK\$155,000) in relation to the acquisition of leasehold improvements and new software.

## 24. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the interim condensed consolidated financial statements, the Group entered into transactions with its related parties as follows:

### (a) *Balances with related parties*

Related Party	Nature of balance	28 February 2021 HK\$'000 (Unaudited)	31 August 2020 HK\$'000 (Audited)
Land Power International Property Management Limited (Note i)	Rental deposit received	17	17
Guardman Property Management Limited (Note i)	Rental deposit received	17	17

24. RELATED PARTY TRANSACTIONS *(Continued)*

*(b) Transactions with related parties*

Related Party	Nature of transaction	Six months ended	
		28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)
Land Power International Property Management Limited (Notes i and iii)	Rental income	51	51
Guardman Property Management Limited (Notes i and iii)	Rental income	51	51
Starfire (Notes ii and iii)	Project cost	328	273

Notes:

- i. These related parties are owned and controlled by the controlling shareholders of the Company.
- ii. Starfire is an associate of the Group, where the Group held 20% of its ownership interests.
- iii. The related party transactions do not constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules, or to be exempted from the disclosure requirements in Chapter 20 of the GEM Listing Rules.

## 24. RELATED PARTY TRANSACTIONS *(Continued)*

### (c) *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 2021 and 29 February 2020 were as follows:

	Six months ended	
	28 February 2021 HK\$'000 (Unaudited)	29 February 2020 HK\$'000 (Unaudited)
Short-term benefits	1,302	1,362
Contributions to retirement benefits scheme	30	30
	<hr/>	<hr/>
	1,332	1,392

## 25. MAJOR NON-CASH TRANSACTIONS

During the six months ended 28 February 2021, the Group entered into new arrangements in respect of motor vehicles. Right-of-use assets and lease liabilities of HK\$2,670,000 were recognised at the commencement of the leases.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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

During the Period, we have undertaken various installation and maintenance projects for various customers from both private sectors and government departments such as Drainage Services Department, Hong Kong Police Force, Leisure and Cultural Services Department, Electrical and Mechanical Services Department, etc. During the Period, some of the major projects were completed, such as the supply and installation of carpark system for Wong Tai Sin Public Transport Terminus, the replacement of security system for Hong Kong Police Force at different venues around Hong Kong and the upgrading of access control system at Avon Park.

In respect of maintenance works, the Group is responsive to government policies in order to identify and capture opportunity to expand its market share. The Group benefits from government infrastructure development in the Hong-Kong-Zhuhai-Macao Bridge. Three major maintenance contracts awarded to the Group regarding maintenance work at the Hong-Kong-Zhuhai-Macao Bridge are in effect during the Period.

In respect of our security guarding operation, the Group strives to build up business reputation and expand its operation. During the Period, we have become the successful bidder for numerous security projects such as Sunshine City Phase IV and Wu Chung House. We have also managed to maintain our client base for security projects in the private sector including The Papillons, Skyview Cliff and Yuen Long DHL warehouse.

## OUTLOOK AND PROSPECTS

The Group's ELV solutions cover commercial buildings, shopping malls, hospital and government facilities from the private and public sectors. In order to provide the most suitable solutions to our valuable customers, we integrate the latest technology with various intelligent device and keep up-to-date technology level through internal development and collaborate with overseas companies to offer the best solutions to our customers. For example, with the extensive use of smartphones, we are continuously optimizing our carpark system in recent years to include more diversified payment methods for convenience of users. Apart from developing our own new technology, the Group will seek for opportunities with third-party strategic partners to set up different parking systems and strive to build the most advanced technology in Hong Kong.

Due to the outbreak of COVID-19 worldwide resulting in economic slowdown, it is undeniable that the current global political and economic situation is complicated. The growth in demand for installation and replacement security system has remained stagnant. It is widely expected that the situation will continue in 2021. Thus, we shift our focus in bidding ELV maintenance services contracts and aim to strengthen the relationship with our customers by offering high quality and timely services. Furthermore, by expanding our maintenance services business segment, we can increase our market share and enhance our reputation in the industry.

