Golden Faith Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2863

2018
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yung On Wah *(Chairman)*
Mr. Li Kar Fai, Peter
Mr. Pu Li Wei

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Chan Cho Chak *(Chairman)*
Mr. Yung On Wah
Mr. Li Kar Fai, Peter
Mr. Chan Wing Fai
Ir. Yan Wai Yan
Mr. Yeung Wai Lung

NOMINATION COMMITTEE

Mr. Yung On Wah *(Chairman)*
Mr. Li Kar Fai, Peter
Mr. Chan Cho Chak
Mr. Chan Wing Fai
Ir. Yan Wai Yan
Mr. Yeung Wai Lung

RISK MANAGEMENT COMMITTEE

Mr. Li Kar Fai, Peter *(Chairman)*
Mr. Yung On Wah
Mr. Chan Cho Chak
Mr. Chan Wing Fai
Ir. Yan Wai Yan
Mr. Yeung Wai Lung

COMPANY SECRETARY

Mr. Li Kar Fai, Peter (CPA)

AUTHORISED REPRESENTATIVES

Mr. Yung On Wah
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

Room 205, Sun Fung Centre
88 Kwok Shui Road
Tsuen Wan
New Territories
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

COMPLIANCE ADVISER

Guoyuan Capital (Hong Kong) Limited

LEGAL ADVISER

As to Hong Kong Law
CFN Lawyers

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

WEBSITE ADDRESS

www.goldenfaith.hk

STOCK CODE

2863

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Golden Faith Group Holdings Limited (the "Company"), I am delighted to present the annual report of the Company and its subsidiaries (collectively, the Group") for the year ended 30 September 2018.

The Group are principally engaged in providing large scale E&M engineering services in major construction projects both in the private and public sector in Hong Kong. We act as a subcontractor of the main contractor or principal E&M contractor majority in construction site. The Group has strategically concentrated on the hospital-related projects which require specialised technical expertise.

To safeguard the Group's assets and to minimise the risk, the Group, has been strictly selective in choosing the appropriate projects associated with reasonable profit margins and has turned down relatively risky projects.

Looking forward the Group will continue to actively participate in construction and infrastructure projects in Hong Kong through collaboration with various business partners attached with the following mutually established strategy (i) honesty and mutual trust (ii) industry excellence (iii) complementarity and (iv) mutual benefit as basis. The Group will explore opportunities in related business sector with the view of increasing return to shareholders.

On behalf of the Group, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers and business partners for their trust and support, and to our management and staff members for their diligence, effort and contribution to the growth of the Group.

Yung On Wah
Chairman and Executive Director
Hong Kong, 21 December 2018

BUSINESS REVIEW

During the year ended 30 September 2018 ("FY2018"), the Group continued to engage in providing large scale E&M engineering services in major construction projects both in the private and public sector in Hong Kong. Our project portfolio has encompassed hospitals, government office complex and departmental headquarter and museum in Kowloon West. We have focused on three major projects during the year and revenue contribution amounted to approximately HK$352.3 million, accounted for 93.9% of total revenue for FY2018.

The Company has published inside information announcements on 23 August 2018 and 18 October 2018 (the "Termination Announcements") in respect of the termination (the "Termination") of employment of one of the major customers of the Group by the West Kowloon Cultural District Authority (the "Authority") in respect of the M+ Museum construction project (the "M+ Project") in the West Kowloon Cultural District of Hong Kong. The project is one of the three major projects during the year. In the announcements dated 18 October 2018, the Board approved the Group entering into a deed of transfer and assignment on 18 October 2018 with Blue Poles Limited ("Blue Poles"), a wholly-owned subsidiary of the Authority, in which the Group has accepted the appointment by Blue Poles to continue its sub-contract works in the M+ Project. Therefore, the sub-contract works in the M+ Project has resumed and the operation of the project returns to normal.

The Group has been awarded one new project with a total contract sum of approximately HK$190.0 million in FY2018 and we have submitted tenders for the other two potential projects in FY2018.

FINANCIAL REVIEW

Results Analysis

The Group's revenue in FY2018 was approximately HK$375.0 million, representing an increase of approximately HK$67.0 million or 21.8% as compared to that in the year ended 30 September 2017 ("FY2017"). Such increase was mainly attributed from the net effect of (a) an increase in revenue from brought forward projects and works completed during FY2018 of approximately HK$282.5 million; (b) one new project which commenced during FY2018 with revenue of approximately HK$1.5 million and (c) a decrease in revenue caused by completed projects in FY2017 of approximately HK$217.0 million.

The Group's gross profit for the FY2018 decreased by approximately HK$5.5 million which was mainly due to average gross profit ratio decreased from approximately 19.0% to approximately 14.1% as projects for new government offices have a relatively lower gross profit ratio of 5.0% to 15.0%.

Other gains and losses

The Group recorded other losses of approximately HK$0.5 million, representing a decrease of approximately HK$4.6 million as compared to that in FY2017, which was mainly due to one-off gain on disposal of property, plant and equipment in FY2017.

Administrative expenses

In FY2018, administrative expenses increased by approximately HK$1.8 million as compared to that in FY2017, which was majority coming from the net effect of an increase in legal and professional fee of approximately HK$3.6 million and a decrease in staff discretionary bonus of approximately HK$1.3 million, and a decrease in charitable donation of approximately HK$0.7 million.

Profit and total comprehensive income

Increase in profit and total comprehensive income of approximately HK$4.8 million was mainly arose from the decrease of expenses in FY2018 including a decrease in listing expenses of approximately HK$14.2 million and a decrease in taxation of approximately HK$1.9 million which has been partly set off by the decrease in gross profit of approximately HK$5.5 million, a decrease in other gains and losses of approximately HK$4.6 million and an increase in administrative expenses of approximately HK$1.8 million.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Position and Capital Structure

As at 30 September 2018, the Group has bank and cash balances, pledged bank deposits and short term bank deposits of approximately HK$116.3 million (2017: HK$152.3 million).

As at 30 September 2018, there were no borrowings (2017: HK$0.1 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 (2017: 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 currency 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 currency 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 30 September 2018, leasehold land and buildings with carrying amounts of approximately HK$2.1 million (2017: HK$2.2 million) has been pledged to secure a banking facility granted to the Group. The carrying value of motor vehicles included an amount of approximately HK$0.3 million in respect of assets held under a finance lease as at 30 September 2017.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group had a total of 481 employees (2017: 261 employees). 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. The Group's operating lease commitments amounted to approximately HK$2.4 million as at 30 September 2018 (30 September 2017: approximately HK$0.5 million). As at 30 September 2018, the Group did not have any capital commitment (30 September 2017: Nil).

CONTINGENT LIABILITIES

As at 30 September 2018, 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 during the year ended 30 September 2018.

MATERIAL ACQUISITIONS OR DISPOSALS

As at 30 September 2018, the Group did not have any significant investment plans, material acquisitions or disposals.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing, after deducting listing related expenses and underwriting fees, were approximately HK$56.7 million. After the Listing, the proceeds has been applied for the purposes in accordance with the "Future Plans and Use of Proceeds" as set out in the Prospectus.

An analysis of the intended application of net proceeds as stated in the Prospectus and the actual use of net proceeds up to 30 September 2018 are set out below:

	Application of net proceeds HK$'000	**Actual use of net proceeds** HK$'000	**Unused net proceeds** HK$'000
Provision of performance guarantee	42,751	19,060	23,691
Recruitment	10,450	3,750	6,700
Induction, tool box training and specific safety training	215	200	15
Computer training	108	–	108
Upgrading the computer system and software	1,588	519	1,069
Upgrading the quality management system obtained under ISO9001	1,588	524	1,064

As at 30 September 2018, the Group held unutilised net proceeds in licensed banks in Hong Kong.

PROSPECTS AND OUTLOOK

On 21 October 2018, a joint announcement has been released in relation to the disposal of shares of the Company and a General Offer (the "Offer") to the public. Following the close of the Offer, the Offeror, Greatly Success Investment Limited, intends to continue the existing principal business of the Group and will conduct a detailed review of the business operations and financial position of the Group for the purposes of developing a sustainable business development strategy for the Group. Subject to the results of this review, and should any appropriate investment or business opportunities arise in the future which may be beneficial to the Group's development of its principal business, the Offeror may seek to expand the geographical coverage of the principal business of the Group in addition to the market of Hong Kong, and refine the business of the Group with a view to increasing its sources of income (such as integrating the Group's business in the fields of electrical and mechanical (E&M) engineering and construction), as well as enhancing returns for the Shareholders as a whole. For the avoidance of doubt, however, the Offeror had not entered into any agreement, arrangements, understandings, intention or negotiation regarding any potential investment or business opportunities, nor with respect to any change in the business of the Group up to the date of this report.

EVENT AFTER THE REPORTING PERIOD

Other than above, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 September 2018 and up to the date of this annual report.

CORPORATE GOVERNANCE PRACTICES

The Board has always recognised the importance of shareholders' accountability and transparency and is committed to maintaining high standards of corporate governance. The Company has, throughout the year ended 30 September 2018, applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") save and except for certain deviations as more specifically described below. The current practices will be reviewed and updated regularly so that the latest development in corporate governance can be followed and observed.

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, obtained written confirmations from all Directors that they have fully complied with the Model Code throughout the FY2018.

BOARD OF DIRECTORS

The Board currently comprises seven Directors and their respective roles are set out as follows:

Executive Directors

Mr. Yung On Wah *(Chairman)*
Mr. Li Kar Fai Peter
Mr. Pu Li Wei

Independent Non-executive Directors

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

During the year, the Board held 23 Board meetings. The company secretary of the Company (the "Company Secretary") assisted the Chairman and the Executive Directors in establishing the meeting agenda, and each Director was able to request inclusion of items in the agenda. All such meetings were convened in accordance with the articles of association of the Company (the "Articles"). Code provision A.1.3 of the CG Code requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year, certain regular Board meetings were convened with less than 14 days' notice in order to enable the Board members to react timely and carry out expeditious decision making in respect of certain business matters which were significant to the Group's business. As a result, the aforesaid regular Board meetings were held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future. Adequate and appropriate information are circulated to the Directors normally three days in advance of the Board meetings or such period as accepted by them. In addition to regular Board meetings, the Chairman of the Board held a meeting with the Independent Non-executive Directors without the presence of other Executive Directors during the year.

During the year, the Board at all times met the requirements under Rule 3.10 of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the Independent Non-executive Directors the respective annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors are independent.

The Board members have no financial, business, family or other material or relevant relationship with each other. Given the nature and business objective of the Company, the Board has a balance of skill and experience appropriate for the requirements of the business of the Company. The list of current Directors and their respective biographical details are set out on pages 17 to 19 of this annual report.

Pursuant to the clause 84 of the Articles, at each annual general meeting of the Company, one third of the Directors shall retire from office by rotation. All retiring Directors shall be eligible for re-election at the annual general meeting. All Independent Non-executive Directors have been appointed for specific terms.

Pursuant to clause 83 of the Articles, any Director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board, shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at such meeting.

While daily operation and administration are delegated to the management, the Board is responsible for the types of decisions relating to the following aspects:

— formulation of operational and strategic direction of the Group;

— monitoring the financial performance of the Group;

— overseeing the performance of the management;

— ensuring a prudent and effective framework of internal control is in place to enable risks to be assessed and managed; and

— setting the Company's values and standards.

The Board held meetings from time to time whenever necessary. Minutes of meetings of the Board, Audit Committee, Nomination Committee and Remuneration Committee are circulated to all Directors or relevant committee members for their perusal and comments and the approved minutes are kept by the Company and open for inspection by the Directors. The Board also ensures that the Directors are supplied, in a timely manner, with the agenda and all necessary information in a form and of a quality sufficient to enable them to discharge their duties.

The attendance record of individual Director at Board and committee meetings during the year is set out in the table below.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that Board procedures and all applicable rules and regulations are followed and he is also entitled to have full access to Board papers and related materials so that he is able to make an informed decision and to discharge his duties and responsibilities.

Code Provision A.1.8

Code provision A.1.8 requires that there should be appropriate insurance cover in respect of legal action against its directors. The Company has not made appropriate insurance cover as it is in the Director's opinion that the possibility of legal action against the Directors is remote.

DIRECTORS' ATTENDANCE

During the year, details of individual Director's attendance at the Board meetings, committee meetings are set out as follows:

	Number of attendance/Eligible to attend				
Name of Directors	**Board Meetings**	**Audit Committee Meetings**	**Remuneration Committee Meetings**	**Nomination Committee Meeting**	**Risk Management Committee Meeting**
Executive Directors					
Mr. Yung On Wah *(Chairman)*	23/23	N/A	1/1	1/1	1/1
Mr. Li Kar Fai Peter	23/23	N/A	1/1	1/1	1/1
Mr. Pu Li Wei	23/23	N/A	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Chan Cho Chak	23/23	2/2	1/1	1/1	1/1
Mr. Chan Wing Fai	23/23	2/2	1/1	1/1	1/1
Ir. Yan Wai Yan	23/23	2/2	1/1	1/1	1/1
Mr. Yeung Wai Lung	23/23	2/2	1/1	1/1	1/1

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has provided relevant materials published by professional bodies or regulators to the Directors to keep them abreast of the latest development of legal, regulatory and corporate governance. The Company has maintained a training record in order to assist the Directors to record the training that they have undertaken and they are requested to submit a training record to the Company on an annual basis.

