2018

ANNUAL REPORT

ECI Technology Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 8013

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This report, for which the directors (the “Directors” and each a “Director”) of ECI Technology Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this report misleading.

This report will be available on the Company’s website http://www.ecinfohk.com and will remain on the “Latest Company Report” page on the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting.

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Corporate Information

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Ms. Wong Tsz Man

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chun Ho Eric
Mr. Sung Wai Tak Herman
Mr. Fung Tak Chung
Dr. Chow Kin San

COMPANY SECRETARY

Mr. Lau Chi Yuen

COMPLIANCE OFFICER

Dr. Ng Tai Wing

AUTHORISED REPRESENTATIVES

Dr. Ng Tai Wing
Mr. Law Wing Chong

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDITOR

SHINEWING (HK) CPA Limited
43rd Floor
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

COMPLIANCE ADVISER

Kingsway Capital Limited
7/F, Tower One, Lippo Centre
89 Queensway, Hong Kong

LEGAL ADVISERS

As to Hong Kong law
Raymond Siu & Lawyers
Unit 1802, 18/F.
Ruttonjee House
11 Duddell Street
Central
Hong Kong

PRINCIPAL BANKER

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Factory D on 3/F of Block II of Camelpaint Buildings
Block I and Block II
No. 62 Hoi Yuen Road, Kowloon
Hong Kong

REGISTERED OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
2103B, 21/F
148 Electric Road
North Point
Hong Kong

GEM STOCK CODE

8013

COMPANY'S WEBSITE

www.ecinfohk.com

Financial Highlights

Revenue of the ECI Technology Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 August 2018 amounted to approximately HK$89,786,000 (31 August 2017: approximately HK$76,828,000) while gross profit of the Group for the year ended 31 August 2018 amounted to approximately HK$23,306,000 (31 August 2017: approximately HK$23,073,000).

The net profit after tax of the Group for the year ended 31 August 2018 amounted to approximately HK$1,124,000 (31 August 2017: net loss of approximately HK$4,937,000). The reason for turning from loss to profit position is mainly due to no listing expenses incurred for the year ended 31 August 2018 as the Group was successfully listed on GEM of the Stock Exchange on 10 March 2017. 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. Such decrease for the year ended 31 August 2018 is mainly due to the increase in staff costs and the increase in legal and professional fees during the year.

The board (the "Board") of directors of the Company (the "Directors") does not recommend the payment of a final dividend for the year ended 31 August 2018.

Chairman's Statement

Dear Valued Shareholders,

Once again, it is time for ECI Technology Holdings Limited and its subsidiaries (the "Group") to review its performance in the last year and it was a positive year in 2017/2018.

During the year, the Group has continued to expand its extra-low voltage ("ELV") solution business. As part of our expansion plan of the ELV business, instalment payment method has been launched during the year under review and has been offered to selected customers for the purpose of increasing sales of our ELV solution business. Revenue increased to HK$89,786,000 for the year ended 31 August 2018, compared to HK$76,828,000 for the year ended 31 August 2017, which reflected a healthy business with a strong management team. With the management team possessing strong engineering background and solid IT knowledge, we have been expanding our team to provide intelligent building solutions and maintenance and operation services to our valuable clients. Over the past 15 years, we are proud that one of the subsidiaries has been granted as the Octopus Authorized contractor and has obtained the ISO: 9001, ISO 14001 and OHSAS 18001 certification which is an integrated management system to improve quality management, the effectiveness of environmental and occupational health and safety aspects. As a well-established business underpinned by stable revenue and significant capital strength, the Group is well-equipped to further expand its network and enhance its performance. We are negotiating for a carpark system licence with a licence vendor. Once we become the authorized distributor, we can potentially secure more carpark system service contract for government sites which exclusively use that specific system.

In addition, the Group has been awarded for the operation and maintenance contract from a major government project of approximately HK$70,000,000 in 2017. The contract period is from 1 December 2017 to 30 November 2020 and the details are set out in the announcement dated 1 December 2017. Therefore, the Group is able to maintain stable maintenance service in the coming years and stable cash flow for further expansion.

China is the world's fastest-growing major economy and has become a focal point of Asia. The market for ELV system has grown rapidly in China. We do believe China's "Belt and Road Initiative" and the development of "Smart City" will enhance economic co-operation among countries along the proposed routes. Hence, we have been working closely with our partners in China to prepare for the coming opportunity. During the year, Mr. Yang Shuo, a substantial shareholder, has joined our Group on 12 July 2018 as an executive Director. He had obtained a bachelor's degree in Engineering (electronic and information engineering) in North China University of Science and Technology in 2007 and he is currently the chairman of Heng Fa Rui De IOT (Tianjin) Company Limited which is engaged in the business of bioenergy and healthcare product. With such strong engineering background and extensive business network and experience in northern China, I am confident that this will help expand our business in some APAC regions.

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 "Asia Business Achiever Awards 2017" by Asia Business Consultancy Association, "Most Valuable Services Awards in Hong Kong 2018" by Mediazone Publishing, "Most Outstanding Enterprise Awards 2018" by CORPHUB, "Hong Kong Famous Brands Award 2017" by Asia Brand Development Association and " The Best Security Equipment and System 2017-2018" by Yellow Pages Award.

I am confident that the Group's solid foundation and steady performance will help the Group deal with challenges ahead. With our talented and experienced management team, the Group will continue to thoroughly assess potential business opportunities in a cautious manner and enhance the shareholders' value in the years to come.

On behalf of the Board, I would like to express my heartfelt gratitude and appreciation to our shareholders (the "Shareholders"), my fellow directors and business partners for their support and to all staff for their dedication, hard work and contribution.

Dr. Ng Tai Wing
Chairman and Chief Executive Officer

Hong Kong, 28 November 2018

Management Discussion and Analysis

BUSINESS REVIEW

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

Same as the past, we have undertaken installation projects and maintenance projects for various customers mainly from property developers and property management companies of private sectors and government departments such as Drainage Services Department, Leisure and Cultural Services Department, Electrical and Mechanical Services Department, etc from public sectors. During the year ended 31 August 2018, some of the projects were completed, such as upgrading of door access control system with octopus card access control at Cho Yiu Chuen, replacement of fiber cable system at Correctional Services Department of Staff Training Institute, carpark access control system at Coastal Skyline and supply and installation of carpark gate barrier at Cathay City, etc. Meanwhile, an operation and maintenance contract with a contract sum of approximately HK$70,000,000 has been awarded from a major government project. The contract period is from 1 December 2017 to 30 November 2020 and the details are set out in the announcement dated 1 December 2017.

On 21 February 2018, ECI Asia Investment Limited ("ECI Asia"), the controlling shareholder ("Controlling Shareholder") of the Company which is wholly-owned by Dr. Ng Tai Wing, the executive Director and chairman and chief executive officer of the Company, held 1,200,000,000 shares, representing 75% of total issued share capital of the Company, entered into a sale and purchase agreement with Mr. Yang Shuo ("Mr. Yang"). Mr. Yang has agreed to purchase 320,000,000 shares from ECI Asia, at a price of HK$0.234 per share and at the total consideration of HK$74,880,000. Upon completion of the transaction, Mr. Yang held 320,000,000 shares, representing 20% of the total issued share capital of the Company. ECI Asia held 880,000,000 shares, representing 55% of the total issued share capital of the Company. ECI Asia remains as the Controlling Shareholder of the Company.

Mr. Yang has then joined as an executive Director on 12 July 2018. With the joining of Mr. Yang, the Company believes that it is equipped with more resources and business network as well as new inspiration for the development of the Group in Hong Kong, China and APAC region.

For the year ended 31 August 2018, the Group has recorded revenue of approximately HK$89,786,000, representing an increase of approximately 16.87% from approximately HK$76,828,000 for the year ended 31 August 2017. The Group recorded a net profit of approximately HK$1,124,000 for the year ended 31 August 2018 compared to a net loss of approximately HK$4,937,000 for the year ended 31 August 2017. The reason for turning from loss to profit position is mainly due to the absence of listing expenses incurred for the year ended 31 August 2018 as the Group was successfully listed on GEM of the Stock Exchange on 10 March 2017. 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. Such decrease for the year ended 31 August 2018 is mainly due to the increase in staff costs and the increase in legal and professional fees during the year.

OUTLOOK AND PROSPECTS

The Group's ELV solutions cover commercial buildings, shopping malls, hospitals and government facilities from the private and public sectors. The Group has been adhering to the philosophy of "Customer First" since its establishment. It has always insisted on providing customers with the most advanced intelligent ELV solutions, not only integrating the latest technology into the traditional industry, but also introducing various advanced intelligent devices from different partners and providing one-stop installation and maintenance services. For example, with the extensive use of smartphone, we are continuously optimizing our carpark systems in recent years to include more diversified payment methods for the convenience of customers. Apart from developing new technology ourselves, the Group is negotiating with third-party strategic partners to set up different parking systems and strive to build the most advanced technology for Hong Kong.

It is widely expected that the stable and balanced economic growth in China will continue to outperform most other major economies. In line with the national "Belt and Road Initiative" policy and grasping relevant opportunities, the Group will continue to seek innovation and utilize the Internet of Things to provide customers with a more comprehensive, advanced and promising solution for customers in order to enhance competitiveness and share economic results. The major cross-border transport infrastructure projects designed to link Hong Kong with the rest of southern China, namely the Hong Kong-Zhuhai-Macau Bridge, was opened in October 2018. It will not only strengthen Hong Kong's social and economic ties with the Mainland but also bolster its competitiveness as a connection between the Mainland and global markets. Hong Kong is best positioned to seize opportunities. The market for ELV system has grown rapidly in China. We do believe the "Belt and Road Initiative", the "Greater Bay Area Initiatives" and the development of "Smart City" will enhance economic cooperation among regions and countries along the proposed routes. Hence, we have been working closely with our partners in China to prepare for the coming opportunities.

Apart from the existing ELV solutions, the Group has continuously expanded its scope of business and has applied the Security Company Licence Type I in the provision of security guarding service. With more licences obtained, it will bring more business opportunities and create synergy to the Group in our new business of security guarding services. Several security experts has also joined our Group in giving advice on the security guarding services. Having been in the security system industry for years, we understand the needs of the market for a comprehensive monitoring system in addition to the existing stationary guard security. In view of the labor shortage in Hong Kong, it is difficult for the security industry to recruit talents. In view of this, the Group will establish a training center to train security personnel and to provide one-stop solution. Besides, the Group will cooperate with a third party in the provision of occupational safety and licensing courses for people in construction industry. As such, it could be a new channel for recruiting and training relevant professionals and provide new blood for the industry.

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

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately 16.87% from approximately HK$76,828,000 for the year ended 31 August 2017 to approximately HK$89,786,000 for the year ended 31 August 2018. The increase in revenue is mainly due to an increase in maintenance services income from a major government project with a contract sum of approximately HK$70,000,000 having been awarded with a service period from December 2017 to November 2020.

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 23.67% from approximately HK$53,755,000 for the year ended 31 August 2017 to approximately HK$66,480,000 for the year ended 31 August 2018.

The Group's gross profit increased by approximately 1.01% from approximately HK$23,073,000 for the year ended 31 August 2017 to approximately HK$23,306,000 for the year ended 31 August 2018. The increase in gross profit is mainly due to the increase in revenue of the year offsetted by the increasing cost of direct labour, direct materials and equipment.

Administrative Expenses

The Group's administrative expenses decreased by approximately 17.25% from approximately HK$26,718,000 for the year ended 31 August 2017 to approximately HK$22,108,000 for the year ended 31 August 2018, which is mainly due to the absence of listing expenses incurred during the year ended 31 August 2018 (31 August 2017: HK$8,185,000) offsetted by the increase in staff costs and the increase in legal and professional fee for the year ended 31 August 2018.

