ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8013)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 AUGUST 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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") of ECI Technology Holdings Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading and 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 audited consolidated results of the Group for the year ended 31 August 2017. This announcement, containing the full text of the 2017 Annual Report of the Company, complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcement of annual results. Printed version of the Company's 2017 Annual 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.

Contents

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 *(appointed on 11 July 2017)*

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 *(appointed on 11 July 2017)*

REMUNERATION COMMITTEE

Mr. Sung Wai Tak Herman *(Chairman)*
Mr. Hui Chun Ho Eric
Mr. Fung Tak Chung
Dr. Chow Kin San *(appointed on 11 July 2017)*

NOMINATION COMMITTEE

Dr. Ng Tai Wing *(Chairman)*
Mr. Hui Chun Ho Eric
Mr. Fung Tak Chung
Dr. Chow Kin San *(appointed on 11 July 2017)*

AUDITOR

SHINEWING (HK) CPA Limited
43rd Floor,
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COMPLIANCE ADVISER

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Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited
11th Floor, The Center,
99 Queen's Road Central,
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Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Factory D on 3/F of Block II of
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Hong Kong

REGISTERED OFFICE

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Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Grand Cayman KY1-1108,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22 Hopewell Centre,
183 Queen's Road East,
Hong Kong

GEM STOCK CODE

8013

COMPANY'S WEBSITE

www.ecinfohk.com

Financial Highlights

Revenue of the ECI Technology Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 August 2017 amounted to approximately HK$76,828,000 (31 August 2016: approximately HK$80,338,000) while gross profit of the Group for the year ended 31 August 2017 amounted to approximately HK$23,073,000 (31 August 2016: gross profit of approximately HK$27,073,000).

The net loss after tax of the Group for the year ended 31 August 2017 amounted to approximately HK$4,937,000 (31 August 2016: net profit of approximately HK$10,243,000). The reason for turning from profit to loss position is mainly due to the listing expenses of approximately HK$8,185,000 incurred by the Group during the year. Should this non-recurring listing expenses be excluded, the net profit after tax of the Group for the year ended 31 August 2017 would be amounted to approximately HK$3,248,000, representing a decrease of 68.29% as compared to the year ended 31 August 2016. Such decrease is mainly attributable to delay in tender process for certain major projects and distribution of special bonus amounting to approximately HK$1,755,000 to staff.

The board of directors of the Company (the "Directors") does not recommend a payment of a final dividend for year ended 31 August 2017.

Dear Valued Shareholders,

On behalf of the board of Directors (the "Board"), it gives me great pleasure to present to you the first-ever annual report of ECI Technology Holdings Limited and its subsidiaries for the year ended 31 August 2017.

The Group commenced business in the provision of extra-low voltage ("ELV") solutions to our customers in Hong Kong since 2003. This year marks a significant step forward for the Group that the shares of the Company were successfully listed on the GEM of The Stock Exchange on 10 March 2017 (the "Listing"). In this report, I am delighted to share our efforts to print sustainability across our business activities, operations, among our stakeholders and in the community. We are transforming our Group, not only to provide quality ELV services to our customers, but also to meet tomorrow's challenges in some of the most critical areas facing the world. We believe sustainable solutions lie in collaborative efforts involving people and institutions with a stake in building a safer, healthier and more prosperous future.

As such, we have set a monitoring system of our corporate governance and social responsibility performance in close interaction with our stakeholders. We are building on our stakeholders' expectations, and our pride of 14 years of transformation and innovation to meet our targets for emissions, energy, waste and wastewater and to deal with resource preservation and recovery challenges. We are engaged in driving value not only in our business revenue but also in corporate governance, integrity, transparency and sustainability ethics. Our goal is to deliver life-enhancing and sustainable benefits for people around the world through our innovative ELV solutions.

In fact, we are taking our commitment and sustainability to the next level by linking it to our strategy for innovation in our technologically transformative process. One of the most exciting aspects of our strategy is that we are developing an energetic, new generation of committed employees. They are crucial to our future success and sustainability goals. In view of few new generation stepping into the industry, the Group recruits fresh graduates from all disciplines and devotes efforts in providing training to attract more employees and retain potential talent. Despite some critical challenges encountered by the Group this year, we remain strongly optimis about our development approach and strategies.

We take great pride in our ability to provide excellent ELV services to customers, and care to the community. Accordingly, our customer services and social involvement have been well recognised with creditable awards such as "Hong Kong Most Valuable Companies Awards 2014" by Mediazone Publishing, "Most Valuable Services Awards in Hong Kong 2015" by Mediazone Publishing, "Outstanding Social Caring Organisation Award" by Social Caring Organisation, "Most Valuable Companies in Hong Kong 2016" by Mediazone Publishing, "Hong Kong Famous Brands Award 2016" by Asia Brand Development Association.

On behalf of the Board, I would like to thank the professional parties involved, customers, working partners, advisors and employees for their contribution to our successful Listing. The Listing not only raised additional capital for our future development but also further established a better reputation in the market. This is an important milestone of the Group's history.

I would also like to take this opportunity to express my sincere gratitude to our shareholders, customers, subcontractors and business partners for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of the Group. The Group remains positive about the prospects of the ELV industry. With our experienced management team and decades of valuable project experience, we are convinced that we can expand our operation scale and maximize returns to our shareholders.

Dr. Ng Tai Wing
Chairman and Chief Executive Officer

Hong Kong, 28 November 2017

Management Discussion and Analysis

BUSINESS REVIEW

We have been providing ELV solutions primarily on central control monitoring systems to our customers in Hong Kong since 2003. Central control monitoring systems refer to all of the wide variety of systems relating to management of a single block of building, residential development, commercial and industrial buildings, sewage treatment facilities, hospitals or other government facilities. The key central control monitoring systems we install and maintain include security systems, car park systems, clubhouse management systems, etc. In addition, we also provide ELV solutions on telecommunications and broadcasting services systems such as CABD System and SMATV System.

Our customers come from both the private and public sectors. Customers in the private sector are mainly property developers and property management companies in Hong Kong. Our customers in the public sector are mainly Government departments such as Drainage Services Department, Leisure and Cultural Services Department, Electrical and Mechanical Services Department, etc.

We have undertaken installation projects and maintenance projects for various Government entities as well as customers engaged in property development and property security businesses. During the year ended 31 August 2017, some of the projects were completed, such as the CCTV system of Sham Shui Po Swimming Pool and Lei Cheng Uk Swimming Pool, digital broadcasting system at Stanley prison, public audio system of Fire and Ambulance Services Academy and wifi system of Nam Fung Sun Chuen. The Group is also setting up CABD system for Fantastic TV and upgrading the broadcasting system for various government sites. On the other hand, the Group is expanding the video and audio installation such as promoting transparent LED to our existing clients. Meanwhile, the Group is negotiating with vendors on the possibility to incorporate different payment method into the car park system.

The Group has been providing octopus access control upgrades for the private sector. Meanwhile, the Group has received some operation and maintenance contracts from public sector such as the Hong Kong Stadium and Wan Chai Sportsground. To cope with the business development, the Group is expanding its labour force to meet the clients' standard. With the effort of our technical team, we believe our professional services can cater the requirement of our clients from both private and public sectors. The Group has also expanded its sales & marketing team to promote our services in order to grab more market share and broaden our client base. The Group's business in maintenance projects increases in a steady way.

For the year ended 31 August 2017, the Group has recorded revenue of approximately HK$76,828,000, representing a slight decrease of approximately 4.37% or HK$3,510,000 from approximately HK$80,338,000 for the year ended 31 August 2016. The Group recorded a net loss of approximately HK$4,937,000 for the year ended 31 August 2017 compared to net profit of approximately HK$10,243,000 for the year ended 31 August 2016. The net loss was mainly attributable to expenses relating to the Listing of approximately HK$8,185,000, delay in tender process for certain major projects, distribution of special bonus amounting approximately HK$1,755,000 to staff and increase in staff cost due to increase in number of employees.

As the shares of the Company were listed on 10 March 2017, no material progress has been made in respect of the business objectives as set out in the Prospectus, for the period from the latest practical date as defined in the Prospectus, and up to 31 August 2017.

OUTLOOK AND PROSPECTS

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

The net proceeds of the Share Offer provided us with the necessary funding to expand our business, allowed us to take up larger projects and strengthen our financial position. Our Directors also believe that listing of the Shares on GEM allowed us to access the capital market for raising funds in the future and promoted our brand to potential new customers.

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

As green energy and environmental protection are on the trend all over the world, the Group believes that it is important to catch up with this trend in its business. To promote energy saving, the Group plans to provide more green building solutions by central control monitoring systems. After the reporting period, the Company had entered a non-legally binding letter of intent (the “Letter of Intent”) on 2 November 2017 with Allied Sustainability and Environmental Consultants Group Limited (Stock Code: 8320) (“AEC”). Pursuant to the Letter of Intent, AEC and the Company agree to conduct further negotiations on a possible mutually beneficial cooperation and collaboration between the parties. The new cooperation and collaboration between AEC and the Company may include provision of solutions and products in relation to smart building and green buildings (such as energy savings, daylight savings, building management system, and building performance monitoring, etc.) globally including but not limit to Hong Kong, China, Asia Pacific Region and other locations under One-Belt-One-Road strategy and framework. The Company is confident that the current financial position of the Group shall provide full support of this development and business strategy.

Meanwhile, there are currently approximately 70 sewage plants in Hong Kong. As such, in the next two years, we target to be selected under the category “Electrical and Mechanical Installation for Sewage Treatment and Screening Plant” on the list of approved suppliers of materials and specialist contractors for public work for the Development Bureau. This will enable us to become a main contractor to projects in relation to sewage treatment and screening plant, and the Directors believe that being qualified as a main contractor in such projects will provide more certainty in securing our role in the project than only acting as a subcontractor. Once we secure the project, we can achieve higher profit margin than acting as a subcontractor. To kick things up a notch, the Group is applying for approved contractor list and approved supplier list of several property developers in order to seize for larger contract sum projects. The Group anticipates this can not only generate more income but also help to build up the brand name and reputation of the Group in the industry.

In order to expand for larger market share, the Group will expand its business in various education institutions. Pursuant to the Letter of Intent, the Company may form a company with AEC to provide occupational safety training and licensing courses for people in construction industry.

Our goal is to continue to be one of the leading ELV solutions providers in Hong Kong. The shares of the Company (the “Shares”) were successfully listed on the GEM of the Stock Exchange on 10 March 2017. The Listing enables us to have sufficient financial resources to meet and achieve the abovementioned goals. With the support of the shareholders of the Company (the “Shareholders”), the Company shall hold on with its aspirations and bring benefits to the Company and the Shareholders as a whole.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately 4.37% from approximately HK$80,338,000 for the year ended 31 August 2016 to approximately HK$76,828,000 for the year ended 31 August 2017. The decrease in revenue is mainly due to delay in tender process for certain major projects.

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 0.92% from approximately HK$53,265,000 for the year ended 31 August 2016 to approximately HK$53,755,000 for the year ended 31 August 2017.

The Group's gross profit decreased by approximately 14.77% from approximately HK$27,073,000 for the year ended 31 August 2016 to approximately HK$23,073,000 for the year ended 31 August 2017. The decrease in gross profit is mainly due to the increasing cost of direct labour, and material and equipment.

Administrative Expenses

The Group's administrative expenses increased by approximately 92.94% from approximately HK$13,848,000 for the year ended 31 August 2016 to approximately HK$26,718,000 for the year ended 31 August 2017, which is mainly due to the Company's incurrence of the listing expenses of approximately HK$8,185,000 and distribution of special bonus amounting HK$1,755,000 during year ended 31 August 2017.

(Loss) profit Attributable to Owners of the Company

The Group recorded a loss attributable to owners of the Company of approximately HK$4,937,000 for the year ended 31 August 2017 (31 August 2016: profit of approximately HK$10,243,000). The reason for turning from profit to loss position is mainly due to (i) the listing expenses of approximately HK$8,185,000; (ii) distribution of special bonus amounting HK$1,755,000 and (iii) delay in tender process for certain major projects for the year ended 31 August 2017.

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

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

The Group requires cash primarily for working capital needs. As at 31 August 2017, the Group had approximately HK$30,993,000 in cash and bank balances (as at 31 August 2016: approximately HK$5,753,000), representing a increase of approximately HK$25,240,000 as compared to that as at 31 August 2016.

On 10 March 2017, the ordinary shares of the Company were listed on GEM by way of share offer and completed the share offer of its 400,000,000 ordinary shares, comprising 300,000,000 new shares offered by the Company for subscription and 100,000,000 sale shares offered by the selling shareholder, with a par value of HK$0.01 each at an offer price of HK$0.15 per Share for the net proceeds of approximately HK$31,500,000. The Company believes that the Listing will allow the Group to access the capital market for raising funds in the future.