During the year, all Directors have complied with code provision A.6.5 of the CG Code through attending training courses, workshops or reading materials relevant to their professional qualifications and/or duties of Directors.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company did not officially have a position of chief executive officer and Mr. Yung On Wah, the Chairman of the Board, provides leadership to the Board to ensure that the Board works effectively and 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 collectively. 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 and develop in order to assess whether any changes, including the appointment of a chief executive officer, are necessary.

CORPORATE GOVERNANCE FUNCTIONS

The Board is also responsible for performing the corporate governance duties as set out below:

(1) to develop and review the Company's policies and practices on corporate governance;

(2) to review and monitor the training and continuous professional development of Directors and senior management;

(3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and

(5) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

NOMINATION COMMITTEE

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board on a regular basis and making recommendations regarding any proposed changes, identifying and recommending individuals suitably qualified to become Board members, and assessing the independence of Independent Non-executive Directors. The Board adopted a board diversity policy which sets out the approach to achieve diversity on the Board with a view to achieving a sustainable and balanced development of the Company. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional qualification, skills, knowledge and length of service of the Directors.

As at 30 September 2018, the Nomination Committee comprised two Executive Directors, namely Mr. Yung On Wah (Chairman) and Mr. Li Kar Fai, Peter, four Independent Non-executive Directors, namely Mr. Chan Cho Chak, Mr. Chan Wing Fai, Ir. Yan Wai Yan and Mr. Yeung Wai Lung.

During the year, there was one meeting held by the Nomination Committee to (i) review the structure, size and composition of the Board; (ii) assess the independence of Independent Non-executive Directors; and (iii) make recommendations to the Board on nominating a new Director. The complete attendance record of individual committee member is set out in the table on page 11 of this annual report. The terms of reference of the Nomination Committee are available at the Company's website and on the website of the Stock Exchange.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all Directors and senior management of the Company. No individual Director or any of his associates is involved in decisions relating to his own remuneration. The Remuneration Committee has adopted the model under code provision B.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management.

As at 30 September 2018, the Remuneration Committee comprised two Executive Directors, namely Mr. Yung On Wah and Mr. Li Kar Fai, Peter and four Independent Non-executive Directors, namely Mr. Chan Cho Chak (Chairman), Mr. Chan Wing Fai, Ir. Yan Wai Yan and Mr. Yeung Wai Lung.

During the year, there was one meeting held by the Remuneration Committee to (i) review the Company's policy and structure for the remuneration of all Directors and Senior Management of the Company and (ii) to recommend the said policy and structure to the Board for approval. The complete attendance record of individual committee member is set out in the table on page 11 of this annual report.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee is responsible for advising the Board on risk-related issues, overseeing the risk management framework for purposes of identifying and dealing with the risks encountered by the Company, including both business and financial risks, reviewing risk reports and breaches of risk management policies, and reviewing the effectiveness of the Company's intended risk control or mitigation measures.

As at 30 September 2018, the Risk Management Committee comprised two Executive Directors, Mr. Yung On Wah, Mr. Li Kar Fai, Peter (Chairman), four Independent Non-executive Directors, namely Mr. Chan Cho Chak, Mr. Chan Wing Fai, Ir. Yan Wai Yan and Mr. Yeung Wai Lung.

During the year, there was one meeting held by the Risk Management Committee to (i) oversee the risk management framework for purposes of identifying and dealing with the risk encountered by the Company, including both business and financial risks, (ii) to review risk reports and breaches of the complete attendance record of individual member is set out in the table on page 11 of this annual report risk management policies and (iii) to review the effectiveness of the Company's intended risk control or mitigation measures.

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 consolidated financial statements for the FY2018, including the accounting principles and practices adopted by the Group.

As at 30 September 2018, the Audit Committee comprised four Independent Non-executive Directors, namely Mr. Yeung Wai Lung (Chairman), Mr. Chan Cho Chak, Mr. Chan Wing Fai and Ir. Yan Wai Yan. No member of the Audit Committee is a member of the former or existing auditor of the Company.

During the year, there was one meeting held by the Audit Committee to (i) review and discuss with the auditor on the audited financial statements for the year ended 30 September 2018, with recommendations to the Board for approval; (ii) review the risk management and internal control systems; (iii) review with the management of the Company the accounting principles and practices adopted by the Group; and (iv) review and make recommendations to the Board on the auditor's re-appointment and remuneration. The complete attendance record of individual committee member is set out in the table on page 11 of this annual report.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the Group's financial position on a going concern basis and other inside information announcements and financial disclosures management provides the Board with the relevant information it needs to discharge these responsibilities.

The responsibilities of the auditor with respect to these financial statements are set out in the "Independent Auditor's Report" on pages 44 to 48 of this annual report.

AUDITOR'S REMUNERATION

During the year ended 30 September 2018, the fees paid/payable to the external auditor, Messrs. Deloitte Touche Tohmatsu, in respect of its audit and non-audit services provided to the Group were as follows:

Nature of services rendered	**Fee paid/payable**
	HK$'000
Audit services	1,100
Non-audit services	
Other services	108
	1,208

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and the shareholders' interests. The risk management and internal control systems are designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objectives.

The Company has not established an internal audit department and the Directors are of the view that given the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professional firms to perform the internal audit function for the Group in order to meet its needs.

(a) During the year, the Board has, through the Audit Committee, conducted review of the effectiveness of the risk management and internal control systems of the Group with the assistance of an independent internal control consultancy firm. The review covered the financial, operational and procedural compliance functions during the year. The review report with examination results and relevant improvement recommendations were duly reported to the Audit Committee and the Board for them to assess control of the Company and the effectiveness of the risk management system and any material failings or weaknesses in the internal control system, and to take appropriate actions to remedy any of these failings or weaknesses in a timely manner. All remedial actions will be regularly followed up where necessary to ensure that the failings and weaknesses have been duly addressed.

(b) The Board considers that the risk management and internal control systems are effective and adequate and that the Company has complied with the code provisions relating to risk management and internal control of the CG Code.

The Company is aware of its obligation under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that inside information should be announced on a timely manner and conducts its affairs in strict compliance with the applicable laws and regulations prevailing in Hong Kong. The Company has established disclosure mechanism regarding the procedures of identifying inside information and preserving its confidentiality until proper dissemination with the Board's approval through the electronic publication systems operated by the Stock Exchange and the Company.

FINANCIAL REPORTING

The Directors acknowledged their responsibility for the preparation of the financial statements of the Group which give a true and fair view of the financial position of the Group and the Group's financial performance and cash flows for the relevant accounting periods, and in compliance with all the relevant statutory requirements, the Listing Rules requirements and applicable accounting standards. In preparing the financial statements of the Group, the appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards and appropriate and reasonable judgment and estimates are made. The Directors have prepared the financial statements for the reporting year on a going concern basis.

The Board is committed to present a clear, balanced and understandable assessment of the Group's performance and financial positions in all its financial reporting and to ensure relevant publications in a timely manner.

AUDITOR'S STATEMENT

The statement by the Company's external auditor about their reporting responsibilities on the financial statements for the year ended 30 September 2018 is set out in the "Independent Auditor's Report" on pages 44 to 48 of this annual report.

COMPANY SECRETARY

Mr. Li Kar Fai Peter (CPA) is the Company Secretary of the Company. According to Rule 3.29 of the Listing Rules, he has taken no less than 15 hours of relevant professional training during the year ended 30 September 2018.

CORPORATE COMMUNICATION WITH SHAREHOLDERS/INVESTORS

The CG Code requires the Company to have a dialogue with shareholders and the Board recognises the importance of maintaining effective communications with shareholders. Annual reports and interim reports provide shareholders with comprehensive information on the Group's operational and financial performances while general meetings offer a platform for shareholders to state and exchange views with the Board directly.

The management communicates continually with analysts and institutional investors and provides them with up-to-date and comprehensive information regarding the Group's development. The Company practices timely dissemination of information including annual reports, interim reports, announcements and press releases, which are updated in a timely manner to ensure transparency.

SHAREHOLDERS' RIGHTS

Procedures for convening an extraordinary general meeting

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for sending enquiries to the Board

Shareholders may at any time send in their enquiries and concerns to the Board in writing via the following channels:

The Board of Directors / Company Secretary
Golden Faith Group Holdings Limited
Room 205, Sun Fung Centre
88 Kwok Shui Road
Tsuen Wan
New Territories
Hong Kong
Email: peterli@goldenfaith.hk
Telephone: (852) 2420 0090
Facsimile: (852) 2485 0822

Shareholders may also make enquiries to the Board at general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

There was no significant change in the Company's constitutional documents during the year ended 30 September 2018.

EXECUTIVE DIRECTORS

Mr. Yung On Wah (翁安華), aged 64, is our executive Director, Chairman and Managing Director. Mr. Yung is responsible for the overall strategic management and development of our Group's business operations, marketing, business development and finance. Mr. Yung has more than 25 years of experience in the E&M engineering services industry.

Mr. Yung commenced working as an apprentice and has gained extensive working experience. Eventually, he established and operated CCCL in June 1987, and CEEL in February 2010, respectively.

During the Track Record Period, Mr. Yung was a director of Cornwall (Building Services) Engineering Limited, a company incorporated in Hong Kong on 11 March 2013 with an aim to conduct business operations in the field of E&M engineering commissioning and testing. The said company had not carried out business dealings previously, and was dissolved via deregistration on 11 March 2016. Our Directors (including our independent non-executive Directors) confirm that our Group had no previous business dealings with the said company, and has been operating independently from the said company.

Mr. Li Kar Fai, Peter (李嘉輝), aged 54, is our executive Director and the Group Chief Financial Officer of our Group. Mr. Li was appointed as our Director on 23 November 2016, was re-designated as our executive Director and Group Chief Financial Officer on 14 December 2016, and is responsible for the finance related matters of our Group. Mr. Li was appointed as our company secretary on 23 November 2016.

Mr. Li has over 20 years of experience in auditing, corporate finance and accounting. Prior to joining our Group, he worked as a Staff Accountant with Price Waterhouse Company in August 1987, and left Price Waterhouse Company as an Audit Manager in May 1995. While working for Price Waterhouse Company, he had an opportunity to familiarise himself with the auditing and accountancy procedures employed by a wide range of companies in Hong Kong. From November 1997 to June 2001, he worked with Asia Aluminum Manufacturing Company Limited as a senior financial manager and company secretary. From February 2002 to February 2006 and from March 2007 to October 2011, he worked with Inno-Tech Holdings Limited (a company listed on GEM, stock code: 8202) as a qualified accountant and company secretary. From January 2016 to March 2016, he worked as the financial controller of Glory Flame Holdings Limited (a company listed on GEM, stock code: 8059).

Mr. Li was an independent non-executive director of Asia Coal Limited (a company listed on the Main Board, stock code: 835) from March 2006 to August 2018. He was an independent non-executive director of China Hanya Group Holdings Limited (formerly known as Brilliance Worldwide Holdings Limited) (a company listed on GEM, stock code: 8312) from November 2010 to May 2016, and Super Strong Holdings Limited (a company listed on GEM, stock code: 8262) from March 2016 to March 2017. Mr. Li obtained a Bachelor of Arts degree in Accountancy from the City Polytechnic of Hong Kong in November 1992, and has become an associate member of the HKICPA (formerly known as the Hong Kong Society of Accountants) since September 1997.

Mr. Pu Li Wei (濮立偉), aged 45, holds a bachelor degree in accountancy from Zhejiang University in the PRC. Mr. Pu has more than 20 years of experience in accounting, finance and administration. Prior to joining the Group, he worked in several listed companies in Hong Kong playing key financial positions. From 1995 to 1997, Mr. Pu worked as a senior accounting officer in Asia Commercial Holdings Limited, (stock code 104). From 1998 to 2000, Mr. Pu acted as chief accountant in Perennial International Limited, (stock code 725). In 2001, Mr. Pu joined Philco Air-conditions (Hefei) Company Limited as the senior accountant. From 2002 to 2007, Mr. Pu joined Green Energy Group Limited, (stock code 979) as Group finance manager. From 2008 to 2015, Mr. Pu was a financial controller of China Hanya Group Holdings Limited, (stock code 8312). Mr. Pu is currently working in a supermarket group in Dongguan City of Guangdong Province as an assistant to its chairman taking charge on financial related matters.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Cho Chak (陳祖澤), aged 56, 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 obtained a Professional Diploma in Accountancy from Hong Kong Polytechnic in November 1986. He became an associate of the HKICPA (formerly known as the Hong Kong Society of Accountants) in April 1992, an associate of the Association of Chartered Certified Accountants (formerly known as the Chartered Association of Certified Accountants) in October 1989, and a fellow thereof in October 1994. 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. Prior to joining our Group, he worked as an Audit Assistant with Price Waterhouse Company in August 1986, and left Price Waterhouse Company as a Senior Consultant in July 1989. 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 41, 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 obtained a Bachelor of Business Administration degree (with honors) from Lingnan University in December 2001. He became a member of the Association of Chartered Certified Accountants in December 2004, a fellow thereof in December 2009, an associate of the HKICPA in April 2006, and an associate of the Taxation Institute of Hong Kong in July 2010. 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. He worked as an Audit Assistant with Anderson Li & Ho CPA in September 2001, and left Anderson Li & Ho CPA in August 2004 as an Audit Semi-Senior. From October 2004, he worked as an Audit Senior with CCIF CPA Limited. From July 2007, he worked as an Audit Senior with Moore Stephens Associates Limited. He rejoined CCIF CPA Limited as a Deputy Manager in January 2009. From January 2013 onwards. He worked as an Accountant with China Environmental Technology Holdings Limited (a company listed on the Main Board, stock code: 646). Mr. Chan started practicing under his own name Chan Wing Fai certified public accountant (practising), as a Certified Public Accountant from May 2014 onwards. From September 2014 to June 2015, he was the Company Secretary of Jin Bao Bao Holdings Limited (a company listed on the Main Board, stock code: 1239).