Profit (loss) Attributable to Owners of the Company

The Group recorded a profit attributable to owners of the Company of approximately HK$1,124,000 for the year ended 31 August 2018 (31 August 2017: loss of approximately HK$4,937,000). The reason for turning from loss to profit position is mainly due to absence of listing expenses incurred during the year ended 31 August 2018 offset by the increase in staff costs and legal and professional fee for the year ended 31 August 2018.

Held-For-Trading Investment

As at 31 August 2018, the Group's held-for-trading investment consisted of security listed in Hong Kong and their respective performance was as follow:

Company Name/(Stock Code)	Number of share held at 31 August 2018	Percentage of shareholdings at 31 August 2018	Carrying amount at 31 August 2017	Unrealised loss on fair value change for the year ended 31 August 2018	Fair value at 31 August 2018	Percentage of total financial assets at fair value through profit or loss at 31 August 2018	Percentage of total assets of the Group as at 31 August 2018
			HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
AEC Group (8320)	2,250,000	0.19%	–	(117)	333	100.00%	0.50%

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

The Group requires cash primarily for working capital needs. As at 31 August 2018, the Group had approximately HK$21,647,000 in bank balances and cash (31 August 2017: approximately HK$30,993,000), representing a decrease of approximately HK$9,346,000 as compared to that as at 31 August 2017.

As at 31 August 2018, the Group had interest-bearing bank borrowings of approximately HK$5,474,000 (31 August 2017: HK$7,438,000), representing a decrease of approximately HK$1,964,000.

Capital Expenditure

The Group purchased property, plant and equipment amounting to approximately HK$4,375,000 for the year ended 31 August 2018 which comprised acquisition of office equipment, furniture and fixtures, computer equipment, motor vehicles and leasehold improvements.

Final Dividend

The Board has resolved not to declare the payment of a final dividend for the year ended 31 August 2018 (31 August 2017: Nil).

Employees and Remuneration Policies

As at 31 August 2018, the Group had a total of 188 employees (31 August 2017: 182). 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

The Company's shares were successfully listed on GEM of the Stock Exchange on 10 March 2017 (the "Listing Date") by way of share offer. After deduction of all related listing expenses and commissions, the net proceeds from listing amounted to approximately HK$31,500,000. Up to 31 August 2018, the Group has utilized proceeds from the Listing of approximately HK$15,300,000 and a summary of use of proceeds are set out in the table below:

Intended use of proceeds	**Proposed amount to be used**	**Actual approximate amount utilized up to 31 August 2018**	**Unutilized amount up to 31 August 2018**
Expanding our existing ELV solutions business by offering instalment payment option to our customers	HK$12.0 million	HK$1.0 million	HK$11.0 million
Obtaining additional licences and qualifications	HK$4.4 million	HK$0.3 million	HK$4.1 million
Reducing our gearing ratio by repaying a certain bank borrowing in an one-off manner	HK$8.0 million	HK$8.0 million	–
Purchasing five additional 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$0.4 million	HK$1.1 million
For working capital and other corporate development purposes	HK$2.6 million	HK$2.6 million	–
Total	**HK$31.5 million**	**HK$15.3 million**	**HK$16.2 million**

Management Discussion and Analysis

GEARING RATIO

The gearing ratio, being its total debts (including bank overdraft, bank borrowings and obligation under finance leases) divided by its total equity, was 0.15 times as at 31 August 2018 (31 August 2017: 0.15 times).

FOREIGN EXCHANGE EXPOSURE

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

EVENT AFTER THE REPORTING PERIOD

There is no significant event subsequent to 31 August 2018.

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 2018. 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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

Details of acquisition of a subsidiary are set out in note 34 to the consolidated financial statements. Save for the aforesaid, the Group did not have major acquisition or disposal of subsidiaries, associates of joint ventures.

PLEDGE OF ASSETS

As at 31 August 2018, the Group had pledged the leasehold land and buildings of approximately HK$5,799,000 (31 August 2017: HK$5,999,000) 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 2018.

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 2018, 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 Tai Wing, aged 42, joined the Group in August 2003 and was appointed as an executive Director, chief executive officer and the chairman of the Company on 3 October 2016. He is also the chairman of the nomination committee (the "Nomination Committee") and the compliance officer of the Company. He is responsible for the overall business development, marketing, strategic direction and management of the Group. He is a director of various subsidiaries of the 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 53, 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. He is a director of a subsidiary 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 ("Mak Hang Kei"), 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, 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.

Mr. Yang Shuo (楊碩)

Mr. Yang Shuo, aged 34, was appointed as an executive Director of the Company on 12 July 2018. He is a director of a subsidiary of the Group.

Mr. Yang obtained a bachelor's degree in Engineering (electronic and information engineering) of North China University of Science and Technology in 2007. Mr. Yang is currently the chairman of Heng Fa Rui De IOT (Tianjin) Company Limited (恆發瑞德物聯(天津)電子商務有限公司) ("Heng Fa"), which is principally engaged in the business of bioenergy and healthcare products. Prior to working at Heng Fa, he had worked in the metal smelting arm of a company listed on the Stock Exchange. Mr. Yang also has extensive experience in property investment in northern China.

Mr. Yang was the owner and the operator of Tangshan Fengrun District Fumeihan Clothing Store* (唐山市豐潤區富美涵服飾店), an individual business proprietorship registered in accordance with the laws of the People's Republic of China, which was voluntarily deregistered by him in or around early 2014. As confirmed by Mr. Yang, such proprietorship was solvent immediately prior to its deregistration.

Mr. Yang 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 Tsz Man, aged 42, joined the Group in October 2016 and was appointed as a non-executive Director of the Board on 3 October 2016. Ms. Wong is responsible for advising the 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 Tai Wing.

Biographical Information of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hui Chun Ho Eric (許俊浩)

Mr. Hui, aged 44, was appointed as an independent non-executive Director of the Board on 17 February 2017. He is mainly responsible for providing independent advice to the 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 60, was appointed as an independent non-executive Director on 17 February 2017. He is mainly responsible for providing independent advice to the 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 GEM of the Stock Exchange (stock code: 8022) 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 GEM of the Stock Exchange (stock code: 8239) 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.

Biographical Information of Directors and Senior Management

Mr. Fung Tak Chung (馮德聰)

Mr. Fung Tak Chung, aged 52, 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 Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) ("Hong Kong Shue Yan University") in October 2010, and a Diploma in Economics from Hong Kong Shue Yan University 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 Oct, he was appointed as a member of Academic Advisory Board in Hong Kong Shue Yan University, Department of Economics and Finance, contributing his knowledge on FinTech helping to university to setup related courses.

Save as disclosed, 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 Kin San, aged 54, was appointed as an independent non-executive Director of the Company as well as 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.

Biographical Information of Directors and Senior Management

Dr. Chow was an executive director and the chairman of investment committee of Novo Group Ltd. (currently known as Yorkshine Holdings Limited), 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 43, 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 had served as a company secretary in companies listed in Hong Kong. Mr. Lau has extensive experience in company secretarial services, corporate finance, merger and acquisition, investor relationship and corporate governance aspects. 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.

** For identification purpose only*

The Directors present their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 August 2018.

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 37 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 2018.

BUSINESS REVIEW

The business review of the Group for the year ended 31 August 2018 is set out in the section headed "Management Discussion and Analysis" on pages 6 of this 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 11 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 2018 are set out in the consolidated statement 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 2018 amounted to HK$6,000 (31 August 2017: HK$655,500).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years, is set out in the financial summary section on page 112 of this report. This summary does not form part of the audited consolidated financial statements.

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 2018 are set out in note 17 to the consolidated financial statements. There were no investment properties of the Group during the year ended 31 August 2018.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 August 2018 are set out in note 29 to the consolidated financial statements.

Report of the Directors

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 2018 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 August 2018, the Company had reserves of approximately HK$10,952,000 available for distribution to Shareholders. Under the Companies Law 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 Articles and provided that immediately following the distribution or dividend payment, 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 earnings or other reserve, including the share premium, of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 58.38% of the total sales for the year and sales to the largest customer included therein amounted to 24.98%. Purchases from the Group's five largest suppliers accounted for 14.39% of the total purchases for the year and purchase from the largest supplier included therein amounted to 3.91%. None of the Directors 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 or suppliers.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 August 2018 are set out in note 26 to the consolidated financial statements of the Group.

EMOLUMENT POLICY

The Remuneration Committee of the Company 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 2018.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 August 2018 are set out in note 33 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.

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
Mr. Yang Shuo *(appointed on 12 July 2018)*

Non-executive Director:

Ms. Wong Tsz Man

Independent non-executive Directors:

Mr. Hui Chun Ho Eric
Mr. Sung Wai Tak Herman
Mr. Fung Tak Chung
Dr. Chow Kin San

In accordance with Articles 108(a) and 112 of the Articles, Dr. Ng Tai Wing, Mr. Yang Shuo, Ms. Wong Tsz Man and Mr. Sung Wai Tak Herman, will retire and 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 12 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.

Report of the Directors

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 2018.

SHARE OPTION SCHEME

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

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

(i) any full-time or part-time employees, executives or officers of 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 during the year and up to the date of this report. The Company did not have any outstanding share options, warrants and convertible instruments into shares as at 31 August 2018 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 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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)*	880,000,000 (L)	55%
Ms. Wong Tsz Man	Interest of spouse *(Note 4)*	880,000,000 (L)	55%
Mr. Yang Shuo	Beneficial owner	320,000,000 (L)	20%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) The approximate percentage of shareholding is calculated based on 1,600,000,000 shares in issue as at 31 August 2018.

(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 in.

Save as disclosed above, as at 31 August 2018, 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 2018, 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 *(Note 3)*	Beneficial owner	880,000,000 (L)	55%
Mr. Yang Shuo	Beneficial owner	320,000,000 (L)	20%

Notes:

(1) The letter "L" denotes the person's long position in the shares.

(2) The approximate percentage of shareholding is calculated based on 1,600,000,000 shares in issue as at 31 August 2018.

(3) These shares are registered in the name of ECI Asia which is a controlled corporation of Dr. Ng. Ms. Wong Tsz Man is the spouse of Dr. Ng. Under the SFO, Ms. Wong Tsz Man is deemed to be interested in all the shares held by ECI Asia.

Save as disclosed above, as at 31 August 2018, 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 during the year 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.

During the year 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 for the year ended 31 August 2018 and up 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, 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 53 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.

Report of the Directors

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 Kingsway dated 12 October 2016, neither Kingsway nor any of its close associates (as defined in the GEM Listing Rules), the directors or employees had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 August 2018 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 during the year under review and up to 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 2018

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 deviations 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 Tai Wing is the chairman and chief executive officer of the Company. In view that Dr. Ng is one of the founders of the Group and has been operating and managing the Group since 2003, the Board believes that the vesting of the roles of chairman and chief executive officer in Dr. Ng is beneficial to the business operations and management of the Group and will provide 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 2018 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 and Administration 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 2018, he has taken no less than 15 hours of relevant professional training covering corporate governance and accounting matters and therefore satisfies 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 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 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 2018 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.

Corporate Governance Report

THE BOARD OF DIRECTORS

The Board of Directors, which currently comprises eight 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 to the management include the preparation of annual, interim and quarterly accounts for the Board's approval before public reporting, execution of business strategies and initiatives adopted by the Board, 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
Mr. Yang Shuo *(appointed on 12 July 2018)*

Non-executive Director:

Ms. Wong Tsz Man

Independent non-executive Directors:

Mr. Hui Chun Ho Eric
Mr. Sung Wai Tak Herman
Mr. Fung Tak Chung
Dr. Chow Kin San

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 other 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 had complied with Code Provision A.6.5 of the Code and 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 a 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, 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, 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 re-appointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee internal control procedures of the Company.

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the senior management regarding the auditing, internal control and financial reporting matters.

The Audit Committee has reviewed the audited annual results for the financial year ended 31 August 2018, this annual report and the annual results for the year have been approved by the Board on 28 November 2018. The Audit Committee also 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.

