

Golden Faith Group Holdings Limited 高豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

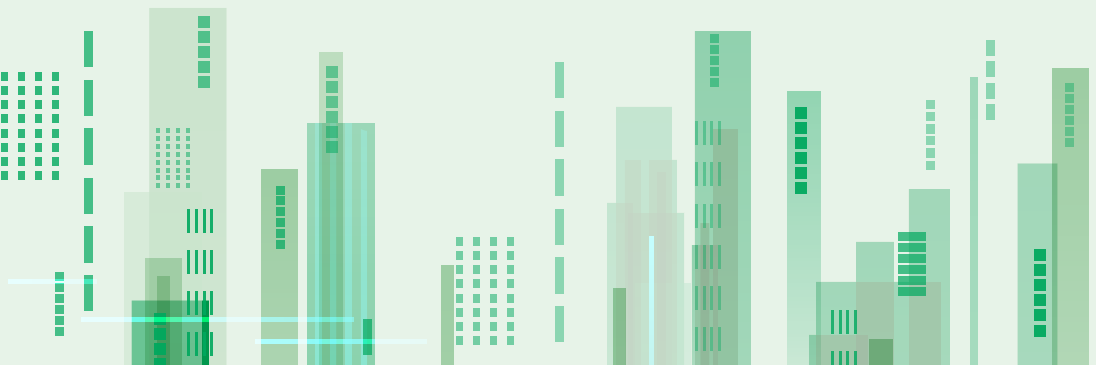
Stock Code: 2863

| *Interim 20*
Report 20

The background of the lower half of the page is an abstract, stylized cityscape. It features various shades of green and blue, with vertical lines and rectangular shapes representing buildings. There are several bright, starburst-like light effects scattered throughout, particularly in the lower right and center. The overall aesthetic is modern and digital.

Contents

	<i>Page(s)</i>
Corporate Information	2–3
Management Discussion and Analysis	4–8
Biographical Details of Directors	9–11
Other Information	12–14
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Condensed Consolidated Statement of Financial Position	16–17
Condensed Consolidated Statement of Changes in Equity	18
Condensed Consolidated Statement of Cash Flows	19
Notes to the Condensed Consolidated Financial Statements	20–32



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ko Chun Hay Kelvin
Mr. Li Kar Fai, Peter

Non-executive Directors

Mr. Yung On Wah (*Chairman*)
Ms. Wong Cheuk Wai, Helena

Independent Non-executive Directors

Mr. Chan Cho Chak
Mr. Chan Wing Fai
Mr. Yeung Wai Lung

AUDIT COMMITTEE

Mr. Yeung Wai Lung (*Chairman*)
Mr. Chan Cho Chak
Mr. Chan Wing Fai

REMUNERATION COMMITTEE

Mr. Chan Cho Chak (*Chairman*)
Mr. Ko Chun Hay Kelvin
Mr. Li Kar Fai, Peter
Mr. Chan Wing Fai
Mr. Yeung Wai Lung

NOMINATION COMMITTEE

Mr. Chan Wing Fai (*Chairman*)
Mr. Ko Chun Hay Kelvin
Mr. Li Kar Fai, Peter
Mr. Chan Cho Chak
Mr. Yeung Wai Lung

RISK MANAGEMENT COMMITTEE

Mr. Li Kar Fai, Peter (*Chairman*)
Mr. Ko Chun Hay Kelvin
Mr. Chan Cho Chak
Mr. Chan Wing Fai
Mr. Yeung Wai Lung

COMPANY SECRETARY

Mr. Li Kar Fai, Peter (*CPA*)

AUTHORISED REPRESENTATIVES

Mr. Ko Chun Hay Kelvin
Mr. Li Kar Fai, Peter

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands



HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15/F, Honest Building
9–11 Leighton Road
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

LEGAL ADVISER

As to Hong Kong Law
Vincent T.K. Cheung, Yap & Co.