For our security guarding operations, due to the increase in the unemployment rate after the outbreak of COVID-19, many unemployed labors have joined the security guarding industry and hence increased market competition. The situation further deteriorated after the introduction of the Employment Support Scheme, where property management companies prefer to hire their own security guards in order to enjoy the government subsidies. The industry is recovering in January 2021 and growth is resuming. Two new security projects, namely Sunshine City and Wu Chung House, are operating and it is widely expected that there will be more security projects by the end of 2021.

Expansion of our training centre has also been affected by the outbreak of COVID-19. To minimize social gathering, we will further delay the commencement of our training sessions.

## **OUTLOOK AND PROSPECTS (continued)**

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

## **FINANCIAL REVIEW**

### ***Revenue***

The revenue of the Group increased by approximately 16.37% from approximately HK\$60,612,000 for the six months ended 29 February 2020 to approximately HK\$70,532,000 for the Period. The increase in revenue is mainly due to the increase in revenue generated from maintenance services.

### ***Cost of Sales and Gross Profit***

The majority of the Group's cost of sales comprised direct labour, direct material and equipment. The cost of sales increased by approximately 27.61% from approximately HK\$44,437,000 for the six months ended 29 February 2020 to approximately HK\$56,707,000 for the Period, which is in line with the increase in revenue.

The Group's gross profit decreased by approximately 14.53% from approximately HK\$16,175,000 for the six months ended 29 February 2020 to approximately HK\$13,825,000 for the Period. Such decrease is mainly due to (i) the increase in engagement of subcontractors, in which projects completed by subcontractors generate a relatively lower profit margin than projects completed by our own employees and (ii) revenue generated from maintenance services has relatively lower profit margin than revenue from installation services.

### ***Administrative Expenses***

There is no material changes for the Group's administrative expenses. It increased from approximately HK\$13,240,000 for the six months ended 29 February 2020 to approximately HK\$13,259,000 for the Period, which is mainly due to the general increase in wages of administrative staff.

## FINANCIAL REVIEW (continued)

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

The Group recorded a profit attributable to owners of the Company of approximately HK\$6,447,000 for the Period (2020: approximately HK\$2,128,000). The increase in the profit attributable to owners of the Company was mainly due to the government subsidies granted to the Group under the Employment Support Scheme.

### *Dividend*

The Board does not recommend the payment of an interim dividend for the six months ended 28 February 2021 (29 February 2020: Nil).

### *Financial assets at fair value through profit or loss*

As at 28 February 2021, the Group's financial assets at fair value through profit or loss consisted of securities listed on the Stock Exchange and the performance of the listed securities was as follows:

Company Name/(Stock Code)	Number of shares held at 28 February 2021	Percentage of shareholdings at 28 February 2021	Carrying amount at 31 August 2020 HK\$'000	Fair value changes on financial assets at fair value through profit or loss for the period ended 28 February 2021 HK\$'000	Fair value at 28 February 2021 HK\$'000	Percentage of total financial assets at fair value through profit or loss at 28 February 2021	Percentage of total assets of the Group as at 28 February 2021
Allied Sustainability and Environmental Consultants Group Limited (8320)	2,250,000	0.16%	81	110	191	100.00%	0.23%

## **FINANCIAL REVIEW (continued)**

### ***Financial assets at fair value through profit or loss (continued)***

Allied Sustainability and Environmental Consultants Group Limited (“AEC”, together with its subsidiaries, the “AEC Group”) is an investment holding company with its subsidiaries mainly engaged in the provision of environmental consulting services. It mainly operates through four segments. Green Building Certification Consultancy segment is involved in consultancy on the application of green building certification for new buildings, existing buildings and interiors of buildings. Sustainability and Environmental Consultancy segment is involved in consultancy on sustainability and environmental impact assessment for compliance with statutory requirements in relation to environmental impact and pollution control. Acoustics, Noise and Vibration Control and Audio-Visual Design Consultancy segment is involved in designs for architectural acoustic, mechanical vibration, noise control and audio-visual systems. ESG Reporting and Consultancy segment involves conducting assessment of the ESG systems, preparing reports in compliance with the GEM Listing Rules and the Rules Governing the Listing of Securities on the Stock Exchange, and related services. AEC operates its business in Hong Kong, the People’s Republic of China and Macau.