Corporate Governance Report

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 2018.

Senior Management Remuneration

The remuneration of the members of senior management of the Company for the year ended 31 August 2018 is as follows:

Remuneration band	Number of individuals
Below HK$1,000,000	3

Details of the directors' remuneration and five highest paid individuals for the year ended 31 August 2018 that are required to be disclosed pursuant to the Code are disclosed in notes 13 and 14 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, namely 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 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 year ended 31 August 2018 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	10/11	N/A	N/A	2/2	1/1	N/A
Mr. Law Wing Chong	11/11	N/A	N/A	N/A	1/1	N/A
Mr. Yang Shuo *(appointed on 12 July 2018)*	1/1	N/A	N/A	N/A	N/A	N/A
Non-executive Director						
Ms. Wong Tsz Man	10/11	N/A	N/A	N/A	1/1	N/A
Independent Non-executive Directors						
Mr. Hui Chun Ho Eric	11/11	4/4	2/2	2/2	1/1	N/A
Mr. Sung Wai Tak Herman	11/11	4/4	2/2	2/2	1/1	N/A
Mr. Fung Tak Chung	11/11	4/4	2/2	2/2	1/1	N/A
Dr. Chow Kin San	11/11	4/4	2/2	2/2	0/1	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 are 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 2018, 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
Audit services	718,000
Non-audit services*	268,000
Total	986,000

* *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 2018, 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 2018, 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 2018. 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 treatments are allocated. Our risk management framework follows the guideline on risk management "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. His biographical information is set out in the section "Biographical Information of Directors and Senior Management" of this Report.

SHAREHOLDERS' RIGHTS

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

Pursuant to 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 on the Company's website and the Stock Exchange website. The Company also provides extensive information in its annual reports, interim reports, quarterly reports, various announcements 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 during the year ended 31 August 2018. An up-to-date version of the Articles is available on the Company's website and the Stock Exchange's website.

INTRODUCTION

This Environmental, Social and Governance Report (the "ESG Report") summarises the initiatives, programmes and performance of ECI Technology Holdings Limited (the "Company", together with its subsidiaries, "the Group", "We" or "Our") as well as demonstrates its commitment to sustainability.

The core businesses of the Group are principally engaged in the provision of extra-low voltage ("ELV") solutions in Hong Kong. The Group's solutions include central control monitoring systems such as security system, car park system and clubhouse management system, and telecommunications and broadcasting services systems, such as Communal Aerial Broadcast Distribution ("CABD") and System and Satellite Master Antenna Television ("SMATV") System. It procures hardware, such as security cameras, display devices, cables and wires, and electronic and electrical components, as well as systems such as smartcard and access control systems from local and overseas suppliers. It provides total security solutions, including access control, burglar alarm, time attendance, elevator control and door phone entry system.

The Group believes that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. In order to follow the key trends and pursue a successful and sustainable business model, the Group recognises the importance of integrating environmental, social and governance ("ESG") aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

OUR MISSION

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 9001:2015 (International Standard for Quality Management), ISO 14001:2015 (International Standard for Environmental Management System) & OHSAS18001:2017 (International Standard for Safety Management) to enhance quality, safety and environmental management system; and
- Building staff capacity and providing adequate resources to continually improve the productivity and effectiveness of the management system.

REPORTING SCOPE

Unless stated otherwise, the ESG Report mainly covers the Group's major operating revenue activities under direct management control, including its provision of ELV solutions. The Group will continue to assess the major ESG aspects of different businesses to determine whether it needs to be included in the ESG reporting.

Environmental, Social and Governance Report

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in the Appendix 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "ESG Reporting Guide").

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 25 to 32 of this annual report.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures being taken during the year ended 31 August 2018 (the "Reporting Period").

CHAIRMAN'S STATEMENT

On Behalf of the Group, I am pleased to present the second ESG report of the Group for the Reporting Period which reviewed the Group's performance on sustainability as well as demonstrates its commitment to sustainability.

We aim to provide quality and premium services to our customers, establish occupational health and safety protection measures for our employees and sub-contractors, and implement mitigation measures to protect our environment. These have helped to drive our success and promote our brand in the industry. We have obtained the triple accreditation of ISO 9001:2015 Quality Management System, OHSAS 18001:2007 Occupational Health and Safety Management System, and ISO 14001:2015 Environmental Management System, which demonstrates our commitment to sustainability.

We have established a comprehensive quality management system from an internal management perspective, which includes standardized process control procedures and regular internal audit procedures. Our efforts on quality control have been accredited by ISO 9001:2015 Quality Management System.

We have established framework and accredited with OHSAS 18001:2007 Occupational Health & Safety Management System to identify and reduce related safety risk in the projects performed by us and the sub-contractors to safeguard our employees and sub-contractors. We have also adopted related safety measures to improve employees' awareness on occupational health and safety. For example, we have provided safety trainings for our employees.

We have also implemented the ISO 14001:2015 Environmental Management System for our operations in providing ELV solutions and for our office to ensure energy efficiency, proper waste management, and compliance with relevant laws and regulations, so as to protect our environment.

In the future, we will continue to plough ahead to make greater contribution to the sustainable development within the industry.

Dr. Ng Tai Wing
Chairman and Chief Executive Officer

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views relating to its businesses and ESG issues. In order to understand and address stakeholders' concerns, the Group communicates with its key stakeholders, including but not limited to employees, investors, customers, suppliers, government bodies and communities through different channels such as conferences, electronic platforms and interviews. In formulating operational strategies and ESG measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community.

MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have participated in preparing the ESG Report, assisted the Group in reviewing its operation, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders. We have compiled a questionnaire in reference to the identified material ESG issues to collect the information from relevant departments and business units of the Group.

The following table summarises the Group's significant ESG issues as set out in the ESG Report:

The ESG Reporting Guide	Material ESG aspects of the Group	
A. Environment		
A1. Emissions	Greenhouse Gas ("GHG") Emission	P. 36
	Waste Management	P. 38
A2. Use of Resources	Energy Consumption	P. 39
A3. The Environment and Natural Resources	Environmental Impact by Projects	P. 41
	Noise Management	P. 42
	Indoor Air Quality	P. 42
B. Society		
B1. Employment	Recruitment and Remuneration	P. 43
	Work-life Balance	P. 43
	Performance Evaluation and Promotion	P. 43
	Equal Opportunities and Anti-discrimination	P. 43
B2. Health and Safety	Safety Risks by Projects	P. 45
	Safety Measures	P. 45
B3. Development and Training	Staff Development and Training	P. 46
B4. Labor Standards	Prevention of Child Labor or Forced Labor	P. 46
B5. Supply Chain Management	Supply Chain Management Structure	P. 47
	Fair and Open Procurement	P. 47

Environmental, Social and Governance Report

The ESG Reporting Guide	Material ESG aspects of the Group	
B6. Product Responsibility	Quality Management	P. 48
	Privacy Protection	P. 49
B7. Anti-corruption	Whistle-blowing Policy	P. 49
B8. Community Investment	Community Participation	P. 49

During the Reporting Period, the Group confirmed that appropriate and effective management policies and internal control systems for ESG issues are in place, and confirmed the information disclosed in the ESG Report meets the ESG Reporting Guide.

CONTACT US

Comments and suggestions are welcome from our stakeholders. You may provide comments on the ESG Report or towards our performance in respect of sustainable development via 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
Email:	cs@ecinfohk.com
Fax:	3101 0616

A. ENVIRONMENT

A1. Emissions

General Disclosure and Key Performance Indicators ("KPIs")

The Group has formulated relevant policies relating to environmental management and established an Environmental Management System ("EMS") in accordance with ISO 14001:2015 to govern the environmental management and minimise the impact caused by our operations. The Group is strictly committed to complying with requirements stipulated in the relevant local environmental laws and regulations, including but not limited to the "Noise Control Ordinance" and "Waste Disposal Ordinance", etc.

The Group has a dedicated function to coordinate and implement environmental protection measures and objectives, and to address environmental issues. We carry out a series of environmental management measures at the project sites, covering planning, procurement and various project procedures. The Group has also adopted measures concerning noise, indoor air quality, waste, energy and GHG emissions to ensure that all business activities are strictly in compliance with local laws and regulations.

We strive to constantly improve our environmental management system, in order to minimise negative impacts on the environment.

The Group did not identify material non-compliance with the relevant environmental laws and regulations during the Reporting Period.

Exhaust Gas Emission

Due to our business nature, the Group considers the relevant exhaust gas emission generated is not significant. However, we still strive to mitigate the exhaust gas generated from our production process as much as possible.

GHG Emission

The consumption of electricity at the office and petrol and diesel consumption for the vehicles are the largest sources of GHG emissions of the Group. During the Reporting Period, the Group's total GHG emissions amounted to approximately 199 tonnes and the total GHG emission per million HK$ revenue was 2.22 tonnes. The detailed summary of the GHG emission is shown as below:

GHG Performance Summary

GHG Scope[1]	Tonnes	Intensity – Tonnes per million HK$ revenue[2]
Direct GHG emission (Scope 1) – petrol and diesel consumption	162	1.81
Indirect GHG emission (Scope 2) – electricity consumption	37	0.41
Total GHG emission	199	2.22

Notes:

1. GHG emissions data is presented in carbon dioxide equivalent and was in reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the Reporting Guidance on Environmental KPIs published by the Stock Exchange and the Sustainability Report 2017 published by the CLP Power Hong Kong Limited.

2. During the Reporting Period, the total revenue of the Group was HK$89,786,000. This number is also used to calculate other intensity figures in the ESG Report.

We have adopted the following measures to mitigate the direct GHG emission from petrol consumption in our operations:

- Selected the shortest route to/from the site of the Group and the targeted venue;
- Switched off engine whenever the vehicle is idle;
- Used unleaded fuel and low sulphur content fuel according to legal requirements;
- Provided maintenance service to the vehicles on a regular basis to ensure engine performance to ensure efficient use of fuel; and
- Optimised operational procedure to increase the loading rate and reduce the idling rate of vehicles.

Through these GHG emissions mitigating measures, the employees' awareness on GHG emissions mitigation has been enhanced.

Consumption of electricity is accounted as the only source of indirect GHG emission. The Group has implemented measures as stated in "Energy Consumption" of Aspect A2 below in order to reduce energy consumption, and thereby minimizing carbon footprint.

Discharges into water

We do not consume a significant volume of water through our business activities, and therefore our business activities did not generate material discharges into water. The majority of the water supply and discharge facilities are provided and managed by property management company.

Waste Management

The Group adheres to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. Our waste management practice has been complied with relevant laws and regulations relating to environmental protection. The non-hazardous wastes generated by the Group's operations mainly consist of paper and other types of office stationaries.

Due to our business nature, we did not generate significant amount of hazardous wastes and only generated limited non-hazardous wastes during the Reporting Period.

During the Reporting Period, the volume of non-hazardous waste generated by the Group is shown as below:

Non-hazardous waste category	**Quantity**	**Unit**	**Intensity – Unit per million HK$ revenue**
Paper	474,855	Pages (print-out)	5,288.74

We regularly monitor the consumption volume of paper and have implemented a number of reduction measures. The Group maintains high standard in waste reduction, educates our employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

During installation and maintenance operations, the Group strictly complies with the "Waste Disposal Ordinance" which regulates the waste production, collection and disposal including treatment and recycling. The Group requires its suppliers and contractors to comply with the said Ordinance, and ensures all waste materials are properly handled, stored and disposed to prevent contamination. Also, suppliers and contractors are encouraged to minimize their waste generation, use recyclable materials for packaging and reuse them wherever possible.