PRINCIPAL BANKER

Bank of Communications Co., Ltd.
Hong Kong Branch
Bank of China (Hong Kong) Limited

WEBSITE ADDRESS

www.goldenfaith.hk

STOCK CODE

2863



Management Discussion and Analysis

BUSINESS REVIEW

During the six months ended 31 March 2020, the Group engaged in provision of electrical engineering services in Hong Kong and trading of electrical products in the PRC. Projects in progress encompassed governmental projects including a museum in Kowloon West. Revenue from projects in progress amounted to approximately HK\$169.7 million and revenue from the trading business amounted to approximately HK\$8.5 million.

FINANCIAL REVIEW

Results Analysis

The Group's revenue for the six months ended 31 March 2020 was approximately HK\$178.2 million, representing an increase of approximately HK\$36.0 million or 25.3% as compared to that in the corresponding period in 2019. The increase was the net effect of (i) an increase in revenue for projects in progress of approximately HK\$27.5 million and (ii) an increase in revenue from the new trading business of approximately HK\$8.5 million.

The Group's gross profit for the six months ended 31 March 2020 decreased by approximately HK\$8.2 million which was mainly due to decrease in gross profit in a few projects for the reason of increasing subcontracting charge, the average gross profit ratio decreased to approximately 8.6% (2019: 16.2%).

Other income

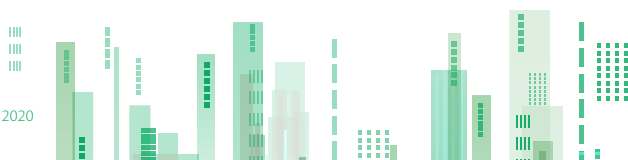
For the six months ended 31 March 2020, other income increased by approximately HK\$1.5 million was mainly due to reversal of accrued charges for engineering service.

Administrative expenses

For the six months ended 31 March 2020, the administrative expenses decreased by approximately HK\$2.7 million as compared to the corresponding period in 2019 was mainly due to the net effect of a decrease in professional fee, construction consultancy service fee and share based payment expense and an increase in donation.

Finance costs

The Group's finance costs represented interest on bank borrowings and lease interest and the increase in amount was mainly due to interest on bank borrowings for the new trading business.



Profit and total comprehensive income

For the six months ended 31 March 2020, the decrease in profit and total comprehensive income of approximately HK\$1.9 million was the net effect of (i) a decrease in gross profit of approximately HK\$8.2 million; (ii) an increase in other income of approximately HK\$1.5 million; (iii) a decrease in administrative expenses of approximately HK\$2.7 million; and (iv) a decrease in taxation of approximately HK\$2.1 million.

Liquidity, Financial Position and Capital Structure

As at 31 March 2020, the total number of issued shares of the Company was 543,621,000.

As at 31 March 2020, the Group has bank and cash balance of approximately HK\$205.8 million (2019: HK\$131.4 million).

The gearing ratio, defined as the ratio of total borrowings less bank and cash balances to equity attributable to owners of the Company was a net cash position (2019: net cash position).

Foreign Exchange Risk Management

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars. The Group is not significantly exposed to foreign exchange risk arising from monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective group entities.

The Group currently does not have a foreign currency hedging policy as the foreign exchange risk is considered to be insignificant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

Charges on Assets

As at 31 March 2020, leasehold land and buildings with carrying amount of approximately HK\$1.9 million (2019: HK\$2.0 million) has been pledged to secure a banking facility granted to the Group.

Performance Guarantee

As at 31 March 2020, the Group did not enter into any performance guarantee (2019: HK\$19.1 million).

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had 75 long term employees (2019: 84) and 105 short term employees (2019: 129). The Group believes its success and long-term growth depend primarily on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary bonuses and share options are offered to qualified employees based on individual and the Group's performance.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises and warehouse. As at 31 March 2020, the Group's lease commitments amounted to approximately HK\$1.3 million (2019: approximately HK\$1.7 million). As at 31 March 2020, the Group did not have any capital commitments (2019: Nil).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, the Group did not hold any significant investments as at 31 March 2020.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group did not have any significant material acquisitions or disposals during the six months ended 31 March 2020.

INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 March 2020.



PROSPECTS AND OUTLOOK

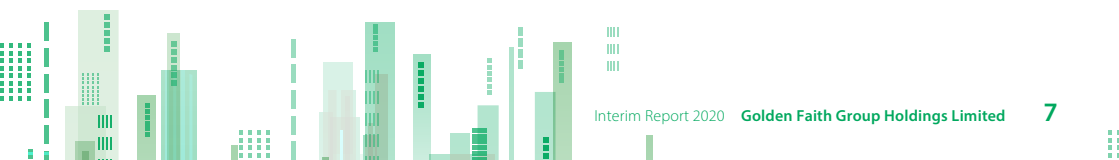
The Group continued to engage in providing large scale E&M engineering services in major construction projects mainly in the public sector in Hong Kong. Our project portfolio has encompassed hospitals, government office complex and museum in Kowloon West. By leveraging on our extensive experience in the field and well management in field work, the Group has successfully win a number of long-term contracts contributing to the Group's stable income and profits.

Looking into 2020, associated with global trade frictions, geopolitical uncertainties and the global epidemic of COVID-19 together with the civil unrest in Hong Kong, the business environment is difficult and construction projects may be slowed down which may affect the performance of the Group. The Group will look for diversification of business so as to minimize business risk. During the period, we has started a trading business in China. Bearing in mind the associated business risk, the Group may also consider other business opportunities which may be beneficial to the Group's development of its principal business.

CORPORATE GOVERNANCE PRACTICES

The Board has always recognized the importance of shareholders' accountability and transparency and is committed to maintaining high standards of corporate governance. The Company has, throughout the six months ended 31 March 2020, applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules except for the following deviation.

Although the Company does not officially have a position of chief executive, the executive Director has effectively performed the role of chief executive leading the Board to work effectively. All important issues are discussed in the regular monthly Board meeting. The day-to-day management of the Group's business is handled by the executive Directors. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's business operations. The Board will continue to review the effectiveness of the Group's structure as business continues to grow in order to assess whether any changes, including the appointment of a chief executive, are necessary.



Management Discussion and Analysis

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transaction by Directors. The Company, having made specific enquiry, confirms that all Directors have complied with the Model Code throughout the six months ended 31 March 2020.

AUDIT COMMITTEE

The Audit Committee is responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing the risk management and internal control systems and financial reporting matters of the Company. The audit committee of the Company has reviewed the Group's condensed consolidated financial statements for the six months ended 31 March 2020, including the accounting principles and practices adopted by the Group.

As at 31 March 2020, the Audit Committee comprised three Independent Non-executive Directors, namely Mr. Yeung Wai Lung (Chairman), Mr. Chan Cho Chak and Mr. Chan Wing Fai. No member of the Audit Committee is a member of the former or existing auditor of the Company.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 31 March 2020 have not been audited, but have been reviewed by the audit committee of the Company.



Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Ko Chun Hay Kelvin (高浚晞), aged 56, is our executive Director, holds a Master of Science degree in Finance from the City University of Hong Kong. Mr. Ko is a fellow member of the Hong Kong Institute of Certified Public Accountants, and an associate member of the Chartered Institute of Management Accountants. He is responsible for overall strategy management and development of business of the Group. Mr. Ko has been appointed as chief executive officer of Super Strong Holdings Limited (a company listed on GEM of the Stock Exchange, stock code: 8262) since 2019, which operates as a main contractor in Hong Kong's construction industry.

Mr. Li Kar Fai Peter (李嘉輝), aged 55, is our executive Director, the Group Chief Financial Officer and company secretary of our Group. Mr. Li has been our executive Director since 23 November 2016. Mr. Li is responsible for the Group's financial control and financial management and taking charge to report to the Group's independent non-executive directors in internal control function of the Group.

