ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8013)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus issued by ECI Technology Holdings Limited (the "**Company**", together with its subsidiaries as the "**Group**"), dated 27 February 2017 (the "**Prospectus**") for the initial public offering (the "**IPO**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus.

USE OF PROCEEDS

As disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus, the net proceeds from the IPO amounting to approximately HK$31.5 million were intended to be applied as follows:

– approximately HK$12.0 million or 38.1% will be used for expanding our existing ELV solutions business by offering instalment payment option to our customers;

– approximately HK$4.4 million or 14.0% will be used for obtaining additional licences and qualification;

– approximately HK$8.0 million or 25.4% will be used for reducing our gearing ratio by repaying a certain bank borrowing in an one-off manner;

– approximately HK$3.0 million or 9.5% will be used for purchasing five more commercial vehicles and two street lamp cars;

– approximately HK$1.5 million or 4.8% will be used for developing new mobile app for our customers to place their order for maintenance service; and

– approximately HK$2.6 million or 8.2% will be used for working capital and other corporate development purposes.

The actual amount of net proceeds from the IPO is HK$31.5 million, which is the same as the amount stated in the Prospectus.

As of 31 August 2019, the Group had utilised approximately HK$16.5 million. The remaining net proceeds from the IPO of approximately HK$15.0 million remained unutilised and have been deposited at licensed financial institutions in Hong Kong. A summary of the status of use of proceeds are set out as below:

Intended use of proceeds	**Intended use of proceeds as set out in the Prospectus** *HK$' million*	**Actual approximate amount utilised up to 31 August 2019** *HK$' million*	**Approximate amount unutilised as at 31 August 2019** *HK$' million*	*Notes*
Expanding our existing ELV solutions business by offering instalment payment option to our customers	12.0	1.6	10.4	*(1)*
Obtaining additional licences and qualifications	4.4	0.9	3.5	
Reducing our gearing ratio by repaying a certain bank borrowing in an one-off manner	8.0	8.0	–	
Purchasing five more commercial vehicles and two street lamp cars	3.0	3.0	–	
Developing new mobile app for our customers to place their order for maintenance services	1.5	0.4	1.1	*(2)*
Using for working capital and other corporate development purposes	2.6	2.6	–	
Total	**31.5**	**16.5**	**15.0**	

Notes:

(1) the instalment payment option has not been a popular payment option to our customers. Up to 31 August 2019, approximately HK$10.4 million remains unutilised and such unutilised net proceeds are allocated for other uses; and

(2) the Group has sought for consultation from an IT company and the mobile app is technically not suitable for the Group's existing work flow. Thus, the Directors considered to terminate further development of the mobile app and the unutilised net proceeds are allocated for other uses.

CHANGE IN USE OF PROCEEDS AND REASONS FOR THE CHANGE

After careful consideration and detailed evaluation, the Directors have resolved to change the use of unutilised net proceeds from the IPO as follows:

Intended use of proceeds	*Notes*	**Revised allocation of unutilised net proceeds** *HK'$ million (approximately)*
Obtaining additional licences and qualification (remains unchanged)	*(i)*	3.5
Expansion of existing security guarding operating segment	*(ii)*	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	*(iii)*	6.5
Total		**15.0**

Notes:

(i) as the Group will continue to look for opportunity to obtain additional licences and qualification, there is no change in the intended use of proceeds for obtaining additional licenses and qualification;

(ii) as the Group has recently commenced security guarding operation, extra capital is required for salary payment on daily operation and expansion of staff team; and

(iii) as announced in the voluntary announcement on business update dated 2 July 2019, the Group has recently been awarded a number of contracts from the public and private sectors. The aggregate amount of contract sum awarded from major projects was approximately HK$56.0 million. These new contracts include two three-years maintenance projects at the Hong Kong-Zhuhai-Macao Bridge and one three-years maintenance project at the West Kowloon Station, all of which commenced on July 2019. The Group needs to hire new technicians and purchase equipment for these new projects. The Directors noted that an additional HK$6.5 million will be used for salary payment and satisfying other capital requirements.

As such, the Group made the above change in use of proceeds to better utilise the remaining net proceeds from the IPO. The Board considers that the change will allow the Company to deploy its financial resources more effectively and is in the best interest of the Group and its shareholders as a whole.

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

Hong Kong, 20 September 2019

As at the date of this announcement, the Board comprises eight Directors, including three executive Directors Dr. Ng Tai Wing (Chairman and Chief Executive Officer), Mr. Law Wing Chong and Mr. Yang Shuo; 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.

This announcement, for which the Directors 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 of Hong Kong Limited 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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.