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).

Ir. Yan Wai Yan (殷偉仁), aged 56, is our independent non-executive Director. Ir. Yan 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.

Ir. Yan obtained a Bachelor Degree in Mechanical Engineering from Sunderland Polytechnic in June 1989, and a Master of Science degree in Mechanical Engineering from the University of Hong Kong in December 2003.

Ir. Yan holds various professional qualifications in the engineering industry. He became a member of the Chartered Institution of Building Services Engineers in November 1993, a Chartered Engineer of the Engineering Council in February 1994, a member of the Hong Kong Institution of Engineers in April 1994, a Registered Professional Engineer of the Engineers Registration Board in July 1995, and a Registered Energy Assessor of the EMSD in June 2012. He is, currently, a Registered Professional Engineer under the Engineers Registration Board, and a Registered Energy Assessor of the EMSD.

Ir. Yan has been a director of Leading Consulting Engineers Ltd, a company he set up in September 2003.

Mr. Yeung Wai Lung (楊懷隆), aged 56, 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 obtained a Bachelor of Arts degree in Accountancy from the City Polytechnic of Hong Kong in December 1994, and a Diploma in Legal Studies from School of Professional and Continuing Education, the University of Hong Kong in July 2006. He became a member of the Institute of Internal Auditors in January 1997, 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 as an audit assistant with KPMG Peat Marwick (then known as Peat Marwick Mitchell & Co.) in August 1987, and left KPMG Peat Marwick as an accountant in August 1990. From August 1990 to April 2007, he worked with 3M Hong Kong Limited as an Audit Manager. From December 2007 to January 2011, he worked with New Macau Landmark Management Limited as an internal audit manager. From September 2011 to August 2016, he worked with SML Group Limited as an internal audit director.

The Directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30 September 2018.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the electrical engineering business.

BUSINESS REVIEW

The business review of the Group for the year ended 30 September 2018 is provided in the section headed "Management Discussion and Analysis" on pages 5 to 8 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 49 of this annual report.

The Board does not recommend the payment of a final dividend for FY2018 (FY2017: Nil).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past four financial years, as extracted from the audited consolidated financial statements, is set out on page 96 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 52 of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 30 September 2018, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$67.1 million. The amount represents the Company's share premium, net of accumulated losses, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed.

EQUITY-LINKED AGREEMENTS

Save for the share option schemes of the Company as set out in note 27 to the consolidated financial statements, no equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

MAJOR CUSTOMERS

During FY2018, the Group's five largest customers accounted for approximately 100% (2017: 99.8%) of the total revenue of the Group and the Group's largest customer amounted for approximately 53.5% (2017: 40.2%) of the total revenue.

MAJOR SUPPLIERS AND SUBCONTRACTORS

During FY2018, the Group's five largest suppliers accounted for approximately 59.2% (2017: 49.0%) of the total material cost and the Group's largest supplier accounted for approximately 25.8% (2017: 19.6%) of the total material cost.

During FY2018, the Group's five largest subcontractors accounted for approximately 83.6% (2017: 79.8%) of the total subcontracting fee and the Group's largest subcontractor accounted for approximately 64.4% (2017: 41.5%) of the total subcontracting fee.

None of the Directors, their close associates or any shareholders of the Company (which to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any interest in the Group's five largest suppliers, subcontractor or customers.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS, SUBCONTRACTORS AND CUSTOMERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with its suppliers, subcontractors and customers to fulfil its immediate and long-term goals. To maintain its competitiveness, the Group aims at delivering quality services to its customers. During the year, there was no material and significant dispute between the Group and its suppliers, subcontractors and/or customers.

DIRECTORS

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

Executive Directors

Mr. Yung On Wah *(Chairman)*
Mr. Li Kar Fai Peter
Mr. Pu Li Wei

Independent Non-executive Directors

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

In accordance with clause 84 of the Articles, Mr. Li Kar Fai, Peter, Mr. Chan Cho Chak and Mr. Yeung Wai Lung will retire as Directors by rotation at the forthcoming annual general meeting and, being eligible, have offered themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

As at 30 September 2018, 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

	Number of shares/underlying shares held			% of the total number of issued shares of the Company
Name of Directors	**Personal interests**	**Corporate interests**	**Total**	
Yung On Wah		172,500,000 (Note 1)	172,500,000	31.94
Pu Li Wei		32,500,000 (Note 2)	32,500,000	6.02

Notes:

1. These shares are held by Superior Ace Investments Limited which is wholly owned by Mr. Yung On Wah.

2. These shares are held by Fast Upward Investment Development Limited which is wholly owned by Mr. Pu Li Wei.

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 30 September 2018, 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

At no time during the year 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

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by written resolutions of our then Shareholders on 22 July 2017.

(i) Purpose

The purpose of the Share Option Scheme is to provide Participants with the opportunity to acquire proprietary interests in our Company, and to encourage Participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and its Shareholders as a whole. The Share Option Scheme shall provide our Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

(ii) Who may join

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board shall be entitled to, at its absolute discretion and on such terms as it deems fit, grant Options to any Participant.

(iii) Maximum number of Shares subject to Options

The Shares which may be issued upon exercise of all Options to be granted under this Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 54,000,000 Shares (representing 10% of the aggregate of the Shares in issue on the date the Shares commence trading on the Stock Exchange) (the "Scheme Mandate Limit").

The overall limit on the number of Shares which shall be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Share Option Scheme, and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable), shall not exceed 30% of the Shares in issue from time to time ("Scheme Limit").

(iv) Limit for each participant

The total number of Shares issued, and to be issued, upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any twelve (12)-month period shall not exceed 1% of the Shares in issue (the "Individual Limit").

(v) Option period

The period within which the Shares shall be taken up under an Option shall be a period to be notified by the Board to each Grantee at the time of making an offer, which shall be determined by the Board in its absolute discretion at the date of grant of the relevant Option, but such period shall not expire later than 10 years from the date of grant of the relevant Option.

(vi) Payment on acceptance of Option offer

An Option shall remain open for acceptance by the Participant concerned for a period of 14 days exclusive of the date on which the letter containing the offer is delivered to the Participant. HK$1 is payable by the Grantee to our Company on acceptance of the offer of the Option.

(vii) Subscription price

The subscription price shall be such price determined by the Board at its absolute discretion and notified to the Participant in the offer at the time of the offer, and shall be no less than the highest of:

(a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant of the relevant Option, which shall be a business day;

(b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of the relevant Option (provided that, in the event that any Option is proposed to be granted within a period of less than five Business Days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Share Offer shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and

(c) the nominal value of a Share on the date of grant of the relevant Option.

(viii) Present status of the Share Option Scheme

As at the Latest Practicable Date, no Option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options to be granted under the Share Option Scheme, being 54,000,000 shares in total.

There was no outstanding share option throughout the years ended 30 September 2018 and 2017 and as at 30 September 2018 and 2017.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in note 34 to the consolidated financial statements. The Directors consider that those related party transactions did not fall under the definition of "connected transaction" or "continuing connected transaction" in Appendix 16 of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements. The Group has complied with the disclosure requirements in accordance with Appendix 16 of the Listing Rules.

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 30 September 2018, the following corporation / person, 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
Superior Ace Investments Limited (Note 1)	Beneficial owner	Long position	172,500,000	31.94
Greatly Success Investment Trading Limited (Note 2)	Beneficial owner	Long position	160,000,000	29.63
Mr. Cheung Kam Fai	Beneficial owner	Long position	40,000,000	7.41
Fast Upward Investment Development Limited (Note 3)	Beneficial owner	Long position	32,500,000	6.02

Notes:

1. Superior Ace Investments Limited is wholly owned by Mr. Yung On Wah who is the Chairman and an Executive Director of the Company.

2. Greatly Success Investment Trading Limited is wholly owned by Mr. Ko Chun Hay Kelvin.

3. Fast Upward Investment Development Limited is wholly owned by Mr. Pu Li Wei who is an Executive Director of the Company.

Other than 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 30 September 2018.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year and up to the date of this annual report, no Directors are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules, other than those businesses of which the Directors were appointed as directors to represent the interests of the Company.

NON-COMPETITION UNDERTAKINGS

Mr. Yung On Wah and Superior Ace Investments Limited (each the "Covenantor", and collectively, the "Covenantors" or "Controlling Shareholders") entered into a deed of non-competition dated 22 July 2017 (the "Deed of Non-competition"), in favour of our Group, with an aim to avoid any possible future competition between our Group and each of the Covenantors. Details of the Deed of Non-competition have been disclosed in the section headed "Relationship with Controlling Shareholders" of the Company's Prospectus.

The Company received from each of the Controlling Shareholders an annual confirmation on their respective compliance of the non-competition undertaking for the year ended 30 September 2018. The independent non-executive directors of the Company have reviewed the compliance of the non-competition undertaking and evaluated its effective implementation and were satisfied with the Controlling Shareholders' compliance with the non-competition undertaking for the year ended 30 September 2018.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

There was no transaction, arrangement or contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, existed at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Ordinance (Cap. 622)) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non-executive Directors are independent.

EMOLUMENT POLICY

The Directors' fees are subject to shareholders' approval general meetings. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. The Company has adopted a share option scheme as an incentive to eligible participants, details of which are set out above in the section headed "Share Option Scheme".

Details of the emoluments of the Directors and five highest paid individuals are set out in note 11 to the consolidated financial statements.

Details of the retirement benefits schemes are set out in note 26 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

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 FY2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules as at the date of this annual report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Memorandum and Articles of Association or the Company Law of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUBSIDIARIES

The details of the Company's subsidiaries as at 30 September 2018 are set out in note 36 to the consolidated financial statements.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to approximately HK$367,000 (2017: HK$1.0 million).

AUDITOR

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Yung On Wah
Chairman

Hong Kong, 21 December 2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION AND APPROACH TO ESG AND REPORTING

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

The core businesses of the Group are principally engaged in the provision of electrical and mechanical ("E&M") engineering services in Hong Kong. The Group provides engineering services including electrical and extra-low voltage ("ELV") system work and ventilation and air-conditioning system work.

The Group believes that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. The Board of Directors has the overall responsibility for the Group's environmental, social and governance ("ESG") strategy and reporting in achieving green operations for sustainable development. The Management of the Group (the "Management") is responsible for evaluating and determining ESG-related risks and ensuring there is an appropriate and effective ESG risk management and internal controls systems. The Management has provided a confirmation as to the effectiveness of these systems during the Reporting Period to the Board of Directors.

REPORTING SCOPE

This report covers the Group's business activities in Hong Kong, which represent the Group's major sources of revenue. In specific, the General Disclosure and the compliance matters of the Aspect A and Aspect B cover all of the Group's operational activities in Hong Kong. The ESG Key Performance Indicators ("KPIs") data of Aspect A — Environmental is only gathered and included under the Group's two offices in Hong Kong and the construction site offices are excluded as their emissions are very minimal.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in the Appendix 27 of the Rules Governing the Listing of Securities on Main Board of the Stock Exchange of Hong Kong Limited (the "ESG Reporting Guide").

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 9 to 16 of this annual report.

REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures being taken by the Group during the financial year ended 30 September 2018 (the "Reporting Period").

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

In formulating operational strategies and ESG measures, the Group takes into account the stakeholders' expectations. In order to understand and address stakeholders' concerns, the Group communicates with its stakeholders, including but not limited to employees, investors, customers, suppliers, government bodies and communities through different channels such as conferences, electronic platforms and interviews.