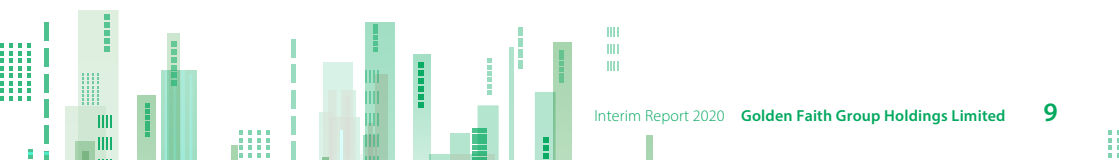
Mr. Li has been an independent non-executive director of Glory Flame Holdings Limited (a company listed on GEM, stock code: 8059) since 19 July 2019. Mr. Li holds a Bachelor of Arts degree in Accountancy from the City Polytechnic of Hong Kong, and is an associate member of the HKICPA.

NON-EXECUTIVE DIRECTORS

Mr. Yung On Wah (翁安華), aged 65, was the Chairman and non-executive Director of the Group. Mr. Yung is responsible for our Group's business operations, marketing, and business development. Mr. Yung has more than 25 years of working experience in the E&M engineering services industry.

Ms. Wong Cheuk Wai Helena (黃卓慧), aged 36, was appointed as our non-executive Director on 18 January 2019. She holds a Higher Diploma in English for Business Communication from The Hong Kong Polytechnic University. Ms. Wong is responsible for the public relation of the Group and to introduce potential investments to the Group.

Ms. Wong is an artist with the stage name Lena Wong (黃欣). She worked in Television Broadcasts Limited ("TVB") (a company whose shares are listed on the Main Board, stock code: 0511) from September 2006 to August 2009 and in Hong Kong Television Network Limited (a company whose shares are listed on the Main Board, stock code: 1137) from 2012 to 2014, and has then rejoined TVB since 2014.



Biographical Details of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Cho Chak (陳祖澤), aged 57, is our independent non-executive Director. Mr. Chan was appointed as our independent non-executive Director on 21 July 2017, and is responsible for attending to the supervision of, and provision of independent judgment to, our Board.

Mr. Chan holds a Professional Diploma in Accountancy from Hong Kong Polytechnic. He is an associate member of the HKICPA, a fellow member of the Association of Chartered Certified Accountants. He is, currently, a practising member of the HKICPA.

Mr. Chan has more than 20 years of professional experience in public accounting and company secretarial work. He worked with Price Waterhouse Company previously. He founded Chan Fan & Co., Certified Public Accountants, in January 1995 and is currently a partner thereof.

Mr. Chan Wing Fai (陳永輝), aged 42, is our independent non-executive Director. Mr. Chan was appointed as our independent non-executive Director on 21 July 2017, and is responsible for attending to the supervision of, and provision of independent judgment to, our Board.

Mr. Chan holds a Bachelor degree in Business Administration (with honors) from Lingnan University. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the HKICPA and an associate member of the Taxation Institute of Hong Kong. He is, currently, a practising member of the HKICPA and a member of the Taxation Institute of Hong Kong.

Mr. Chan has more than 15 years' professional experience in public accounting and secretarial work. Mr. Chan started practicing under his own name Chan Wing Fai certified public accountant (practising), as a Certified Public Accountant from May 2014 onwards. Mr. Chan is currently an independent non-executive director of China Financial Services Holdings Limited (a company listed on the Main Board, stock code: 605).



Biographical Details of Directors

Mr. Yeung Wai Lung (楊懷隆), aged 58, is our independent non-executive Director. Mr. Yeung was appointed as our independent non-executive Director on 21 July 2017, and is responsible for attending to the supervision of, and provision of independent judgment to, our Board.

