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ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8013)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 MAY 2018

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

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

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

This announcement, 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 announcement 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 announcement misleading.

The board of Directors (the “Board”) is pleased to announce the unaudited consolidated results of the Group for the nine months ended 31 May 2018. This announcement, containing the full text of the 2018 Third Quarterly Report of the Company, complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcement of quarterly results. Printed version of the Company’s 2018 Third Quarterly Report will be delivered to the shareholders of the Company and available for viewing on the GEM website at www.hkgem.com and the Company’s website at www.ecinfohk.com in due course.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Dr. Ng Tai Wing
(*Chairman and Chief Executive Officer*)
Mr. Law Wing Chong
Mr. Yang Shuo
(appointed on 12 July 2018)

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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PRINCIPAL BANKER

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
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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

STOCK CODE

8013

COMPANY'S WEBSITE

www.ecinfohk.com

FINANCIAL HIGHLIGHTS

Revenue of ECI Technology Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the nine months ended 31 May 2018 (the “Period”) amounted to approximately HK\$69,232,000 (31 May 2017: approximately HK\$55,584,000) while gross profit of the Group for the same period amounted to approximately HK\$20,638,000 (31 May 2017: gross profit of approximately HK\$14,073,000).

The net profit after tax of the Group for the nine months ended 31 May 2018 amounted to approximately HK\$3,010,000 (31 May 2017: net loss of approximately HK\$6,974,000). As non-recurring listing expenses of approximately HK\$8,187,000 was no longer incurred during the Period, coupled with the fact that there were more contracts for maintenance service and installation secured by successful bids during the Period, the result for the nine months ended 31 May 2018 has turned from loss to profit.

The board (the “Board”) of directors (the “Directors”) does not recommend a payment of an interim dividend for the nine months ended 31 May 2018.

FINANCIAL RESULTS

The Board is pleased to announce the unaudited consolidated financial results of the Group for the three months and nine months ended 31 May 2018 together with the comparative unaudited figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 May 2018

	Notes	Three months ended 31 May		Nine months ended 31 May	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue	3	24,676	18,683	69,232	55,584
Cost of sales		(19,028)	(14,930)	(48,594)	(41,511)
Gross profit		5,648	3,753	20,638	14,073
Other income		82	149	172	365
Administrative expenses		(5,088)	(8,329)	(16,338)	(21,046)
Realised gain on disposal of held-for-trading investment		-	-	6	-
Unrealised loss on fair value change in held-for-trading investment		(47)	-	(96)	-
Profit (loss) from operations		595	(4,427)	4,382	(6,608)
Finance costs		(57)	(100)	(214)	(366)
Profit (loss) before taxation		538	(4,527)	4,168	(6,974)
Income tax		(302)	-	(1,158)	-
Profit (loss) and total comprehensive income (expense) for the period attributable to owners of the Company	4	236	(4,527)	3,010	(6,974)
Earnings (loss) per share attributable to owners of the Company					
Basic and diluted (HK cent)	6	0.015	(0.288)	0.188	(0.501)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 May 2018

	Share capital	Attributable to owners of the Company			Total
		Share premium	Other reserve (Note 2)	Retained earnings	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 September 2016 (audited)	2,301	–	–	13,263	15,564
Issue of shares (Note 1)	–	–	–	–	–
Arising from reorganisation of the Group	(2,301)	–	2,301	–	–
Capitalisation issue	13,000	(13,000)	–	–	–
Issuance of shares	3,000	42,000	–	–	45,000
Capitalisation of issue cost	–	(4,813)	–	–	(4,813)
Loss and total comprehensive expense for the period	–	–	–	(6,974)	(6,974)
At 31 May 2017 (unaudited)	16,000	24,187	2,301	6,289	48,777
At 1 September 2017 (audited)	16,000	24,187	2,301	8,326	50,814
Profit and total comprehensive income for the period	–	–	–	3,010	3,010
At 31 May 2018 (unaudited)	16,000	24,187	2,301	11,336	53,824

Notes:

1. The balance has been presented as 'nil' as a result of rounding.
2. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

These unaudited condensed consolidated financial statements for the nine months ended 31 May 2018 are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Group.

2. BASIS OF PREPARATION

The quarterly financial information has been prepared in accordance with accounting policies conform with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the quarterly financial information for the nine months ended 31 May 2018 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 August 2017.

2. BASIS OF PREPARATION *(Continued)*

The Group has not applied the new and revised HKFRSs that have been issued by HKICPA but are not yet effective. The Group has commenced an assessment of the impact of these new standards and amendments, but is not yet in a position to state whether they would have a significant impact on its results and financial position.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for installation projects and maintenance services rendered for the nine months ended 31 May 2018 and 31 May 2017.