Capital Expenditure

The Group purchased property, plant and equipment amounting approximately HK$81,000 for the year ended 31 August 2017 which comprised acquisition of furniture, fixtures and office equipment and computer equipment.

Final Dividend

The Board has resolved not to declare the payment of a final dividend for the year ended 31 August 2017 (31 August 2016: Nil).

Employees and Remuneration Policies

As at 31 August 2017, the Group had a total of 182 employees (31 August 2016: 153). 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 a good relationship with its employees. The remuneration payable to its employees includes salaries and allowances.

Use of Proceeds from the Listing

On 10 March 2017, the Shares of the Company were listed on GEM by way of share offer. The Group intends to apply the proceeds from the Listing in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As set out in the Prospectus, the business objectives and strategies of the Group are (i) to expand our existing ELV solutions business by offering instalment payment option to our customers; (ii) to obtain additional licences and qualifications; (iii) to reduce our gearing ratio by repaying a certain bank borrowing in an one-off manner; (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 August 2017, the Group has utilized HK$8,000,000 of the net proceeds from Listing as follows:

Intended use of proceeds	Net proceeds raised as stated in Prospectus	Actual use of net proceeds up to 31 August 2017	Unutilized use of net proceeds up to 31 August 2017
Expanding our existing ELV solutions business by offering instalment payment option to our customers	HK$12.0 million	–	HK$12.0 million
Obtaining additional licences and qualifications	HK$4.4 million	–	HK$4.4 million
Reducing our gearing ratio by repaying a certain bank borrowing in an one-off manner	HK$8 million	HK$8 million	–
Purchasing five more commercial vehicles and two street lamp cars	HK$3.0 million	–	HK$3.0 million
Developing new mobile app for our customers to place their order for maintenance services	HK$1.5 million	–	HK$1.5 million
Using for working capital and other corporate development purposes	HK$2.6 million	–	HK$2.6 million
Total	**HK$31.5 million**	**HK$8 million**	**HK$23.5 million**

GEARING RATIO

The gearing ratio (total debt to total equity) was 0.15 times as at 31 August 2017 (31 August 2016: 1.18 times). The lower gearing ratio was mainly attributable to decrease in bank borrowings and obligations under finance lease from approximately HK$18.422.000 as at 31 August 2016 to approximately HK$7,438,000 as at 31 August 2017.

FOREIGN EXCHANGE EXPOSURE

As all of the operations are in Hong Kong, all of the revenue from customers of the Group are derived from activities in Hong Kong. The Directors consider that the Group will have sufficient Hong Kong dollars generated from its operations to pay dividends and to meet its liabilities as they become due.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 August 2017. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

Save as disclosed in the Prospectus, there were no material acquisitions and disposals of subsidiaries during the year ended 31 August 2017.

PLEDGE OF ASSETS

As at 31 August 2017, the Group had pledged the leasehold land and buildings of approximately HK$5,999,000 (31 August 2016: HK$6,142,000) to secure the bank borrowings to the Group.

COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no significant commitments and contingent liabilities as at 31 August 2017 (31 August 2016: Nil).

PRINCIPAL RISKS AND RISK CONTROL MECHANISM

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

Principal Risks

For the year ended 31 August 2017, the following principal risks of the Group were identified and classified into strategic risks, operational risks, financial risks and compliance risks.

Risk Areas	**Principal Risks**
Strategic Risks	Change of competitor landscape; risk of market saturation
Operational Risks	Poor performance of subcontractors; insufficient experienced managerial personnel
Financial Risks	Liquidity risk, credit risk, interest rate risk, inflation risk
Compliance Risks	Risk related to occupation safety and health; risk of non-compliance with ordinances related to employment; risk of failure to comply with contract terms; change of listing rules and relevant company regulations and ordinances

Our Risk Control Mechanism

The Group adopts a "three lines of defence" corporate governance structure with operational management and controls performed by operations management, coupled with risk management monitoring carried out by the finance and compliance team and independent internal audit outsourced to and conducted by Baker Tilly Hong Kong Risk Assurance Limited ("Baker Tilly"). The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee, and management with a profile of its major risks and records management's action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated by management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, at least annually, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced by it in the sense that all risk owners have access to the risk register and are aware of and alert to those risks in their area of responsibility so that they can take follow-up action in an efficient manner.

Our risk management activities are performed by management on an ongoing process. The effectiveness of our risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. Management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

Biographical Information of Directors and Senior Management

EXECUTIVE DIRECTORS

Dr. Ng Tai Wing（吳泰榮）

Dr. Ng, aged 41, joined our Group in August 2003 and was appointed as an executive Director, chief executive officer and the chairman of our Board on 3 October 2016. He is also the chairman of the nomination committee of the Company (the "Nomination Committee") and the compliance officer of the Company. He is responsible for the overall business development, marketing, strategic direction and management of our Group.

Before joining the Group, he worked as a programmer in Web Pro Limited, a company engaged in website design, from June 2000 to January 2001 where he was responsible for programming of the company's website. Dr. Ng then joined PacificNet Ltd, a company engaged in providing ecommerce services, as a business development manager from January 2001 to September 2001. Dr. Ng was accredited as honorary doctor of engineering from Lincoln University and Fellowship of Asian College of Knowledge Management in June 2016. Dr. Ng was appointed as a director of Hong Kong Chiu Chow Chamber of Commerce Limited and Social Enterprise Research Institute in September 2016.

Dr. Ng obtained a Bachelor of Engineering degree in Computer Engineering in November 1998 and a Master of Science degree in Computer Science in November 2000 from the Hong Kong University of Science and Technology. He further obtained a Master of Arts degree in Global Business Management from the City University of Hong Kong in November 2008. Dr. Ng has over 15 years of experience in the information technology industry.

Dr. Ng has not held any directorship in any public listed company in the past three years. Dr. Ng is the spouse of Ms. Wong Tsz Man.

Mr. Law Wing Chong（羅永忠）

Mr. Law, aged 52, joined our Group in January 2015 and was appointed as an executive Director on 3 October 2016. Mr. Law is responsible for the overall operations of the Group.

Mr. Law obtained a Diploma in Business Management from Lingnan University in July 2008, a Professional Diploma in Occupational Safety and Health from Hong Kong Baptist University in September 2010 and a Master of Engineering Management degree from University of Technology Sydney in March 2010. He is a member of the Institution of Engineering and Technology and a graduate member of the Institution of Occupational Safety and Health since June 2010 and December 2010, respectively. He is also a member of the Society of Registered Safety Officers since February 2012.

Mr. Law worked in Hong Kong Electric Group from 1985 to 1998 as a technician. He then worked in Kum Shing (K.F.) Construction Company Limited, an electrical, mechanical, civil and building engineering service provider, as a safety supervisor and site representative from 1998 to 2007. From 2007 to 2008, he worked in Mak Hang Kei (HK) Construction Limited, a construction contractor, as a project engineer and safety supervisor. From November 2008 to September 2012, Mr. Law worked in Serco Group (HK) Limited, a company providing consultation and outsourcing services, as a project engineer. He re-joined Mak Hang Kei (HK) Construction Limited, a construction contractor, as a safety officer from September 2012 to April 2014, where he was responsible for safety requirement compliance and performing safety audit. He also worked in Alstom Hong Kong Limited, a systems equipment and service provider in the railway sector, as a safety officer from May 2014 to December 2014 where he was responsible for implementing and monitoring safety management system.

Mr. Law has not held any directorship in any public listed company in the past three years.

NON-EXECUTIVE DIRECTOR

Ms. Wong Tsz Man（王芷雯）

Ms. Wong, aged 41, joined the Group in October 2016 and was appointed as a non-executive Director of our Board on 3 October 2016. Ms. Wong is responsible for advising our Board on corporate development of our Group.

Ms. Wong obtained a Bachelor of Business Administration degree in Finance from the Hong Kong University of Science and Technology in November 1998. In December 2015, she obtained the Project Management Professional certificate from the Project Management Institute.

Ms. Wong is currently the assistant vice president of the Operation and Technology Group of China CITIC Bank International Limited where she is responsible for managing solution delivery projects. She has been working in this company since July 2001.

Ms. Wong has not held any directorship in any public listed company in the past three years. Ms. Wong is the spouse of Dr. Ng.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chun Ho Eric（許俊浩）

Mr. Hui, aged 43, was appointed as an independent non-executive Director of our Board on 17 February 2017. He is mainly responsible for providing independent advice to our Board. He is also the chairman of the audit committee of the Company (the "Audit Committee") and a member of the remuneration committee of the Company (the "Remuneration Committee") and the Nomination Committee.

Mr. Hui is currently the financial controller and company secretary of Hong Kong Finance Group Limited, a company listed on the main board of the Stock Exchange (stock code: 1273), and an independent non-executive director, chairman of audit committee and member of the nomination committee of Modern Land (China) Co., Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1107).

Before joining the above companies, Mr. Hui worked for an international accounting firm and held several senior positions in other listed companies in Hong Kong. Mr. Hui is a fellow member of both Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, and an associate member of The Taxation Institute of Hong Kong. In 1998, Mr. Hui received his bachelor's degree in Accounting from The Hong Kong Polytechnic University and was awarded a master's degree in Business Administration with distinction by The University of Manchester, United Kingdom in 2013. Mr. Hui has extensive professional experience in auditing, financial accounting and reporting, company secretarial matters and corporate finance.

Save as disclosed, Mr. Hui has not held any directorship in any public listed company in the past three years.

Mr. Sung Wai Tak Herman（宋衛德）

Mr. Sung, aged 59, was appointed as an independent non-executive Director of our Board on 17 February 2017. He is mainly responsible for providing independent advice to our Board. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

Mr. Sung obtained a Bachelor of Arts degree from The Chinese University of Hong Kong in December 1983. He further obtained a Bachelor of Laws degree from the University of London in August 1991 and a Master of Laws degree from the University of Sydney in April 1994. Mr. Sung has been qualified as a solicitor of New South Wales, Australia since September 1994 and a solicitor of Hong Kong since December 1996. He has been appointed as a Chinese Attesting Officer by the Ministry of Justice of China since June 2009.

Mr. Sung is currently a consultant of Messrs. Tang, Wong & Chow since October 2009. He was a partner of Messrs. Erwin Young, Chu and Law until October 2009.

Mr. Sung was an independent non-executive director of TLT Lottotainment Group Limited (currently known as Evershine Group Holdings Limited), a company listed on the GEM of the Stock Exchange (stock code: 8022) which was principally engaged in the provision of travel agent and entertainment related services from January 2001 to April 2012. He was an independent non-executive director of Ming Kee Holdings Limited (currently known as Capital Finance Holdings Limited), a company listed on the GEM of the Stock Exchange (stock code: 8239) which was principally engaged in trading from March 2008 to February 2012.

Save as disclosed, Mr. Sung has not held any directorship in any public listed company in the past three years.

Mr. Fung Tak Chung（馮德聰）

Mr. Fung, aged 51, was appointed as an independent non-executive Director of our Board on 17 February 2017. He is mainly responsible for providing independent advice to our Board. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Fung obtained a Bachelor of Arts degree in Economics from Shue Yan University in October 2010, and a Diploma in Economics from Hong Kong Shue Yan College in January 1992.

Mr. Fung has years of experience in the industry of information technology. In February 2006, Mr. Fung founded Datayard Systems Limited, an information technology service provider that develops web applications and Linux servers and provides web hosting service. He has been a director of Datayard Systems Limited since February 2006 and is responsible for its product development. Since 2011, he has been the chief executive officer of Photon Link Limited, a company providing information technology solutions services. Back from November 1992, he was a customer service specialist of Hutchison AT&T Network Services Limited until December 1993. He was a sales administration supervisor of Telecom Service Department of JOS Telecom of JOS Technology Group from December 1993. In March 1995, he started working for T.M.I Telemedia International Hong Kong Limited as help desk and field engineering supervisor, and ceased working there as the area marketing and sales support executive in October 1996. From April 1997 to May 1998, he worked as a marketing support executive in Hong Kong Supernet Ltd. He worked as the technical service manager in E-Med Limited from May 1999. He then worked as a product manager in Standard Chartered Bank from August 2000 to July 2001. From May 2002 to December 2008, Mr. Fung was a director and information technology and management consultant of Right Medic Development Limited, a company that provided project consultancy services, where he was mainly responsible for property agency work.

From 2012 to 2014, he was appointed by the Office of the Government Chief Information Officer of the Government of the Hong Kong Special Administrative Region as a member of Working Group on Cloud Security and Privacy. He has been the vice president of Internet Professional Association since 2014 and an honorary information technology consultant of the Hong Kong Independent Non-Executive Director Association since 2015, and was appointed as Committee Member in 2017. In 2017, he joined the HK BlockChain Society as vice president to further his interest on FinTech developments. And in October 2017, he was appointed as a member of Academic Advisory Board in HK Shue Yan University, Department of Economics and Finance, contributing his knowledge on FinTech to help university to setup related courses.

