The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of the Company, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.

信永中和
ShineWing

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

27 February 2017

The Board of Directors
ECI Technology Holdings Limited

Kingsway Capital Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information (the "Financial Information") regarding ECI Technology Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the years ended 31 August 2015 and 2016 (the "Track Record Period") for inclusion in the prospectus of the Company dated 27 February 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company, principally engaged in investment holding, was incorporated in the Cayman Islands on 3 October 2016 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as detailed in the section headed "History, Reorganisation and Corporate Structure" of the Prospectus (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 9 February 2017, details of which are set out below.

Upon completion of the Reorganisation and up to the date of this report, the Company has direct and indirect interests in the following subsidiaries comprising the Group:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital	Attributable equity interest held by the Company			Principal activities
			31 August 2015	31 August 2016	At the date of this report	
Directly held						
ECI International (BVI) Limited ("ECI International (BVI)")	British Virgins Islands (the "BVI") 4 October 2016	United States dollars ("US$") 1	N/A	N/A	100%	Investment holding
Indirectly held						
Ec InfoTech Limited ("Ec InfoTech")	Hong Kong 17 March 2003	Hong Kong dollars ("HK$") 2,300,986	100%	100%	100%	Provision of installation and maintenance services

All the companies now comprising the Group have adopted 31 August as their financial year end date.

No audited financial statements have been prepared for the Company and ECI International (BVI) since their respective dates of incorporation as there are no statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation. For the purposes of this report, we have, however, reviewed all the significant transactions of these companies for the period from their respective dates of incorporation up to the date of this report and carried out such procedures as we considered necessary for inclusion of the Financial Information relating to these companies in this report.

The statutory financial statements of Ec InfoTech for the years ended 31 August 2015 and 2016 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and was audited by SHINEWING (HK) CPA Limited, certified public accountants registered in Hong Kong.

BASIS OF PREPARATION

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Track Record Period in accordance with HKFRSs issued by the HKICPA (the "Underlying Financial Statements"). We have undertaken independent audits on the Underlying Financial Statements for each of the years ended 31 August 2015 and 2016 in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements on the basis set out in note 1 of Section A below, with no adjustments thereto, and in accordance with the applicable disclosure required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules").

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an independent opinion on the Financial Information and to report our opinion to you.

BASIS OF OPINION

In our opinion, for the purpose of this report, and on the basis of preparation set out in note 1 of Section A below, the Financial Information gives a true and fair view of the combined financial position of the Group as at 31 August 2015 and 2016 and of the Group's combined financial performance and cash flows for the Track Record Period.

A. FINANCIAL INFORMATION

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 August	
	NOTES	**2015**	**2016**
		HK$'000	*HK$'000*
Revenue	*7*	56,066	80,338
Cost of sales		(39,741)	(53,265)
Gross profit		16,325	27,073
Other income	*9*	161	81
Administrative expenses		(6,897)	(13,848)
Profit from operations		9,589	13,306
Finance costs	*10*	(502)	(426)
Profit before taxation		9,087	12,880
Income tax expenses	*11*	(1,522)	(2,637)
Profit and total comprehensive income for the year attributable to owners of the Company	*12*	7,565	10,243
Earnings per share attributable to owners of the Company			
Basic and diluted	*16*	N/A	N/A

COMBINED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31 August 2015 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	*17*	7,492	8,388
Current assets			
Trade receivables	*18*	12,787	18,484
Amounts due from customers for contract work	*19*	4,230	7,041
Amounts due from related companies	*20*	3	34
Amount due from a director	*21*	6,569	1,612
Deposits, prepayments and other receivables	*22*	646	1,382
Bank balances and cash	*23*	8,693	5,753
		32,928	34,306
Current liabilities			
Trade payables	*24*	5,797	3,427
Amounts due to customers for contract work	*19*	397	310
Accruals and other payables		387	373
Bank borrowings	*25*	12,740	17,462
Obligations under finance leases	*26*	258	525
Tax payable		1,747	3,436
		21,326	25,533
Net current assets		11,602	8,773
Total assets less current liabilities		19,094	17,161
Non-current liabilities			
Obligations under finance leases	*26*	372	435
Deferred taxation	*27*	1,101	1,162
		1,473	1,597
		17,621	15,564
Capital and reserve			
Share capital	*28*	2,301	2,301
Retained earnings		15,320	13,263
		17,621	15,564