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

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

A. Environmental

The ESG Reporting Guide — General Disclosure	**Key Performance Indicators ("KPIs") — "Comply or Explain"**	**Material ESG aspects of the Group**	
A1. Emissions	KPI A1.1	Exhaust Gas Emission	P. 31
	KPI A1.2, KPI A1.5	Greenhouse Gas ("GHG") Emissions	P. 32
	KPI A1.1	Discharges into Water	P. 33
	KPI A1.3, KPI A1.4, KPI A1.6	Waste Management	P. 33
A2. Use of Resources	KPI A2.1, KPI A2.3	Energy Consumption	P. 34
	KPI A2.2, KPI A2.4	Water Consumption	P. 35
	KPI A2.5	Use of Packaging Materials	P. 35
A3. The Environment and Natural Resources	KPI A3.1	Noise Management	P. 35

B. Social

The ESG Reporting Guide — General Disclosure	Material ESG aspects of the Group	
Employment and Labour Practices		
B1. Employment	Recruitment, Promotion and Remuneration	P. 36
	Diversity, Equal Opportunities and Anti-discrimination	P. 36
	Work-life Balance	P. 37
B2. Health and Safety	Safety Management System	P. 37
	Safety Measures	P. 38
	Safety Cooperation with the Main Contractor and Subcontractors	P. 38
B3. Development and Training	Development and Training	P. 38
B4. Labour Standards	Prohibition of Child Labour or Forced Labour	P. 39
Operating Practices		
B5. Supply Chain Management	Supply Chain Management Structure	P. 40
B6. Product Responsibility	Quality Control of Projects	P. 41
	Subcontractor Management	P. 41
	Customer Service	P. 41
	Privacy Protection	P. 41
	Protection of Intellectual Property Rights	P. 42
B7. Anti-corruption	Anti-corruption	P. 42
Community		
B8. Community Investment	Community Commitment	P. 43

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

CONTACT US

Comments and suggestions are welcome from our stakeholders. You may provide comments on the ESG Report or towards our performance in respect of sustainable development via info@goldenfaith.hk.

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and KPIs

The Group principally engages in the provision of electrical and ELV system works, and undertakes subcontracting works of the main contractor or principal E&M contractor. During the project, the Group pays close attention to the possible environmental impacts and has always strictly complied with the applicable laws and regulations in Hong Kong relating to environmental protection and actively cooperated with the main contractor and the principal E&M contractor in the environmental protection requirements.

The Group has set up a sound environmental management system and obtained the ISO14001:2015 Environmental Management System ("EMS") Certification. By formulating relevant guidelines and targets, it systematically implements measures to protect the environment and continuously improves its business model.

The Group is not aware of any material non-compliance of environmental laws and regulations during the Reporting Period, including but not limited to "Noise Control Ordinance" and "Waste Disposal Ordinance", etc.

Exhaust Gas Emission

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

GHG Emissions

The consumption of electricity at the office, petrol and diesel consumption for the vehicles and consumption of paper are the largest sources of GHG emissions of the Group. During the Reporting Period, the Group's total GHG emissions amounted to approximately 65.62 tonnes and the total GHG emission per employee was 0.14 tonnes. The detailed summary of the GHG emission is shown as below:

GHG Emission Performance Summary

GHG Scope[1]	**Tonnes**	**Intensity — Tonnes per employee**[2]
Direct GHG emission (Scope 1) — petrol and diesel consumption	27.77	0.06
Indirect GHG emission (Scope 2) — electricity consumption	17.48	0.04
Indirect GHG emission (Scope 3) — paper consumption	20.37	0.04
Total GHG emissions	65.62	0.14

Note:

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

2. As at 30 September 2018, the number of employees of the Group was 481 which includes 85 of long term employees and 396 of short term employees. This number is also used to calculate other intensity figures in the ESG Report.

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

- Select the shortest route to/from the site of the Group and targeted venue;
- Use unleaded fuel and low sulphur content fuel according to legal requirements;
- Carry out regular maintenance service on the vehicles to ensure engine performance and the efficient use of fuel; and
- Optimise time schedule for vehicle usage.

Electricity and paper consumption are the only sources of indirect GHG emission. The Group has implemented measures as stated in "Waste Management" of Aspect A1 and "Energy Consumption" of Aspect A2 below in order to reduce energy consumption, and thereby minimizing carbon footprint.

Discharges into Water

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

Waste Management

The Group's wastes mainly come from office operation, including non-hazardous wastes such as paper, toner cartridge and ink cartridge. For the wastes generated in the construction processes such as electric wires and construction wastes, the main contractor or the principal E&M contractor is responsible for the disposal of such wastes. We require our subcontractors to comply with the "Waste Disposal Ordinance", and ensure all waste materials are properly handled, stored and disposed to prevent contamination. The project supervisor requests the subcontractor or workers-in-charge to clean up the wastes generated during construction and deliver them to the waste collection location designated by the main contractor or principal E&M contractor to keep the workplace clean. Therefore, we do not generate electric wires and construction wastes directly in our operational processes.

Despite the Group did not generate hazardous wastes during the Reporting Period, the Group has established guidelines in governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes, which is complied with the relevant environmental regulations and rules.

During the Reporting Period, the consumption volume generated by the Group is shown as below:

Non-hazardous waste category	**Quantity**	**Unit**	**Intensity — Unit per employee**
Paper	4,244.50	KG	8.82
Toner Cartridge	25.00	piece	0.05
Ink Cartridge	133.00	piece	0.28

Also, our subcontractors are encouraged to minimise their waste generation, use recyclable materials for packaging and reuse them wherever possible.

We have implemented procedures to encourage employees to participate in paper consumption reduction management in the office, including:

- Use of double sided printing/photocopying wherever possible;
- Use electronic media for circulation/communication to minimise using paper; and
- Recycle one side printed paper.

Moreover, we have adopted the following office waste management procedures:

- Collect computers and computer accessories such as toner cartridge, ink cartridge, keyboard, mouse, and filter by HRA for re-used or recycling if possible;
- Collect and dispose solid wastes properly; and
- Carry out usage assessment before the procurement of supplies to avoid excessive inventory.

A2. Use of Resources

General Disclosure and KPIs

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

During our operation, fuel, electricity and water are consumed, and the Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objectives of achieving higher energy efficiency and reducing the unnecessary use of materials. We also require our subcontractors to uphold the same principle.

Energy Consumption

Energy conservation policy has been developed to set energy conservation as one of the Group's fundamental policies. All employees must implement the adopted measures, including the purchase of energy-efficient products and services, and be responsible for the Group's overall energy efficiency. Monthly monitoring of the usage of electricity, water and other materials is implemented. Unexpected high electricity consumption will be investigated to find out the root cause and preventive measures will be taken.

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

Energy Type	Quantity	Unit	Intensity — Unit per employee
Diesel	7,273.10	litres	15.12
Petrol	2,809.94	litres	5.84
Electricity	34,265.00	kWh	71.24

During the Reporting Period, the Group has performed the following measures relating to enhancing energy efficiency:

- Set the minimum temperature of the air-conditioning system to 25 degrees Celsius;
- Set all printers, photocopiers and computers to energy saving mode; and
- Encourage employees to turn off office equipment, computers and lightings, when not in use or after working hours.

Water Consumption

The water consumption of the Group mainly contains of office water consumption for basic cleaning and sanitation. During the Reporting Period, only 173m^3 of water were consumed by the Group and the water consumption per employee was 0.36m^3. The Group conducted trainings for staff about the use of water resources.

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

Use of Packaging Materials

The Group has no industrial production or any factory facilities. Therefore, we do not consume significant amounts of product packaging materials.

A3. Environment and Natural Resources

General Disclosure and KPIs

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

Noise Management

We are aware of the noise generated during our site operation. We have laid down procedures to ensure compliance with relevant laws and regulations, such as "Noise Control Ordinance". On project sites, project personnel is responsible to monitor noise levels to ensure that they are within the acceptable limit. In addition, equipment of lower noise level is chosen for our projects to reduce noise at source. Moreover, we avoid carrying out noisy operations during restricted hours, and enclose noisy operation area.

B. SOCIAL

B1. Employment

General Disclosure

Human resources are fundamental in carrying out the business of the Group. Our human resources management policies recognise and reward employees with good performance and assist them to develop a career. These policies cover recruitment, compensation, promotion, working hours and rest periods, diversity and equal opportunity.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to, "Employment Ordinance" and "Minimum Wage Ordinance".

Recruitment, Promotion and Remuneration

We apply robust and transparent recruitment processes based on merit selection against the job criteria, and recruit individuals based on their suitability for the position and experience to fulfill the Group's current and future needs.

The Group recognises that the recruitment and retention of experienced staff is crucial to sustain our business development and growth. Therefore, we offer attractive salary package to our staff. Our basis for compensation and promotion are job-related skills, qualifications and performances, ensuring that we treat and evaluate employees in a fair manner and compensate employees relative to the industry and local labour markets in which we operate, which consists of competitive level of fixed and variable compensation. Remuneration packages include medical allowance, transport subsidies, group insurance, mandatory provident fund and long service awards.

The promotion of the Group's employees is subject to annual appraisal. The Group has established objective performance indicators for annual performance appraisal on which salary adjustments are based.

Diversity, Equal Opportunities and Anti-discrimination

We are committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. We are dedicated to providing equal opportunity in all aspects of employment and maintaining workplace that are free from discrimination against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, sexual orientation. We have zero tolerance on harassment or abuse in the workplace.

Work-life Balance

We understand the importance of maintaining our employees to have a healthy lifestyle and work-life balance. We support a work-life balance workplace through regular review of employee's working environment, working hours and rest periods. We also actively engage employees through social activities, employee bonding, outing, volunteer works and charity activities. Salary staff enjoys annual leave, maternity leave, paternity leave and public holidays.

B2. Health and Safety

General Disclosure

The Group pledges to provide healthy and safe working conditions for all employees, subcontractors and others associated with our business activities, and strives for zero occurrence of hazards, incidents, non-compliance and accidents.

To maintain a safe working environment, the Group has established safety policies and relevant procedures on the prevention and remediation of safety accidents in the projects. The Group has also established a safety and health management system and obtained OSHAS18001:2007 Occupational Safety and Health Management System ("OSHMS") certification to effectively implement health and safety-related measures.

The Group will continue to invest sufficient resources and devote efforts to maintain and enhance safety management so as to reduce the risks involved in health and safety.

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

Safety Management System

The Group sets up a safety management system to promote safety practices to the staff so as to avoid accidents on the project site. In order to control and mitigate the safety risks of the projects in our operations, we have formulated a series of procedures to assess the occupational health and safety risks of the projects in accordance with the standard of OHSAS 18001:2007 OSHMS. Regular internal audit on the effectiveness and level of compliance of occupational health and safety management system are carried out on an annual basis.

At the same time, our safety supervisors and main contractors are responsible for monitoring the occupational safety and reporting to the main contractor when any safety issue is discovered. The project director also conducts regular inspections to ensure the compliance with occupational health and safety laws and regulations. In the event of an accident or personal injury, the safety officer will conduct a thorough investigation of the cause and advise on long-term preventive measures against the cause of the accident to avoid the recurrence of such accident.

Safety Measures

We employ a registered safety officer and a qualified safety supervisor to prepare the safety plan according to the special conditions of the project department, working environment, construction organization design, construction plan, risk assessment, contract requirements, etc. and to ensure our employees and staff of the subcontractors adhere to the safety plan. Our safety officer will confirm that the site staff have received basic safety training and hold a valid certificate before they enter the site and work.

In accordance with the safety requirements of the Labour Department and the main contractor, we provide the site staff with qualified safety equipment, including safety helmets, goggles and other necessary safety precautions to ensure the occupational safety.

We regularly conduct safety-related meetings, seminars and activities to promote the message of site safety. At the beginning of each project and weekly safety conference, our safety officer reminds the site staff to comply with the construction site rules and conduct annual training for each site staff and subcontractors on Hong Kong safety and construction rules and regulations.

All site staff are required to attend full-day induction safety training on the first working day to understand the Group's occupational health and safety policy, work safety code, site-related laws and regulations and emergency procedures to protect the safety of the site staff.

Safety Cooperation with the Main Contractor and Subcontractors

To enhance the safety standards of projects undertaken by the Group, our safety supervisors and main contractors maintain close communication to provide the staff and subcontractors with the latest safety information. The main contractor regularly holds safety meetings with us to identify and address major safety issues. Generally, the main contractor develops a site safety plan for the construction project and requires compliance by all subcontractors. We strictly follow the safety plan provided by the main contractor.

Subcontractors must also strictly comply with the safety standards of the Labour Department and meet the safety requirements of the construction site to provide the staff with all safety equipment. To ensure the safety of our subcontractors' staff, we require subcontractors to submit sign records related to the safety and security of their employees for inspection.

B3. Development and Training

General Disclosure

Development and Training

The Group recognises the valuable contribution of our talents for the continued success of us. We are committed to inspiring our human capital towards delivering excellence. This is achieved through development of training strategy that focuses on creating value and serving the needs of our customers, our talents and society.

The Group encourages and supports employees to participate in personal and professional trainings to fulfill the needs of emerging technologies and new equipment. The Group also encourages the culture of knowledge and experience sharing.

To ensure the effectiveness of the training programs, the Group has relevant policies in controlling the training related procedures. A training plan is developed by the management based on the requirements from various departments and employees. Training contents are regularly updated to ensure they are relevant to stakeholder's changing needs such as laws and regulations, technology change, market trend, product trend and customer behaviour change.

In order to enhance staff's knowledge about their roles and responsibilities, we encourage our employees to attend training courses and obtain professional qualifications. We also provide different trainings for our staff members, including induction training, vocational training and computer trainings so that they can understand the Group's business model and enhance their basic skills and expertise. To meet the needs of individual employees, we also provide education subsidies for them to improve their job skills and encourage continuous learning. Through the redeployment of posts, employees can draw on a wide range of experience in different fields of work while increasing their awareness of various positions in the Group.