Mr. Yeung holds a Bachelor of Arts degree in Accountancy from the City Polytechnic of Hong Kong and a Diploma in Legal Studies from School of Professional and Continuing Education, the University of Hong Kong. He is a member of the Institute of Internal Auditors and was designated as a Certified Fraud Examiner by the Association of Certified Fraud Examiners in November 1997.

Mr. Yeung has more than 25 years of experience in audit work. He worked in the audit field with the following companies: KPMG Peat Marwick (then known as Peat Marwick Mitchell & Co.), 3M Hong Kong Limited, New Macau Landmark Management Limited and SML Group Limited in the past 27 years.



Other Information

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

As at 31 March 2020, the interests of the Directors and chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of Directors	Capacity	Notes	Number of ordinary shares held (long position)	Number of underlying shares held (long position)	% of the Company's issued share capital
Mr. Ko Chun Hay, Kelvin	Beneficial owner	1	4,725,000	5,370,000	1.86%
	Interests of controlled corporation	2	302,747,000	–	55.69%
Mr. Yung On Wah	Beneficial owner		4,305,000	–	0.79%
	Interests of controlled corporation	3	32,500,000	–	5.98%
Mr. Li Kar Fai, Peter	Beneficial owner	1	3,621,000	1,749,000	0.99%

Notes:

1. Details of the underlying shares of the Company held by the Directors are set out in the section headed "Share Option Scheme".
2. These shares are held by Greatly Success Investment Trading Limited which is wholly-owned by Mr. Ko Chun Hay, Kelvin.
3. These shares are held by Superior Ace Investments Limited which is wholly-owned by Mr. Yung On Wah.



Save as disclosed above, none of the Directors nor chief executives and their associates of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 March 2020, as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in section headed "Shares Option Scheme" below at no time during the six months ended 31 March 2020 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

Details of the Share Option Scheme are set out in the published annual report of the Company for the year ended 30 September 2019.

Details of the movements of share options granted, exercised or cancelled/lapsed during the six months period and outstanding as at 31 March 2020 are as follows:

Grantee	Date of grant of share options	Exercise price of share options	Closing price immediately before date of grant	Exercise period (both dates inclusive)	At 1 October 2019	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 31 March 2020
		HK\$	HK\$						
Mr. Ko Chun Hay Kelvin	5 August 2019	0.50	0.50	5 August 2019 to 4 August 2025	5,370,000	-	-	-	5,370,000
Mr. Li Kar Fai Peter	19 March 2019	0.50	0.49	19 March 2019 to 18 March 2024	1,749,000	-	-	-	1,749,000

Other Information

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER THE SFO

Save as disclosed in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, as at 31 March 2020, the following corporation, other than a Director or chief executive of the Company, had the following interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Long/Short position	Number of shares held	% of the total number of issued shares of the Company
Greatly Success Investment Trading Limited (Note 1)	Beneficial owner	Long position	302,747,000	55.69%
Superior Ace Investments Limited (Note 2)	Beneficial owner	Long position	32,500,000	5.98%
Fast Upward Investment Development Limited	Beneficial owner	Long position	32,500,000	5.98%

Notes:

1. Greatly Success Investment Trading Limited is wholly-owned by Mr. Ko Chun Hay Kelvin.
2. Superior Ace Investments Limited is wholly-owned by Mr. Yung On Wah.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2020.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this report, the board is not aware of any significant events after the reporting period that requires disclosure.

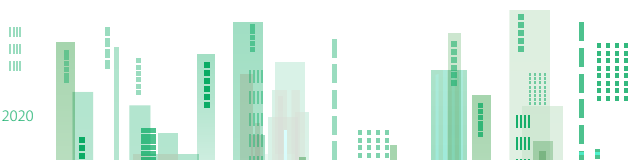
PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

There was no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries during the six months ended 31 March 2020.