COMBINED STATEMENT OF CHANGES IN EQUITY

	Share capital *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 September 2014	2,301	9,755	12,056
Dividend declared *(note 15)*	–	(2,000)	(2,000)
Profit and total comprehensive income for the year	–	7,565	7,565
At 31 August 2015 and 1 September 2015	2,301	15,320	17,621
Dividend declared *(note 15)*	–	(12,300)	(12,300)
Profit and total comprehensive income for the year	–	10,243	10,243
At 31 August 2016	2,301	13,263	15,564

COMBINED STATEMENT OF CASH FLOWS

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	9,087	12,880
Adjustments for:		
Depreciation	465	780
Finance costs	502	426
Gain on disposal of property, plant and equipment	(100)	(39)
Gain on sales of listed equity investments	(25)	–
Operating profit before movements in working capital	9,929	14,047
Increase in trade receivables	(5,241)	(5,697)
Increase in deposits, prepayments and other receivables	(594)	(736)
Increase in amounts due from customers for contract work	(3,428)	(2,811)
Increase (decrease) in amounts due to customers for contract work	397	(87)
Increase (decrease) in trade payables	1,865	(2,370)
Increase (decrease) in accruals and other payables	2	(14)
Cash generated from operations	2,930	2,332
Income tax paid	(512)	(887)
NET CASH FROM OPERATING ACTIVITIES	2,418	1,445
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(325)	(1,185)
Advance to related parties	–	(31)
Advance to a director	(3,350)	(7,343)
Proceeds from disposal of property, plant and equipment	100	279
Proceeds from sales of listed equity investments	25	–
NET CASH USED IN INVESTING ACTIVITIES	(3,550)	(8,280)

	Year ended 31 August	
	2015	2016
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
New bank borrowings raised	–	11,000
Repayment of bank borrowings	(2,671)	(6,278)
Repayment of finance lease	(234)	(401)
Interest paid	(502)	(426)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(3,407)	3,895
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,539)	(2,940)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	13,232	8,693
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8,693	5,753

NOTES TO THE FINANCIAL INFORMATION

1. General Information and Basis of Preparation

The Company was incorporated in the Cayman Islands on 3 October 2016 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Estera Trust (Cayman) Limited, Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Factory D on 3/F of Block II of Camelpaint Buildings, Block I and Block II, No.62 Hoi Yuen Road, Kowloon. The Company is principally engaged in investment holding. The principal activity of its major operating subsidiary is the provision of installation and maintenance services. The ultimate holding company of the Company is ECI Asia Investment Limited ("ECI Asia Investment"), a company incorporated in Cayman Islands. The ultimate controlling party of the Group is Dr. Ng Tai Wing ("Dr. Ng").

Pursuant to the Reorganisation, the Company became the holding company of the Group on 9 February 2017. The Group has been under the control of Dr. Ng throughout the Track Record Period or since their respective dates of incorporation up to 31 August 2016.

As the Reorganisation only involved inserting new holding company and has not resulted in any change of economic substances, the Financial Information for the Track Record Periods has been presented as a continuation of the existing company using the pooling of interests method as if the Reorganisation had been completed at the beginning of the Track Record Periods.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Period including the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the Track Record Period or since their respective date of incorporation up to 31 August 2016, whichever is a shorter period. The combined statements of financial position of the Group as at 31 August 2015 and 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at those dates.

The Financial Information is presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and its subsidiaries.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

For the purpose of preparing and presenting the Financial Information of the Track Record Period, the Group has consistently adopted HKFRSs, the Hong Kong Accounting Standards ("HKASs"), amendments and interpretations issued by the HKICPA which are effective for the Group's financial year beginning on 1 September 2015 throughout the Track Record Period.

New and revised HKFRSs issued but not yet effective

At the date of this report, the HKICPA has issued the following new and revised HKFRSs, HKASs, amendments and Ints (hereinafter collectively referred to as "new and revised HKFRSs") which are 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[3]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract[3]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[3]

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2017.
[3] Effective for annual periods beginning on or after 1 January 2018.
[4] Effective for annual periods beginning on or after 1 January 2019.
[5] 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.