	Three months ended		Nine months ended	
	31 May		31 May	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Installation	13,350	9,620	33,990	30,145
Maintenance	11,326	9,063	35,242	25,439
	24,676	18,683	69,232	55,584

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.

The Group primarily operates in Hong Kong with all of its non-current assets located in and capital expenditure incurred in Hong Kong.

4. PROFIT (LOSS) FOR THE PERIOD

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

	Three months ended		Nine months ended	
	31 May		31 May	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Directors' remuneration				
– Salaries, allowances and other benefits	635	489	1,820	1,038
Other staff costs (excluding directors' emoluments)				
– Salaries, allowances and other benefits	10,014	9,724	29,730	26,138
– Contributions to retirement benefit scheme	473	423	1,400	1,229
Total staff costs	11,122	10,636	32,950	28,405
Auditor's remuneration	114	1	342	101
Depreciation	326	228	826	675
Loss on disposal of property, plant and equipment	104	–	104	–
Amortisation of intangible asset	19	–	26	–
Listing expenses	–	2,697	–	8,187
Minimum lease payments under operation lease charges	270	156	841	479

Note: Staff cost of approximately HK\$25,985,000 (nine months ended 31 May 2017: HK\$22,324,000) was included in cost of sales.

5. INTERIM DIVIDEND

The Board does not recommend a payment of an interim dividend for the nine months ended 31 May 2018 (31 May 2017: Nil).

6. EARNINGS (LOSS) PER SHARE

	Three months ended		Nine months ended	
	31 May		31 May	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit (loss) and total comprehensive income (expense) for the period attributable to owners of the Company	236	(4,527)	3,010	(6,974)
Number of shares				
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares	1,600,000	1,570,652	1,600,000	1,391,209

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

Diluted earnings (loss) per share were the same as basic earnings (loss) per share as there were no potential dilutive ordinary shares outstanding for the nine months ended 31 May 2018 and 31 May 2017.

7. 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)
	<u>250</u>
Satisfied by:	
Cash	<u>250</u>

Net cash outflow on acquisition of Asia-Protection:

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

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 authorities 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 upgrading of door access control system with octopus card access control at Cho Yiu Chuen, replacement of fiber cable system at Correctional Services Department of Staff Training Institute, carpark access control system at Coastal Skyline and digital terrestrial television broadcasting system at Tung Tau Correctional Institution, etc. Meanwhile, operation and maintenance contract with contract sum of approximately HK\$70,000,000 has been awarded from a major government project. The contract period is from 1 December 2017 to 30 November 2020.

For the nine months ended 31 May 2018, the Group recorded a net profit of approximately HK\$3,010,000 as compared to the net loss of approximately HK\$6,974,000 for the same period in 2017.

OUTLOOK AND PROSPECTS

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

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. Our Directors also believe that listing of the shares of the Company (the “Shares”) on GEM will allow us to access the capital market for raising funds in the future and promote our brand to potential new customers.

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

In the coming 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 as compared with acting as a subcontractor. To kick things up a notch, the Company is applying for admission into approved contractor list and approved supplier list of a number of property developers in order to secure projects of higher contract sum. The Company anticipates this can not only generate more income but also help to build up the brand name and reputation of the Company in the 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”). The Listing enables us to have sufficient financial resources to meet and achieve the abovementioned goal. With the support of the shareholders of the Company (the “Shareholders”), the Company shall hold on with its aspirations and bring benefits to the Company and the Shareholders as a whole.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately 24.55% from approximately HK\$55,584,000 for the nine months ended 31 May 2017 to approximately HK\$69,232,000 for the nine months ended 31 May 2018. The increase in revenue is mainly due to more contracts for maintenance services and installation secured by successful bids.

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised direct labour, and material and equipment. The cost of sales increased by approximately 17.06% from approximately HK\$41,511,000 for the nine months ended 31 May 2017 to approximately HK\$48,594,000 for the nine months ended 31 May 2018, which is in line with the increase of revenue.

The Group's gross profit increased by approximately 46.65% from approximately HK\$14,073,000 for the nine months ended 31 May 2017 to approximately HK\$20,638,000 for the nine months ended 31 May 2018. The increase in gross profit is mainly due to more contracts for maintenance services and installation secured by successful bids.

Administrative Expenses

The Group's administrative expenses decreased by approximately 22.37% from approximately HK\$21,046,000 for the nine months ended 31 May 2017 to approximately HK\$16,338,000 for the nine months ended 31 May 2018, which is mainly due to the Company's incurrence of the non-recurring listing expenses of approximately HK\$8,187,000 during the nine months ended 31 May 2017 and is offsetted by the increase of Directors' remuneration of approximately HK\$782,000 due to the increase in number of Directors after successful Listing of the Group and the increase of legal and professional fee upon Listing of the Group by approximately HK\$2,632,000 for the nine months ended 31 May 2018.