Mr. Fung has not held any directorship in any public listed company in the past three years.

Dr. Chow Kin San（周建新）

Dr. Chow, aged 53, was appointed as an independent non-executive Director of our Board as well as the members of the Audit Committee, Remuneration Committee and Nomination Committee on 11 July 2017.

Dr. Chow received his Master of Business Administration degree from University of South Australia in 2000, Master of Science in Electronic Commerce and Internet Computing from the University of Hong Kong in 2002 and Doctor of Philosophy from the Ren Min University of China in 2015.

He is the co-founder and currently the chairman of Focus Capital Group Ltd and Focus Capital Investment Inc., a group engaging in the investment in start-up technology companies, since 2015 and 2002 respectively.

Dr. Chow was an executive director and the chairman of investment committee of Yorkshine Holdings Limited (Former name: Novo Group Ltd), a company listed on the Main Board of the Stock Exchange (Hong Kong Stock Code: 1048) and Singapore Exchange Securities Trading Limited (Singapore Stock Code: MR8) from 2010 to August 2015 and its non-executive director from 2008 to 2010.

He has over 30 years of experience in IT, finance, management and investment in trading and manufacturing environment in Asia, Australia, Singapore and the United States of America.

Dr. Chow is currently a fellow member of Association of International Accountants, United Kingdom and a member of Australasian Institute of Mining and Metallurgy, and founding vice chairman of its Hong Kong Branch.

Save as disclosed, Dr. Chow has not held any directorship in any public listed company in the past three years.

SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. Lau Chi Yuen（劉智遠）

Mr. Lau, aged 42, was appointed as the company secretary of our Company the ("Company Secretary") on 17 February 2017. Mr. Lau does not act as an employee of the Group, but as an external service provider. Mr. Lau obtained a Master of Professional Accounting degree from the Southern Cross University in September 2004. Mr. Lau is a member of the Association of Chartered Certified Accountants since July 2008.

The Directors present their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 August 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activity of its major operating subsidiary is the provision of ELV solutions primarily on central control monitoring system in Hong Kong. Details of the principal activities of the principal subsidiaries are set out in note 34 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year ended 31 August 2017.

BUSINESS REVIEW

The business review of the Group for the year ended 31 August 2017 is set out in the section headed "Management Discussion and Analysis" on pages 6 of this annual report.

A discussion and analysis of the activities of the Company as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's businesses, and the compliance with relevant laws and regulations, as well as the Group's environmental policies and performance which have a significant impact on the Company, can be found in the "Management Discussion and Analysis" on pages 6 to 12 and "Corporate Governance Report" on pages 25 to 32 as set of this report. Such discussion forms part of this Report of the Directors.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 August 2017 are set out in the consolidated statements of profit or loss and other comprehensive income of this annual report. The Directors do not recommend the payment of a final dividend in respect of the year.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 August 2017 amounted to HK$655,500 (31 August 2016: HK$4,319).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years, is set out in the financial summary section on page 96 of this report.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment of the Group during the year ended 31 August 2017 are set out in note 18 to the consolidated financial statements. There were no investment properties of the Group during the year ended 31 August 2017.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 August 2017 are set out in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles") or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 August 2017 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 August 2017, the Company had no reserve available for distribution to Shareholders (including share premium account, foreign currency translation reserve and retained earnings). Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and Articles and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business, in accordance with the Articles, dividends shall be distributed out of the retained profits or other reserves, including the share premium account, of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 70.89% of the total sales for the year and sales to the largest customer included therein amounted to 39.50%. Purchases from the Group's five largest suppliers accounted for 38.22% of the total purchases for the year and purchase from the largest supplier included therein amounted to 25.58%. None of the Directors of the Company or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 August 2017 are set out in note 26 to the consolidated financial statements of the Group.

EMOLUMENT POLICY

The Remuneration Committee is responsible for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company has adopted a share option scheme as incentive to Directors and eligible employees, details of the scheme are set out in the section headed "Share Option Scheme" below.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 August 2017.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 August 2017 are set out in note 32 to the consolidated financial statements and none of them constituted a connected transaction as defined under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:–

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 *(appointed as independent non-executive Director on 17 February 2017)*
Mr. Sung Wai Tak Herman *(appointed as independent non-executive Director on 17 February 2017)*
Mr. Fung Tak Chung *(appointed as independent non-executive Director on 17 February 2017)*
Dr. Chow Kin San *(appointed as independent non-executive Director on 11 July 2017)*

In accordance with articles 108(a) and 112 of the Articles, Mr. Law Wing Chong, Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman, Mr. Fung Tak Chung and Dr. Chow Kin San will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak Herman, Mr. Fung Tak Chung and Dr. Chow Kin San and as at the date of this report, they are considered to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 13 to 16 of the annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group as well as the recommendation of the Remuneration Committee. Further details of the Remuneration Committee are set out in the corporate governance report on page 28 of the annual report.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACTS

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 August 2017.

SHARE OPTION SCHEME

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

The Board may, at its discretion, offer to grant an option to any person belonging to any of the following classes of participants (the "Eligible Participants"), to take up options to subscribe for the Shares:

(i) any full-time or part-time employees, executives or officers of our Group;

(ii) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) of our Group; and

(iii) any suppliers, customers, consultants, agents, advisers and related entities to our 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 our Company to grant options to selected participants as incentives or rewards for their contribution to our Group. The Share Option Scheme will reward the Eligible Participants who have contributed or will contribute to the Company and the Group and to motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group and the Shareholders. Besides, it can help attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

No options had been granted or agreed to be granted under the Share Option Scheme. The Company did not have any outstanding share options, warrants and convertible instruments into Shares as at 31 August 2017 and up to the date of this report.

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

So far as the Directors are aware, as at 31 August 2017, 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 (Cap. 571, Laws of Hong Kong) ("SFO")) which were 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 Rule 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 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)*	1,200,000,000 (L)	75%
Ms. Wong Tsz Man	Interest of spouse *(Note 4)*	1,200,000,000 (L)	75%

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 August 2017.

(3) These Shares are held by ECI Asia Investment Limited ("ECI Asia"), which is wholly-owned by Dr. Ng. Pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, Dr. Ng is deemed to have an interest in all Shares in which ECI Asia has, or deemed to have, an interest.

(4) Ms. Wong Tsz Man is the spouse of Dr. Ng. Under the SFO, Ms. Wong Tsz Man is deemed to be interested in all of the Shares which Dr. Ng is interested.

Save as disclosed above, as at 31 August 2017, none of the Directors or chief executive had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

So far as the Directors are aware, as at 31 August 2017, the following persons have or are deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held *(Note 1)*	Approximate Percentage of Shareholding *(Note 2)*
ECI Asia Investment Limited ("ECI Asia")	Beneficial owner	1,200,000,000(L)	75%
Dr. Ng Tai Wing ("Dr. Ng")	Interest in controlled corporation *(Note 3)*	1,200,000,000(L)	75%
Ms. Wong Tsz Man	Interest of spouse *(Note 4)*	1,200,000,000(L)	75%

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 August 2017.

(3) Dr. Ng beneficially owns the entire issued share capital of ECI Asia. Therefore, Dr. Ng is deemed, or taken to be interested in 1,200,000,000 Shares held by ECI Asia for the purpose of the SFO.

(4) 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.

Save as disclosed above, as at 31 August 2017, no person, other than the Directors 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 Debenture 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 recorded pursuant to Section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme and as disclosed under the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" above, at no time since the Listing Date and up to the date of this report, neither the Company or any of its subsidiaries, or any of its fellow subsidiaries, was a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

INTEREST IN COMPETING BUSINESSES

The controlling shareholders (as defined under GEM Listing Rules) of the Company have entered into the deed of non-competition dated 17 February 2017 (the "Deed of Non-competition") in favour of the Company, details of which were set out in the Prospectus. Pursuant to the Deed of Non-competition, the controlling shareholders have undertaken to the Company (for itself and as trustee for each of our 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 our 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 the Group in Hong Kong or such other places as the Group may conduct or carry on business from time to time.

Since the Listing Date and up to the date of this report, none of the Directors, the controlling shareholders of the Company or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflicts of interest with the Group.

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

Save as disclosed above, during the year and up to the date of this report, none of the Directors or the management shareholders (as defined in the GEM Listing Rules) of the Company were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment.

The Group understands that a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

The details of environmental, social and governance policies and performance of the Group will be disclosed in the "Environmental, Social and Governance Report", which are set out on pages 33 to 43 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH STAKEHOLDERS

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers and employees. Through regular stakeholder engagement via different channels, the stakeholders are encouraged to give their opinions regarding the environmental, social and governance policies of the Group. The Group maintains strong relationships with its employees and offers them with safe working environments. The Group has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

PERMITTED INDEMNITY OF DIRECTORS

Pursuant to the Articles, every Director or other senior officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

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 Kingway 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 August 2017 and up to the date of this report.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

AUDITOR

SHINEWING (HK) CPA Limited has been appointed as the auditor of the Company who retires and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming AGM of the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company.

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

Hong Kong, 28 November 2017

The Company and our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the Corporate Governance Code of Appendix 15 of the GEM Listing Rules (the "Code"). Except for the deviation from the following Code provisions, our Company's corporate governance practices have complied with the Code:–

Code Provision A.2.1

Code provision A.2.1 of the 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 in the interest of 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 Code is appropriate in such circumstance.

Code Provision A.2.7

Code provision A.2.7 stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.

The board meetings of the Company held during the year 2017 included the participation of the executive Directors, yet the non-executive Directors (including independent non-executive Directors) could freely provide their independent opinion to the Board.

The Company will endeavor to arrange the meetings for the Chairman with the non-executive Directors (including the independent non-executive Directors) so as to comply with the requirement of Code provision A.2.7.

COMPANY SECRETARY

Mr. Lau Chi Yuen has been appointed as the company secretary of the Company (the "Company Secretary"). Mr. Lau is not an employee of the Group, but is an external service provider. He communicates with the Company through the heads of Human Resources Department and Finance Department of the Company. His biographical details are set out on page 16 of this annual report. Mr. Lau has confirmed that for the year ended 31 August 2017, he has taken no less than 15 hours of relevant professional training covering the corporate governance and accounting matters satisfy the requirements under Rule 5.15 of the GEM Listing Rules.

COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquires by the Company, all Directors confirmed that they had complied with the standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company since the Listing Date and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 August 2017 and up to the date of this report, neither did the Company redeem nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities.

THE BOARD OF DIRECTORS

The Board of Directors, which currently comprises seven Directors, is responsible for corporate strategy, annual, interim and quarterly results, succession planning, internal control and risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters of the Company. Major corporate matters that are specifically delegated by the Board of Directors to the management include the preparation of annual, interim and quarterly accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board of Directors, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

Board Composition

Currently, the composition of the Board is set out as follows:

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 *(Appointed on 17 February 2017)*
Mr. Sung Wai Tak Herman *(Appointed on 17 February 2017)*
Mr. Fung Tak Chung *(Appointed on 17 February 2017)*
Dr. Chow Kin San *(Appointed on 11 July 2017)*

Details of backgrounds and qualifications of the Directors are set out in the "Biographical Information of Directors and Senior Management" section in this annual report. Save as disclosed in the said section, none of the Directors have any financial, business, family and other material/relevant relationship with each other.

All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director and non-executive Directors (including the independent non-executive Director) has sufficient experience, knowledge and execution ability to hold the position so as to carry out his/her duties effectively and efficiently.

Training, Induction and Continuing Development of Directors

Each Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. All Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

Appointment, Re-election and Removal of Directors

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company with specific term and is subject to retirement and re-election at the forthcoming general meeting of the Company after his/her appointment and will also be subject to the retirement by rotation and re-election in accordance with the Articles and the Code.

Each of the executive Directors and non-executive Directors has entered into a service contract with our Company for an initial term of three (3) years, commencing from 10 March 2017, which shall be renewed as determined by the Board or the Shareholders of our Company. The appointment of the executive Directors may be terminated by either party by giving at least three (3) months' written notice to the other.

Each of the independent non-executive Directors has entered into a letter of appointment with our Company for an initial term of three (3) years, commencing from 10 March 2017, which shall be renewed as determined by the Board or the Shareholders of our Company. The appointment of each of the independent non-executive Directors may be terminated by either party by giving at least one (1) month's written notice to the other.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established three board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's and the Company's website.

Audit Committee

The Company has established the Audit Committee on 10 March 2017 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C3 of the Code 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 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 has discussed with the management regarding the auditing, internal control and financial reporting matters. The Audit Committee has also discussed and reviewed the unaudited quarterly results for the nine months ended 31 May 2017 and interim results and reports for the six months ended 28 February 2017.

The Audit Committee has reviewed the audited annual results for the financial year ended 31 August 2017, this annual report, and confirmed that this annual report complies with the applicable standards, the GEM Listing Rules and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of external auditors.