HKFRS 9 (2014) Financial Instruments

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

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

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

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

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

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

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

The Group is in the process of assessing the potential impact on the financial performance resulting from the adoption of HKFRS 9. So far it has concluded that the adoption of HKFRS 9 may have an impact on the Group's results and financial position, including the measurement of financial assets. For instance, the Group will be required to replace the incurred loss impairment model in HKAS 39 with the expected loss impairment model for its exposure to credit risk. Until a detailed review of the impact of adopting HKFRS 9 is performed, it is not possible to ascertain an accurate quantified estimate to assess the significance of the likely impact on the 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 with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

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

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's combined financial statements. The Group is in the process of making an assessment of the potential impact of the application of HKFRS 15 and it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review is performed by the Group. The impact to the Group is expected to include more comprehensive disclosure as requested by the new standard. In addition, contract that contains two or more performance obligations would be accounted for separately and this might have an impact on the pattern of revenue and profit recognition.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 "Leases", HK(IFRIC) – Int 4 "Determining whether an Arrangement contain a Lease", HK(SIC) – Int 15 "Operating Lease – Incentives" and HK(SIC) – Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 "Leases". Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognize assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer).

HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed to the Financial Information. As set out in Note 30 to the Financial Information, total operating lease commitment of the Group in respect of car parks, office and warehouse as at 31 August 2015 and 2016 amounted to approximately HK$1,569,000 and HK$1,026,000. The directors of the Company do not expect the application of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the combined statements of financial position as right-of-use assets and lease liabilities.

Except as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs issued but not yet effective will have material impact on the Group's financial performance and financial position for the future and/or the disclosure set out in the Group's Financial Information.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contains a list of specific requirements or describes them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company are in the process of assessing their impact on the Financial Information of these requirements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 7 Disclosure Initiative

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

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

The directors of the Company anticipate that the adoption of Amendments to HKAS 7 in the future may have significant impact on presentation and additional disclosure of the Group's Combined statement of cash flows. However, it is not practicable to provide a reasonable estimate of the effect of Amendments to HKAS 7 until the Group performs a detailed review.

3. Significant Accounting Policies

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the GEM Listing Rules.

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of combination

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries) upon the reorganisation.

Control is achieved where the Company 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.

The Company reassess 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.

Combination 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 combined 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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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 combination.

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of property, plant and equipment 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 plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset and is recognised in profit or loss in the period in which the item is derecognised.

Cash and cash equivalents

Cash in the combined statements of financial position comprise cash at banks. For the purpose of the combined statements of cash flows, cash and cash equivalents consist of bank balances as defined above.

Revenue recognition

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

The Group's policy for recognition of revenue from installation services is described in the accounting policy headed "Construction contracts" below.

Maintenance service income is recognised when services are provided in accordance with HKAS 18, 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 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 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 combined statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the combined statements of financial position under trade and other receivables.

Leasing

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

The Group as lessee

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction 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.

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Impairment loss on financial assets

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

For loans and receivables, 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 and other receivables, 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 credit period, observable changes in national or local economic conditions that correlate with default on receivables.

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 and other receivables, amounts due from related companies and amount due from a director, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables and amount due from a director are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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 the Company are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

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 and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity 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.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis 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 cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) 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 cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the combined statements 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 each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information 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 deferred tax 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 each reporting period.

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

Current and deferred tax are recognised in profit or loss.

Retirement benefits cost and termination benefits

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

Fair value measurement

When measuring fair value except for the Group's leasing transactions and value in use of property, plant and equipment 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 follow:

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.

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.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries 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.

4. Critical Accounting Judgement and 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 carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

Critical judgement in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Revenue recognition

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

Key sources of estimation uncertainty

The following 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 causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation 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 involves management's estimation based on the historical experience of the actual useful lives of the relevant assets of similar nature and function. The Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Estimated impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations if there is indication of impairment. The calculations and valuations require the use of judgement and estimates on the Group's future operating cash flows and discount rates adopted. As at 31 August 2015 and 2016, the directors of the Company considered that there is no impairment indication and the carrying values of property, plant and equipment are approximately HK$7,492,000 and HK$8,388,000 respectively. No impairment was recognised for the Track Record Period.

Impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. 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 2015 and 2016, the carrying amounts of trade receivables was approximately HK$12,787,000 and HK$18,484,000 respectively. No impairment loss was recognised for the Track Record Period.