B4. Labour Standards

General Disclosure

Prohibition of Child Labour or Forced Labour

Child and forced labour are strictly prohibited during the applicant shortlisting stage. We require applicants to provide valid identification documents to ensure that they attained the legal minimum working age. Personal data are collected and checked to assist in the selection of suitable candidates. Job titles and working hours are clearly set out in the contract to avoid forced labour.

Furthermore, the Group has included terms in the agreements with subcontractors that their human resource policies and procedures have to comply with the local labour laws and regulations.

During the Reporting Period, the Group has not identified material non-compliance of child and forced labour-related laws and regulations (including but not limited to: "Employment of Children Regulations" and "Employment Ordinance").

B5. Supply Chain Management

General Disclosure

Supply Chain Management Structure

Our selection criteria for suppliers are price, material quality and delivery time from the list of pre-qualified suppliers unless our customer request for purchasing materials from designated supplier of the project. In order to ensure that our suppliers and subcontractors have met customers' and our requirements regarding quality, environmental and safety standards, we have formulated standards and stringent procedures in selecting suppliers and sub-contractors.

We maintain an approved list of suppliers and subcontractors. Assessments are carried out on our suppliers and subcontractors by project directors and the managing director. The materials purchased from suppliers and works performed by subcontractors will be checked and monitored on a regular basis. Suppliers or subcontractors may be suspended or removed from the approved list if they fail to fulfill our standards. The supplier and subcontractor relationship may also be terminated in the event of any substantial violation of environmental and labour laws and regulations.

In the procurement of materials, we use the concept of resource utilization to purchase the right amount of materials for different projects to avoid wasting resources. We also emphasise on quality management of the procured materials. We generally procure the materials from pre-qualified suppliers, except the client requests us to order from designated suppliers. We obtain the customer's approval before purchasing the materials from supplier to ensure that the quality of the materials meets the customer's requirements. Materials delivered to the site shall be tested before use.

In project management, apart from confirming construction quality, we also value the environmental performances of subcontractors. We regularly check their work to ensure that our environmental protection requirements are met. During the implementation of the EMS, the Group regularly monitors and measures its work to properly control the environmental factors during operations and achieves the internal environmental goals. For instance, the Group monitors subcontractors' use of resources and wastewater, exhaust and waste management and checks their implementation of emission reduction work. In the event of any non-compliance with environmental principles, the Group will investigate the cause and take appropriate corrective and preventive actions to prevent the recurrence of such issues.

B6. Product Responsibility

General Disclosure

The Group always strives to satisfy its customers and has been committed to provide its customers with quality services. In order to ensure that we deliver high quality services and sustainable projects to our customers, the progress of the projects is controlled and monitored regularly.

The quality management system of the Group is applicable to the design, supply, installation and maintenance of ELV system and has achieved ISO9001:2015 Quality Management System certification. Regular internal audits on the effectiveness and level of compliance of quality management system are carried out annually.

As the Group's operational process does not involve advertising and labelling practices, the information relating to advertising and labelling is considered not material to the Group.

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

Quality Control of Projects

The Group's project management team is responsible for quality control of various projects. The project manager is responsible for monitoring the progress and quality of projects to ensure that such projects can be completed on schedule. The project director is responsible for closely monitoring the progress of various projects, ensuring that the projects meet the requirements of our customers, completing the project within the predetermined deadline, and complying with the project-related laws and regulations.

Subcontractor Management

For subcontractor management, the Group chooses only subcontractors holding valid business registration documents and carrying out such projects by qualified engineering staff to ensure the service quality. We require the subcontractors to strictly comply with the specifications of the main contractor in order to complete such projects and submit them to the prospective owners, architect and the Group for acceptance and delivery. Before delivery, the subcontractors shall conduct a test to confirm that the projects have been completed in accordance with the specifications, and refer relevant records to us.

Customer Service

In addition, the Group values the opinions of its customers and has established procedures to handle customers' feedback or complaints in a professional manner. As the project progresses, customers can monitor our installation at all stages. Customer feedback helps us develop and continuously review quality objectives. If, during the project, any potential non-conforming process is identified or any customer complaint is received, we will take corrective action according to the circumstances so as to prevent the recurrence of the non-compliance. In response to customer complaints, we conduct improvement work and review the working procedures.

Privacy Protection

As a responsible service provider, the Group respects the values and rights of the customers' information assets, and in the process of providing our customers with products and services, we strictly comply with the customers' information security management systems and standards. The Group has classified the business-related information as highly confidential and requires employees not to disclose confidential information to third parties to ensure that the data will not be leaked.

Protection of Intellectual Property Rights

To safeguard intellectual property rights, employees should also not use computer software, online services, information and data that are not consented by the company or illegally downloaded/installed and should sign a letter of confirmation every year to undertake not to use pirated software.

B7. Anti-corruption

General Disclosure

Anti-corruption

The Group regards fair competition, honesty and integrity as fundamental principal in doing business. Our anti-corruption policy sets out the basic standards of expected conduct of all staff members. Periodic seminars are arranged for our staff to reinforce the knowledge of recognizing and dealing with bribery and corruption. The Group has complied with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering throughout the year.

The Group has formulated an anti-money laundering policy and provided our staff members with relevant training to raise their anti-corruption awareness. We also support employees in reporting suspicious transactions to prevent money laundering.

In addition, the Group has formulated the "Good Professional Conduct and Related Procedures" policy on conflict of interests, which are included in the employee handbook for employees to perform their duties with the highest level of integrity and professional attitude. All employees are not allowed to engage in any activities that conflict with the interests of the Group. Employees must report any activities and situations that may lead to conflict of interest to the Group. Relevant activities can only be carried out with the consent of the Group. Employees failing to report potential conflicts of interests may be subjected to disciplinary actions.

To further prevent business frauds, an Audit Committee is also established for continuous evaluation of the Group's internal control effectiveness, detecting potential deficiency, and identifying areas of improvement. Audit report is distributed to the responsible department for the timely remediation. The Board of Directors and Audit Committee supervise and review the implementation and effectiveness of the internal control policies and procedures on a regular basis.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to "Prevention of Bribery Ordinance", etc.

B8. Community Investment

General Disclosure

Community Commitment

While devoting ourselves to business development, the Group also emphasises the importance of reciprocate to society. Therefore, the Group is committed to support public by means of social participation and contribution as part of its strategic development. We embrace human capital into the social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

We participate in community activities, such as, making charitable donations, participate in voluntary social services and making voluntary sponsorships to NGOs. We also actively support the development of charities. We regularly communicate with local charities to understand community's needs. We believe it helps to connect us with the local community and maintain a mutually beneficial relationship to society as a whole. During the Reporting Period, we donated a total of HK$367,000.00 to charities to help the underprivileged. Moreover, we have been awarded the "Caring Company" logo from the Hong Kong Council of Social Service.

Deloitte. 德勤

TO THE SHAREHOLDERS OF GOLDEN FAITH GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Golden Faith Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 49 to 95, which comprise the consolidated statement of financial position as at 30 September 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue and costs from engineering service contracts and amounts due from/to customers for contract work	

We identified the recognition of revenue and costs from engineering service contracts and amounts due from/to customers for contract work as a key audit matter due to the use of estimates by management in determining the contract revenue, contract costs and variation orders prepared for each engineering service contract in progress.
 	
During the year ended 30 September 2018, the Group generated revenue of HK$375,023,000 from engineering service contracts. As disclosed in note 18 to the consolidated financial statements, the carrying amounts of amounts due from and amounts due to customers for contract work of HK$66,002,000 and HK$6,888,000, respectively, were recorded in the consolidated statement of financial position as at 30 September 2018.
 	
The Group recognised contract revenue and direct costs of engineering service contracts by reference to the stage of completion of the contract activity at the end of the reporting period, as set out in note 4 to the consolidated financial statements. The recognition of revenue, direct costs and amounts due from/to customers for contract works therefore relies on the management's estimation of the progress and outcome of the project, which involves the exercise of significant management estimation, particularly in estimating the budgeted engineering service costs, which are prepared by the management of the Group on the basis of agreements, quotations or other correspondences from time to time provided by the subcontractors, suppliers or vendors involved and the experience of the management of the Group. In order to keep the budget accurate and up-to-date, the management of the Group conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. This includes the assessment of the profitability of on-going engineering service contracts.
	Our procedures in relation to recognition of revenue and costs from engineering service contracts and amounts due from/to customers for contract work included:
	
	• Understanding management's process in estimation of the contract revenue, budget cost and determination of completion status of the engineering service contracts;
	
	• Agreeing the total contract value to the contracts and variation orders, on a sample basis;
	
	• Discussing with the management of the Group to evaluate the reasonableness of their estimated total contract costs, taking into account of factors including the duration of the projects and profit margin of similar completed projects, on a sample basis;
	
	• Evaluating the reasonableness of estimated total contract costs to be incurred by checking against the agreements, quotations or other correspondences from time to time provided by subcontractors, suppliers or vendors involved and the experience of the management, on a sample basis;
	
	• Evaluating the reasonableness of costs from engineering service contracts recognised to date by:
	
	    • Checking to the supporting documents including the certificates and invoices issued by the subcontractors/suppliers/vendors and their correspondences issued to evaluate progress of respective projects, on a sample basis;
	
	    • Discussing with the management of the Group to understand the status of respective engineering service contracts, and to evaluate the reasonableness of contract costs recognised based on the size and duration of the projects, on a sample basis; and
	
	• Evaluating the reasonableness of percentage of completion of engineering service contracts by comparing the percentage calculated based on costs incurred at the end of the reporting period against that calculated based on external certifications from main constructors, and investigating any significant differences identified.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 December 2018

	NOTES	**2018** **HK$'000**	2017 HK$'000
Revenue	6	**375,023**	308,008
Costs of sales		**(321,993)**	(249,523)
Gross profit		**53,030**	58,485
Other income	7	**514**	5
Other gains and losses	7	**(509)**	4,112
Administrative expenses		**(20,161)**	(18,319)
Listing expenses		**–**	(14,236)
Finance cost	8	**(2)**	(10)
Profit before taxation	9	**32,872**	30,037
Income tax expense	10	**(5,747)**	(7,674)
Profit and total comprehensive income for the year		**27,125**	22,363
Earnings per share	13		
Basic (HK$)		**0.05**	0.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	14	**2,804**	3,146
Deferred tax assets	15	**108**	79
Deposits	17	**207**	22
		3,119	3,247
Current assets			
Trade receivables	16	**46,804**	8,714
Other receivables, deposits and prepayments	17	**2,483**	7,640
Amounts due from customers for contract work	18	**66,002**	48,250
Pledged bank deposits	19	**20,049**	–
Short term bank deposits	19	**50,058**	–
Bank balances and cash	19	**46,227**	152,330
		231,623	216,934
Current liabilities			
Trade payables	20	**10,015**	10,988
Other payables and accrued charges	21	**23,068**	19,214
Amounts due to customers for contract work	18	**6,888**	13,883
Amount due to a shareholder	22	**–**	5,554
Tax liabilities		**7,441**	10,130
Obligation under a finance lease	24	**–**	112
		47,412	59,881
Net current assets		**184,211**	157,053
Total assets less current liabilities		**187,330**	160,300
Non-current liabilities			
Provisions	23	**848**	943
Net assets		**186,482**	159,357

	NOTES	**2018** **HK$'000**	2017 HK$'000
Capital and reserves			
Share capital	25	**5,400**	5,400
Reserves		**181,082**	153,957
Equity attributable to owners of the Company		**186,482**	159,357

The consolidated financial statements on pages 49 to 95 were approved and authorised for issue by the Board of Directors on 21 December 2018 and are signed on its behalf by:

Yung On Wa
DIRECTOR

Li Kar Fai Peter
DIRECTOR

	Share capital HK$'000 (Note 25)	Share premium HK$'000	Other reserves HK$'000 (Note)	Retained profits HK$'000	Total HK$'000
At 1 October 2016	–	–	20,955	57,411	78,366
Profit and total comprehensive income for the year	–	–	–	22,363	22,363
Dividends declared (note 12)	–	–	–	(23,000)	(23,000)
Issuance of shares (note 2(vi))	–	25,000	(15,000)	–	10,000
Issuance of shares upon Listing (defined in note 2) (note 25)	900	76,500	–	–	77,400
Capitalisation Issue (defined in note 25)	4,500	(4,500)	–	–	–
Transaction costs directly attributable to issuance of shares upon Listing	–	(5,772)	–	–	(5,772)
At 30 September 2017	5,400	91,228	5,955	56,774	159,357
Profit and total comprehensive income for the year	**–**	**–**	**–**	**27,125**	**27,125**
At 30 September 2018	**5,400**	**91,228**	**5,955**	**83,899**	**186,482**

Note: Other reserves represented (a) contribution from immediate holding company of the Company in previous years; (b) the difference of the combined share capital of the operating subsidiaries and the share capital of a group entity incorporated in the British Virgin Islands ("BVI") for shares issued pursuant to the group reorganisation in preparation for the Listing; and (c) the difference of issuance of shares of the Company to immediate holding company of the Company during the year ended 30 September 2017 at cash consideration of HK$25,000,000, of which HK$15,000,000 were received in previous periods.