Remuneration Committee

The Company established the Remuneration Committee on 10 March 2017 with written terms of reference in compliance with the Code. The primary functions of the Remuneration Committee include determining, with delegated responsibility, the specific remuneration packages of the Chairman, the executive Directors and senior management, reviewing and making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to ensure that no Director or any of his associates will participate in deciding his own remuneration.

The Remuneration Committee comprises 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. Sung Wai Tak Herman has been appointed as the chairman of the Remuneration Committee.

The Remuneration Committee has reviewed the remuneration packages and emoluments of Directors and senior management and considered that they are fair and reasonable during the year ended 31 August 2017.

Senior Management Remuneration

The remuneration bands of the members of senior management of the Company for the year ended 31 August 2017 are as follows:

Remuneration bands	**Number of individuals**
HK$500,001 to HK$1,000,000	1

Details of the directors' remuneration and five highest paid individuals for the year ended 31 August 2017 that are required to be disclosed pursuant to the Code are disclosed in notes 14 and 15 to the Consolidated Financial Statements in this report.

Nomination Committee

The Company established the Nomination Committee on 10 March 2017 with written terms of reference in compliance with the Code. The principal duties of the Nomination Committee include reviewing the Board structure, size, composition and diversity, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

The Nomination Committee comprises one executive Director, Dr. Ng Tai Wing, 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. Dr. Ng Tai Wing has been appointed as the chairman of the Nomination Committee.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

Attendance Record of Directors and Committee Members

The attendance record of each Director at the Board and Board committee meetings and the general meetings of the Company held during the period from the Listing Date to 31 August 2017 is set out in the table below:

	Attendance/Number of Meetings Eligible to Attend					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Extraordinary General Meeting
Executive Directors						
Dr. Ng Tai Wing	3/3	N/A	N/A	1/1	N/A	N/A
Mr. Law Wing Chong	3/3	N/A	N/A	N/A	N/A	N/A
Non-executive Director						
Ms. Wong Tsz Man	3/3	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Mr. Hui Chun Ho Eric	3/3	2/2	1/1	1/1	N/A	N/A
Mr. Sung Wai Tak Herman	3/3	2/2	1/1	1/1	N/A	N/A
Mr. Fung Tak Chung	2/3	2/2	0/1	0/1	N/A	N/A
Dr. Chow Kin San *(appointed on 11 July 2017)*	1/1	1/1	0/0	0/0	N/A	N/A

Corporate Governance Functions

The Board is responsible for performing the functions specified in Code Provision D.3.1 of the Code, which include reviewing the Company's corporate governance policies and practices, the continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements (including the GEM Listing Rules) and the Company's compliance with the Code and disclosure in this Corporate Governance Report.

All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge and understand their responsibility for preparing the consolidated financial statements and to ensure that the consolidated financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules. The Directors are of the view that the consolidated financial statements of the Group for each financial year should been prepared on this basis.

To the best knowledge of the Directors, there is no uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Statement of the Group's external auditor's responsibilities in respect of the consolidated financial statements is set out in the Independent Auditor's Report of this report.

AUDITOR'S REMUNERATION

SHINEWING (HK) CPA Limited is appointed as the external auditor of the Group. For the year ended 31 August 2017, the emoluments paid or payable for the audit and non-audit services provided by SHINEWING (HK) CPA Limited and its affiliated firm was as follows:

	Amount
	HKD'000
Audit services	650
Non-audit services*	1,240
Total	1,890

* *Included in non-audit services were approximately HK$40,000 in relation to services performed by SHINEWING (HK) CPA Limited's affiliated firm.*

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year 2017, the Board, through the Audit Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

During the year 2017, the Group appointed Baker Tilly Hong Kong Risk Assurance Limited ("Baker Tilly") to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and

- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by Baker Tilly to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of Baker Tilly as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information in order to comply with Chapter 17 of the GEM Listing Rules as well as Part XIVA of the Securities and Futures Ordinance. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures, and staff training arrangements, etc.

Our Enterprise Risk Management Framework

The Group has established its enterprise risk management framework in 2017. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritized and allocated treatments. Our risk management framework follows the COSO Enterprise Risk Management — Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit Committee that oversights risk management and internal audit functions.

COMPLIANCE OFFICER

Dr. Ng Tai Wing, Chairman and Chief Executive Officer is the compliance officer of the Group. Please refer to the section “Biographical Information of Directors and Senior Management” for his biographical information.

SHAREHOLDERS’ RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting and Putting Forward Proposals at Shareholders’ Meeting

Pursuant to the Article 64 of the Company’s Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right to vote at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Enquiries to the Board and Contact Details

Shareholders may send their enquiries and concerns to the Board by addressing them to the following:

Recipient:	The Board of Directors
Address:	Factory D on 3/F of Block II of Camelpaint Buildings, Block I and Block II, No. 62 Hoi Yuen Road, Kowloon, Hong Kong
Email:	cs@ecinfohk.com
Fax:	3101 0616

COMMUNICATION WITH SHAREHOLDERS

To foster effective communications with its shareholders, the Company has adopted a Shareholders communication policy which is available in the Company's website and the Stock Exchange website. The Company also provides extensive information in its annual report and press release. The Group disseminates information relating to its business electronically through its website at http://www.ecinfohk.com.

The Company regards the annual general meeting as an important event as it provides an important opportunity for direct communications between the Board and the Shareholders. All Directors and senior management will make an effort to attend. All Shareholders will be given at least 20 clear business days' notice of the annual general meeting and are encouraged to attend the annual general meeting and other Shareholders' meetings.

CONSTITUTIONAL DOCUMENTS

The Company has not made any changes to its Articles since the Listing Date. An up-to-date version of the Articles is available on the Company's website and the Stock Exchange's website.

ABOUT THIS REPORT

This is the Group's first Environmental, Social and Governance (ESG) Report. The purpose of this report is to convey with the stakeholders, sustainability strategies and key performances of the Reporting Period (as defined below in Session 2.2).

Reporting Framework

The report is prepared pursuant to the Environmental, Social and Governance Reporting Guide ("ESG Guide"), set out in Appendix 20 of the GEM Listing Rules on the Stock Exchange. Information regarding corporate governance is addressed in the annual report according to Appendix 15 of the GEM Listing Rules.

Reporting Period

The report covers environmental and social matters pertaining to the Group's financial performance in 2016/2017 (from 1 September 2016 to 31 August 2017), unless otherwise specified.

Reporting Scope

The scope of this report covers the Group's principal business and operations in Hong Kong including installation of various systems and provision of maintenance service, unless otherwise specified.

Integrating Stakeholders' Expectation

This report is based on material issues that reflect the Group's significant business, environmental, and social impacts, and material issues may substantively influence the assessments and decisions of stakeholders (shareholders, employees, clients, partners, subcontractors, suppliers, community, NGOs, government). The Group has developed effective internal and external permanent communication channels with different stakeholders, to fully integrate business related complaints, customer feedbacks, and eventual legal non-compliance into its management system in order to improve the corporate governance as well as its sustainability management approach and performance.

The Report Structure

The Group aims, not only at providing quality services to meet the multi-dimensional needs of customers with respect to the environment, but also assuring the employees' health and safety. To reach these goals, the Group is committed to:

- Ensuring statutory and regulatory compliance as well as applicable requirements;
- Delivering professional, effective, efficient and timely services and products to satisfy the needs and expectation of the customers;
- Providing healthy and safe working conditions for all employees, contractors and other associated stakeholders with the business activities;
- Preserving resources, and protecting the environment through effective prevention and monitoring of pollution and harm;
- Striving to achieve zero hazards, incidents, non-compliance and accidents;
- Continually improving the integrated management system based on ISO 9001 (International Standard for Quality Management), ISO 14001 (International Standard for Environmental Management System) & OHSAS18001 (International Standard for Safety Management) to enhance quality, safety and environmental management system.
- Building staff capacity and providing adequate resources to continually improve the productivity and effectiveness of the management system.

In line with its values and services, the Group incorporates the vision of "security" and "safeguarding" into the reporting theme, as the Group endeavors a guarding role for stakeholders. Hence, the structure of this report comprises of the following sections:

- Safeguarding the Quality of Services;
- Safeguarding our People and Employment;
- Safeguarding the Environment;
- Safeguarding the Community.

Enquiry and Feedback

Please feel free to provide your enquiry, comments and suggestions on this report, by contacting the Group investor relation department at the address below:

Address:	Factory D on 3/F of Block II of Camelpaint Buildings, Block I and Block II, No. 62 Hoi Yuen Road, Kowloon, Hong Kong
Tel:	2876 2990
Fax:	3101 0616

SAFEGUARDING THE QUALITY OF SERVICES

The Group is dedicated in offering safe living environment to its customers through software and hardware in managing their buildings and facilities more efficiently. With wide capability and knowledge in the security system industry, the Group endeavors to deliver high quality, health and safety products, and most suitable and effective recommendations to meet its customers' need and expectation.

To achieve its goal, the Group has implemented a series of internal policies and procedures to ensure the delivery of quality services for the stages of system design, installation, maintenance and repair.

Quality Control in Our Services

Quality control in every step of the Group's service realization is critical in guarantee the services is in conformity with customer's specification. In provision of quality work, the Group has stipulated the internal quality control procedures and designated responsible person to supervise each key step in project management (see Figure 1).

To adhere to stringent quality standards, the sales team, maintenance team/project team together with customers' conduct trial, which generally consists of a series of performance check to ensure the compliance to specifications before delivering the end products. Any product that has failed to meet the standards is notified to its maintenance team/project team for rectification. After handing over the project site to the client, the Group collects their feedbacks and records any suggestions or compliant in the service report.

We foresee the importance of the continuous follow-up of the operational efficiency in security management, hence periodically maintenance, inspection on the project site and monitoring upon the sub-contractor's performance are required to reduce the occurrence of failure.

During the Reporting Period, the Group's quality management system has been accredited by the ISO9001:2015 Quality Management System Standard applicable to Supply and Installation of SmartCard and CCTV System.

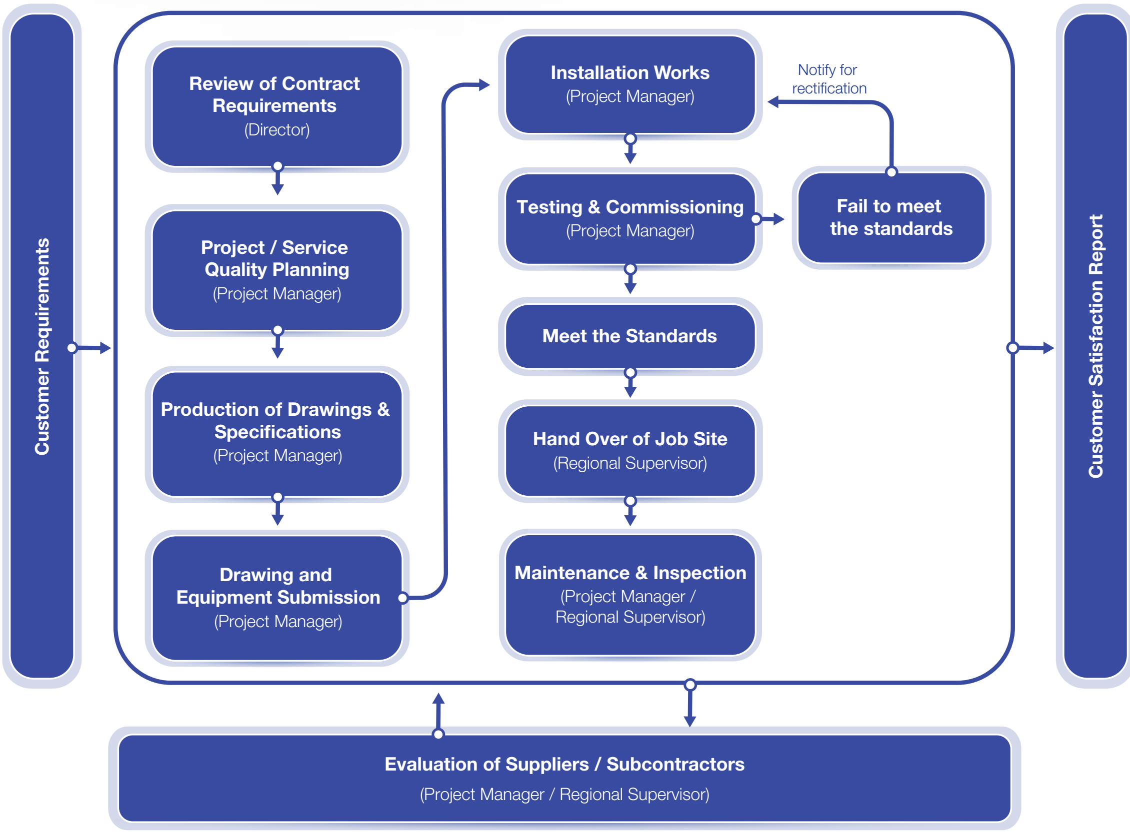

Figure 1. Key Processes of Service Realization and Responsible Person

As a responsible service provider, all confidential data related to company business, financial and customer information are securely protected and only used for internal purpose. Any leakage of confidential information to the third parties is strictly prohibited.