We have implemented various programs and activities to encourage employees to participate in paper consumption reduction management in the office, including:

- Recommended the use of double sided printing/photocopying wherever possible;
- Used electronic media for circulation/communication to minimise use of paper;
- Used suitable font size/shrinkage mode to minimise pages, if possible;
- Prohibited the printing of unnecessary cover page;
- Required employees to do check prints on scarp paper;
- Discouraged the printing of emails;
- Collected one sided used papers from collection box for re-use;
- Placed collection box for one sided used papers next to each photocopier/printer;
- Placed "Green Message" reminders on office equipment; and
- Recommended the use of recycled paper.

Moreover, the procurement and disposal of office stationeries serve another focus of our operational sustainability efforts. The office stationaries have a great hidden environmental and social impact throughout their product life, from their production, usage to eventual disposal. We have launched the following measures:

- Used environmental friendly stationeries. (e.g. refillable, durable stationery with no chemicals);
- Reused cord binder, envelopes and other materials until worn out;
- Reused stationeries as far as possible;
- Purchased reusable stationeries whenever it is possible, such as refillable rollerball pens and correction type paper; and
- Avoided single-use disposable items.

Furthermore, staff capacity building programme in respect of glass bottles recycling has been implemented with monitoring and performance tracking. Besides, when there is hazardous waste such as batteries, the Group will collect and deliver to licensed recycling companies.

Finally, we have adopted the following waste management approaches for other types of office waste:

- Collected computers and computer accessories such as toner cartridge, keyboard, mouse, and filter by Human Resources and Administration Department ("HRA") for re-use or recycling if possible;
- Reused/recycled plastic materials, and scrap metals; and
- Collected and disposed solid wastes properly.

Through these waste management measures, the employees' awareness on waste management has been enhanced. Moreover, 285.10KG paper has been recycled during the Reporting Period. Furthermore, the paper consumption per million HK$ revenue of the Group during the Reporting Period decreased by approximately 4% compared to the year ended 31 August 2017.

A2. Use of Resources

General Disclosure and KPI

The Group continues with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations, and is committed to optimising the use of resources in all of our business operations.

During our operation, fuel, electricity and office consumables are consumed, and the Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the use of unnecessary materials. The Group has formulated the guidelines for Green Practice in office to control the environmental impacts of office activities.

During the year ended 31 August 2017, the Group set up targets for resources conservation in its daily operations, including:

- 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.

During the Reporting Period, the Group achieved the above resource conservation targets and the targets for next reporting period will be remained the same as the one established during the year ended 31 August 2017.

Energy Consumption

As mentioned in the Aspect A1, the Group has formulated policies and procedures relating to the environmental management, including energy management. Electricity consumption, petrol consumption and diesel consumption account for a substantial part of the GHG emission for the Group.

During the Reporting Period, the Group's consumption in petrol, diesel and electricity were:

Energy Type	Quantity	Unit	Intensity – Unit per million HK$ revenue
Diesel	10,908	litres	121.49
Petrol	48,799	litres	543.51
Electricity	72,110	kWh	803.13

On top of the diesel and petrol saving measures disclosed in the Aspect A1, the Group has also conducted the following to improve the energy efficiency performance, including but not limited to:

- Set all printers, photocopier and computers as energy conservation mode if possible;
- Set room temperature range from 20° C to 25.5° C. The ideal optimal temperature is 25.5° C;
- Switched off unnecessary lighting;
- Encouraged employees to turn off idling equipment, computers and lightings, when not in use or after working hours;
- Monitored the energy usage on a monthly basis, along with investigating significant variance noted;
- Adopted power-saving features for office equipment and computers;
- Switched off electrical appliances when not in use from; and
- Procured energy efficient appliances only upon replacement of old appliances or due to new business needs.

Through these energy conservation measures, the employees' awareness on energy conservation has been enhanced. Moreover, the electricity consumption of the Group during the Reporting Period decreased by approximately 2% and the electricity consumption per million HK$ revenue of the Group during the Reporting Period decreased by approximately 16% compared with the year ended 31 August 2017.

The Group believes it has set a role model for corporate social responsibility through adopting different energy conservation measures. More importantly, the Group strives in cost reduction in terms of less electricity consumption in workplace in the long run.

Water Consumption and Use of Packaging Materials

The water consumption of the Group contains mainly of office water consumption for basic cleaning and sanitation. During the Reporting Period, only 88 m^3 of water were consumed by the Group and the water consumption per million HK$ revenue was 0.98 m^3. Regardless of limited water consumption, we still promote behavioral changes at office and encourage water conservation. Pantry and toilets are posted with environmental messages to remind employees of water conservation, which results in enhancing our employees' awareness in water conservation. Moreover, we require employees to turn off the tap when not in use and report leaking faucet or pipe to the relevant authority.

Through these water conservation measures, the employees' awareness on water conservation has been enhanced. Moreover, the water consumption per million HK$ revenue of the Group during the Reporting Period decreased by approximately 5% compared with the year ended 31 August 2017.

Due to the Group's business nature and operation mainly based in Hong Kong, the issue in sourcing water that is fit for purpose is not relevant to the Group.

In addition, the Group has no industrial production or any factory facilities. Therefore, we do not consume significant amounts of package materials for product packaging.

A3. Environment and Natural Resources

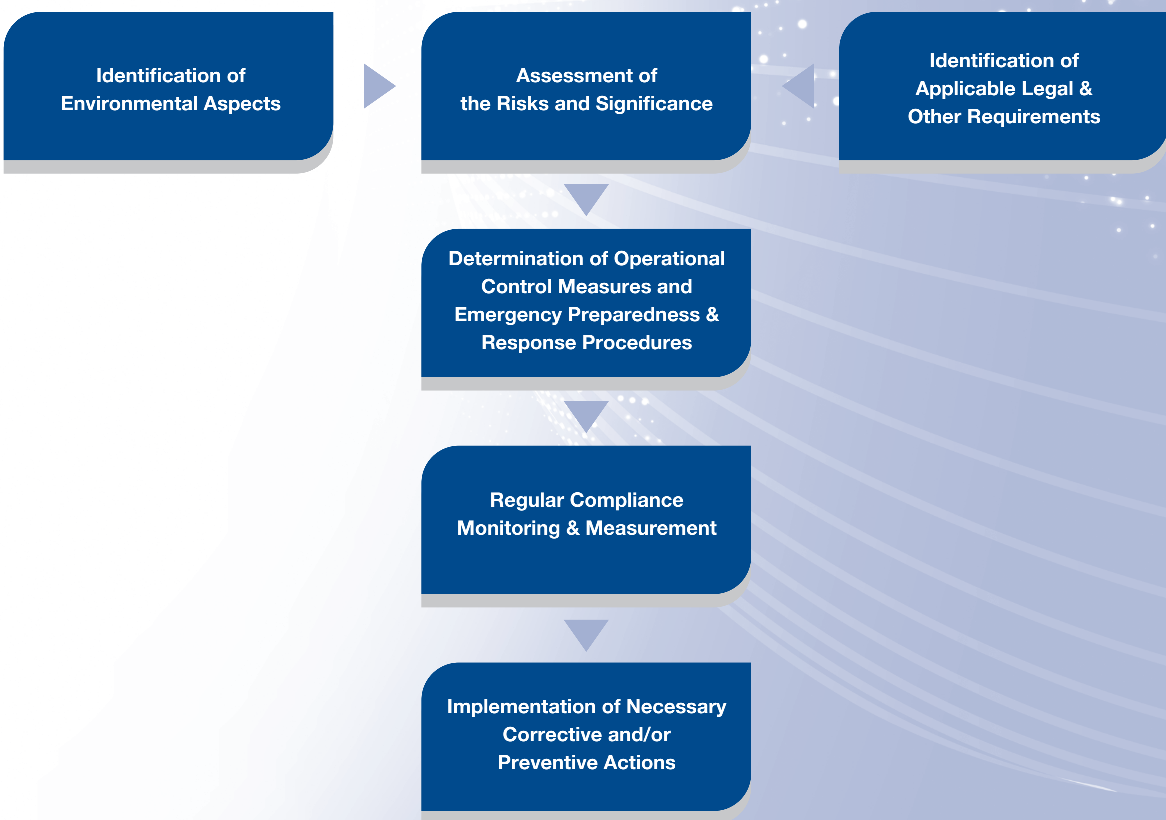
General Disclosure and KPI

The Group pursues the best practices in the environment protection and focuses on the impact of the Group's businesses to the environment and natural resources. In addition to complying with relevant environmental laws and regulations as well as properly preserve the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operations, with the aim of achieving environmental sustainability.

The Group strives to promote environmental protection and makes effective use of resources. It carries out continuous monitoring in relation to whether the business operations incur any potential impact to the environment, and minimises such impact to the environment through promoting green office. Where applicable, we adopt green purchasing strategies and the most practical technologies to protect our natural resources.

Environmental Impact by Projects

In order to control and mitigate the environmental impacts by the projects in our operations, we have formulated a series of procedures to assess the environmental risks of the projects in accordance with the standard of ISO 14001:2015 EMS. Regular internal audit on the effectiveness and level of compliance of EMS are carried out annually. Moreover, management review is conducted in the form of management review meeting at least on an annual basis to ensure EMS continuing suitability, adequacy and effectiveness. Relevant measures to mitigate the corresponding environment risks of the projects have been carried out in accordance to the relevant assessment procedures. The Group's core process of its EMS are as follows:



Moreover, we usually integrate key environmental aspects into each stage of our 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 audits are carried out on an annual basis to review the Group's environmental performance, and areas of improvement.

Noise Management

Noise may also be generated by the operation of the Group. Therefore, the Group has adopted the following measures to mitigate the noise generated in office:

- Avoided carrying out noisy operations by restricted hours from 1900-0700 and public holiday;
- Selected/used quiet/silenced equipment (if available); and
- Avoided simultaneous operation of noisy equipment for noise sensitive receivers.

Moreover, the Group has adopted the following measures to mitigate the noise generated in the site operation:

- Avoided carrying out noisy operations during restricted hours from 2300-0700 and public holiday;
- Selected/used quiet/silenced equipment if available;
- Avoided simultaneous operation of noisy equipment for noise sensitive receivers;
- Enclosed noisy operation; and
- Adopted good equipment maintenance.

Indoor Air Quality

Indoor air quality in our workplace is regularly monitored and measured. We have adopted the following measures to ensure the indoor air quality in the office:

- Placed large-leafed green plants in appropriate office areas where possible;
- Encouraged staff to keep small green plants; and
- Conducted regular cleaning of air conditioning system.

These measures resulted in maintaining indoor air quality and filtering out pollutants, contaminants and dust particles.

B. SOCIETY

B1. Employment

General disclosure

Human resources are the foundation in supporting the development of the Group. 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 projects. Therefore, we dedicate in offering a pleasant working environment that encourages communication, innovation, continuous learning and fosters employee engagement. Hence, we established relevant policies to fulfil our vision on people-oriented management to realise the full potential of employees. The human resources managing procedures are formally documented in the staff handbook, covering resources planning, performance evaluation, training, recruitment, resignation, transfer, compensation and welfare, etc.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations (i.e. "Employment Ordinance") in Hong Kong that would have a significant impact on the Group.

Recruitment and Remuneration

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 suitable qualified candidates through open recruitment or internal promotion process. Employees of the Group are remunerated at a competitive level and rewarded according to their performance and experience. The promotion and remuneration of the Group's employees are subject to review regularly. Remuneration packages include holidays, annual leave, sick leave, marriage leave, maternity leave, examination leave, paternity leave, medical scheme, mandatory provident fund, birthday bonus and discretionary bonus.

Moreover, the Group holds Christmas party for celebration and distributes moon cake coupons at Mid-Autumn Festival every year. The Group also offers birthday red packet and education subsidy to its employees.

Work-life Balance

We value the importance of maintaining a healthy lifestyle and work-life balance of our employees. The Group actively engages its employees through different work-life balancing social activities.

Besides, the Group regulates working hours and provides overtime work compensation for the employees in field operation.