On behalf of the Board

Ko Chun Hay Kelvin
Executive Director

Hong Kong, 26 May 2020



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 March 2020

	NOTES	Six months ended 31 March	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	178,243	142,231
Costs of sales		(163,488)	(119,252)
Gross profit		14,755	22,979
Other income	4	2,387	633
Other gains and losses	4	74	(12)
Administrative expenses		(10,419)	(13,109)
Finance costs	5	(239)	–
Profit before taxation	7	6,558	10,491
Taxation	6	(897)	(3,023)
Profit and total comprehensive income for the period		5,661	7,468
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		5,632	7,469
Non-controlling interest		29	(1)
		5,661	7,468
Earnings per share	8		
Basic (HK\$)		0.010	0.014
Diluted (HK\$)		0.010	0.014

Condensed Consolidated Statement of Financial Position

At 31 March 2020

	NOTES	31 March 2020 HK\$'000 (Unaudited)	30 September 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	3,048	3,029
Right-of-use assets		1,179	–
Deferred tax assets		307	307
Deposits and prepayments	12	328	328
		4,862	3,664
Current assets			
Trade receivables	11	–	33,400
Other receivables, deposits and prepayments	12	1,699	8,064
Contract assets	13	40,029	87,630
Pledged bank deposits		15,145	5,000
Short term bank deposits		43,574	7,080
Bank balances and cash		147,071	140,768
		247,518	281,942
Current liabilities			
Trade payables	14	11,606	38,000
Other payables and accrued charges	15	7,435	22,239
Contract liabilities	13	13,391	4,478
Bank borrowing		–	4,562
Lease liabilities		1,131	–
Tax liabilities		530	3,770
		34,093	73,049
Net current assets		213,425	208,893
Total assets less current liabilities		218,287	212,557

Condensed Consolidated Statement of Financial Position

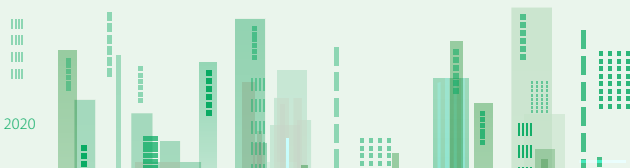
At 31 March 2020

	NOTES	31 March 2020 HK\$'000 (Unaudited)	30 September 2019 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		69	–
Provisions		616	616
		685	616
Net assets		217,602	211,941
Capital and reserves			
Share capital	16	5,436	5,436
Reserves		212,119	206,487
Equity attributable to owners of the Company		217,555	211,923
Non-controlling interests		47	18
Total equity		217,602	211,941

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2020

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Other reserves	Share options reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2018 (audited)	5,400	91,228	5,955	–	83,899	186,482	–	186,482
Formation of a new subsidiary	–	–	–	–	–	–	20	20
Profit and total comprehensive income for the period	–	–	–	–	7,469	7,469	(1)	7,468
Recognition of equity-settled share-based expenses	–	–	–	1,134	–	1,134	–	1,134
At 31 March 2019 (unaudited)	5,400	91,228	5,955	1,134	91,368	195,085	19	195,104
At 1 October 2019 (audited)	5,436	93,767	5,955	1,661	105,104	211,923	18	211,941
Profit and total comprehensive income for the period	–	–	–	–	5,632	5,632	29	5,661
At 31 March 2020 (unaudited)	5,436	93,767	5,955	1,661	110,736	217,555	47	217,602



Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2020

	Six months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash from operating activities	58,279	15,252
Net cash from (used in) investing activities	(2,472)	39,772
Net cash (used in) financing activities	(5,930)	–
Net increase in cash and cash equivalents	49,877	55,024
Cash and cash equivalents at beginning of the period	140,768	56,285
Cash and cash equivalents at end of the period, represented by	190,645	111,309
Bank balances and cash	147,071	41,520
Short term bank deposits with maturity less than three months	43,574	69,789
	190,645	111,309

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

1. GENERAL

The Company is incorporated and registered as an exempted company incorporated in the Cayman Islands on 12 October 2016 and its shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 11 August 2017. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business is 15/F, Honest Building, 9–11 Leighton Road, Causeway Bay, Hong Kong. The immediate and ultimate holding company of the Company is Greatly Success Investment Trading Limited (“Greatly Success”) which is incorporated in the Republic of Seychelles. The ultimate controlling party is Mr. Ko Chun Hay Kelvin (“Mr. Ko”).