During the Reporting Period, the Group's operations have complied with relevant laws and regulations relating to health and safety, advertising, labelling, and privacy matters relevant to products and services provided and methods of redress.

Case Study

Nan Fung Sun Chuen WIFI Project

In collaboration with the elite team, the Group has developed a novel monitoring system which utilizes the industrial grade WIFI to provide security monitoring services through live video recording. This project facilitates security system promotion in Nan Fung Sun Chuen and assures the security of the occupants. Differing from the conventional monitoring system, the novel monitoring system has the following characteristics:

- The system connections can be built in sections, which means the monitoring system built in later developing phase of project can connect to the central server of the first phase of the project.
- The monitoring coverage area could reach tens of kilometers.
- The system can also connect to the sensors in water pump, fire control and hence extend its application.

These innovation enables the centralization of the monitoring in different phase of project and extent its application, and further save the manpower and improve the efficiency of security monitoring work.

Quality Control in Procurement

The Group strives to maintain stable relationships and build up long term business partnerships with its suppliers and sub-contractors. The selection of suppliers and subcontractors is based on a number of factors, including product quality, timely supply and stability. In order to evaluate their performance, annual assessment is conducted with regards to their commitment to quality program, qualification and experience, legal compliance, avoidance of accident/incident occurrence, and major non-conformance.

The Group requires business partners to incorporate environmental aspects into all stages of operations to contribute to environmental performance and sustainability. This implies:

- Complying with all relevant and applicable legal and other requirements;
- Controlling the use of materials and resources (e.g. electricity, fuel, paper); minimizing the generation of all kinds of waste; ensuring that wastewater is discharged in accordance with legal requirements; and reusing, reducing and recycling materials wherever possible;
- Demanding contractors to ensure that all waste materials are properly handled, stored and disposed in an efficient and sensitive manner to avoid any contamination;
- Encouraging the contractors to reuse and recycle packaging material wherever possible.

SAFEGUARDING OUR PEOPLE AND EMPLOYMENT

We believe that every employee plays a vital role in executing a good service experience for customers. This is particularly important to the design team and on-site workers, who have direct impact on the quality of the project. Therefore, we dedicate in offering a pleasant working environment that encourages communication, innovation, continuous learning and fosters employee engagement.

Recruitment and Compensation

Employees' qualification, professional skills and experiences exert a significant influence on the quality of services. In line with the need of business development and the principles of fairness and justice, the Group selects the best and suitably qualified candidates through open recruitment or internal promotion process. The requirements and hiring process are specified in the Human Resources Policies manual. Besides, the Group has established talent standards, working analysis system to periodically evaluate the employees' performance.

We provide competitive salary and benefits package to its employees. The remuneration package is determined by market standards and reviewed annually based on employee's performance and company performance.

Diversity, Equal Opportunity, Anti-discrimination, Labour Standards

In order to maintain the high quality of the professional team, it is vital to offer equal opportunities in terms of recruitment, training and development, compensation, welfare and benefits and promotion to attract and retain talent. Besides, a working environment that values diversity and inclusion could conduce to provide more comprehensive solutions to customers. The Group does not tolerate discrimination on gender, marital status, nationality, race, religion, age, social class or disability, and eliminates all forms of forced and child labour.

Welfare & Benefits

To create a competitive welfare system, in addition to medical plan, labour insurance, Mandatory Provident Fund and other statutory welfare, the Group offers bonus, birthday red packet and education subsidy to its employees. Every year, the Group holds Christmas party for celebration and distribute the moon cake coupons at Mid-Autumn Festival.

Working hours and Rest periods

Besides, the Group regulates working hours and provides overtime work compensation for the staff in field operation. Moreover, employees are entitled to statutory holidays, paid annual leave, sick leave, paternity leave, maternity leave and etc. during their term of employment in the Group.

Development and Training

To enhance its adaptability to ever-changing environment, the Group provides adequate resources as well as trainings to all employees to continually strengthen their professional skills and enhance their productivity. We usually organize on-the-job trainings and on-the spot guidance by the senior staff to strengthen the employees' professional knowledge and improve their efficiency at work. We also attach great importance to the long-term development of employees and endeavour to offer various learning opportunities which include holding of external training and specific continuous professional development programmes.

Human Resource Department is responsible for coordinating and carrying out various training courses. The department arranges a set of professional and management courses for fostering the potential managerial talents.

Additionally, the Group has set up an educational funding scheme to subsidize employees for attending the occupational relevant courses and further facilitate the growth of the company.

Promotion and Dismissal

We strive to provide career development opportunities to our employees. The Group gives priority to internal promotion and encourages employees to compete for internal job vacancies. All promotions and awards are based on employee's working ability, performance and their potentialities. Besides, in compliance with relevant laws and regulations, the Group has established proper procedures on compensation, dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, prevention of child labour and forced labour, and other benefits and welfare.

Safeguarding the Health and Safety of Our Employee

We consider occupational health and safety management as a significant element of the business due to high-risk activities and critical exposure of employees during specific works such as installation at heights or in confined space. Employees safety is regarded as top priority during the delivery of its services.

In accordance with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Group has adopted and implemented occupational health and safety procedures and measures for its business operations; and taken further measures to ensure employees' awareness of the safety protocols. Key aspects of the safety measures include:

- Ensuring employees possess relevant safety permits or are certified registration for carrying out high risks activities;

- Conducting regular site inspection to fulfill relevant safety requirements;

- Establishing guidelines for occupational health and safety, and emergency safety handbook for circulation to all employees;

- Carrying out workplace safety training sessions for all employees regularly.

During the Reporting Period, the Group has complied with relevant laws and regulations on the provision of safe working environment and the protection of employees from occupational hazards.

Safeguarding the Integrity of Business Operation

We firmly believe that fairness, honesty and integrity are the essential assets of the Group. The Group has zero tolerance on any corruption practices among its employees, suppliers and any other parties involved. Employees are required to prevent the Group's reputation from impairing by fraudulent or corruption activities. Accordingly, we stipulate the disciplinary code and code of conduct in the Employee Handbook, and encourage employees to report any suspected misconduct.

During the Reporting Period, the Group's operations have complied with the relevant laws and regulations for the prevention and avoidance of bribery, extortion, fraud and money laundering.

SAFEGUARDING THE ENVIRONMENT

Environmental Management System

Thinking beyond its business, as an intelligent control and automation solutions provider, the Group views itself as guardian for the environment. The Group thus acts to protect the environment through incorporating green practices in its daily operations. We have implemented a comprehensive Environmental Management System (EMS) in compliance with the ISO 14001 standard requirements with the core process as described in Figure 2 below.

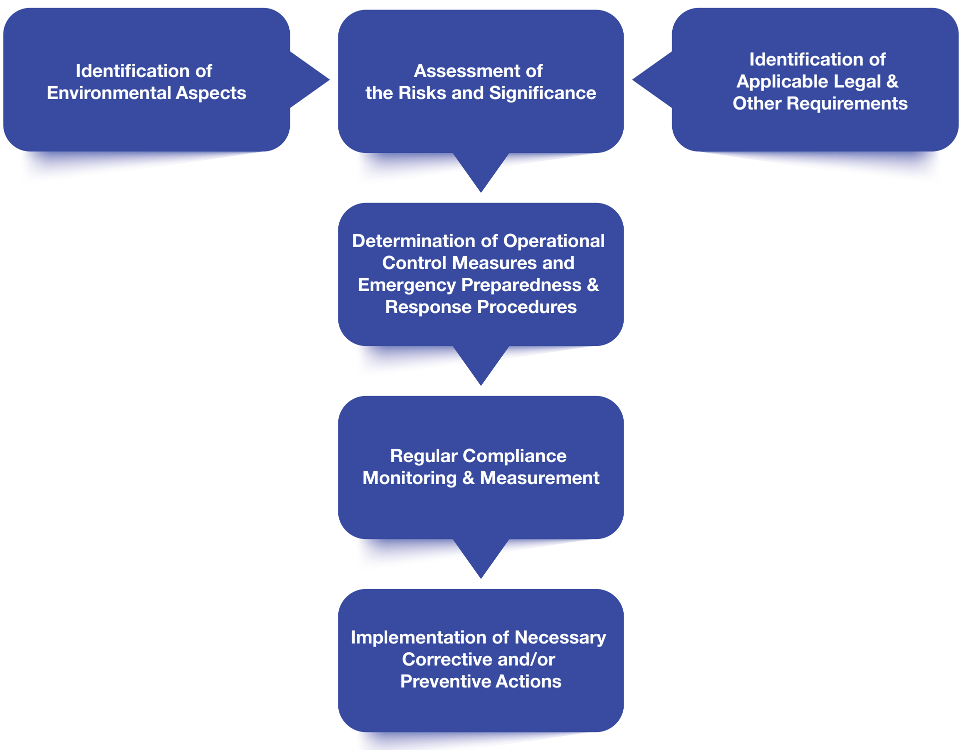

Figure 2 Core Processes of Environmental Management System (EMS)

Moreover, we usually integrate key environmental aspects at each stage of its projects to identify and mitigate potential environmental issues, including but not limited to waste, wastewater, energy, air emission and noise. An environmental monitoring plan has been set up and implemented to track our performance. Internal and external audit is carried out annually to review company's environmental performance, and areas of improvement. During the Reporting Period, no major nonconformity raised in the audit.

Resources Consumption

Electricity, water, and office consumables have been identified as its major resources consumption. The Group has set up targets for resources conservation in its daily operations, through:

- Maintaining usage of consumption level of electricity as last year;
- Maintaining usage of consumption level of water as last year; and
- Maintaining usage of paper as last year.

To bring greenery at work, we advocate our employees for energy, water and office consumables saving through posting notice for reminder. The Group has formulated the guidelines for Green Practice in office to control the environmental impacts of office activities as follow:

Energy Conservation

- All printers, photocopier and computers are to be set as energy conservation mode if possible;
- Set room temperature range from 20 ℃ to 25.5 ℃. The ideal optimal temperature is 25.5 ℃;
- Switch off unnecessary lighting and power supply when they are not in use.

Water Conservation

- Report leaking faucet or pipe to the relevant authority;
- Turn off the tap when not in use.

Reducing the Usage of Paper

- Double side printing/photocopying are recommended wherever possible;
- Use electronic copy for circulation/communication, to minimize using paper;
- Collect one-sided used papers for further re-use. Place the collection box next to each photocopier/printer.

Stationery Conservation

- Use environmental friendly stationery (e.g. refillable, durable stationery with no harmful substances);
- Reuse cord binder, envelopes and other materials until worn out;
- Reuse stationery as far as possible.

In addition, the internal environmental inspection is conducted to monitor the proper use of electricity, water and office consumables and identify the areas for improvement.

Emission

Among air emission, wastewater and waste, the Group identifies waste as the main type of emission generated during its business operations. In order to manage the waste generated in office area, the Group encourages waste classification and reduction at the source with the following guidance:

- Re-used (if possible) stationary such as box files, plastic files, pens;
- Computers and computer accessories such as toner cartridge, keyboard and filter should be collected and re-used or recycled if possible;
- Double-sided used papers are to be collected for re-cycling if possible;
- Reuse/recycle plastic materials, and scrap metals.

Moreover, staff capacity building programme on glass bottles recycling has been implemented with monitoring and performance tracking. Besides, the Group collects and delivers hazardous waste such batteries to licensed recycling companies.

During installation and maintenance operations, the Group strictly complies with Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) which regulates the waste production, collection and disposal including treatment and recycling. The Group requires its suppliers and contractors to comply with the captioned Ordinance, and ensure all waste materials are properly handled, stored and disposed to prevent contamination. Also, suppliers and contractors are encouraged to minimize their generation of wastes, use recyclable material for packaging and reuse them wherever possible.

In addition to waste, indirect emissions such as greenhouse gas and wastewater are also generated during operations. The greenhouse gas emission mainly causes by electricity generation from the power plant is reduced through energy saving approaches (refer to section 5.2.1). Wastewater generated in the office area is basically discharged into municipal pipeline for centralization treatment. During the Reporting Period, the Group's operation has complied with the environmental relevant laws and regulations.

SAFEGUARDING THE COMMUNITY

As a socially responsible company, we also act to improve the living conditions of the community. We have continuously made contribution to the society through diverse charity schemes. The Group promotes corporate responsibility through participating in the following activities:

- Social Caring Pledge: The Group has been awarded the Outstanding Social Care Enterprise as recognition of its actions in providing the quality services, caring for employees, advocating human rights and adhering to labour standards, environmental protection, against corruption, and contributing stable and sustainable society.