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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of bank borrowings, bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure of the Group periodically. As part of this 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

	As at 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including bank balances and cash)	28,659	26,415
Financial liabilities		
At amortised cost	19,554	22,222

(b) Financial risk management objective and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, bank balances and cash, amounts due from related companies, amount due from a director, trade payables, accruals and other payables, bank borrowings and obligations under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit risk, interest rate 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.

Credit risk

The Groups maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 August 2015 and 2016 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the combined statements of financial position. In order to minimise the credit risk, the management of the Company has delegated a team responsible for performing monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of each 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.

Management considers the credit risk attributable to the amount due from director and related companies to be insignificant as majority of the receivables are due from companies with good creditworthiness while credit risk attributable to amount due from a director to be insignificant as full settlement has been received subsequently.

As at 31 August 2015 and 2016, the Group has concentration of credit risk as 17% and 32% of the total trade receivables was due from the Group's largest customer while 33% and 51% of the total trade receivables was due from the Group's five largest customers respectively. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% of the total trade receivables both as at 31 August 2015 and 2016.

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

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 26). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances (see note 23), variable-rate bank borrowings (see note 25). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prime rate arising from the Group's HK$ denominated bank balances, variable-rate bank borrowings. However, the directors of the Company monitor interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the Track Record Period were outstanding for the whole year. A 100 basis point increase or decrease is used for the Track Record Period 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 higher/lower for the Track Record Period and all other variables were held constant, the Group's post-tax profit would increase/decrease by approximately HK$34,000 and HK$98,000 respectively for the year ended 31 August 2015 and 2016. This is mainly attributable to the Group's exposure to interest rates on its bank balances, variable-rate bank borrowings.

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. The management regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations. The directors of the Group are satisfied that the Group will be able to meet in full its financial obligations as and when fall due in the foreseeable future.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has 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 banks choosing to exercise their rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

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	**1 to 2 years**	**2 to 5 years**	**Total undiscounted cash flows**	**Carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 August 2015					
Non-derivative financial liabilities					
Trade payables	5,797	–	–	5,797	5,797
Accruals and other payables	387	–	–	387	387
Bank borrowings	13,762	–	–	13,762	12,740
Obligations under finance leases	279	347	43	669	630
	20,225	347	43	20,615	19,554
At 31 August 2016					
Non-derivative financial liabilities					
Trade payables	3,427	–	–	3,427	3,427
Accruals and other payables	373	–	–	373	373
Bank borrowings	18,147	–	–	18,147	17,462
Obligations under finance leases	557	419	23	999	960
	22,504	419	23	22,946	22,222

The amounts included above for bank borrowings are term loans from banks with a requirement on demand clause. The maturity analysis of the term loans based on agreed scheduled repayments set out in the loan agreements is summarised as follows. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the banks will exercise their discretion 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	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 August 2015	3,002	2,280	5,334	10,616	10,394
As at 31 August 2016	2,280	1,946	3,388	7,614	7,008

(c) Fair values of financial instruments

The directors of the Company consider that the fair values of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate to their corresponding carrying amounts due to short-term maturities or insignificant impact of discounting.

7. Revenue

Revenue represents the net amounts received and receivable for installation projects and maintenance services rendered for the years ended 31 August 2015 and 2016.

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Installation	30,262	49,146
Maintenance	25,804	31,192
	56,066	80,338

8. Segment Information

Segment revenues, results, assets and liabilities

The executive director 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 during the Track Record Period. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Company as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

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

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Non-current assets		
Hong Kong	7,492	8,388

Information about major customers

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

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Customer A	11,401	14,936
Customer B	8,746	25,169
Customer C	7,116	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

The Group's five largest customers accounted for approximately 61% and 70% of the Group's total revenue for each of the years ended 31 August 2015 and 2016, respectively.

9. Other Income

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Gain on sale of listed equity investments	25	–
Gain on disposal of property, plant and equipment	100	39
Sundry income	36	42
	161	81

10. Finance Costs

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	476	389
Obligations under finance leases	26	37
	502	426

11. Income Tax Expenses

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	1,476	2,576
Deferred tax *(note 27)*	46	61
	1,522	2,637

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI during the Track Record Period.

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit earned for the years ended 31 August 2015 and 2016.