Performance Evaluation and Promotion

The promotion of the Group's employees is subject to review regularly. The Group gives priority to internal promotion and encourages employees to compete for internal job vacancies. The Group has set targets for each employee's work, assessed their performance on an annual basis and set clear guidelines and regulations to improve the efficiency of the employees and departments. Supervisor discusses the performance with employee in an effective 2-way communication for advancement. This system provides reference standards for salary adjustment, bonus distribution, and promotion.

Equal Opportunities and Anti-discrimination

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. Therefore, the Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics, gender or age. Regardless of race, color, religion, age, gender, disability, family status and other categories protected by law, the Group gives employees equal opportunities to enhance their personal and career development. This includes hiring, training and development, compensation and benefits, promotion and transfer.

We establish and implement policies that promote a harmonious and respectful workplace. With the aim of ensuring fair and equal protection for all employees, the Group has zero tolerance on sexual harassment or abuse in the workplace.

B2. Health and Safety

General disclosure

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 the Group's services. The Group is committed to provide healthy and safe working environment for all employees, contractors and others associated with our business activities, and strive to achieve zero tolerance toward hazards, incidents, non-compliance and accidents.

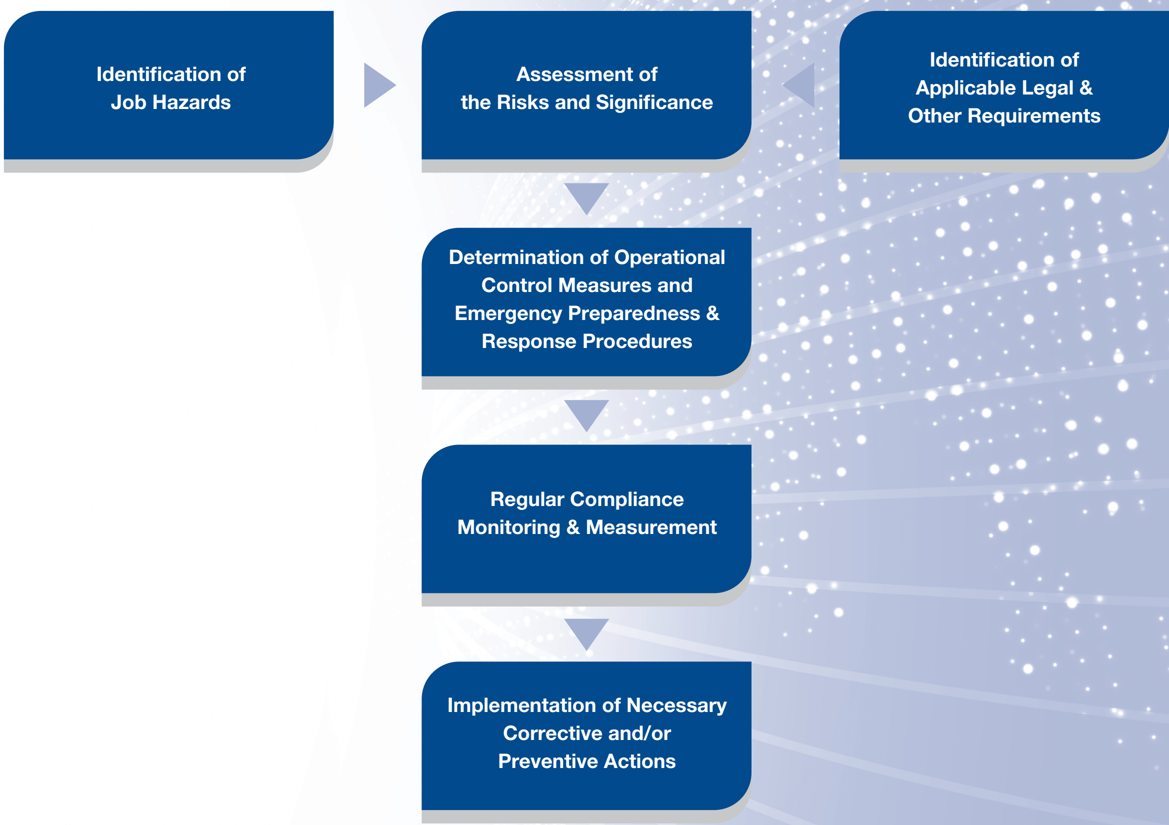
To maintain a safe working environment, the Group has established safety policies and relevant procedures on the prevention and remediation of safety accidents in the projects. Our Occupational Health and Safety Management System ("OHSMS") has been implemented in compliance with the requirements of OHSAS 18001:2007 international standards.

The HRA and Safety Department takes responsibilities for offices' occupational health and safety and relevant promotions and monitoring.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations (i.e. "Occupational Safety and Health Ordinance") in Hong Kong that would have a significant impact on the Group.

Safety Risks by Projects

In order to control and mitigate the safety risks by the projects in our operations, we have formulated a series of procedures to assess the safety risks of the projects in accordance with the standard of OHSAS 18001:2007 OHSMS. Regular internal audit on the effectiveness and level of compliance of OHSMS is carried out on an annual basis. Moreover, management review is conducted in the form of management review meeting at least on an annual basis to ensure OHSMS continuing suitability, adequacy and effectiveness. Relevant measures to mitigate the corresponding safety risks of the projects have been carried out in accordance to the relevant assessment procedures. The Group's core process of its OHSMS are as follows:



Safety Measures

Our projects may involve high-risk activities such as carrying out installation works which exposes our employees to electrical hazards, at heights or in confined space. As such, safety is treated as our first priority during the delivery of our services. In accordance with the "Occupational Safety and Health Ordinance", 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. We have adopted the following safety measures:

- Ensured employees to possess relevant safety permits or being certified registration for carrying out high risks activities;
- Conducted regular site inspection to fulfill relevant safety requirements;
- Established guidelines for occupational health and safety, and emergency safety handbook for circulation to all employees; and
- Carried out workplace safety training sessions for all employees regularly.

B3. Development and Training

General disclosure

Staff Development and Training

The Group regards our staff as the most important asset and resource as they help to sustain its core values and culture. The Group provides its staff with training courses for upgrading skills and development as needed.

The HRA is responsible for coordinating various training courses. It arranges a set of professional and management courses for fostering the potential managerial talents.

The Group provides occasional on-the-job training and on-the-spot guidance to enhance employee expertise and productivity. Moreover, the Group values the long-term development of its employees and strives to provide employees with different learning opportunities, including external training and specific training development programs. The Group also encourages the culture of sharing of knowledge and experience.

The Group encourages and supports employees to participate in personal and professional training to fulfill the needs of emerging technologies and new equipment. For the training courses which are work-related and will enhance the Group's development in the future, employees can receive education grants if these courses are approved by the Group's directors. Moreover, the Group sponsors its employees to obtain designated licenses/certificates from the designated colleges/institutions.

B4. Labour Standards

General disclosure

Prevention of Child Labor or Forced Labor

Child and forced labour is strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with laws and conducts recruitment based on the Hong Kong "Employment Ordinance". Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' of personal data. The HRA also ensures identity documents are carefully checked. If violation is involved, it will be dealt with in the light of the circumstances as clearly stated in the Group's staff handbook.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations (including but not limited to: "Employment of Children Regulations", "Employment Ordinance", etc.) in Hong Kong that would have a significant impact on the Group.

B5. Supply Chain Management

General disclosure

We understand the importance of supply chain management in mitigating the indirect environmental and social risks. We are aware of the environmental and social practices of the suppliers, and try to engage suppliers with responsible acts to society in the view of green supply chain management.

Supply Chain Management Structure

In order to ensure that our suppliers and sub-contractors have met customers' and our requirements regarding quality, environmental and safety standards, we have formulated procedures in selecting suppliers and sub-contractors. The Group maintains an internal list of approved suppliers and contractors. Suppliers' and contractors' environmental and social performances are considered as a selection criteria for establishing long-term relationship. Assessments on performance are carried out on a regular basis for our suppliers and sub-contractors. The materials purchased from suppliers and works performed by sub-contractors will be checked and monitored on a regular basis. Suppliers or sub-contractors may be suspended or removed from the approved list if they fail to fulfill our standards.

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

- 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; and
- Encouraging the contractors to reuse and recycle packaging material wherever possible.

Fair and Open Procurement

We have also formulated procedures to ensure that the suppliers and sub-contractors could participate in competitions in an open and fair way. The Group should not have differentiated or discriminated treatment on certain suppliers and sub-contractors. It would strictly monitor and prevent all kinds of business briberies. Employees or personnel having any interest relationship with the supplier should not be involved in the related business activity.

B6. Product Responsibility

General disclosure

Achieving and maintaining high quality standard for projects are utmost important for sustainable growth of the Group. We believe completing works that meet or exceed our customer's requirements is crucial not only for building safety, but also for job reference and future business opportunities. In order to ensure that we deliver high quality services and sustainable projects to our customers, the process of the projects is controlled and monitored regularly. The Group has been in strict compliance with related laws and regulations in Hong Kong.

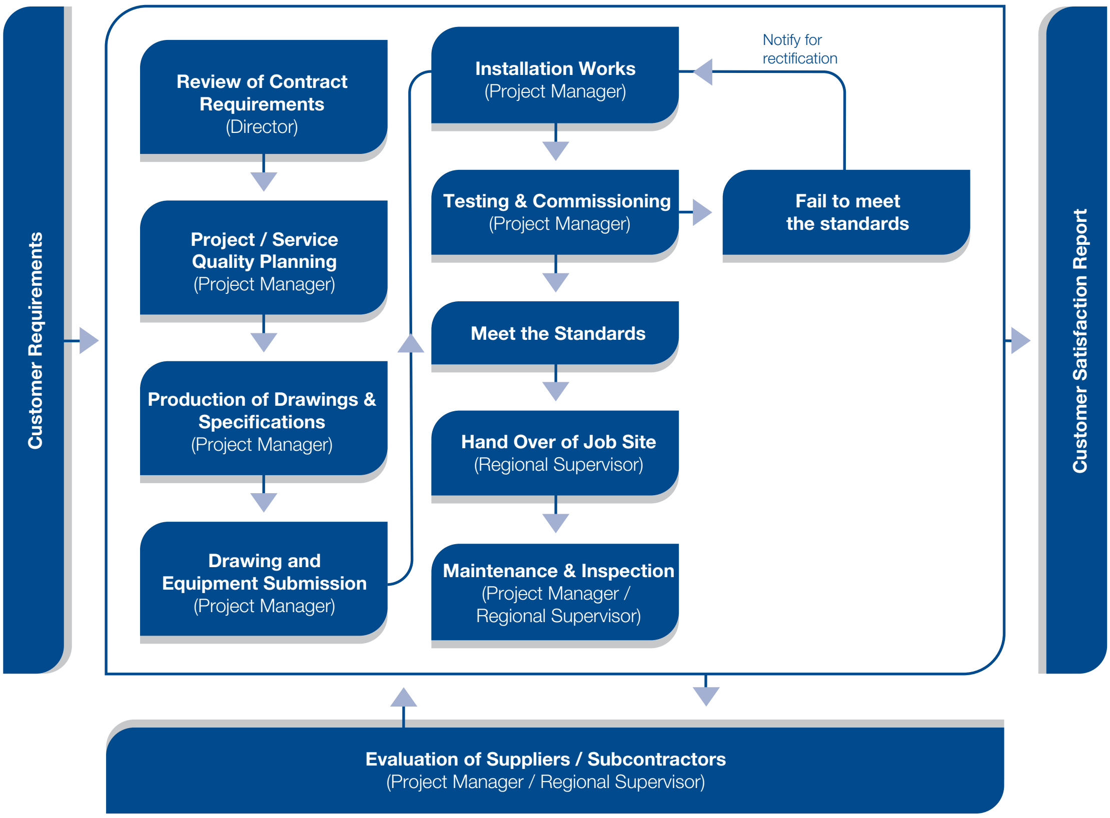
During the Reporting Period, we were not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group, concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. The relevant laws and regulations include, but are not limited to "Supply of Services (Implied Terms) Ordinance", "Personal Data (Privacy) Ordinance", etc.