- Donation for United Nations High Commissioner for Refugees: The Group has donated for the provision of shelter, food & water, education, health care and emergency relief to refugees around the world.

- Stock Code Balloting for Charity Scheme: The Group has donated for the Stock Code Balloting for Charity Scheme to support the charity campaign holding by HKEX Group.

- The Community Chest 2016/2017 Award of Distinction: The Group has supported the 2016/2017 donation campaign with the funds going towards the services that benefits more than two million people in need.

Independent Auditor's Report

信永中和
ShineWing

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

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

OPINION

We have audited the consolidated financial statements of ECI Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 95, which comprise the consolidated statement of financial position as at 31 August 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 August 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on installation services

Refer to note 8 to the consolidated financial statements and the accounting policies on page 62 to 63.

The key audit matter

For the year ended 31 August 2017, installation income was approximately HK$42,998,000. The Group has accounted for the revenue on installation services by applying the stage-of-completion method of individual contract with reference to the certificates issued by the customers of the Group. Significant judgements and estimates have been made by the management when assessing the stage of completion of each individual project including total contract cost incurred and expected to be incurred.

We have identified the revenue recognition on the installation services as a key audit matter in view of the significance of its amount and the estimation of the progress and total contract cost of each individual project involved significant judgements and estimates, which may be subject to management bias.

How the matter was addressed in our audit

Our procedures were designed to review the management judgements and estimates used in the determination of the progress and total contract cost of each individual project.

We have assessed the appropriateness of the revenue recognition policy adopted by the management under Hong Kong Accounting Standards 11 *Construction Contract*. We reviewed the amount of revenue recognised through inspecting the progress or completion certificates issued by the customers. In addition, we also assessed the management judgements and estimates on the progress of each individual project at the end of the reporting period when progress certificate was not available by critically challenged the forecast costs to complete and contract costs.

In assessing the management judgements and estimates in the determination of the total contract cost, we compared the actual costs incurred subsequent to the end of the reporting period to the budgeted contract cost. We also assessed the reliability of the management's assessment by investigating variance between the total actual cost and budgeted cost for the completed projects during the year.

KEY AUDIT MATTERS *(continued)*

Recoverability of trade receivables and amounts due from customers for contract work

Refer to notes 19 and 20 to the consolidated financial statements and the accounting policies on pages 66 to 69.

The key audit matter	How the matter was addressed in our audit
As at 31 August 2017, the Group has significant trade receivables and amounts due from customers for contract work of approximately HK$16,742,000 and HK$9,828,000 respectively, representing aggregate 45% and 40% of total current assets and total assets. The recoverability of trade receivables and amounts due from customers for contract work posed significant risk on the Group's liquidity. Besides, the impairment assessment of trade receivables and amounts due from customers for contract work requires a significant level of management judgement. We have identified the trade receivables and amounts due from customers for contract work as a key audit matter in view of the significance of its carrying amount and the involvement of the management's judgements and estimates, which may be subject to the management bias.	Our audit procedures were designed to review the management's assessment of the indicators of impairment and challenge the reasonableness of the methods and assumptions used to estimate the allowance for doubtful debts. We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing. We have challenged the assumptions and critical judgement used by the management by assessing the reliability of the management's past estimates and taking into account the ageing at year end and subsequent settlements received after year end, as well as the recent creditworthiness of each debtor.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kwan Chi Fung.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614
Hong Kong
28 November 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 August 2017

	NOTES	2017 HK$'000	2016 HK$'000
Revenue	*8*	**76,828**	80,338
Cost of sales		**(53,755)**	(53,265)
Gross profit		**23,073**	27,073
Other income	*10*	**266**	81
Administrative expenses		**(26,718)**	(13,848)
(Loss) profit from operations		**(3,379)**	13,306
Finance costs	*11*	**(421)**	(426)
(Loss) profit before taxation		**(3,800)**	12,880
Income tax expenses	*12*	**(1,137)**	(2,637)
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company	*13*	**(4,937)**	10,243
(Loss) earnings per share attributable to owners of the Company			
Basic and diluted (HK cent)	*17*	**(0.34)**	0.79

Consolidated Statement of Financial Position

As at 31 August 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current asset			
Property, plant and equipment	18	**7,566**	8,388
Current assets			
Trade receivables	19	**16,742**	18,484
Amounts due from customers for contract work	20	**9,828**	7,041
Amount due from ultimate holding company	22	**4**	–
Amounts due from related companies	21	**–**	34
Amount due from a director	22	**–**	1,612
Deposits, prepayments and other receivables	23	**1,213**	1,382
Cash and cash equivalents	24	**30,993**	5,753
		58,780	34,306
Current liabilities			
Trade payables	25	**2,967**	3,427
Amounts due to customers for contract work	20	**333**	310
Accruals and other payables		**1,344**	373
Bank borrowings	26	**7,438**	17,462
Obligations under finance leases	27	**–**	525
Tax payable		**2,344**	3,436
		14,426	25,533
Net current assets		**44,354**	8,773
Total assets less current liabilities		**51,920**	17,161

Consolidated Statement of Financial Position (Continued)

As at 31 August 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Obligations under finance leases	*27*	**–**	435
Deferred tax liability	*28*	**1,106**	1,162
		1,106	1,597
		50,814	15,564
Capital and reserves			
Share capital	*29*	**16,000**	2,301
Reserves		**34,814**	13,263
		50,814	15,564

The consolidated financial statements on pages 49 to 95 were approved and authorised for issue by the board of directors on 28 November 2017 and are signed on its behalf by:

Ng Tai Wing
Director

Law Wing Chong
Director

Consolidated Statement of Changes In Equity

For the year ended 31 August 2017

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 *(note)*	Retained earnings HK$'000	Total HK$'000
At 1 September 2015	2,301	–	–	15,320	17,621
Dividend declared *(note 16)*	–	–	–	(12,300)	(12,300)
Profit and total comprehensive income for the year	–	–	–	10,243	10,243
At 31 August 2016 and 1 September 2016	2,301	–	–	13,263	15,564
Issue of shares*	**–**	**–**	**–**	**–**	**–**
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 year	**–**	**–**	**–**	**(4,937)**	**(4,937)**
At 31 August 2017	**16,000**	**24,187**	**2,301**	**8,326**	**50,814**

* The balance has been presented as "nil" as a result of rounding.

Note:

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

Consolidated Statement of Cash Flows

For the year ended 31 August 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(3,800)**	12,880
Adjustments for:		
Depreciation of property, plant and equipment	**903**	780
Finance costs	**421**	426
Bank interest income	**(22)**	–
Gain on disposal of property, plant and equipment	**–**	(39)
Operating cash flows before movements in working capital	**(2,498)**	14,047
Decrease (increase) in trade receivables	**1,742**	(5,697)
Decrease (increase) in deposits, prepayments and other receivables	**169**	(736)
Increase in amounts due from customers for contract work	**(2,787)**	(2,811)
Increase (decrease) in amounts due to customers for contract work	**23**	(87)
Decrease in trade payables	**(460)**	(2,370)
Increase (decrease) in accruals and other payables	**971**	(14)
Cash (used in) generated from operations	**(2,840)**	2,332
Hong Kong Profits Tax paid	**(2,285)**	(887)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(5,125)**	1,445
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(81)**	(1,185)
Advance to ultimate holding company	**(4)**	–
Repayment from a director	**1,612**	–
Repayment from related companies	**34**	–
Interest received	**22**	–
Advance to related companies	**–**	(31)
Proceeds from disposal of property, plant and equipment	**–**	279
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**1,583**	(937)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 August 2017

	2017 HK$'000	2016 HK$'000
FINANCING ACTIVITIES		
Proceed from issuance of shares	**45,000**	–
New bank borrowings raised	**15,859**	11,000
Repayment of bank borrowings	**(25,883)**	(6,278)
Expenses paid for issue of shares	**(4,813)**	–
Repayment of obligations under finance leases	**(960)**	(401)
Interest paid	**(421)**	(426)
Advance to a director	**–**	(7,343)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**28,782**	(3,448)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**25,240**	(2,940)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**5,753**	8,693
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**30,993**	5,753

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 Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 March 2017.

The address of its registered office is Estera Trust (Cayman) Limited, PO Box 1350, Clifon House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Factory D on 3/F of Block II of Camel Paint Buildings, Block I and Block II, No.62 Hoi Yuen Road, Kowloon.

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

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

The 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").

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the group reorganisation (the "Reorganisation") as set out in the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 27 February 2017, the Company became the holding company of the companies now comprising the Group on 9 February 2017. The Group have been under the common control and beneficially owned by Dr. Ng Tai Wing ("Dr. Ng") throughout the two years ended 31 August 2017 and 2016 or since their respective dates of incorporation to 31 August 2017. As such, the Reorganisation is effectively interspersing a shell company over the subsidiaries, in which Ec InfoTech is the only operating entity of the Group, and there was a continuation of risks and benefits to Dr. Ng. Accordingly, the Reorganisation has been accounted for as if the Company had always been the holding company of the Group throughout the two years ended 31 August 2017 and 2016 or since their respective dates of incorporation to 31 August 2017.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results changes in equity and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the year ended 31 August 2016 or since their respective date of incorporation up to 31 August 2016, whichever is a shorter period. The consolidated statement of financial position of the Group as at 31 August 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at 31 August 2016.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the consolidated financial statements for the two years ended 31 August 2017, the Group has consistently adopted all the new and revised HKFRSs, Hong Kong Accounting Standards ("HKAS"), amendments and interpretations ("Int(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning on 1 September 2016.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendment to HKAS 7	Disclosure Initiative[1]
Amendment to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendment to HKFRSs	Annual improvements to HKFRSs 2014-2016 Cycle[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HK (IFRIC) – Ints 22	Foreign Currency Transactions and Advance Consideration[2]
HK (IFRIC) – Ints 23	Uncertainty over Income Tax Treatments[3]

1 Effective for annual periods beginning on or after 1 January 2017

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

4 Effective date not yet been determined

5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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

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

HKFRS 9 (2014) *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 and included the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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

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

HKFRS 9 (2014) *Financial Instruments* *(continued)*

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company made an assessment on the financial impact on the consolidated financial statements resulting from the adoption of HKFRS 9 (2014). Based on analysis of the Group's financial instruments as at 31 August 2017, the directors of the Company considered that the replacement of incurred loss impairment model in HKAS 39 with the expected credit loss model required in HKFRS 9 may result in early and additional provision of credit losses on the Group's financial assets measured at amortised costs including the trade and retention receivables. The credit losses will be recognised in the consolidated statement of profit or loss and other comprehensive income. The directors of the Company concluded that the impact is not significant under the assessment of probability-weighted estimate of credit losses over the expected life of the Group's financial assets measured at amortised costs, with reference to the historical credit loss experience of trade and retention receivables and the estimates of future economic conditions.

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

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

HKFRS 15 *Revenue from Contracts with Customers*

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract(s) with the customer;
ii) Identify the performance obligations in the contract;
iii) Determine the transaction price;
iv) Allocate the transaction price to the performance obligations; and
v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective. HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company are in the process of assessing the potential impact on the consolidated financial statements resulting from the adoption of HKFRS 15. So far they have anticipated that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected by the new standard for contracts from installation projects and maintenance services, which contain two or more performance obligations, in which the revenue recognition will be accounted for separately in accordance with the timing of satisfaction of performance obligations, and more disclosures relating to revenue is required.

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

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

HKFRS 16 *Leases*

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of HKFRS 16.

As at 31 August 2017, the Group has non-cancellable operating lease commitments of approximately HK$565,000 (2016: HK$1,026,000) as disclosed in note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

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

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

Amendments to HKAS 7 *Disclosure Initiative*

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to HKAS 7 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 7 will result in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include all applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price).

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (i.e. its subsidiaries).

Control is achieved where the Group: (i) has power over the investee; (ii) exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to use its power over the investee to affect the amount of the Group's returns.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services rendered in the normal course of business, net of discounts.

Revenue from installation services is described in the accounting policy headed "Construction contracts" below.

Revenue from maintenance service income is recognised over the maintenance period by using the straight line method.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion method of the contract activity at the end of the reporting period, as measured by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Construction contracts *(continued)*

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customers are included in the consolidated statements of financial position under trade receivables.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as prepaid lease payments in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits cost

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises deferred tax from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings (clarified as finance lease) held for use in the production or supply of goods or services for administrative purposes are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of property, plant and equipment, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (the "CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of the CGUs for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior period. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Cash and cash equivalents

Bank balances and cash in the consolidated statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of bank balances and cash and short-term deposits as defined above.