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

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Profit before taxation	9,087	12,880
Tax calculated at the domestic tax rate of 16.5%	1,499	2,125
Tax effect of income not taxable for tax purpose	(1)	(1)
Tax effect of expenses not deductible for tax purpose	24	533
Tax effect of tax exemption *(note)*	–	(20)
Income tax expenses for the year	1,522	2,637

Note: Tax exemption represented a reduction of Hong Kong Profits Tax for the year of assessment 2015/16 by 75%, subject to a ceiling of HK$20,000.

12. Profit for the Year

Profit for the years has been arrived at after charging:

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Director's remuneration *(note 13)*		
– Salaries, allowances and other benefits	1,098	1,098
Other staff costs (excluding directors' emoluments)		
– salaries and other benefits	18,910	29,749
– contributions to retirement benefit scheme *(note 29)*	914	1,447
Total staff costs	20,922	32,294
Auditor's remuneration	160	160
Depreciation	465	780
Listing expenses	–	2,664
Minimum lease payments under operating lease charges	225	801

13. Director's and Chief Executive's Emoluments

The emoluments paid or payable to the director and the chief executive officer ("CEO") of the Company were as follows:

For the year ended 31 August 2015

Name of director	Fees	Salaries, allowances and other benefits	Contributions to retirement benefits scheme	Total
	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 or its subsidiary undertaking:				
Executive director and CEO				
Dr. Ng	–	1,080	18	1,098

For the year ended 31 August 2016

Name of director	Fees	Salaries, allowances and other benefits	Contributions to retirement benefits scheme	Total
	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 or its subsidiary undertaking:				
Executive director and CEO				
Dr. Ng	–	1,080	18	1,098

No director and CEO of the Company waived or agreed to waive any emoluments paid by the Group during the Track Record Period.

No emoluments were paid by the Group to any director and CEO of the Company as an inducement to join or as compensation for loss of office during the Track Record Period.

Mr. Law Wing Chong will be appointed as the Company's executive director on 3 October 2016 with an effective date equivalent to the date of listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Mr. Hui Chun Ho Eric, Mr. Sung Wai Tak and Mr. Fung Tak Chung will be appointed as the Company's independent non-executive directors on 17 February 2017 with an effective date equivalent to the date of listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Ms. Wong Tsz Man will be appointed as the Company's non-executive director on 3 October 2016 with an effective date equivalent to the date of listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

During the Track Record Period, except Dr. Ng, the directors had not yet been appointed and did not receive any remuneration.

14. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, one was the director of the Company for the both of the years ended 31 August 2015 and 2016, whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining four individuals for both of the years ended 31 August 2015 and 2016 were as follows:

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	1,333	1,621
Contributions to retirement benefits scheme	62	70
	1,395	1,691

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

No emoluments were paid by the Group to any five highest paid individuals including director and CEO of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.

15. Dividends

In August 2015 and 2016, interim dividend of approximately HK$2,000,000 and HK$12,300,000 were declared and paid by Ec Infotech to its then shareholder in August 2015 and 2016. The rates of dividends and the number of shares ranking for the above dividend are not presented as such information is not considered meaningful for the purpose of this report.

No dividend has been paid or declared by the Company since its date of incorporation.

16. Earnings per Share

Earnings per share information is not presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful with regard to the Reorganisation and due to the presentation of the statements of profit or loss and other comprehensive income of the Group for the Track Record Period is on a combined basis as disclosed in note 1.

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 2014	7,142	–	762	25	46	7,975
Additions	–	–	796	61	76	933
At 31 August 2015 and 1 September 2015	7,142	–	1,558	86	122	8,908
Disposals	–	–	(762)	(3)	–	(765)
Additions	–	524	1,109	105	178	1,916
At 31 August 2016	7,142	524	1,905	188	300	10,059
ACCUMULATED DEPRECIATION						
At 1 September 2014	714	–	206	1	30	951
Provided for the year	143	–	302	8	12	465
At 31 August 2015 and 1 September 2015	857	–	508	9	42	1,416
Eliminated on disposals	–	–	(522)	(3)	–	(525)
Provided for the year	143	133	437	32	35	780
At 31 August 2016	1,000	133	423	38	77	1,671
CARRYING VALUES						
At 31 August 2015	6,285	–	1,050	77	80	7,492
At 31 August 2016	6,142	391	1,482	150	223	8,388

Property, plant and equipment are depreciated on a straight-line basis on the following basis:

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

The carrying values of property, plant and equipment in respect of assets held under finance leases were as follows:

	As at 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Motor vehicles	894	1,039

The carrying values of leasehold land and buildings were pledged to secure bank borrowing (note 25) were as follows:

	As at 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Leasehold land and building	6,285	6,142

18. Trade Receivables

	As at 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Trade receivables	12,787	18,484

The Group does not hold any collateral over these balances.