Environmental, Social and Governance Report

Quality Management

We have established a formal integrated management system ("IMS") in accordance with the requirements of ISO 9001:2015, OHSAS 18001:2007 and ISO 14001:2015 to develop a sustainable performance oriented culture to pursue continuous improvement on quality rather than adopting a short-term and project based approach. Process control procedures has also been established to ensure that the works meet the contractual specification and the environmental, health and safety requirements.

The Group's Quality Management System has been accredited by the ISO 9001:2015 Quality Management System Standard applicable to Supply and Installation of SmartCard and CCTV System. The Group's key processes of service realization and responsible person are as follows:



Regular internal audit on the effectiveness and level of compliance of IMS are carried out annually. Moreover, management review is conducted in the form of management review meeting at least on an annual basis to ensure IMS continuing suitability, adequacy and effectiveness.

To ensure that the quality of our work is in conformity with the customers' specifications, before delivering the end products to our customers, our sales team, installation team together with the customer will carry out user acceptance test which generally comprises a series of performance check to ensure that the final products we provide to our customers are up to the standards as agreed with our customers. Any products that fail to meet the standards will be notified to our installation team for rectification. Our project manager also controls and monitors each step in our operating procedures to ensure the adherence to stringent quality standards.

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

Privacy Protection

As a responsible service provider, all confidential data related to the Group's business, financial and customer information are securely protected and only used for internal purpose. Employment contract includes the statement of confidentiality that any leakage of confidential information to the third parties is strictly prohibited.

B7. Anti-corruption

General disclosure

The Group strives to achieve high standards of ethics in our business operations. Unethical or illegal events such as corruption, bribery, and collusion are strictly prohibited. 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 was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to "Prevention of Bribery Ordinance", etc.

Whistle-blowing Policy

The Group adopts a whistle-blowing policy and procedures for all levels and operations. Staff can raise concerns, in confidence, about possible improprieties such as misconduct and malpractice in any matter related to the Group. These policies and procedures can be found in the Employee Handbook. Reports made by employees will be handled fairly, consistently and expeditiously. All reports will be handled with appropriate confidentiality. All reports will be investigated promptly and in detail by their supervisor, department head or HRA. The results of the investigation will be notified to the relevant employees in accordance with appropriate channels. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions.

B8. Community Investment

General disclosure

Community Participation

As part of the Group's strategic development, we are committed to support the public by the means of social participation and contribution, and to nurture the corporate culture and practices of corporate citizen in our daily operation. We aim to promote the stability of society, and support underprivileged on rehabilitation to improve the quality of life. We also focus to inspire our employees towards social welfare awareness. We would embrace the human capital into the social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group. During the Reporting Period, the Chairman and Chief Executive Officer of the Group, Dr. Ng Tai Wing became the Vice-Chancellor of Social Enterprise Research Academy ("SERA"). This demonstrates our commitment and achievements on the corporate social responsibility. During the Reporting Period, the Group participated in the following activities to contribute to our society:

- Autumn Volunteer Activity - Crossroads Foundation: In the event, the Crossroads Foundation provided welfare assistance to those in need by collecting and distributing different materials from the world and providing professional services by volunteers. As a member of SERA, the Group's employees also participated in the event. The scope of voluntary work included distribution and transportation of materials, and the maintenance of the park of Crossroads Foundation.

- Sponsorship on the 2018 Nobel Scholar Public Lecture ("2018年諾貝爾學人公益講座"): As a member of SERA, the Group sponsored 2018 Nobel Scholar Public Lecture held by SERA which aimed to encourage young students to pursue their dreams and to let young students to gain a deeper understanding on the road of scientific research. The Group sponsored approximately HK$50,000 for the event.

INDEX TABLE OF ESG REPORTING GUIDE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("Comply or explain")	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emission, GHG Emission
KPI A1.2 ("Comply or explain")	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Emissions – GHG Emission
KPI A1.3 ("Comply or explain")	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management
KPI A1.4 ("Comply or explain")	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions – Waste Management
KPI A1.5 ("Comply or explain")	Description of measures to mitigate emissions and results achieved.	Emissions – Exhaust Gas Emission, GHG Emission
KPI A1.6 ("Comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("Comply or explain")	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	Use of Resources – Energy Consumption
KPI A2.2 ("Comply or explain")	Water consumption in total and intensity.	Use of Resources – Water Consumption and Use of Packaging Materials
KPI A2.3 ("Comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Consumption
KPI A2.4 ("Comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption and Use of Packaging Materials
KPI A2.5 ("Comply or explain")	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Water Consumption and Use of Packaging Materials (not applicable)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("Comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Environmental Impact by Projects, Noise Management, Indoor Air Quality
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment

Independent Auditor's Report

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 (hereinafter collectively referred to as the "Group") set out on pages 59 to 111, which comprise the consolidated statement of financial position as at 31 August 2018, 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 2018, 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 notes 4 and 7 to the consolidated financial statements and the accounting policies on page 73.

The key audit matter

For the year ended 31 August 2018, installation income was approximately HK$44,226,000. The Group has accounted for the revenue on installation services 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. 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 Standard 11 *Construction Contract*. We 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 and analysed the actual costs incurred and the expected costs to be incurred to the latest updated 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 77 to 80.

The key audit matter

As at 31 August 2018, the Group has significant trade receivables and amounts due from customers for contract work of approximately HK$18,530,000 and HK$14,082,000 respectively.

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 and estimate of future cash flows of respective trade receivables and expected timeframe on the utilisation of the amounts due from customers for contract work.

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 judgements and estimates, which may be subject to the management bias.

How the matter was addressed in our audit

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, certificates issued by customers, subsequent progress billings and their 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 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 August 2018

	NOTES	2018 HK$'000	2017 HK$'000
Revenue	7	**89,786**	76,828
Cost of sales		**(66,480)**	(53,755)
Gross profit		**23,306**	23,073
Other income	9	**206**	266
Administrative expenses		**(22,108)**	(26,718)
Unrealised loss on fair value change in held-for-trading investment	22	**(117)**	–
Realised gain on disposal of held-for-trading investment		**6**	–
Profit (loss) from operations		**1,293**	(3,379)
Finance costs	10	**(285)**	(421)
Profit (loss) before taxation		**1,008**	(3,800)
Income tax credit (expenses)	11	**116**	(1,137)
Profit (loss) and total comprehensive income (expense) for the year attributable to owners of the Company	12	**1,124**	(4,937)
Earnings (loss) per share attributable to owners of the Company			
Basic and diluted (HK cents)	16	**0.07**	(0.34)

Consolidated Statement of Financial Position

At 31 August 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	17	**10,280**	7,566
Intangible asset	18	**190**	–
		10,470	7,566
Current assets			
Trade receivables	19	**18,530**	16,742
Amounts due from customers for contract work	20	**14,082**	9,828
Amount due from ultimate holding company	21	**–**	4
Held-for-trading investment	22	**333**	–
Deposits, prepayments and other receivables	23	**1,710**	1,213
Tax recoverable		**465**	–
Bank balances and cash	24	**21,647**	30,993
		56,767	58,780
Current liabilities			
Trade payables	25	**4,483**	2,967
Amounts due to customers for contract work	20	**606**	333
Accruals and other payables		**1,578**	1,344
Bank borrowings	26	**5,474**	7,438
Obligations under finance leases	27	**607**	–
Tax payable		**–**	2,344
Bank overdraft	24	**44**	–
		12,792	14,426
Net current assets		**43,975**	44,354
Total assets less current liabilities		**54,445**	51,920

Consolidated Statement of Financial Position (Continued)

At 31 August 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Obligations under finance leases	*27*	**1,813**	–
Deferred tax liability	*28*	**694**	1,106
		2,507	1,106
		51,938	50,814
Capital and reserves			
Share capital	*29*	**16,000**	16,000
Reserves		**35,938**	34,814
		51,938	50,814

The consolidated financial statements on pages 59 to 111 were approved and authorised for issue by the board of directors on 28 November 2018 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 2018

	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 *(note)*	**Retained earnings** HK$'000	**Total** HK$'000
At 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 and 1 September 2017	16,000	24,187	2,301	8,326	50,814
Profit and total comprehensive income for the year	**–**	**–**	**–**	**1,124**	**1,124**
At 31 August 2018	**16,000**	**24,187**	**2,301**	**9,450**	**51,938**

* 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 share 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 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**1,008**	(3,800)
Adjustments for:		
Depreciation of property, plant and equipment	**1,295**	903
Finance costs	**285**	421
Bank interest income	**(89)**	(22)
Amortisation of intangible asset	**46**	–
Unrealised loss on fair value change in held-for-trading investment	**117**	–
Realised gain on disposal of held-for-trading investment	**(6)**	–
Loss on disposal of property, plant and equipment	**112**	–
Operating cash flows before movements in working capital	**2,768**	(2,498)
(Increase) decrease in trade receivables	**(1,788)**	1,742
(Increase) decrease in deposits, prepayments and other receivables	**(495)**	169
Increase in amounts due from customers for contract work	**(4,254)**	(2,787)
Increase in held-for-trading investment	**(444)**	–
Increase in amounts due to customers for contract work	**273**	23
Increase (decrease) in trade payables	**1,516**	(460)
Increase in accruals and other payables	**234**	971
Cash used in operations	**(2,190)**	(2,840)
Hong Kong Profits Tax paid	**(3,106)**	(2,285)
NET CASH USED IN OPERATING ACTIVITIES	**(5,296)**	(5,125)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,411)**	(81)
Acquisition of a subsidiary *(note 34)*	**(237)**	–
Proceeds from disposal of property, plant and equipment	**254**	–
Interest received	**89**	22
Repayment from (advance to) ultimate holding company	**4**	(4)
Repayment from a director	**–**	1,612
Repayment from related companies	**–**	34
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(1,301)**	1,583

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 August 2018

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES		
New bank borrowings raised	**8,000**	15,859
Repayment of bank borrowings	**(9,964)**	(25,883)
Repayment of obligations under finance leases	**(544)**	(960)
Interest paid	**(285)**	(421)
Proceed from issuance of shares	**–**	45,000
Expenses paid for issue of shares	**–**	(4,813)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(2,793)**	28,782
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(9,390)**	25,240
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**30,993**	5,753
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**21,603**	30,993
Analysis of components of cash and cash equivalents:		
Bank balances and cash	**21,647**	30,993
Bank overdraft	**(44)**	–
	21,603	30,993

1. GENERAL INFORMATION

ECI Technology Holdings Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 3 October 2016 as an exempted company with limited liability and the shares of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 March 2017.

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

In opinion of directors of the Company, its ultimate holding 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. Details of the Company's subsidiaries are set out in note 37.

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

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and amendments, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 - 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as disclosed below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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.

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

Amendments to HKAS 7 *Disclosure Initiative* *(continued)*

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in note 32. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in note 32, the directors of the Company considered that these amendments have had no impact on the Group's consolidated financial statements.

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[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 - 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

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

2 Effective for annual periods beginning on or after 1 January 2019.

3 Effective for annual periods beginning on or after 1 January 2021.

4 Effective date not yet been determined.

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.

2. 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 HKFRS 9 (2014) are 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 ("FVTPL"), 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 FVTPL was presented in profit or loss.

2. 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 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 have performed a preliminary analysis of the Group's financial instruments as at 31 August 2018 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The directors of the Company expect to continue recognising initially at fair values for all financial assets which are subsequently measured at amortised costs. The directors of the Company anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) Impairment

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade receivables and increase the amount of allowance for impairment recognised for these items.