The Company is an investment holding company. The Group’s principal activity is the provision of electrical engineering services in Hong Kong.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared using the principles of merger accounting in accordance with the Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (the “Accounting Guideline 5”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Group has consistently adopted all Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are effective for the Group’s accounting period beginning on 1 October 2016 for both current and prior period. In addition, the condensed consolidated financial statements include applicable disclosures required by the Rules Govern the Listing of Securities on the Stock Exchange (“Listing Rules”).



Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

The condensed consolidated financial statements have been prepared on the historical cost which is generally based on fair value of the consideration given in exchange for goods or services.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HKFRS 16	Leases
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 17 to the condensed consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straightline basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

At the end of the reporting period, the Company revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services rendered, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the services.



Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

3. REVENUE AND SEGMENT INFORMATION

Segment information

The Group's reportable and operating segments during the six months ended 31 March 2020 are as follows:

- (i) Electric and maintenance engineering services; and
- (ii) Sales of electrical products.

The following is an analysis of the Group's revenue and results by operating and reportable segments during the six months ended 31 March 2020:

	Electric and maintenance engineering services	Sales of electrical products	Consolidated
	HK\$'000	HK\$'000	HK\$'000
Revenue			
Segment revenue	169,660	8,583	178,243
Segment results	9,110	24	9,134
Bank interest income			675
Administrative expenses			(3,214)
Finance cost			(37)
Profit before taxation			6,558

All of the segment revenue reported above is from external customers.

During the six months ended 31 March 2019, the Group's operations is solely derived from electric and maintenance engineering services in Hong Kong. Therefore, the Group presents only one single operating segment and no further analysis is presented.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies during the six months ended 31 March 2020 and 2019. Segment profit represents the profit earned by each segment excluding bank interest income, certain administrative expenses, finance cost and income tax expense. This is the measure reported to the Group's management for the purpose of resource allocation and performance assessment.

No analysis of segment asset and segment liability as at 31 March 2020 and 2019 is presented as the chief operating decision maker does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented during the six months ended 31 March 2020.

Geographical information

As at 31 March 2020, the Group's property, plant and equipment amounting to HK\$3,048,000 (2019: HK\$2,675,000) and deposits of HK\$328,000 (2019: HK\$328,000) are all located in Hong Kong by geographical location of assets.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the period is as follows:

	Six months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Customer A	102,200	68,432
Customer B	63,677	—



Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other income:		
Interest income	840	633
Other	1,547	–
	2,387	633
	Six months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other gains and losses:		
Gain (loss) on disposal of property, plant and equipment	64	(1)
Net exchange gain (loss)	10	(11)
	74	(12)

5. FINANCE COSTS

	Six months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on bank borrowings	178	–
Lease interest	61	–
	239	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

6. TAXATION

	Six months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong Profits Tax	897	3,023

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

7. PROFIT BEFORE TAXATION

	Six months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit before taxation for the period has been arrived at after charging:		
Staff cost:		
Directors' remuneration	2,522	1,907
Other staff costs	43,102	46,223
Contribution to retirement benefit schemes	1,325	1,815
	46,949	49,945
Depreciation of property, plant and equipment	292	267
Depreciation of right-of-use assets	1,151	–
Gain on disposal of property, plant and equipment	64	–
Minimum lease payments in respect of office premises	–	642

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings

	Six months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	5,632	7,469

Number of shares

	Six months ended 31 March	
	2020 '000 (Unaudited)	2019 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	543,621	540,000
Shares deemed to be issued in respect of share option (Note)	-	8
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	543,621	540,008

Note: The effects of potential ordinary shares are anti-dilutive for the period ended 31 March 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 31 March 2020, the Group paid approximately HK\$328,000 (2019: HK\$139,000) for acquisition of furniture, equipment and motor vehicle.