	2018	2017
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**32,872**	30,037
Adjustments for:		
Interest income	**(400)**	(1)
Finance cost	**2**	10
Loss (gain) on disposal of property, plant and equipment	**6**	(4,122)
Depreciation	**551**	609
Impairment loss recognised on trade receivables	**20**	44
Impairment loss recognised on other receivable	**450**	–
Operating cash flows before movements in working capital	**33,501**	26,577
(Increase) decrease in trade receivables	**(38,110)**	8,221
Decrease (increase) in other receivables, deposits and prepayments	**4,522**	(3,735)
(Increase) decrease in amounts due from/to customers for contract work, net	**(24,747)**	27,399
Decrease in trade payables	**(973)**	(2,546)
Increase in other payables and accrued charges	**3,854**	11,893
Decrease in deposits from a customer	**–**	(19,724)
(Decrease) increase in provisions	**(95)**	312
Cash (used in) from operations	**(22,048)**	48,397
Income tax paid	**(8,465)**	(5,805)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(30,513)**	42,592
INVESTING ACTIVITIES		
Bank interest received	**400**	1
Purchase of property, plant and equipment	**(225)**	(188)
Proceeds from disposal of property, plant and equipment	**10**	6,180
Withdrawal of pledged bank deposits	**–**	11,537
Placement of pledged bank deposits	**(20,049)**	(5,768)
Placement of short term bank deposits with maturity over three months	**(40,000)**	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(59,864)**	11,762

	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES		
Interest paid	**(2)**	(10)
Repayment of obligation under a finance lease	**(112)**	(142)
Dividend paid	**–**	(23,000)
Advance from a shareholder	**–**	49,339
Repayment to a shareholder	**(5,554)**	(46,567)
Proceeds from issuance of shares	**–**	10,000
Proceeds from issuance of shares upon Listing	**–**	77,400
Payments of transaction costs attributable to issuance of shares upon Listing	**–**	(5,772)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(5,668)**	61,248
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(96,045)**	115,602
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**152,330**	36,728
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by	**56,285**	152,330
Bank balances and cash	**46,227**	152,330
Short term bank deposits with maturity less than three months	**10,058**	–
	56,285	152,330

1. GENERAL

Golden Faith Group Holdings Limited (the "Company") is incorporated and registered as an exempted company 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 and principal place of business are stated in the "Corporate Information" section of the annual report. Pursuant to the transfer of shares between Superior Ace Investments Limited ("Superior Ace") and Greatly Success Investment Trading Limited ("Greatly Success") on 21 October 2018, the immediate and ultimate holding company of the Company has changed from Superior Ace, which is incorporated in the BVI, to Greatly Success, which is incorporated in the Seychelles.

The Company is an investment holding company. The Group's principal activity is electric and maintenance engineering services in Hong Kong.

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

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

Pursuant to the group reorganisation ("Reorganisation") detailed below, the Company has become the holding company of the companies now comprising the Group on 24 November 2016. The Company and its subsidiaries have been under the common control of Mr. Yung On Wah ("Mr. Yung") before and after the Reorganisation, or since their respective dates of incorporation, where there is a shorter period.

Historically, the Group's two operating subsidiaries, Cornwall Contracting Company Limited ("CCCL") and Cornwall Electrical Engineering Limited ("CEEL"), were directly wholly owned and controlled by Mr. Yung. In preparation of the listing of the Company's shares on the Stock Exchange (the "Listing"), the companies comprising the Group underwent the Reorganisation involving steps which include the interspersing of certain investment holding companies between Mr. Yung and these operating subsidiaries, as well as the introduction of an independent investor as a non-controlling shareholder (the "Pre-IPO Investor"), while Mr. Yung retains control over the companies comprising the Group before and after the Reorganisation.

As a result of the Reorganisation, the Company became the holding company of the companies now comprising the Group, whereas Superior Ace, an entity controlled by Mr. Yung not forming part of the Group, became the Company's immediate and ultimate holding company.

Accordingly, the consolidated financial statements for the year ended 30 September 2017 had 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 consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 September 2017 included the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the year ended 30 September 2017, or since their respective date of incorporation, where there was a shorter period.

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

The Accounting Guideline 5 was applied to account for the business combinations under common control effected for the purpose of the Reorganisation and the Group was treated as a continuation of existing business under merger accounting (see below for basic principles of Accounting Guideline 5 and accounting policy for merger accounting). According to the Accounting Guideline 5, all equity interest attributable to parties other than controlling party, namely Mr. Yung, is treated as non-controlling interests. Therefore, the increase in equity of the Group as a result of the funding from the Pre-IPO Investor which is not attributable to Mr. Yung, are treated as deemed non-controlling interests.

The Reorganisation steps are described below.

(i) On 5 July 2016, Superior Ace was incorporated in the BVI by Mr. Yung as a limited liability company. Superior Ace is authorised to issue 50,000 shares with a par value of United States dollar ("US$") 1.00 each. On 8 August 2016, 7,500 shares of Superior Ace were allotted and issued to Mr. Yung. On the same date, Superior Ace issued 2,500 shares to Pre-IPO Investor at a subscription amount of HK$15,000,000 pursuant to the subscription agreement. As a result, Mr. Yung and Pre-IPO investor held 7,500 shares and 2,500 shares in Superior Ace, representing 75% and 25% of the entire issued share capital of Superior Ace respectively.

(ii) On 8 August 2016, Mr. Yung transferred the entire issued share capital of CCCL to Superior Ace for HK$1. On the same date, Mr. Yung transferred the entire issued share capital of CEEL to Superior Ace for HK$1. Upon the completion of transfer, CCCL and CEEL became the wholly-owned subsidiaries of Superior Ace.

(iii) Superior Ace contributed HK$15,000,000 to the Group on 18 August 2016.

(iv) On 21 September 2016, Champion Goal Investments Limited ("Champion Goal") was incorporated as a limited liability company in the BVI with an authorised share capital of US$50,000 divided into 50,000 shares with a par value of US$1.00 each. 1 share in Champion Goal was issued and allotted to Superior Ace on the same date.

(v) On 29 September 2016, Superior Ace transferred the entire issued share capital of CCCL and CEEL to Champion Goal at cash consideration of HK$1, respectively, and CCCL and CEEL became the wholly-owned subsidiaries of Champion Goal.

(vi) The Company was incorporated in the Cayman Islands with limited liability on 12 October 2016 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. 1 share of the Company was allotted and issued to Superior Ace on the same date. On 23 November 2016, 9,999 shares of the Company were allotted and issued to Superior Ace at a cash consideration of HK$25,000,000, of which HK$15,000,000 were received on 18 August 2016 (as disclosed in note 2(iii) above).

(vii) On 24 November 2016, Superior Ace transferred the entire issued share capital of Champion Goal to the Company at a consideration of HK$1. Upon the transfer, Champion Goal became the wholly-owned subsidiary of the Company.

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

(viii) On 24 November 2016, Pre-IPO Investor transferred 2,500 shares in Superior Ace, representing 25% of the entire issued share capital of Superior Ace, to Greatly Success Investment Trading Limited ("Greatly Success"), which is wholly owned by the Pre-IPO Investor, at a cash consideration of HK$1.

(ix) On 5 December 2016, Superior Ace repurchased 2,500 shares of Superior Ace from Greatly Success in consideration of the transfer of 25% interest of the Company to Greatly Success. As a result, Mr. Yung holds 100% of the entire issued share capital of Superior Ace, and Superior Ace and Greatly Success hold 7,500 shares and 2,500 shares of the Company respectively, representing 75% and 25% of the issued share capital of the Company.

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (together, the "Group") has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As Part of the Annual Improvements to HKFRSs 2014–2016 cycle

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

Amendments to Hong Kong Accounting Standard ("HKAS") 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 30. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 30, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

New and revised HKFRSs in issue but not yet effective

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

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

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after 1 January 2021.
[4] Effective for annual periods beginning on or after a date to be determined.

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

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at amortised cost at the end of subsequent accounting periods; and

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30 September 2018, the directors of the Company anticipate on initial application of HKFRS 9 that there will be no significant change in the carrying amounts of the Group's financial assets and financial liabilities. However, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

The impairment requirements are applied retrospectively by adjustment the opening retained profits as at 1 October 2018 with no restatement to prior periods. The directors of the Company do not intend to restate comparative information for the application of HKFRS 9 when preparing the consolidated financial statements of the Group for the year ending 30 September 2019. The directors of the Company intend to apply HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 October 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 October 2018.

The Group expects to apply the simplified approach to recognise lifetime expected credit loss for its trade receivables and contract assets. Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 October 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to the expected credit losses provision on trade receivables and contract assets. Such impairment recognised under expected credit loss model would reduce the opening retained profits and increase the deferred tax assets as at 1 October 2018.

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

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue 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.

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. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company specifically consider HKFRS 15's guidance on contract combinations, contract modifications arising from variation orders, variable consideration, and significant financing component in the contracts, and have assessed that the engineering services provide a distinct and significant integration contract work which is considered a single performance obligation. The performance obligation on the contracts is satisfied over time as the Group provides contract works at customers' sites which enhances an asset that the customers control. As a result, revenue from these contracts should be recognised over time during the course of performance of contract work. Furthermore, the directors of the Company consider that the input method currently being used to measure the progress towards complete satisfaction of performance obligation will continue to be appropriate under HKFRS 15.

Upon application of HKFRS 15, the directors of the Company anticipate that there will be no material impact on the timing and amount of revenue recognised in the respective reporting periods. However, there will be certain changes in presentation as amounts due from/to customers for contract work will be reclassified to contract assets and contract liabilities on the initial date of application. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

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

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments and finance lease payments as operating cash flows and financing cash flows respectively. Under the application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

At 30 September 2018, the Group has non-cancellable operating lease commitments of HK$2,353,000 as disclosed in note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases.

In addition, the Group currently considers refundable rental deposits paid of HK$351,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the initial measurement of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except as disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs in issue but not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods or 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 at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, 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. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment" and leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

When 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 members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under common control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from engineering service contracts is based on the stage of completion at the end of the reporting period. The Group's accounting policy for recognition of revenue from engineering services is described in the accounting policy for engineering service contracts below.

Service income is recognised when services are provided.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Engineering service contracts

Where the outcome of an engineering service 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 cost 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 an engineering service 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 expense 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 billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

Impairment loss on assets other than financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment loss on assets other than financial assets *(Continued)*

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

Property, plant and equipment

Property, plant and equipment held for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items 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 the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

Leasing

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

The Group as lessee

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

Leasehold land and building

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

When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under a finance lease.

Borrowing costs

All borrowing costs are recognised in finance costs in the period in which they are incurred.

Retirement benefit costs

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

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits (such as long service payments) are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in term of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised.

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax *(Continued)*

The determination of the average tax rates requires an estimation of (1) when the existing temporary differences will reverse and (2) the amount of future taxable income in those years. The estimate of future taxable income includes income or loss excluding reversals of temporary differences; and reversals of existing temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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.

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, other receivables and deposits, pledged bank deposits, short term bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables 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 loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on trade receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of loans and receivables (Continued)

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is 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 was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment 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 entered into 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 a group entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

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.

Financial liabilities

Financial liabilities (including trade payables, other payables and accrued charges and amount due to a shareholder) are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The 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 within the next financial year.

Engineering service contracts

The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each engineering service contract as the contract progresses. Budgeted engineering service costs are prepared by the management of the Group on the basis of agreements, quotations or other correspondences from time to time provided by the subcontractors, suppliers or vendors involved and the experience of the management of the Group. In order to keep the budget accurate and up-to-date, the management of the Group conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit or loss recognised in each period.

Recognised amounts of engineering service contract revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going engineering service contracts. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit or loss to be recognised in future years as an adjustment to the amounts recorded to date.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the engineering services provided by the Group to external customers. The Group's operations is solely derived from engineering services in Hong Kong. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group, which are prepared based on same accounting policies set out in note 4. Accordingly, the Group presents only one single operating segment and no further analysis is presented.