2. 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)

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

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 major source of revenue of the Group are provision of installation and maintenance services. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. The directors of the Company intend to use the modified retrospective approach upon transition to HKFRS 15 and where necessary, make adjustment to opening balances of retained earnings or other components of equity. However, the Group is assessing the impacts and not in a position to provide quantified information.

2. 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 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

2. 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 (continued)

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

HKFRS 16 will become 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 2018, the Group has non-cancellable operating lease commitments of approximately HK$1,220,000 (2017: HK$565,000) 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. The directors of the Company are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under HKFRS 16. The directors of the Company expect that the adoption of HKFRS 16 may not have material impact on the Group's result but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. 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 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 except for certain held-for-trading investment which are measured at fair values. 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). Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

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 subsidiaries 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.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 services 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, 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.

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 statement 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 statement of financial position under trade receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Short-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 credit (expenses) represent 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 'profit before taxation' 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 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.

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. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings (classified as finance lease) held for use in the production or supply of goods or services for administrative purposes are stated in the consolidated statement 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.

Intangible asset

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

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

Impairment losses of tangible assets and intangible asset

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets and intangible asset 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses of tangible assets and intangible asset *(continued)*

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 statement 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 statement of cash flows, cash and cash equivalents consist of bank balances and cash and short-term deposits as defined above, net of outstanding bank overdraft.

Investments in subsidiaries

Investments in subsidiaries 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 statement 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.

Financial assets

The Group's financial assets are classified into two categories, including financial assets at FVTPL and 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Financial assets at FVTPL

Financial assets at FVTPL represents financial assets held-for-trading.

A financial asset is classified as held-for-trading if:

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

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

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 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, other than those at FVTPL, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment loss on financial assets *(continued)*

For all other financial assets, 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, amount due from ultimate holding company, 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.

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, 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 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 and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

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.

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.

Fair value measurement

When measuring fair value except for leasing transactions and value in use of CGU for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, 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 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. Notwithstanding that the management reviews and revises the estimates of total cost incurred and expected to be incurred for each individual project 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.

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 2018, the carrying amounts of trade receivables were approximately HK$18,530,000 (2017: HK$16,742,000). No impairment loss has been recognised for the year ended 31 August 2018 and 2017.

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

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 2018 and 2017 in respect of amounts due from customers for contract work of approximately HK$14,082,000 and HK$9,828,000 respectively.

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. As at 31 August 2018, the carrying amounts of property, plant and equipment were approximately HK$10,280,000 (2017: HK$7,566,000).

5. 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 net debt, which includes obligations under finance leases disclosed in note 27, bank borrowings disclosed in note 26 and bank overdraft disclosed in note 24, net of cash and cash equivalents 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.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**40,816**	48,157
Financial assets at FVTPL		
– held-for-trading	**333**	–
	41,149	48,157
Financial liabilities		
At amortised cost	**11,579**	11,749

(b) Financial risk management objective and policies

The Group's major financial assets and liabilities include trade receivables, held-for-trading investment, deposits and other receivables, amount due from ultimate holding company, bank balances and cash, trade payables, accruals and other payables, bank borrowings and bank overdraft. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included interest rate risk, other price 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.

(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 is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances (see note 24), bank overdraft (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") and Prime Rate 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.

6. FINANCIAL INSTRUMENTS *(continued)*

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

(i) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates 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 (2017: 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 (2017: 100 basis point) higher/lower and all other variables were held constant, the Group's post tax profit for the year ended 31 August 2018 would increase/decrease by approximately HK$50,000 (2017: decrease/increase by HK$113,000). This is mainly attributable to the Group's exposure to interest rates on its bank balances and variable-rate bank borrowings.

(ii) Other price risk

The Group is exposed to equity price risk through its investment in held-for-trading investment. The Group's equity price risk is mainly concentrated on equity instrument operating in consultancy service industry sector quoted in the Stock Exchange.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective equity instrument had been 10% (2017: nil) higher/lower, profit for the year ended 31 August 2018 would increase/decrease by approximately HK$33,000 (2017: nil) as a result of the changes in fair value of held-for-trading investment.

(iii) Credit risk

As at 31 August 2018, 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 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.

6. FINANCIAL INSTRUMENTS *(continued)*

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

(iii) Credit risk (continued)

As at 31 August 2018, the Group has concentration of credit risk as 17% (2017: 34%) and 46% (2017: 48%) 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% (2017: 100%) of the total trade receivables as at 31 August 2018.

(iv) 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.

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 2018					
Non-derivative financial liabilities					
Trade payables	4,483	–	–	4,483	4,483
Accruals and other payables	1,578	–	–	1,578	1,578
Bank borrowings	5,474	–	–	5,474	5,474
Bank overdraft	44	–	–	44	44
Obligations under finance leases	720	714	1,245	2,679	2,420
	12,299	714	1,245	14,258	13,999

6. FINANCIAL INSTRUMENTS *(continued)*

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

(iv) Liquidity risk (continued)

Liquidity tables *(continued)*

	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	7,438	–	–	7,438	7,438
	11,749	–	–	11,749	11,749

The amounts included above for bank borrowings are term loans from banks with a repayment 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 2018	**2,127**	**1,143**	**2,442**	**–**	**5,712**	**5,474**
As at 31 August 2017	2,140	2,140	3,036	551	7,867	7,438

6. FINANCIAL INSTRUMENTS *(continued)*

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

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring and non-recurring measurement, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

	31 August 2018			
	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Non-derivative financial assets held-for-trading	**333**	**–**	**–**	**333**

There were no transfers between levels of fair value hierarchy in the current year.

The valuation techniques and inputs used in the fair value measurements of each financial instruments on a recurring basis are set out below:

Financial instruments	Fair value hierarchy	Fair value as at 31/8/2018 HK$'000	Fair value as at 31/8/2017 HK$'000	Valuation technique and key inputs	Significant unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
Equity security listed in Hong Kong	Level 1	**333**	–	Quoted bid prices in an active market	N/A	N/A	N/A

6. FINANCIAL INSTRUMENTS *(continued)*

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

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.

7. 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:

	2018	2017
	HK$'000	HK$'000
Installation	**44,226**	42,998
Maintenance	**45,560**	33,830
	89,786	76,828

8. SEGMENT INFORMATION

Segment revenue, results, assets and liabilities

The directors of the Company, being the chief operating decision makers, review the Group's internal reporting in order to assess performance and allocate resource. The Group focuses on provision of installation and maintenance services. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Company as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

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

Information about major customers

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

	2018 **HK$'000**	2017 HK$'000
Customer A	**22,433**	14,813
Customer B	**21,454**	30,348

9. OTHER INCOME

	2018 **HK$'000**	2017 HK$'000
Bank interest income	**89**	22
Sundry income	**117**	244
	206	266

10. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on:		
Bank borrowings	**223**	395
Bank overdraft*	**–**	–
Obligations under finance leases	**62**	26
	285	421

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

11. INCOME TAX CREDIT (EXPENSES)

	2018 HK$'000	2017 HK$'000
Current tax:		
Hong Kong Profits Tax	**501**	1,307
Over-provision in prior year	**(205)**	(114)
	296	1,193
Deferred tax *(note 28)*:		
Current year	**28**	(56)
Effect of change in tax rates	**(440)**	–
	(116)	1,137

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.

For the year ended 31 August 2018, Hong Kong Profits Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000. For the year ended 31 August 2017, Hong Kong Profits Tax has been provided at a flat rate of 16.5% on the estimated assessable profits.

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

11. INCOME TAX CREDIT (EXPENSES) *(continued)*

	2018 **HK$'000**	2017 HK$'000
Profit (loss) before taxation	**1,008**	(3,800)
Tax calculated at the domestic income tax rate of 16.5% (2017: 16.5%)	**166**	(626)
Tax effect of income not taxable for tax purpose	**(16)**	(443)
Tax effect of expenses not deductible for tax purpose	**568**	2,340
Tax effect of tax loss not recognised	**6**	–
Over provision in prior year	**(205)**	(114)
Income tax on concessionary rate *(note (i))*	**(165)**	–
Effect of change in tax rates	**(440)**	–
Tax effect of tax exemption *(note (ii))*	**(30)**	(20)
Income tax (credit) expenses for the year	**(116)**	1,137

Notes:

(i) For the year of assessment 2018/2019, a two-tiered profits tax rates was introduced of which one subsidiary of the Group can elect 8.25% tax rate for its first assessable profits of HK$2,000,000.

(ii) Tax exemption represented a reduction of Hong Kong Profits Tax for the year of assessment of 2017/2018 by 75% (2016/2017: 75%), subject to a ceiling of HK$30,000 (2017: HK$20,000) per case.

Details of deferred taxation are set out in note 28.

12. PROFIT (LOSS) FOR THE YEAR

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

	2018 **HK$'000**	2017 HK$'000
Directors' emoluments *(note 13)*		
– fees	**616**	245
– salaries, allowances and other benefits	**1,905**	1,534
– contributions to retirement benefit scheme *(note 30)*	**56**	37
Other staff costs (excluding directors' emoluments)		
– salaries and other benefits	**39,472**	34,393
– contributions to retirement benefit scheme *(note 30)*	**1,857**	1,629
Total staff costs	**43,906**	37,838
Auditor's remuneration	**718**	650
Depreciation of property, plant and equipment	**1,295**	903
Amortisation of intangible asset (include in administrative expenses)	**46**	–
Listing expenses	**–**	8,185
Loss on disposal of property, plant and equipment	**112**	–
Minimum lease payments paid under operating lease charges in respect of rented office premise, carparks and warehouse	**1,157**	1,049

Notes to the Consolidated Financial Statements

For the year ended 31 August 2018

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to eight directors (2017: seven) of the Company, including the chief executive of the Company, Dr. Ng Tai Wing ("Dr. Ng"), were as follows:

For the year ended 31 August 2018

	Executive directors			Non-executive director	Independent non-executive directors				
	Dr. Ng[1]	Mr. Law Wing Chong[1]	Mr. Yang Shuo[5]	Ms. Wong Tsz Man[4]	Mr. Fung Tak Chung[2]	Mr. Hui Chun Ho Eric[2]	Dr. Chow Kin San[3]	Mr. Sung Wai Tak Herman[2]	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiaries undertakings:									
Fees	–	–	16	120	120	120	120	120	616
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiaries undertakings:									
Salaries	1,270	635	–	–	–	–	–	–	1,905
Contributions to retirement benefit scheme	28	28	–	–	–	–	–	–	56
Total emoluments	1,298	663	16	120	120	120	120	120	2,577

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

For the year ended 31 August 2017

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

5 Appointed as executive director on 12 July 2018.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2017: two) were the directors of the Company, whose emoluments are included in note 13 above. The emoluments of the remaining three individuals (2017: three) were as follows:

	2018	2017
	HK$'000	HK$'000
Salaries, allowances and other benefits	**1,422**	1,608
Contributions to retirement benefits scheme	**54**	47
	1,476	1,655

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 and no arrangement under which any of the five highest paid individuals waived or agreed to waive any of the remuneration during the years ended 31 August 2018 and 2017.

15. DIVIDENDS

No dividend has been paid or proposed during the year ended 31 August 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

16. EARNINGS (LOSS) PER SHARE

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

	2018 HK$'000	2017 HK$'000
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**1,124**	(4,937)

	2018 '000	2017 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,600,000**	1,444,657

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

Diluted earnings (loss) per share were the same as basic earnings (loss) per share as there were no dilutive potential ordinary share outstanding during the year ended 31 August 2018 (2017: nil).