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 invoice date at the end of each reporting period:

	As at 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Within 30 days	6,307	9,532
31 to 60 days	2,323	3,428
61 to 90 days	1,280	2,113
Over 90 days	2,877	3,411
	12,787	18,484

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgment and estimates. Provisions would apply to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances.

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

The aged analysis of trade receivables which are past due but not impaired is set out below:

	As at 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Within 30 days	4,128	8,428
31 to 60 days	2,323	3,428
61 to 90 days	1,280	2,113
Over 90 days	2,877	3,411
	10,608	17,380

As at 31 August 2015 and 2016, included in the Group's trade receivable balances were debtors with aggregate carrying amount of approximately HK$10,608,000 and HK$17,380,000 respectively which were past due at the end of each reporting period for which the Group has not provided for impairment loss.

The directors of the Group consider that there has not been a significant change in credit quality of the trade receivables and there is no recent history of default, therefore the amounts are considered recoverable.

19. Amounts Due from (to) Customers for Contract Work

	As at 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Contracts in progress at the end of each reporting period		
Contract costs incurred plus recognised profits less recognised losses	19,683	10,834
Less: progress billings	(15,850)	(4,103)
	3,833	6,731
Analysed for reporting purposes as:		
Gross amounts due from customers for contract work	4,230	7,041
Gross amounts due to customers for contract work	(397)	(310)
	3,833	6,731

20. Amounts Due from Related Companies

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

		At 31 August		Maximum amount outstanding During the year ended 31 August	
		2015	2016	2015	2016
	Note	HK$'000	HK$'000	HK$'000	HK$'000
Glory Asia Engineering Limited	*(a)*	3	7	3	7
Vfact Engineering Limited	*(a)*	–	13	–	13
Shining Junction Limited	*(a)*	–	14	–	14
		3	34	3	34

(a) Dr. Ng, the director of the Company, is the director of and has direct interest of the related companies during each of the years ended 31August 2015 and 2016.

(b) The amounts are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

21. Amount Due from a Director

As at 31 August 2015 and 2016, the amount due from a director, is non-trade in nature, unsecured, interest-free and repayable on demand.

	At 31 August		Maximum amount outstanding During the year ended 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Dr. Ng	6,569	1,612	10,612	16,536

The Group does not hold any collateral over the amount due from a director.

22. Deposits, Prepayments and Other Receivables

	At 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Deposits	130	276
Prepayments	39	850
Other receivables	477	256
	646	1,382

23. Bank Balances and Cash

Bank balances carried interest at prevailing market rates which range from 0.0001% to 0.01% and 0.0002% to 0.01% per annum respectively for each of the years ended 31 August 2015 and 2016.

24. Trade Payables

	At 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Trade payables	5,797	3,427

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within 30-60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. The following is the aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	At 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Within 30 days	3,156	1,745
31 to 60 days	331	593
61 to 90 days	24	122
Over 90 days	2,286	967
	5,797	3,427

25. Bank Borrowings

	At 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Secured	12,740	17,462
Carrying amount of bank borrowings repayable within one year*	2,346	10,454
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	10,394	7,008
	12,740	17,462

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

At 31 August 2015 and 2016, secured bank loans carried interest at floating rates ranging from 2.01% to 5.37% and 2.15% to 4.25% per annum respectively.

The bank borrowings were denominated in HK$ for the years ended 31 August 2015 and 2016.

The amounts of banking facilities and the utilisation at the end of each reporting period are set out as follows:

	At 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Facility amount	18,990	22,500
Utilised		
– Secured bank borrowings	12,740	17,462

As at 31 August 2015 and 2016, banking facilities were secured by land and building as set out in note 17 and personal guarantee provided by the Company's director, Dr. Ng.

26. Obligations under Finance Leases

	At 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liabilities	258	525
Non-current liabilities	372	435
	630	960

The Group has leased certain of its motor vehicles under finance leases. The average lease term ranged from 3 to 4 years during the two years ended 31 August 2015 and 2016. The obligations under finance leases carried interest at fixed rates from 2.50% to 4.95% per annum during the Track Record Period.