As disclosed in the interim report of AEC for the six months ended 30 September 2020 and the third quarterly report of AEC for the nine months ended 31 December 2020, through ongoing business diversification, AEC Group may expand its project portfolio across the Southeast Asia and other regions in the long run under the development plan of the Belt and Road Initiative.

### ***Bank Borrowings***

Details of bank borrowing are set out in note 20 to the interim condensed consolidated financial statements.

### ***Gearing Ratio***

The gearing ratio, being its total debts (including bank borrowings and lease liabilities) divided by its total equity, was 0.13 as at 28 February 2021 (31 August 2020: 0.16).

## **FINANCIAL REVIEW (continued)**

### ***Commitments and Contingent Liabilities***

Details of capital commitment are set out in note 23 to the interim condensed consolidated financial statements. The Group had no significant contingent liabilities as at 28 February 2021.

### ***Foreign Exchange Exposure***

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

### ***Employees and Remuneration Policies***

As at 28 February 2021, the Group had a total of 338 employees (29 February 2020: 332). The increase in the number of employees is mainly due to commencement of security guarding operation. The Group'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 Group recognizes the importance of good relationships with its employees. The remuneration payable to its employees includes salaries and allowances.

## FINANCIAL REVIEW (continued)

### Use of Proceeds from the Listing

The Company's shares were successfully listed on GEM of the Stock Exchange on 10 March 2017 (the "Listing Date") by way of share offer. After deduction of all related listing expenses and commissions, the net proceeds from listing amounted to approximately HK\$31.5 million. As announced by the Company on 20 September 2019, certain unutilised proceeds from the Listing will be re-allocated for other purposes. Up to 28 February 2021, the Group has unutilised proceeds from the Listing of approximately HK\$3.5 million. A summary of utilised and unutilised proceeds are set out in the table below:

Intended use of proceeds	Revised allocation of unutilised net proceeds as at 20 September 2019 HK\$' million (note i)	Approximate amount utilised as at 28 February 2021 HK\$' million	Approximate amount unutilised as at 28 February 2021 HK\$' million	Notes
Obtaining additional licences and qualifications	3.5	-	3.5	ii
Expansion of existing security guarding operating segment	5.0	5.0	-	
Salary payment and purchase of capital assets of the major maintenance projects at the Hong Kong-Zhuhai-Macao Bridge and the West Kowloon Station	6.5	6.5	-	
<b>Total</b>	<b>15.0</b>	<b>11.5</b>	<b>3.5</b>	<b>iii</b>

Notes:

- (i) As announced in the announcement dated 20 September 2019, the Directors have resolved to change the use of unutilised net proceeds from the Listing.
- (ii) The Group is currently in the process of satisfying the minimum working capital and employed capital requirement of "Electrical and Mechanical Installation for Sewage Treatment and Screening Plant" and the unutilised proceeds is intended to be utilised by 31 August 2022.
- (iii) The unutilised proceeds as at 28 February 2021 had been placed in interest-bearing deposits with licensed banks in Hong Kong.

## OTHER INFORMATION

### SHARE OPTION SCHEME

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

The 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 of the company:

- (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 way of shareholders’ resolution at a general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing from 10 March 2017, i.e. the date on which the Share Option Scheme becomes unconditional.

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution or potential contribution to the Group. The Share Option Scheme will reward the Eligible Participants who have contributed or will contribute to the Group and to motivate the Eligible Participants to optimise their performance efficiency for the benefits of the Group. 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.