Geographical information

No geographical information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's property, plant and equipment amounting to HK$2,804,000 (2017: HK$3,146,000) and deposits of HK$207,000 (2017: HK$22,000) as at 30 September 2018 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 year is as follows:

	2018	2017
	HK$'000	HK$'000
Customer A	**200,476**	67,669
Customer B	**151,683**	37,182
Customer C	**N/A***	123,688
Customer D	**N/A***	77,551

* Contributed to less than 10% of the Group's total revenue for the relevant year

7. OTHER INCOME AND OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	HK$'000
Other income:		
Interest income	**400**	1
Sales of scrap materials	**44**	–
Others	**70**	4
	514	5
Other gains and losses:		
Impairment loss recognised on trade receivables (note 16)	**(20)**	(44)
Impairment loss recognised on other receivables	**(450)**	–
(Loss) gain on disposal of property, plant and equipment	**(6)**	4,122
Net exchange (loss) gain	**(33)**	34
	(509)	4,112

8. FINANCE COST

	2018	2017
	HK$'000	HK$'000
Interest on a finance lease	**2**	10

9. PROFIT BEFORE TAXATION

	2018	2017
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Staff costs:		
Directors' remuneration (note 11)	**2,483**	1,720
Other staff costs	**35,872**	40,115
Contributions to retirement benefits schemes for other staffs	**1,078**	1,053
	39,433	42,888
Auditor's remuneration	**1,100**	1,000
Depreciation of property, plant and equipment	**551**	609
Minimum lease payments in respect of office premises	**2,033**	1,413

10. INCOME TAX EXPENSE

	2018	2017
	HK$'000	HK$'000
Hong Kong Profits Tax:		
— Current year	**5,679**	7,438
— Underprovision in prior years	**97**	129
	5,776	7,567
Deferred taxation (credit) charge for the year (note 15)	**(29)**	107
	5,747	7,674

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Accordingly, starting from the year ended 30 September 2018, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

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

	2018	2017
	HK$'000	HK$'000
Profit before taxation	**32,872**	30,037
Taxation at Hong Kong Profits Tax rate of 16.5%	**5,424**	4,956
Tax effect of expenses not deductible for tax purposes	**376**	3,269
Tax effect of income not taxable for tax purposes	**(66)**	(680)
Tax effect of tax losses not recognised	**81**	–
Income tax at concessionary rate	**(165)**	–
Underprovision in prior years	**97**	129
Income tax expense for the year	**5,747**	7,674

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to the directors and chief executive of the Company (including emoluments for services as director of the group entities prior to becoming the director of the Company) by entities comprising the Group for both years as follows:

	Executive directors			Independent non-executive directors				
	Mr. Yung	Mr. Li Kar Fai Peter ("Mr. Li")	Mr. Pu Li Wei ("Mr. Pu")	Mr. Chan Cho Chak	Mr. Chan Wing Fai	Mr. Yan Wai Yan	Mr. Yeung Wai Lung	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Note i)	(Note iv)	(Note v)	(Note vi)	(Note vi)	(Note vi)	(Note vi)	
As at 30 September 2018								
Fees	**–**	**–**	**–**	**120**	**120**	**120**	**120**	**480**
Other emoluments								
Salaries and other benefits	**1,122**	**480**	**175**	**–**	**–**	**–**	**–**	**1,777**
Performance and discretionary bonus (Note ii)	**190**	**–**	**–**	**–**	**–**	**–**	**–**	**190**
Retirement benefits schemes contributions	**18**	**18**	**–**	**–**	**–**	**–**	**–**	**36**
Total emoluments	**1,330**	**498**	**175**	**120**	**120**	**120**	**120**	**2,483**
As at 30 September 2017								
Fees	–	–	–	24	24	24	24	96
Other emoluments								
Salaries and other benefits	1,071	340	–	–	–	–	–	1,411
Performance and discretionary bonus (Note ii)	185	–	–	–	–	–	–	185
Retirement benefits schemes contributions	18	10	–	–	–	–	–	28
Total emoluments	1,274	350	–	24	24	24	24	1,720

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

Notes:

(i) Mr. Yung acts as chief executive of the Company. He was appointed as executive director of the Company on 12 October 2016.

(ii) The performance and discretionary bonus is determined by reference to the duties and responsibilities of Mr. Yung within the Group and the Group's performance.

(iii) The emoluments of the executive directors shown above were for their services in connection with the management of the affairs of the Group. The emoluments of the independent non-executive directors shown above were for their services as directors of the Company.

(iv) Mr. Li was appointed as executive director of the Company on 23 November 2016.

(v) Mr. Pu was appointed as executive director of the Company on 15 November 2017.

(vi) Mr. Chan Cho Chak, Mr. Chan Wing Fai, Mr. Yan Wai Yan and Mr. Yeung Wai Lung were appointed as independent non-executive directors of the Company on 21 July 2017.

No remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2017: nil). There is no arrangement under which a director has waived or agreed to waive any remuneration.

(b) Employees' emoluments

The five highest paid individuals included Mr. Yung (2017: Mr. Yung) whose emoluments is included in the disclosures above. The emoluments of the remaining four individuals for both years were as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other benefits	**4,280**	4,454
Performance and discretionary bonus	**919**	885
Retirement benefits schemes contributions	**68**	69
	5,267	5,408

Their emoluments are within the following bands:

	2018 Number of employees	2017 Number of employees
HK$1,000,001 to HK$1,500,000	**4**	4

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments *(Continued)*

The performance and discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

No emoluments was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2017: nil).

12. DIVIDEND

During the year ended 30 September 2017, Champion Goal, a wholly-owned subsidiary of the Company, declared dividends of HK$23,000,000 to the then shareholders. The rate of dividends and number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of these consolidated financial statements.

The directors of the Company do not recommend the payment of a final dividend for the year ended 30 September 2018 (2017: nil).

13. EARNINGS PER SHARE

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

Earnings

	2018 **HK$'000**	2017 HK$'000
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**27,125**	22,363

Number of shares

	2018 **'000**	2017 '000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**540,000**	440,384

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 25) had been effective on 1 October 2016.

No diluted earnings per share is presented as there are no potential ordinary shares outstanding during both years.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 October 2016	6,755	1,004	2,537	1,243	11,539
Additions	–	–	188	–	188
Disposals/written-off	(3,649)	(301)	–	–	(3,950)
At 30 September 2017	3,106	703	2,725	1,243	7,777
Additions	–	–	225	–	225
Disposals	–	–	–	(84)	(84)
At 30 September 2018	3,106	703	2,950	1,159	7,918
DEPRECIATION					
At 1 October 2016	2,441	961	2,131	381	5,914
Provided for the year	106	39	187	277	609
Eliminated on disposals/written-off	(1,591)	(301)	–	–	(1,892)
At 30 September 2017	956	699	2,318	658	4,631
Provided for the year	89	2	200	260	551
Eliminated on disposals	–	–	–	(68)	(68)
At 30 September 2018	1,045	701	2,518	850	5,114
CARRYING AMOUNTS					
At 30 September 2018	**2,061**	**2**	**432**	**309**	**2,804**
At 30 September 2017	2,150	4	407	585	3,146

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above property, plant and equipment are depreciated on the straight-line basis over their estimated useful lives, at the following rates per annum:

Leasehold land and buildings	Over the shorter of the terms or 50 years
Leasehold improvements	20%
Furniture, fixtures and equipment	20%
Motor vehicles	25%

As at 30 September 2018, the Group has pledged a premises with aggregate carrying amounts of HK$2,061,000 (2017: HK$2,150,000) to secure a banking facility granted to the Group.

The carrying value of motor vehicles included an amount of approximately HK$259,000 (2018: nil) in respect of asset held under a finance lease as at 30 September 2017.

15. DEFERRED TAX ASSETS

The following are the deferred tax assets recognised by the Group and movements thereon during the current and prior years.

	Accelerated accounting depreciation HK$'000
At 1 October 2016	186
Charge to profit or loss (note 10)	(107)
At 30 September 2017	79
Credit to profit or loss (note 10)	29
At 30 September 2018	108

At 30 September 2018, the Group has estimated unutilised tax losses of approximately HK$490,000 (2017: nil) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

16. 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:

	2018	2017
	HK$'000	HK$'000
0–30 days	**15,741**	5,350
31–60 days	**17,351**	3,344
91–180 days	**13,712**	–
Over 180 days	**–**	20
	46,804	8,714

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Approximately 34% (2017: 61%) of trade receivables as at 30 September 2018, that are neither past due nor impaired have good credit quality. These customers have no default of payment in the past.

The Group has a policy for allowance for bad and doubtful debts which is based on the evaluation of collectibility and ageing analysis of the accounts of each customers and on management's judgement including the creditworthiness and the past collection history of each customers.

Movements in the allowance for bad and doubtful debts

	2018	2017
	HK$'000	HK$'000
At 1 October	**–**	–
Impairment losses recognised on trade receivables	**20**	44
Amounts written off as uncollectible	**(20)**	(44)
At 30 September	**–**	–

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$31,063,000 (2017: HK$3,364,000) which are past due at the end of the reporting period, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the customers and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 65 days (2017: 46 days).

16. TRADE RECEIVABLES *(Continued)*

Ageing of trade receivables which are past due but not impaired

	2018 HK$'000	2017 HK$'000
31–60 days	**17,351**	3,344
91–180 days	**13,712**	–
Over 180 days	**–**	20
Total	**31,063**	3,364

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the customers from the date credit was initially granted up to the end of the reporting period. The trade receivables that are past due but not provided for as at the end of the reporting period are either subsequently settled or no historical default of payments is noted by the respective customers and the directors of the Company believe that no further impairment is required.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018 HK$'000	2017 HK$'000
Rental and other deposits	**402**	251
Deposits for materials purchase	**1,520**	5,212
Prepayments and others	**768**	2,199
Total	**2,690**	7,662
Presented as non-current assets	**207**	22
Presented as current assets	**2,483**	7,640
Total	**2,690**	7,662

18. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2018	2017
	HK$'000	HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**1,368,406**	1,129,952
Less: Progress billings	**(1,309,292)**	(1,095,585)
Total	**59,114**	34,367
Analysed as:		
Amounts due from customers for contract work	**66,002**	48,250
Amounts due to customers for contract work	**(6,888)**	(13,883)
	59,114	34,367

Unbilled retention receivables of HK$42,501,000 (2017: HK$34,202,000) are included in the above contracts in progress as at 30 September 2018. Retention monies withheld by customers 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.

The unbilled retention receivables are expected to settle, based on the expiring of the defect liability period, at the end of the reporting period as follows:

	2018	2017
	HK$'000	HK$'000
Within one year	**13,710**	14,154
After one year	**28,791**	20,048
Total	**42,501**	34,202

19. PLEDGED BANK DEPOSITS/SHORT TERM BANK DEPOSITS/BANK BALANCES AND CASH

As at 30 September 2018, pledged bank deposits represented balances pledged to banks to secure the banking facilities granted to the Group and carried interest at prevailing market rate ranging 1% per annum.

As at 30 September 2018, short term bank deposits comprise bank deposits which carry fixed interest rate of 2.20% to 2.33% per annum with an original maturity of one to six months.

Bank balances and cash comprise cash on hand and bank deposits with an original maturity of three months or less and carrying interest at prevailing market rate ranging from 0.01% to 0.05% (2017: 0.01% to 0.05%) per annum.

20. 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:

	2018	2017
	HK$'000	HK$'000
0–30 days	**7,205**	7,036
31–60 days	**2,810**	3,144
61–90 days	**–**	806
Over 90 days	**–**	2
	10,015	10,988

21. OTHER PAYABLES AND ACCRUED CHARGES

	2018	2017
	HK$'000	HK$'000
Accrued charges for engineering service contracts	**989**	1,119
Retention payables (note i)	**1,725**	2,361
Accrued payroll and bonus (note ii)	**18,605**	12,838
Other accrued charges	**1,749**	2,896
	23,068	19,214

Note:

(i) Retention payables to subcontractors of contract works are unsecured, interest-free and payable 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.

(ii) Balance included the accrued payroll for subcontracting works.

22. AMOUNT DUE TO A SHAREHOLDER

During the year ended 30 September 2017, Mr. Yung had, from time to time, made short-term advances to the Group for its working capital requirement in respect of its operations. Details of amount due to a shareholder, which were non-trade nature, unsecured, interest-free and repayable on demand, were as follows:

	2018	2017
	HK$'000	HK$'000
Mr. Yung	–	5,554

All the amount due to a shareholder at 30 September 2017 was subsequently settled in October 2017.

23. PROVISIONS

	Long service payments and annual leave
	HK$'000
	(note)
At 1 October 2016	631
Provided for the year	312
At 30 September 2017	943
Utilised during the year	(95)
At 30 September 2018	848

Note: The Group provides for the probable future long service payments and annual leave payments expected to be made to employees under the Hong Kong Employment Ordinance. The provision represents management's best estimate of probable future payments which have been earned by the employees from their services to the group entities up to the end of the reporting period.

24. OBLIGATION UNDER A FINANCE LEASE

	2018	2017
	HK$'000	HK$'000
Analysed for reporting purpose as:		
Current	–	112

The Group leased a motor vehicle under finance lease. The lease term was two years. Interest rate underlying the obligation under finance lease was fixed at 2.75% per annum.

	Minimum lease payments		**Present value of minimum lease payments**	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases:				
Within one year	–	114	–	112
Less: Future finance charges	–	(2)	–	–
Present value of lease obligation	–	112	–	112
Less: Amount due for settlement within one year (shown under current liabilities)			–	(112)
Amount due for settlement after 12 months			–	–

The Group's obligation under finance lease was secured by the motor vehicle of the Group and was guaranteed by a key management personnel of the Group up to HK$288,000. During the year ended 30 September 2018, the security and the guarantee were released upon the full payment of a financial lease.

25. SHARE CAPITAL

The issued share capital as at 1 October 2016 represented the share capital of Champion Goal.

The share capital as at 30 September 2018 and 2017 represented the share capital of the Company.