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Motor vehicles	Computer equipment	Office equipment, furniture and fixtures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST						
At 1 September 2016	7,142	524	1,905	188	300	10,059
Additions	–	–	–	80	1	81
At 31 August 2017 and 1 September 2017	7,142	524	1,905	268	301	10,140
Additions	–	117	3,435	112	711	4,375
Disposal	–	–	(819)	–	–	(819)
At 31 August 2018	7,142	641	4,521	380	1,012	13,696
ACCUMULATED DEPRECIATION						
At 1 September 2016	1,000	133	423	38	77	1,671
Charged for the year	143	181	476	49	54	903
At 31 August 2017 and 1 September 2017	1,143	314	899	87	131	2,574
Charged for the year	200	185	783	61	66	1,295
Eliminated on disposal	–	–	(453)	–	–	(453)
At 31 August 2018	1,343	499	1,229	148	197	3,416
CARRYING VALUES						
At 31 August 2018	5,799	142	3,292	232	815	10,280
At 31 August 2017	5,999	210	1,006	181	170	7,566

17. 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	over the remaining lease terms
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:

	2018 **HK$'000**	2017 HK$'000
Motor vehicles	**2,670**	–

The carrying values of leasehold land and buildings of approximately HK$5,799,000 (2017: HK$5,999,000) were pledged to secure bank borrowings to the Group (note 26).

18. INTANGIBLE ASSET

	License HK$'000
COST	
At 1 September 2016, 31 August 2017 and 1 September 2017	–
Acquisition of a subsidiary accounted for as asset acquisition *(note 34)*	236
At 31 August 2018	236
AMORTISATION	
At 1 September 2016, 31 August 2017 and 1 September 2017	–
Provided for the year	46
At 31 August 2018	46
CARRYING VALUE	
At 31 August 2018	190
At 31 August 2017	–

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

19. TRADE RECEIVABLES

	2018	2017
	HK$'000	HK$'000
Trade receivables	**18,530**	16,742

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 2018 and 2017.

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

	2018	2017
	HK$'000	HK$'000
Within 30 days	**6,061**	6,445
31 to 60 days	**4,468**	3,161
61 to 90 days	**3,644**	2,191
Over 90 days	**4,357**	4,945
	18,530	16,742

The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and impairment assessments are made by the 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.

19. TRADE RECEIVABLES *(continued)*

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

	2018	2017
	HK$'000	HK$'000
Past due:		
Within 30 days	**4,468**	3,161
31 to 60 days	**3,644**	2,191
61 to 90 days	**769**	1,875
Over 90 days	**3,588**	3,070
	12,469	10,297
Neither past due nor impaired	**6,061**	6,445
	18,530	16,742

As at 31 August 2018, included in the Group's trade receivables were debtors with aggregate carrying amount of approximately HK$12,469,000 (2017: HK$10,297,000) which were past due as at the end of the reporting period for which the Group has not provided for impairment loss because these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are considered recoverable.

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

	2018	2017
	HK$'000	HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**15,550**	23,921
Less: progress billings	**(2,074)**	(14,426)
	13,476	9,495
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**14,082**	9,828
Amounts due to customers for contract work	**(606)**	(333)
	13,476	9,495

As at 31 August 2018, advances received from customers for contract work not yet commenced amounted to approximately HK$606,000 (2017: HK$333,000).

21. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

The amount was unsecured, interest-free and repayable on demand.

	2018	2017
	HK$'000	HK$'000
ECI Asia	**–**	4

22. HELD-FOR-TRADING INVESTMENT

	2018	2017
	HK$'000	HK$'000
FVTPL:		
– Equity security listed in Hong Kong	**333**	–

Held-for-trading investment is stated at fair value. The fair value of the listed security has been determined by reference to published price quotations in active markets. Loss on fair value change on held-for-trading investment of approximately HK$117,000 (2017: nil) has been recognised in profit or loss for the year ended 31 August 2018.

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2018	2017
	HK$'000	HK$'000
Deposits	**595**	270
Prepayments	**1,071**	795
Other receivables	**44**	148
	1,710	1,213

24. CASH AND CASH EQUIVALENTS

	2018 HK$'000	2017 HK$'000
Cash at bank and in hand *(note (i))*	**11,536**	20,980
Short-term bank deposit *(note (ii))*	**10,111**	10,013
Bank balances and cash	**21,647**	30,993
Bank overdraft *(note (iii))*	**(44)**	–
Cash and cash equivalents	**21,603**	30,993

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 2018 (2017: 0.0001% 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 2018.

(iii) Bank overdraft carried interest at prime rate + 9% per annum for the year ended 31 August 2018 (2017: nil).

25. TRADE PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**4,483**	2,967

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

	2018 HK$'000	2017 HK$'000
Within 30 days	**3,648**	2,155
31 to 60 days	**111**	195
61 to 90 days	**54**	57
Over 90 days	**670**	560
	4,483	2,967

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

26. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Secured	**5,474**	7,438
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	**2,020**	1,958
After one year but within two years	**1,080**	2,024
After two years but within five years	**2,374**	2,908
After five years	**–**	548
	5,474	7,438

At 31 August 2018, secured bank borrowings carried interest at floating rates ranging from 2.15% to 4.25% (2017: 2.15% to 4.25%) per annum. The entire secured bank borrowings contain a repayment on demand clause and are therefore classified as current liabilities.

The bank borrowings were denominated in HK$ for the years ended 31 August 2018 and 2017.

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

	2018 HK$'000	2017 HK$'000
Facility amount	**20,299**	20,299
Utilisation		
– Secured bank borrowings	**5,474**	7,438

As at 31 August 2018, the above banking facilities were secured by leasehold land and buildings (note 17) with a carrying value of approximately HK$5,799,000 (2017: HK$5,999,000).

27. OBLIGATIONS UNDER FINANCE LEASES

	2018 HK$'000	2017 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**607**	–
Non-current liabilities	**1,813**	–
	2,420	–

The Group had leased certain of its motor vehicles under finance leases. The average lease term ranged from 2 to 5 years during the year ended 31 August 2018 (2017: nil). The obligations under finance leases carried interest at fixed rates from 2.25% to 2.50% per annum during the year ended 31 August 2018 (2017: 2.50% to 4.95%). The effective interest rate for the obligations under finance leases for the year ended 31 August 2018 ranged from 5.45% to 6.21% per annum (2017: 3.71% to 5.00% per annum).

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Amounts payable under finance leases:				
Within one year	**720**	–	**607**	–
After one year but within two years	**714**	–	**635**	–
After two years but within five years	**1,245**	–	**1,178**	–
	2,679	–	**2,420**	–
Less: future finance charges	**(259)**	–	**–**	–
Present value of lease obligations under finance leases	**2,420**	–	**2,420**	–
Less: Amount due for settlement within one year shown under current liabilities			**(607)**	–
Amount due for settlement after one year			**1,813**	–

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 2016	1,162
Credit to profit or loss *(note 11)*	(56)
At 31 August 2017 and 1 September 2017	1,106
Charged to profit or loss *(note 11)*	28
Effect of change in tax rates	(440)
At 31 August 2018	694

The Group did not recognise deferred income tax asset in respect of un-utilised tax losses amounting to approximately HK$39,000 (2017: nil) due to the unpredictability of future profit streams. The un-utilised tax losses can be carried forward indefinitely against future taxable income.

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 years ended 31 August 2018 and 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 2017,1 September 2017 and 31 August 2018	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 September 2017 and 31 August 2018	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$1,913,000 (2017: HK$1,666,000) for year ended 31 August 2018, 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:

	2018 **HK$'000**	2017 HK$'000
Within one year	**720**	490
In the second to fifth years inclusive	**500**	75
	1,220	565

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

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

				Non-cash changes	
	1 September 2017	**Financing cash flows**	**Interest expenses accrued**	**Purchase of property plant and equipment**	**31 August 2018**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Obligations under finance leases	–	(544)	–	2,964	2,420
Bank borrowings	7,438	(1,964)	–	–	5,474
Interest payable	–	(285)	285	–	–
	7,438	(2,793)	285	2,964	7,894

33. 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 2018 and 2017 were disclosed in note 21.

(b) Compensation to key management personnel

The remuneration of members of key management personnel including directors of the Company during the years ended 31 August 2018 and 2017 were as follows:

	2018	2017
	HK$'000	HK$'000
Short-term benefits	**1,921**	1,534
Contributions to retirement benefit scheme	**56**	37
	1,977	1,571

34. ACQUISITION OF SUBSIDIARY ACCOUNTED FOR AS ASSET ACQUISITION

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

Net assets of EC Security acquired:

	HK$'000
Intangible asset *(note 18)*	236
Prepayments	2
Bank balances and cash	13
Tax payable	(1)
	250
Satisfied by:	
Cash	250

Net cash outflow on acquisition of EC Security:

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

35. MAJOR NON-CASH TRANSACTION

During the year ended 31 August 2018, the Group entered into finance lease arrangements in respect of five motor vehicles with capital value at the inception of the lease of approximately HK$2,964,000.

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

	NOTES	2018 HK$'000	2017 HK$'000
Non-current asset			
Investments in subsidiaries		* –	* –
Current assets			
Amounts due from subsidiaries	*(a)*	27,101	27,701
Deposits, prepayments and other receivable		182	105
Bank balances and cash		–	2,621
		27,283	30,427
Current liabilities			
Accruals and other payables		287	763
Amount due to a subsidiary	*(a)*	* –	–
Bank overdraft		44	–
		331	763
Net current assets		26,952	29,664
Total assets less current liabilities		26,952	29,664
Capital and reserves			
Share capital	*29*	16,000	16,000
Reserves	*(b)*	10,952	13,664
		26,952	29,664

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

Notes:

(a) The amounts are unsecured, interest-bearing and repayable on demand.

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

Notes: (continued)

(b) 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
Loss and total comprehensive expense for the year	–	–	(2,712)	(2,712)
At 31 August 2018	24,187	2,301	(15,536)	10,952

Note: Other reserve represents 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.

37. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at 31 August 2018 and 2017, 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
			2018		2017		
			Direct	**Indirect**	Direct	Indirect	
ECI International	The BVI	US$1	**100%**	**–**	100%	–	Investment holding
EC InfoTech	Hong Kong	HK$2,300,986	**–**	**100%**	–	100%	Provision of installation and maintenance services
Million Charm Ventures Limited #	The BVI	US$1	**100%**	**–**	–	–	Investment holding
Able Fame Engineering Limited #	Hong Kong	HK$1	**–**	**100%**	–	–	Inactive
EC Security *	Hong Kong	HK$10,000	**–**	**100%**	–	–	Inactive

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

Subsidiaries incorporated / established during the year end 31 August 2018.

* Subsidiary acquired during the year end 31 August 2018.

Financial Summary

	Year ended 31 August			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**89,786**	76,828	80,338	56,066
Cost of sales	**(66,480)**	(53,755)	(53,265)	(39,741)
Gross profit	**23,306**	23,073	27,073	16,325
Other income	**206**	266	81	161
Administrative expenses	**(22,108)**	(26,718)	(13,848)	(6,897)
Unrealised loss on fair value change in held-for-trading investment	**(117)**	–	–	–
Realised gain on disposal of held-for-trading investment	**6**	–	–	–
Profit (loss) from operations	**1,293**	(3,379)	13,306	9,589
Finance costs	**(285)**	(421)	(426)	(502)
Profit (loss) before taxation	**1,008**	(3,800)	12,880	9,087
Income tax credit (expenses)	**116**	(1,137)	(2,637)	(1,522)
Profit (loss) and total comprehensive income (expense) for the year attributable to owners of the Company	**1,124**	(4,937)	10,243	7,565
Non-current assets	**10,470**	7,566	8,388	7,492
Current assets	**56,767**	58,780	34,306	32,928
Current liabilities	**(12,792)**	(14,426)	(25,533)	(21,326)
Net current assets	**43,975**	44,354	8,773	11,602
Total assets less current liabilities	**54,445**	51,920	17,161	19,094
Non-current liabilities	**2,507**	1,106	1,597	1,473
Net assets	**51,938**	50,814	15,564	17,621
Capital and reserves				
Share capital	**16,000**	16,000	2,301	2,301
Reserves	**35,938**	34,814	13,263	15,320
Total equity	**51,938**	50,814	15,564	17,621