	Minimum lease payments at 31 August		Present value of minimum lease payments at 31 August	
	2015	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable under finance leases:				
Within one year	279	557	258	525
After one year but within two years	347	419	330	412
After two years but within five years	43	23	42	23
	669	999	630	960
Less: future finance charges	(39)	(39)	–	–
Present value of lease obligations	630	960	630	960
Less: Amounts due for settlement within one year (shown under current liabilities)			(258)	(525)
Amount due for settlement after one year			372	435

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

27. Deferred Taxation

The movements in deferred taxation of the Group during the Track Record Period are as follows:

	Accelerated tax depreciation *HK$'000*
At 31 August 2014	1,055
Charge to statement of profit or loss (note 11)	46
At 31 August 2015	1,101
Charge to statement of profit or loss (note 11)	61
At 31 August 2016	1,162

28. Share Capital

The Reorganisation has not completed as at 31 August 2016. For the purpose of Financial Information, the combined share capital in the combined statements of financial position as at 31 August 2015 and 2016 represented the share capital of Ec Infotech.

29. Retirement Benefits Plans

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF 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, which contribution is matched by employees and subject to a cap of HK$1,500 per employee.

During each of the years ended 31 August 2015 and 2016, the total expense recognised in the combined statements of profit or loss and other comprehensive income is approximately HK$932,000 and HK$1,465,000 respectively, which represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

30. Operating Lease Commitment

The Group as lessee

The Group leases car parks, office and warehouse under operating lease arrangement. Lease is negotiated for an original term of one to three years. At the end of the reporting period, the Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Within one year	564	515
In the second to fifth years inclusive	1,005	511
	1,569	1,026

31. Pledge of assets

At the end of the reporting period, the Group had pledged the following assets to banks to secure the banking facilities granted to the Group:

	At 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Leasehold land and building	6,285	6,142

32. Related party transactions

Save as disclosed in the Financial Information, during the Track Record Period, the Group entered into transactions with related parties as follows:

(a) Balances with related parties

Balances with related parties as at 31 August 2015 and 2016 were disclosed in note 20 and note 21.

(b) Compensation of key management personnel

The remuneration of members of key management personnel including director of the Company during the Track Record Period were as follows:

	Year ended 31 August	
	2015	**2016**
	HK$'000	*HK$'000*
Short-term benefits	1,080	1,080
Contributions to retirement benefits scheme	18	18
	1,098	1,098

(c) Banking facilities

The director of the Company has provided personal guarantee for the grant of banking facilities to the Group as disclosed in note 25.

33. Financial Information of the Company

As at 31 August 2016, the Company was not incorporated and, accordingly, it had no assets, liabilities or distributable reserves as at that date. The Company was incorporated on 3 October 2016 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each.

34. Major Non-cash Transactions

(a) During the years ended 31 August 2015 and 2016, the Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of the leases of approximately HK$608,000 and HK$731,000 respectively.

(b) As mentioned in note 15, the directors of the Group declared an interim dividend of HK$2,000,000 and HK$12,300,000 respectively on 31 August 2015 and 2016 to its then shareholder. Such amount was fully settled through the amount due from a director.

B. EVENTS AFTER THE REPORTING PERIOD

The following significant event took place subsequent to 31 August 2016:

(a) Reorganisation

The Company was incorporated on 3 October 2016 and the companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for the listing of the Company's shares on the GEM Board of the Stock Exchange. Details of the Reorganisation are set out in the section headed "History and Development" of the Prospectus. As a result of the Reorganisation, the Company became the holding company of the Group on 9 February 2017.

(b) Share option scheme

Pursuant to the written resolution of the sole shareholder of the Company passed on 17 February 2017, the Company has conditionally adopted a share option scheme, details of which are set out in the section headed "D. Share Option Scheme" in Appendix V to the Prospectus.

(c) Capitalisation issue

Pursuant to the written resolution of the sole shareholder of the Company passed on 17 February 2017, the Company has conditionally approved the issue of shares pursuant to capitalisation issue. Details of which are set out in the section headed "Share capital – Capitalisation issue" to the Prospectus.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 August 2016 and up to the date of this report.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589
Hong Kong