Details of the share capital of the Company are disclosed as follows:

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 12 October 2016 (date of incorporation) (note i)	38,000,000	380
Increase on 22 July 2017 (note iii)	9,962,000,000	99,620
At 30 September 2017 and 2018	10,000,000,000	100,000
Issued and fully paid:		
At 12 October 2016 (date of incorporation) (note i)	1	–
Issuance of new shares on Reorganisation (note ii)	9,999	–
Capitalisation Issue (note iv)	449,990,000	4,500
Issuance of new shares upon Listing (note v)	90,000,000	900
At 30 September 2017 and 2018	540,000,000	5,400

Notes:

(i) On 12 October 2016, the Company was incorporated in the Cayman Islands with limited liability. The initial authorised share capital of the Company was HK$380,000 divided into 38,000,000 shares of HK$0.01 each. 1 share of the Company was allocated and issued to Superior Ace on the same date.

(ii) On 23 November 2016, 9,999 shares of the Company were allotted and issued to Superior Ace. Details are disclosed in note 2.

(iii) Pursuant to the written resolutions passed by the shareholders on 22 July 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$100,000,000 by creation of additional 9,962,000,000 ordinary shares of HK$0.01 each which, upon issue, shall rank pari passu in all aspects with the existing issued ordinary shares.

(iv) On 11 August 2017, a sum of HK$4,499,900 standing to the credit of the share premium account of the Company was capitalised by paying up in full at par a total of 449,990,000 new shares (the "Capitalisation Issue").

(v) On 11 August 2017, 90,000,000 new shares of the Company were issued at HK$0.86 per share for a total consideration of HK$77,400,000.

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

26. RETIREMENT BENEFITS SCHEMES

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount is HK$1,500 per employee per month.

The retirement benefits schemes contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

During the year ended 30 September 2018, total contribution to retirement benefit schemes charged to profit or loss amounted to HK$1,114,000 (2017: HK$1,081,000).

27. SHARE OPTIONS SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 22 July 2017 for the primary purpose of providing incentives to any directors (including executive Directors and independent non-executive directors) and full-time employees of any member of the Group, and any advisor, consultant, contractor, sub-contractor, supplier, agent, customer, business partner, joint venture business partner or service provider of any member of the Group who the directors of the Company considers, in its sole discretion, has contributed or shall contribute to the Group ("Participant").

The following is a summary of the principal terms of the Share Option Scheme:

(i) On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the directors of the Company shall be entitled to, at its absolute discretion and on such terms as it deems fit, grant options to any Participant.

(ii) The maximum number of options in respect of which might be granted under this Share Option Scheme must not exceed 10% of the aggregate of the shares in issue on the date the shares commence trading on the Stock Exchange. The maximum number of shares in respect of which options may be granted was 54,000,000 shares, respectively 10% of issued share capital of the Company on the date the shares commence trading on the Stock Exchange.

    The overall limit on the number of shares which shall be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Share Option Scheme shall not exceed 30% of the shares in issue from time to time.

(iii) The total number of shares issued, and to be issued, upon exercise of the options granted to each Participant (including both exercised, cancelled and outstanding options) in any twelve months period shall not exceed 1% of the shares in issue.

27. SHARE OPTIONS SCHEME *(Continued)*

(iv) The period within which the shares shall be taken up under an option shall be a period to be notified by the directors of the Company to each grantee at the time of making an offer, which shall be determined by the directors of the Company in its absolute discretion at the date of grant of the relevant option, but such period shall not expire later than 10 years from the date of grant of the relevant option.

(v) An option shall remain open for acceptance by the Participant concerned for a period of 14 days exclusive of the date on which the letter containing the offer is delivered to the Participant. HK$1 is payable by the grantee to the Company on acceptance of the offer of the option.

(vi) The subscription price shall be such price determined by the directors of the Company at its absolute discretion and notified to the Participant in the offer at the time of the offer, and shall be no less than the highest of:

(a) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant of the relevant option, which shall be a business day;

(b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of the relevant option (provided that, in the event that any option is proposed to be granted within a period of less than five business days after the trading of the shares first commences on the Stock Exchange, the new issue price of the shares for the share offer shall be used as the closing price for any business day falling within the period before listing of the shares on the Stock Exchange); and

(c) the nominal value of a share on the date of grant of the relevant option.

No share options were granted, exercised, cancelled or lapsed under the Share Option Scheme during the years ended 30 September 2018 and 2017 nor outstanding as at the end of the reporting period.

28. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group represents equity attributable to owners of the Company, comprising issued share capital, share premium, other reserves and retained profits.

Management of the Group reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues and raise of new borrowings.

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 **HK$'000**	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**163,539**	161,817
Financial liabilities		
Amortised cost	**33,083**	35,756

(b) Financial risk management objectives and policies

The Group's financial instruments include trade receivables, other receivables and deposits, pledged bank deposits, short term bank deposits, bank balances and cash, trade payables, other payables and accrued charges and amount due to a shareholder. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has limited currency exposure as both revenue and cost of sales were denominated in the functional currency of the respective group entities. Accordingly, the management of the Group considers that the Group's exposure to foreign currency risk is minimal.

As at 30 September 2018, the bank balances of HK$67,000 (2017: HK$1,271,000) are denominated at British Pound ("GBP"). GBP is a currency other than the functional currency of the respective group entities. Sensitivity analysis of strengthening 10% in functional currency of the Company (i.e. HK$) against GBP resulted a decrease in post-tax profit of HK$6,000 (2017: HK$106,000). For a 10% weakening of HK$ against GBP, there would be an equal and opposite impact on the results.

Interest rate risk

The Group's cash flow interest rate risk primarily relates to pledged bank deposits (note 19) as at 30 September 2018 and bank balances (note 19) as at 30 September 2018 and 2017. The Group's fair value interest rate risk primarily relates to short term bank deposits (note 19) as at 30 September 2018 and the obligation under a finance lease (note 24) as at 30 September 2017.

The Group has not used any interest rate hedging policy to mitigate its exposure associated with interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

In the opinion of management of the Group, the expected change in interest rate will not have significant impact on the interest income on pledged bank deposits and bank balances, hence sensitivity analysis is not presented.

29. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk

As at 30 September 2018, the Group's credit risk is primarily attributable to trade receivables, pledged bank deposits, short term bank deposits and bank balances (2017: trade receivables and bank balances).

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of the reporting period.

Management of the Group adopted a policy on providing credit facilities to new customers. A credit investigation, including assess to financial information, advice from business partners in relation to potential customers and credit search, would be required to be launched. The level of credit granted must not exceed a predetermined level set by the management. Credit evaluation is performed on a regular basis.

The Group has credit risks with exposure limited to certain customers. As at 30 September 2018, the carrying amount of the Group's largest debtor is HK$28,265,000 (2017: HK$5,255,000), comprised approximately 60% (2017: 60%) of the Group's trade receivables. The management of the Group closely monitors the subsequent settlement of the customers. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

Other than above, the credit risk of pledged bank deposits, short term bank deposits and bank balances as at 30 September 2018 and bank balances as at 30 September 2017 are considered not material as such amounts are placed in banks with good reputations.

29. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. 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. The table includes both interest and principal cash flows.

	Effective interest rate	On demand	1–3 months	3 months to 1 year	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 30 September 2018						
Non-derivative financial liabilities						
Trade payables	**N/A**	**–**	**10,015**	**–**	**10,015**	**10,015**
Other payables and accrued charges	**N/A**	**–**	**23,068**	**–**	**23,068**	**23,068**
		–	**33,083**	**–**	**33,083**	**33,083**
As at 30 September 2017						
Non-derivative financial liabilities						
Trade payables	N/A	–	10,988	–	10,988	10,988
Other payables and accrued charges	N/A	–	19,214	–	19,214	19,214
Amount due to a shareholder	N/A	5,554	–	–	5,554	5,554
Obligation under a finance lease	2.75	–	38	76	114	112
		5,554	30,240	76	35,870	35,868

(c) Fair value

The management of the Group estimates the fair values of its financial assets and financial liabilities measured at amortised cost using discounted cash flows analysis. Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

Reconciliation of liabilities arising from financing activities

	Obligation under a finance lease	**Amount due to a shareholder**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 October 2017	112	5,554	5,666
Financing cash flows	(114)	(5,554)	(5,668)
Interest on a finance lease	2	–	2
At 30 September 2018	–	–	–

31. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases for office premises with independent third parties, which fall due as follows:

	2018	2017
	HK$'000	HK$'000
Within one year	**1,492**	418
In the second to fifth year inclusive	**861**	119
	2,353	537

The Group leases its office premises under operating lease arrangements. Leases for office premises are negotiated for fixed terms ranged from 1 to 3 years during both years.

A lease agreement entered into between the landlord and the Group include a renewal option at the discretion of the Group of a further one year from the end of the existing lease without fixed rental being agreed at the moment. Accordingly, this is not included in the above commitment.

32. PLEDGE OF ASSETS

As at 30 September 2018, the Group has pledged one premises (2017: one premises) to secure the bank borrowing and banking facilities granted to the Group. Details are disclosed in note 14.

As at 30 September 2017, the Group pledged a motor vehicle to secure the obligation under a finance lease. Details are disclosed in note 14.

33. PERFORMANCE GUARANTEE

As at 30 September 2018, performance guarantee of approximately HK$19,060,000 (2017: HK$5,767,000) was given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to their customers to whom performance guarantee have been given, such customers may demand the bank to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate the bank accordingly. The performance guarantee will be released upon completion of the contract works. The performance guarantees of HK$5,767,000 were also guaranteed by Mr. Yung before 31 May 2017 and the performance guarantee from Mr. Yung was released by the bank on the same date.

As at 30 September 2018, the directors of the Company do not consider it is probable that a claim will be made against the Group.

34. RELATED PARTY TRANSACTIONS

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

	2018	2017
	HK$'000	HK$'000
Salaries paid to Mr. Yung's spouse	**383**	323

As at 30 September 2017, personal guarantee of approximately HK$13,368,000 was given by Mr. Yung in favour of the Group's customer directly for the due performance of the Group's obligation under the contracts entered into between the Group and its customer. During the year ended 30 September 2018, such personal guarantee was released.

Compensation of key management personnel

The remuneration of directors and other members of key management during the years ended 30 September 2018 and 2017 are as follows:

	2018	2017
	HK$'000	HK$'000
Salaries and other benefits	**6,537**	5,961
Performance and discretionary bonus	**1,109**	1,070
Retirement benefits schemes contributions	**104**	87
	7,750	7,118

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current asset		
Investment in a subsidiary	–*	–*
Current assets		
Other receivables	351	1,415
Amounts due from subsidiaries	6,058	1,212
Pledged bank deposits	20,049	–
Short term bank deposits	50,058	–
Bank balances and cash	2,239	85,163
	78,755	87,790
Current liabilities		
Other payables and accrued charges	1,679	3,792
Amount due to shareholder	–	5,554
	1,679	9,346
Net current assets	77,076	78,444
Total assets less current liabilities	77,076	78,444
Capital and reserves		
Share capital	5,400	5,400
Reserves	71,676	73,044
	77,076	78,444

* The amount is less than HK$1,000

Movements in the Company's reserves

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 12 October 2016 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(18,184)	(18,184)
Issuance of shares (note 2(vi))	25,000	–	25,000
Issuance of shares upon Listing (defined in note 2) (note 25)	76,500	–	76,500
Capitalisation Issue (note 25)	(4,500)	–	(4,500)
Transaction costs directly attributable to issuance of shares upon Listing	(5,772)	–	(5,772)
At 30 September 2017	91,228	(18,184)	73,044
Loss and total comprehensive expense for the year	–	(1,368)	(1,368)
At 30 September 2018	91,228	(19,552)	71,676

36. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and paid-up capital	Proportion of ownership interest attributable to the Company Directly 2018	Directly 2017	Indirectly 2018	Indirectly 2017	Principal activities
Champion Goal	BVI	US$1	**100%**	100%	**–**	–	Investment holding
CCCL	Hong Kong	HK$5,000,000	**–**	–	**100%**	100%	Electric and maintenance engineering business in Hong Kong
CEEL	Hong Kong	HK$1	**–**	–	**100%**	100%	Electric and maintenance engineering business in Hong Kong

None of the subsidiaries had any debt securities outstanding at the end of the reporting period.

37. EVENT AFTER THE REPORTING PERIOD

On 21 October 2018, Superior Ace, Greatly Success and Mr. Yung entered into the share purchase agreement, pursuant to which Superior Ace agreed to sell and Greatly Success agreed to purchase the sale shares, representing approximately 25.93% of the total issued share capital of the Company. Further details are set out in the announcement of the Company dated 22 October 2018.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last four financial years.

RESULTS

	For the year ended 30 September			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**375,023**	308,008	192,139	180,760
Profit for the year attributable to owners of the Company	**27,125**	22,363	29,413	28,064

ASSETS AND LIABILITIES

	At 30 September			
	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**234,742**	220,181	132,510	67,954
Total liabilities	**(48,260)**	(60,824)	(54,144)	(24,456)
Total equity	**186,482**	159,357	78,366	43,498