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 31 March 2020. The Directors of the Company do not recommend the payment of an interim dividend.

11. TRADE RECEIVABLES

The Group grants credit terms of 0 to 30 days to its customers from the date of invoices on progress payments of engineering service works. An ageing analysis of the trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	31 March 2020 HK\$'000 (Unaudited)	30 September 2019 HK\$'000 (Audited)
31–60 days	–	17,351
91–180 days	–	13,712
	–	31,063

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

12. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	31 March 2020 HK\$'000 (Unaudited)	30 September 2019 HK\$'000 (Audited)
Rental and other deposits	333	588
Deposits for materials purchase	1,376	6,563
Prepayments and others	318	1,241
Total	2,027	8,392
Presented as non-current assets	328	328
Presented as current assets	1,699	8,064
Total	2,027	8,392

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	31 March 2020 HK\$'000 (Unaudited)	30 September 2019 HK\$'000 (Audited)
Contract assets		
– Engineering service contracts	45,089	92,903
Less: allowance for credit losses	(5,060)	(5,273)
	40,029	87,630
Contract liabilities		
– Engineering service contracts	13,391	4,478

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

14. TRADE PAYABLES

The credit period on purchases and subcontracting of contract work services is 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	31 March 2020 HK\$'000 (Unaudited)	30 September 2019 HK\$'000 (Audited)
0–30 days	8,104	30,705
31–60 days	3,400	7,273
61–90 days	82	2
Over 90 days	20	20
	11,606	38,000

15. OTHER PAYABLES AND ACCRUED CHARGES

	31 March 2020 HK\$'000 (Unaudited)	30 September 2019 HK\$'000 (Audited)
Accrued charges for engineering service	–	959
Retention payables (<i>Note</i>)	891	1,446
Accrued payroll and bonus	5,564	18,378
Other accrued charges	980	1,456
	7,435	22,239

Note: Retention payables to subcontractors of contract works are unsecured, interest-free and recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of respective engineering service projects.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

16. SHARE CAPITAL

	Number of shares '000 (Unaudited)	Amount HK\$'000 (Unaudited)
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2020	10,000,000	100,000
Issued and fully paid:		
At 31 March 2020	543,621	5,436

17. SHARE-BASED PAYMENTS TRANSACTIONS

Movement of the Company's Share Options during the Reporting Period are as follows:

Details of the movements of share options during the six months period and outstanding as at 31 March 2020 are as follows:

Date of grant	Exercise price HK\$	Exercise period (both dates inclusive)	At 1 October 2019	Granted during the period	Lapsed during the period	At 31 March 2020
5 August 2019	0.50	5 August 2019 to 4 August 2025	5,370,000	-	-	5,370,000
19 March 2019	0.50	19 March 2019 to 18 March 2024	1,749,000	-	-	1,749,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2020

17. SHARE-BASED PAYMENTS TRANSACTIONS *(Continued)*

For the six months ended 31 March 2020, the Group did not grant any share options and no share option expenses (2019: HK\$1.1 million) had been recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

18. PLEDGE OF ASSETS

As at 31 March 2020, the Group has pledged one premise (2019: one premise) to secure the bank borrowings and banking facilities granted to the Group.

19. PERFORMANCE GUARANTEE

As at 31 March 2020, the Group did not enter into any performance guarantee (2019: HK\$19.1 million).

20. RELATED PARTY TRANSACTIONS

Save as disclosed above in the condensed consolidated financial statements, the Group has entered into the following related party transactions:

Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 31 March 2020 and 2019 are as follows:

	Six months ended 31 March	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Salaries and other benefits	3,422	2,118
Performance and discretionary bonus	–	790
Retirement benefit scheme contributions	27	42
	3,449	2,950