## **SHARE OPTION SCHEME (continued)**

The total number of Shares which may be issued upon exercise of all options under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue at the time dealings in the Shares first commenced on the Stock Exchange, which amounts to 160,000,000 Shares. Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of all outstanding options granted to each Eligible Participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue, which is 16,000,000 Shares.

No option has been granted by the Company under the Share Option Scheme during the six months ended 28 February 2021. The Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into Shares as at 28 February 2021 and up to the date of this report.

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

So far as the Directors are aware, as at 28 February 2021, 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:–

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

### *Long positions in the Shares*

Name of Director	Capacity/ Nature of Interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (Note 2)
Dr. Ng Tai Wing ("Dr. Ng")	Interest in controlled corporation (Note 3)	880,000,000 (L)	55%
Ms. Wong Tsz Man	Interest of spouse (Note 4)	880,000,000 (L)	55%

#### 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 2021.
- (3) These shares are held by ECI Asia Investment Limited ("ECI Asia", an associated corporation of the Company), a company wholly-owned by Dr. Ng with all the issued shares of HK\$0.01 each. Pursuant to the SFO, Dr. Ng is deemed to have an interest in all the shares in which ECI Asia has, or is deemed to have.
- (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 in which Dr. Ng is interested.

Save as disclosed above, as at 28 February 2021 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 5.48 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 28 February 2021, 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 of the Company and its Associated Corporations", 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 Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name of Shareholders	Capacity/Nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (Note 2)
ECI Asia Investment Limited (Note 3)	Beneficial owner	880,000,000 (L)	55%
Mr. Yang Shuo ("Mr. Yang") (Note 4)	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 2021.
- (3) These shares are registered in the name of ECI Asia which is a controlled corporation of Dr. Ng. Ms. Wong Tsz Man is the spouse of Dr. Ng. Under the SFO, Ms. Wong Tsz Man is deemed to be interested in all the shares held by ECI Asia.
- (4) Mr. Yang ceased to be an executive director of the Company since 28 August 2020.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)**

Save as disclosed above, as at 28 February 2021 and as at the date of this report, the Directors were not aware that any person, other than the Directors or chief executive of the Company, whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, had registered an interest or short position in the Shares or underlying shares of the Company that was required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register pursuant to Section 336 of the SFO.

## **RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Other than the Share Option Scheme and as disclosed under the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, at no time for the six months ended 28 February 2021 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 of the Company dated 27 February 2017. Pursuant to the Deed of Non-competition, the controlling Shareholders have undertaken to the Company (for itself and as trustee for each of its subsidiaries from time to time) that with effect from the Listing Date, they would not and would procure that none of their close associates (except for any members of 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.

## **INTEREST IN COMPETING BUSINESSES (continued)**

The controlling Shareholders have confirmed to the Company that for the six months ended 28 February 2021 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 2021 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 as set out 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 2021 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 the fact that 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.

## **CHANGE IN INFORMATION OF DIRECTORS**

Mr. Fung Tak Chung has been appointed as a council member of the GBA International Information Technology Industry Association with effect from 8 April 2021.

Save as disclosed above, there is no other change in information of the Directors or chief executives of the Company that is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

## **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 enquiries 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 2021 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 2021 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 as set out in Appendix 15 to the GEM Listing Rules has been adopted.

## **AUDIT COMMITTEE (continued)**

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.

Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment or 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 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 2021. In addition, the independent auditor of the Company has reviewed the unaudited interim results for the six months ended 28 February 2021 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 2021 have been taken into consideration by the Audit Committee in its review of the interim results for the six months ended 28 February 2021, which have been approved by the Board on 12 April 2021 prior to its issuance.

By the order of the Board

**ECI Technology Holdings Limited**

**Dr. Ng Tai Wing**

*Chairman and Chief Executive Officer*

As at the date of this report, the Board comprises seven Directors, including two executive Directors, Dr. Ng Tai Wing (Chairman and Chief Executive Officer) and Mr. Law Wing Chong, one non-executive Director, Ms. Wong Tsz Man, and four independent non-executive Directors, Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman, Mr. Fung Tak Chung and Dr. Chow Kin San.