Profit (loss) attributable to the owners of the Company

The Group recorded a profit attributable to the owners of the Company of approximately HK\$3,010,000 for the nine months ended 31 May 2018 (nine months ended 31 May 2017: loss approximately HK\$6,974,000), such increase is mainly due to non-recurring listing expenses of approximately HK\$8,187,000 was no longer incurred and there were more contracts for maintenance service and installation secured by successful bids during the Period.

Dividend

The Board does not recommend a payment of an interim dividend for the nine months ended 31 May 2018 (31 May 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.

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 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 31 May 2018, the Group has utilized HK\$14,900,000 of the net proceeds from Listing as follows:

Use of proceeds	As stated in Prospectus	Planned use of net proceeds as stated in the Prospectus up to 31 May 2018	Actual use of net proceeds up to 31 May 2018
Expanding our existing ELV solutions business by offering instalment payment option to our customers	HK\$12.0 million	HK\$9.3 million	HK\$1.0 million
Obtaining additional licences and qualifications	HK\$4.4 million	HK\$2.2 million	HK\$0.3 million
Reducing our gearing ratio by repaying a certain bank borrowing in an one-off manner	HK\$8.0 million	HK\$8.0 million	HK\$8.0 million
Purchasing five more commercial vehicles and two street lamp cars	HK\$3.0 million	HK\$3.0 million	HK\$2.6 million
Developing new mobile app for our customers to place their order for maintenance service	HK\$1.5 million	HK\$1.5 million	HK\$0.4 million
Using for working capital and other corporate development purposes	HK\$2.6 million	HK\$2.6 million	HK\$2.6 million
Total	HK\$31.5 million	HK\$26.6 million	HK\$14.9 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 to 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 nine months ended 31 May 2018. The Company did not have any outstanding share options, warrants, derivatives or securities which are convertible or exchangeable into Shares as at 31 May 2018 and up to the date of this report.

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

As at 31 May 2018, so far as the Directors are aware, the following persons (other than a Director or chief executive of the Company) have or are deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name of Shareholders	Capacity/Nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholding (Note 2)
ECI Asia Investment	Beneficial owner	880,000,000 (L)	55%
Mr. Yang Shuo (appointed as executive Director on 12 July 2018)	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 31 May 2018.

Save as disclosed above, as at 31 May 2018 and as at 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" below, 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.

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

So far as the Directors are aware, as at 31 May 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 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 Shareholders	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 31 May 2018.
- (3) These Shares are held by ECI Asia Investment, which is wholly-owned by Dr. Ng. Pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, Dr. Ng is deemed to have an interest in all Shares in which ECI Asia Investment has, or deemed to have, an interest.
- (4) Ms. Wong Tsz Man is the spouse of Dr. Ng. Under the SFO, Ms. Wong Tsz Man is deemed to be interested in all of the Shares which Dr. Ng is interested.

Save as disclosed above, as at 31 May 2018 and as at the date of this report, none of the Directors or chief executive of the Company had registered an interest or a short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme and as disclosed under the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” above, at no time for the nine months ended 31 May 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 our Group) shall, except through their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the business of our Group in Hong Kong or such other places as our Group may conduct or carry on business from time to time.

The controlling Shareholders have confirmed to the Company that from the Listing Date and up to the date of this report, they and their respective close associates (as defined under the GEM Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

For the nine months ended 31 May 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 code provision A.2.1 of the Corporate Governance Code, the Company’s corporate governance practices have complied with the Corporate Governance Code during the period from the Listing Date and up to the date of this report.

Code 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 code provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance.

COMPLIANCE WITH THE CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having 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 nine months ended 31 May 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 nine months ended 31 May 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 31 May 2018 and up to the date of this report.

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters with senior management of the Company relating to the preparation of the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 May 2018.

The findings in relation to the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 May 2018 have been taken into consideration by the Audit Committee in its review of the quarterly results for the nine months ended 31 May 2018, which have been approved by the Board on 12 July 2018 prior to its issuance.

SIGNIFICANT EVENTS AFTER THE END OF REPORTING PERIOD

Mr. Yang Shuo, the substantial shareholder of the Company, has been appointed as the executive Director of the Company with effect from 12 July 2018.

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, Mr. Law Wing Chong and Mr. Yang Shuo, the non-executive Director is Ms. Wong Tsz Man, and the independent non-executive Directors are Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman, Mr. Fung Tak Chung and Dr. Chow Kin San.

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

Hong Kong, 12 July 2018

As at the date of this announcement, the Board comprises eight Directors, the executive Directors are Dr. Ng Tai Wing (Chairman and Chief Executive Officer), Mr. Law Wing Chong and Mr. Yang Shuo; the non-executive Director is Ms. Wong Tsz Man and the independent non-executive Directors are Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman, Mr. Fung Tak Chung and Dr. Chow Kin San.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its publication and on the website of the Company at www.ecinfohk.com.