Investment in a subsidiary

Investments in a subsidiary is stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, deposits and other receivables, amount due from ultimate holding company/related companies/a director and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, deposits and other receivables, amounts due from ultimate holding company/related companies/a director, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period or observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment loss on financial assets *(continued)*

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, deposits and other receivables, amounts due from ultimate holding company/related companies/a director, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable, deposits and other receivables, amounts due from ultimate holding company/related companies/a director is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade payables, accruals and other payables, obligations under finance leases and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition

The Group recognised contract revenue and profit of a service contract in relation to new project installation according to the management's estimation of the total outcome of the contract as well as the percentage of completion of service contract. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the service contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Depreciation and useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involve management's estimation based on the historical experience of the actual useful lives of the relevant assets of similar nature and function. The directors of the Company assess the useful lives of the property, plant and equipment annually and if the expectation differs from the original estimates, such a difference may impact the depreciation in the year and the estimates will be changed in the future period. For the years ended 31 August 2017 and 2016, there were no changes on the useful lives of property, plant and equipment.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Estimated impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations if there is indication of impairment. The calculations and valuations require the use of judgement and estimates on the Group's future operating cash flows and discount rates adopted. As at 31 August 2017, the directors of the Company considered that there is no impairment indication and the carrying value of property, plant and equipment is approximately HK$7,566,000 (2016: HK$8,388,000). No impairment was recognised for the year ended 31 August 2017 (2016: nil).

Estimated impairment of trade receivables

When there is objective evidence of impairment loss of trade receivables, the Group takes into consideration the estimation of future cash flows of respective trade receivables. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 August 2017, the carrying amounts of trade receivables were approximately HK$16,742,000 (2016: HK$18,484,000). No impairment loss has been recognised for the year ended 31 August 2017 (2016: nil).

Recoverability of amounts due from customers for contract work

For contract where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. Amounts due from customers for contract work are stated at cost less impairment. In assessing the recoverability of the amounts due from customers for contract work, the directors of the Company regularly reviews expected timeframe on the utilisation of the amounts due from customers for contract work through certificates issued by the customers and its subsequent billings. In assessing whether there is any indication of possible impairment of the amounts due from customers for contract work, the directors of the Company would consider any delay on the utilisation of the amounts due from customers for contract work when compared to the expected timeframe. The directors of the Company considered that they were not aware of any indication of possible impairment at 31 August 2017 and 2016 in respect of amounts due from customers for contract work of approximately HK$9,828,000 and HK$7,041,000 respectively.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholder through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged from the prior year.

The capital structure of the Group consists of obligation under finance leases disclosed in note 27, secured bank borrowings disclosed in note 26, bank balances and cash disclosed in note 24 and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of the review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues as well as issue of debts.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 **HK$'000**	2016 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**48,157**	26,415
Financial liabilities		
At amortised cost	**11,749**	22,222

(b) Financial risk management objective and policies

The Group's major financial assets and liabilities include trade receivables, deposits and other receivables, amount due from ultimate holding company/related companies/a director, bank balances and cash, trade payables, accruals and other payables, obligation under finance leases and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objective and policies *(continued)*

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed-rate obligations under finance leases (see note 27). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances (see note 24) and bank borrowings (see note 26). It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's Hong Kong dollar denominated borrowings.

The Group currently does not have an interest rate hedging policy. However, the directors of the Company monitor interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates risk for the Group's variable-rate bank balances and bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2016: 100 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2016: 100 basis point) higher/lower and all other variables were held constant, the Group's post tax loss for the year ended 31 August 2017 would decrease/increase by approximately HK$113,000 (2016: HK$98,000). This is mainly attributable to the Group's exposure to interest rates risk on its variable-rate bank balances and bank borrowings.

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objective and policies *(continued)*

(ii) Credit risk

As at 31 August 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the directors of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of each individual trade receivables, deposits and other receivables included in deposits, prepayments and other receivables, amount due from ultimate holding company/related companies/a director at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

As at 31 August 2017, the Group has concentration of credit risk as 34% (2016: 32%) and 48% (2016: 51%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group's concentration of credit risk by geographical locations is in Hong Kong, which accounted for 100% (2016: 100%) of the total trade receivables as at 31 August 2017.

(iii) Liquidity risk

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

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

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

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

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objective and policies *(continued)*

(iii) Liquidity risk *(continued)*

Liquidity tables

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

	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 August 2016					
Non-derivative financial liabilities					
Trade payables	3,427	–	–	3,427	3,427
Accruals and other payables	373	–	–	373	373
Bank borrowings	18,147	–	–	18,147	17,462
Obligations under finance leases	557	419	23	999	960
	22,504	419	23	22,946	22,222

7. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objective and policies *(continued)*

(iii) Liquidity risk *(continued)*

Liquidity tables *(continued)*

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

	Maturity Analysis – Term loans subject to a repayment on demand clause based on scheduled repayments					
	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 August 2017	**2,140**	**2,140**	**3,036**	**551**	**7,867**	**7,438**
As at 31 August 2016	10,533	2,280	3,837	1,497	18,147	17,462

(c) Fair values measurements recognised in the consolidated statement of financial position

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially different from their fair values due to their immediate or short-term maturities.

The directors of the Company also consider that the carrying amounts of non-current financial liabilities recorded at amortised cost in the consolidated financial statements are not materially different from their fair values due to insignificant impact of discounting.

8. REVENUE

Revenue represents the net amounts received and receivable for installation projects and maintenance services rendered. An analysis of the Group's revenue for the year is as follows:

	2017 HK$'000	2016 HK$'000
Installation	**42,998**	49,146
Maintenance	**33,830**	31,192
	76,828	80,338

9. SEGMENT INFORMATION

Segment revenues, results, assets and liabilities

The directors of the Company, being the chief operating decision-makers, review the Group's internal reporting in order to assess segment 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.

Geographical information

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

	2017 HK$'000	2016 HK$'000
Non-current asset		
Hong Kong	**7,566**	8,388

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2017 HK$'000	2016 HK$'000
Customer A	**14,813**	14,936
Customer B	**30,348**	25,169

10. OTHER INCOME

	2017 HK$'000	2016 HK$'000
Gain on disposal of property, plant and equipment	–	39
Bank interest income	22	–
Sundry income	244	42
	266	81

11. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on:		
Bank borrowings	395	389
Obligations under finance leases	26	37
	421	426

12. INCOME TAX EXPENSES

	2017 HK$'000	2016 HK$'000
Current tax:		
Hong Kong Profits Tax	1,307	2,576
Over-provision in prior year	(114)	–
	1,193	2,576
Deferred tax *(note 28)*	(56)	61
	1,137	2,637

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

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

12. INCOME TAX EXPENSES *(continued)*

The income tax expense for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 **HK$'000**	2016 HK$'000
(Loss) profit before taxation	**(3,800)**	12,880
Tax calculated at the domestic income tax rate of 16.5% (2016: 16.5%)	**(626)**	2,125
Tax effect of income not taxable for tax purpose	**(443)**	(1)
Tax effect of expenses not deductible for tax purpose	**2,340**	533
Over provision in prior year	**(114)**	–
Tax effect of tax exemption *(note)*	**(20)**	(20)
Income tax expenses for the year	**1,137**	2,637

Note: Tax exemption represented a reduction of Hong Kong Profits Tax for the year of assessment of 2016/2017 by 75% (2015/2016: 75%), subject to a ceiling of HK$20,000 (2016: HK$20,000) per case.

Details of deferred taxation are set out in note 28.

13. (LOSS) PROFIT FOR THE YEAR

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

	2017 **HK$'000**	2016 HK$'000
Directors' remuneration *(note 14)*		
– fees	**245**	–
– salaries, allowances and other benefits	**1,534**	1,080
– contributions to retirement benefit scheme *(note 30)*	**37**	18
Other staff costs (excluding directors' emoluments)		
– salaries and other benefits	**34,393**	29,749
– contributions to retirement benefit scheme *(note 30)*	**1,629**	1,447
Total staff costs	**37,838**	32,294
Auditor's remuneration	**650**	160
Depreciation of property, plant and equipment	**903**	780
Listing expenses	**8,185**	2,664
Minimum lease payments paid under operating leases rentals in respect of rented premise	**1,049**	801

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to seven directors (2016: one) of the Company, including the chief executive of the Company, were as follows:

For the year ended 31 August 2017

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:				
Executive directors				
Dr. Ng	–	1,080	19	1,099
Mr. Law Wing Chong[1]	–	454	18	472
Independent non-executive directors				
Mr. Fung Tak Chung[2]	57	–	–	57
Mr. Hui Chun Ho Eric[2]	57	–	–	57
Dr. Chow Kin San[3]	17	–	–	17
Mr. Sung Wai Tak Herman[2]	57	–	–	57
Non-executive director				
Ms. Wong Tsz Man[4]	57	–	–	57
	245	1,534	37	1,816

1 Appointed as executive director on 3 October 2016.

2 Appointed as independent non-executive directors on 17 February 2017.

3 Appointed as independent non-executive director on 11 July 2017.

4 Appointed as non-executive director on 3 October 2016.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

For the year ended 31 August 2016

	Fee HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:				
Executive director				
Dr. Ng	–	1,080	18	1,098

Dr. Ng is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Neither the chief executive nor any of the director of the Company waived or agreed to waive any emoluments paid by the Group during the years ended 31 August 2017 and 2016.

No emoluments were paid or payable by the Group to the chief executive or any directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 August 2017 and 2016.

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2016: one) were the directors of the Company, whose emoluments are included in note 14 above. The emoluments of the remaining three individuals (2016: four) were as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries, allowances and other benefits	**1,608**	1,621
Contributions to retirement benefits scheme	**47**	70
	1,655	1,691

The emolument of each of the above employees was below HK$1,000,000.

No emoluments were paid or payable by the Group to any of the five highest paid individuals, including directors of the Company, as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 August 2017 and 2016.

16. DIVIDENDS

An interim dividend of approximately HK$12,300,000 was declared and paid by Ec InfoTech to its then shareholder on 31 August 2016. The rates of dividends and the number of shares ranking for the above dividend are not presented as such information is not considered meaningful for the purpose of this report.

No dividend has been paid or proposed by the Company during the year ended 31 August 2017, nor has any dividend been proposed since the end of the reporting period.

17. (LOSS) EARNINGS PER SHARE

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

	2017	2016
	HK$'000	HK$'000
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	**(4,937)**	10,243

	2017	2016
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,444,657**	1,300,000

The weighted average number of ordinary shares for the basic (loss) earnings per share during the years ended 31 August 2017 and 2016 have been retrospectively adjusted for the effect of the capitalisation issue as described in note 29.

Diluted (loss) earnings per share were the same as basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding during the year ended 31 August 2017 (2016: nil).

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Computer equipment HK$'000	Office equipment, furniture and fixtures HK$'000	Total HK$'000
COST						
At 1 September 2015	7,142	–	1,558	86	122	8,908
Disposals	–	–	(762)	(3)	–	(765)
Additions	–	524	1,109	105	178	1,916
At 31 August 2016 and 1 September 2016	7,142	524	1,905	188	300	10,059
Additions	–	–	–	80	1	81
At 31 August 2017	7,142	524	1,905	268	301	10,140
ACCUMULATED DEPRECIATION						
At 1 September 2015	857	–	508	9	42	1,416
Eliminated on disposals	–	–	(522)	(3)	–	(525)
Charge for the year	143	133	437	32	35	780
At 31 August 2016 and 1 September 2016	1,000	133	423	38	77	1,671
Charge for the year	143	181	476	49	54	903
At 31 August 2017	1,143	314	899	87	131	2,574
CARRYING VALUES						
At 31 August 2017	5,999	210	1,006	181	170	7,566
At 31 August 2016	6,142	391	1,482	150	223	8,388

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above item of property, plant and equipment are depreciated on a straight-line basis at the following useful life or rates per annum:

Leasehold land and buildings	50 years or over the lease terms, whichever is shorter
Leasehold improvements	33% or over the lease term, whichever is shorter
Motor vehicles	25%
Computer equipment	20%
Office equipment, furniture and fixtures	20%

The carrying values of motor vehicles held under finance leases were as follows:

	2017	2016
	HK$'000	HK$'000
Motor vehicles	**–**	1,039

The carrying values of leasehold land and buildings of approximately HK$5,999,000 (2016: HK$6,142,000) were pledged to secure bank borrowings to the Group.

19. TRADE RECEIVABLES

	2017	2016
	HK$'000	HK$'000
Trade receivables	**16,742**	18,484

The Group does not hold any collateral over its trade receivables. No impairment of trade receivables had been recognised during the years ended 31 August 2017 and 2016.

19. TRADE RECEIVABLES *(continued)*

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:

	2017	2016
	HK$'000	HK$'000
Within 30 days	**6,445**	9,532
31 to 60 days	**3,161**	3,428
61 to 90 days	**2,191**	2,113
Over 90 days	**4,945**	3,411
	16,742	18,484

The Group's policy for impairment loss on trade receivables which approximates revenue recognition date at the end of each reporting period: customer is considered on a case-by-case basis and stipulated in the project correctly to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances.

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

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

	2017	2016
	HK$'000	HK$'000
Past due:		
Within 30 days	**3,161**	8,428
31 to 60 days	**2,191**	3,428
61 to 90 days	**1,875**	2,113
Over 90 days	**3,070**	3,411
	10,297	17,380
Neither past due nor impaired	**6,445**	1,104
	16,742	18,484

As at 31 August 2017, included in the Group's trade receivables were debtors with aggregate carrying amount of approximately HK$10,297,000 (2016: HK$17,380,000) which were past due as at the end of the reporting period for which the Group has not provided for impairment loss because these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are considered recoverable.

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

	2017 HK$'000	2016 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**23,921**	10,834
Less: progress billings	**(14,426)**	(4,103)
	9,495	6,731
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**9,828**	7,041
Amounts due to customers for contract work	**(333)**	(310)
	9,495	6,731

21. AMOUNTS DUE FROM RELATED COMPANIES

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

				Maximum amount outstanding during the year	
	Note	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Glory Asia Engineering Limited	*(a)*	**–**	7	**7**	7
Vfact Engineering Limited	*(a)*	**–**	13	**13**	13
Shining Junction Limited	*(a)*	**–**	14	**14**	14
		–	34	**34**	34

Note:

(a) Dr. Ng, the director of the Company, is the director of and has direct interest of the related companies during the years ended 31 August 2017 and 2016.

The amounts are unsecured, non-interest bearing and repayable on demand. The amounts were fully settled during the year ended 31 August 2017.

22. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY/A DIRECTOR

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

	2017 HK$'000	2016 HK$'000
ECI Asia	**4**	–
Dr. Ng	**–**	1,612

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Deposits	**270**	276
Prepayments	**795**	850
Other receivables	**148**	256
	1,213	1,382

24. CASH AND CASH EQUIVALENTS

	2017 HK$'000	2016 HK$'000
Bank balances and cash *(note (i))*	**20,980**	5,753
Short-term bank deposit *(note (ii))*	**10,013**	–
Cash and cash equivalents	**30,993**	5,753

Notes:

(i) Bank balances carried interest at prevailing market rates which range from 0.0001% to 0.01% per annum for the year ended 31 August 2017 (2016: 0.0002% to 0.01%).

(ii) Short-term bank deposit carried interest at 0.55% per annum with a maturity date of three months for the year ended 31 August 2017.

25. TRADE PAYABLES

	2017	2016
	HK$'000	HK$'000
Trade payables	**2,967**	3,427

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

	2017	2016
	HK$'000	HK$'000
Within 30 days	**2,155**	1,745
31 to 60 days	**195**	593
61 to 90 days	**57**	122
Over 90 days	**560**	967
	2,967	3,427

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

26. BANK BORROWINGS

	2017 HK$'000	2016 HK$'000
Secured	**7,438**	17,462
Carrying amount of bank borrowings repayable within one year*	**1,958**	10,454
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**5,480**	7,008
	7,438	17,462

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

At 31 August 2017, secured bank borrowings carried interest at floating rates ranging from 2.15% to 4.25% (2016: 2.15% to 4.25%) per annum.

The bank borrowings were denominated in HK$ for the years ended 31 August 2017 and 2016.

The amounts of banking facilities and the utilisation are set out as follows:

	2017 HK$'000	2016 HK$'000
Facility amount	**20,299**	22,500
Utilisation		
– Secured bank borrowings	**7,438**	17,462

As at 31 August 2017, the above banking facilities were secured by leasehold land and buildings (note 18) with a carrying value of approximately HK$5,999,000 (2016: HK$6,142,000) and personal guarantee provided by the director of the Company, Dr. Ng.

27. OBLIGATIONS UNDER FINANCE LEASES

	2017 **HK$'000**	2016 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**–**	525
Non-current liabilities	**–**	435
	–	960

The Group had leased certain of its motor vehicles under finance leases. The average lease term ranged from 3 to 4 years during the year ended 31 August 2016. The obligations under finance leases carried interest at fixed rates from 2.50% to 4.95% per annum during the year ended 31 August 2017 (2016: 2.50% to 4.95%). The effective interest rate for the obligations under finance leases for the year ended 31 August 2017 ranged from 3.71% to 5.00% per annum (2016: 3.68% to 5.00% per annum).

	Minimum lease payments		**Present value of minimum lease payments**	
	2017 **HK$'000**	2016 HK$'000	**2017** **HK$'000**	2016 HK$'000
Amounts payable under finance leases:				
Within one year	**–**	557	**–**	525
After one year but within two years	**–**	419	**–**	412
After two years but within five years	**–**	23	**–**	23
	–	999	**–**	960
Less: future finance charges	**–**	(39)	**–**	–
Present value of lease obligations under finance leases	**–**	960	**–**	960
Less: Amount due for settlement within one year shown under current liabilities			**–**	(525)
Amount due for settlement after one year			**–**	435

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

28. DEFERRED TAX LIABILITY

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

	Accelerated tax depreciation
	HK$'000
At 1 September 2015	1,101
Charged to profit or loss *(note 12)*	61
At 31 August 2016 and 1 September 2016	1,162
Credited to profit or loss *(note 12)*	(56)
At 31 August 2017	1,106

29. SHARE CAPITAL

As the Company was not incorporated prior to 3 October 2016 and the Reorganisation was not completed as at 31 August 2016, the share capital in the consolidated statement of financial position as at 31 August 2016 represented the share capital of Ec InfoTech.

The share capital of Ec InfoTech and ECI International (BVI) Limited ("ECI International"), shown in the consolidated statement of changes in equity of approximately HK$2,301,000 has been transferred to other reserve on 9 February 2017 as part of the Reorganisation. After the transfer, the share capital of the consolidated financial statements and consolidated statement of changes in equity represented the share capital of the Company.

29. SHARE CAPITAL *(continued)*

Movements of the authorised and issued share capital of the Company for the period from 3 October 2016 (date of incorporation of the Company) to 31 August 2017 are as follows:

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

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

Notes:

(a) On 3 October 2016, the Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. On the same date, one share was allotted and issued at nil-paid to the initial subscriber, which was then transferred to ECI Asia at nil consideration.

(b) On 9 February 2017, the Company through ECI International acquired 1,001,791 issued shares of Ec InfoTech, representing 100% equity interest in Ec InfoTech, from Dr. Ng, at a consideration of HK$15,000,000 by crediting one nil-paid share of the Company held by ECI Asia as fully paid.

(c) Pursuant to the written resolution passed by the shareholder of the Company on 17 February 2017, the Company's authorised share capital was increased from HK$380,000 to HK$38,000,000 by the creation of additional 3,762,000,000 new ordinary shares of HK$0.01 each.

29. SHARE CAPITAL *(continued)*

Notes: (continued)

(d) At a special general meeting of the Company held on 17 February 2017, the directors of the Company were authorised to allot and issue 120,000,000 ordinary shares of HK$0.01 each to the public and 180,000,000 ordinary shares of HK$0.01 each by placing on 10 March 2017, both at a price of HK$0.15 per share. The gross total proceeds was HK$45,000,000, representing amounts of HK$3,000,000 credited to the Company's share capital and HK$42,000,000 credited to the Company's share premium before any issuance expenses. The directors of the Company were also authorised to allot and issue a total of 1,299,999,998 ordinary shares on 17 February 2017, credited as fully paid at par to the holders of shares on the register of members at the close of business on 17 February 2017 by the way of capitalisation. The sum of approximately HK$13,000,000 was credited from the share premium account of the Company following the issue of new shares mentioned above.

(e) All shares issued rank pari passu with the existing shares in all respects.

30. RETIREMENT BENEFIT PLANS

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, and subject to a cap of HK$1,500 per month in which the contribution is matched by employees.

The total expense recognised in the consolidated statement of profit or loss and other comprehensive income is approximately HK$1,666,000 (2016: HK$1,465,000) for the year ended 31 August 2017, which represent contributions payable to the MPF Scheme by the Group at rates specified in the rules of the scheme.

31. OPERATING LEASE COMMITMENT

The Group as lessee

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

	2017 **HK$'000**	2016 HK$'000
Within one year	**490**	515
In the second to fifth years inclusive	**75**	511
	565	1,026

Operating lease payments represent rentals payable by the Group for certain of its car parks, office premise and warehouse. Leases are negotiated for original term of one to three years (2016: one to three years) and rentals are fixed over the lease term of the respective leases.

32. RELATED PARTY TRANSACTIONS

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

(a) Balances with related parties

Balances with related parties as at 31 August 2017 and 2016 were disclosed in notes 21 and 22.

(b) Compensation to key management personnel

The remuneration of members of key management personnel including directors of the Company during the year ended 31 August 2017 and 2016 were as follows:

	2017	2016
	HK$'000	HK$'000
Short-term benefits	**1,534**	1,080
Contributions to retirement benefits scheme	**37**	18
	1,571	1,098

(c) Banking facilities

The director of the Company has provided personal guarantee for the grant of banking facilities to the Group as disclosed in note 26.

33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2017 HK$'000
Non-current asset		
Investment in a subsidiary		* –
Current assets		
Amounts due from subsidiaries	*(b)*	27,701
Deposits, prepayments and other receivable		105
Bank balances and cash		2,621
		30,427
Current liability		
Accruals and other payables		763
Net current assets		29,664
Total assets less current liabilities		29,664
Capital and reserves		
Share capital	*29*	16,000
Reserve	*(c)*	13,664
		29,664

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

Notes:

(a) No comparative figure was shown as the Company was incorporated on 3 October 2016.

(b) The amount is unsecured, interest-bearing and repayable on demand.

33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Notes: (continued)

(c) Movement in reserves

	Share premium	Other reserve	Accumulated losses	Total
	HK$'000	HK$'000 *(note)*	HK$'000	HK$'000
At 3 October 2016 (date of incorporation)	–	–	–	–
Arising from reorganisation	–	2,301	–	2,301
Issuance of shares	42,000	–	–	42,000
Capitalisation issue of shares	(13,000)	–	–	(13,000)
Capitalisation of issue cost	(4,813)	–	–	(4,813)
Loss and total comprehensive expense for the year	–	–	(12,824)	(12,824)
At 31 August 2017	24,187	2,301	(12,824)	13,664

Note: Other reserve represented the difference between the nominal value of issued share capital of the Company and the net assets value of a subsidiary of the Company arising from the completion of Reorganisation on 9 February 2017.

34. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at 31 August 2017 and 2016, particulars of the Company's subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ establishment	Share capital/ paid-up capital	Effective equity interest of the Group				Principal activities
			2017		2016		
			Direct	**Indirect**	Direct	Indirect	
ECI International	The BVI	United States dollars $1	**100%**	**–**	N/A	N/A	Investment holding
Ec InfoTech	Hong Kong	HK$2,300,986	**–**	**100%**	N/A	N/A	Provision of installation and maintenance services

None of the subsidiaries had issued any debt securities during both years and at the end of both years.

35. EVENT AFTER THE END OF THE REPORTING PERIOD

On 2 November 2017, the Company entered into a non-legally binding letter of intent with an independent third party in relation to a possible mutually beneficial cooperation and collaboration between the parties. The new cooperation and collaboration between parties may include provision of solutions and products in relation to smart building and green buildings (such as energy savings, daylight savings, building management system, and building performance monitoring, etc.) globally including but not limit to Hong Kong, China, Asia Pacific Region and other locations under One-Belt-One-Road strategy and framework. Besides, the parties may form a company to provide occupational safety training and licensing courses for people in construction industry.

Details are set out in the Company's announcement dated 2 November 2017.

Financial Summary

	Year ended 31 August		
	2017	2016	2015
	HK$'000	HK$'000	HK$'000
Revenue	**76,828**	80,338	56,066
Cost of sales	**(53,755)**	(53,265)	(39,741)
Gross profit	**23,073**	27,073	16,325
Other income	**266**	81	161
Administrative expenses	**(26,718)**	(13,848)	(6,897)
(Loss) profit from operations	**(3,379)**	13,306	9,589
Finance costs	**(421)**	(426)	(502)
(Loss) profit before taxation	**(3,800)**	12,880	9,087
Income tax expenses	**(1,137)**	(2,637)	(1,522)
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company	**(4,937)**	10,243	7,565
Non-current asset	**7,566**	8,388	7,492
Current assets	**58,780**	34,306	32,928
Current liabilities	**(14,426)**	(25,533)	(21,326)
Net current assets	**44,354**	8,773	11,602
Total assets less current liabilities	**51,920**	17,161	19,094
Non-current liabilities	**1,106**	1,597	1,473
Net assets	**50,814**	15,564	17,621
Capital and reserves			
Share capital	**16,000**	2,301	2,301
Reserves	**34,814**	13,263	15,320
Total equity	**50,814**	15,564	17,621

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

Hong Kong, 28 November 2017

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

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.