

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

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2863

2019
INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ko Chun Hay Kelvin

(appointed on 18 January 2019)

Mr. Li Kar Fai, Peter

Mr. Pu Li Wei *(resigned on 18 January 2019)*

Non-executive Directors

Mr. Yung On Wah *(Chairman)*

(appointed on 18 January 2019)

Ms. Wong Cheuk Wai, Helena

(appointed on 18 January 2019)

Independent Non-executive Directors

Mr. Chan Cho Chak

Mr. Chan Wing Fai

Mr. Yeung Wai Lung

Ir. Yan Wai Yan *(resigned on 18 January 2019)*

AUDIT COMMITTEE

Mr. Yeung Wai Lung *(Chairman)*

Mr. Chan Cho Chak

Mr. Chan Wing Fai

Ir. Yan Wai Yan *(resigned on 18 January 2019)*

REMUNERATION COMMITTEE

Mr. Chan Cho Chak *(Chairman)*

Mr. Ko Chun Hay Kelvin

Mr. Li Kar Fai, Peter

Mr. Chan Wing Fai

Mr. Yeung Wai Lung

Ir. Yan Wai Yan *(resigned on 18 January 2019)*

NOMINATION COMMITTEE

Mr. Chan Wing Fai *(Chairman)*

Mr. Ko Chun Hay Kelvin

Mr. Li Kar Fai, Peter

Mr. Chan Cho Chak

Mr. Yeung Wai Lung

Ir. Yan Wai Yan *(resigned on 18 January 2019)*

RISK MANAGEMENT COMMITTEE

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

Mr. Ko Chun Hay Kelvin

Mr. Chan Cho Chak

Mr. Chan Wing Fai

Mr. Yeung Wai Lung

Ir. Yan Wai Yan *(resigned on 18 January 2019)*

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

Mr. Ko Chun Hay Kelvin

Mr. Li Kar Fai, Peter

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

**HEAD OFFICE AND PRINCIPAL
PLACE OF BUSINESS IN HONG
KONG**

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9-11 Leighton Road
Causeway Bay
Hong Kong

**PRINCIPAL SHARE REGISTRAR
AND TRANSFER OFFICE IN THE
CAYMAN ISLANDS**

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

**BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE IN HONG
KONG**

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

LEGAL ADVISER

As to Hong Kong Law
CFN Lawyers

PRINCIPAL BANKER

The Hong Kong and Shanghai Banking
Corporation Limited

WEBSITE ADDRESS

www.goldenfaith.hk

STOCK CODE

2863

Management Discussion and Analysis

BUSINESS REVIEW

During the six months ended 31 March 2019, the Group continued to engage in the provision of engineering services in Hong Kong. As at 31 March 2019, our projects have encompassed a number of governmental projects. Revenue from projects in progress during the six months ended 31 March 2019 amounted to approximately HK\$142.2 million.

As at 31 March 2019, the Group submitted two tenders for potential projects.

FINANCIAL REVIEW

Results Analysis

The Group's revenue for the six months ended 31 March 2019 was approximately HK\$142.2 million, representing a decrease of approximately HK\$38.3 million or 21.3% as compared to that in the corresponding period in 2018. The decrease was the net effect of (i) an extension of completion date of a project contributing a decrease in revenue of approximately HK\$48.2 million and (ii) an increase in revenue for other projects in progress of approximately HK\$9.9 million.

The Group's gross profit for the six months ended 31 March 2019 decreased by approximately HK\$6.6 million which was mainly due to decrease in revenue of one project with an extension of completion date. The average gross profit ratio was maintained at approximately 16.4% (2018: 16.2%).

Administrative expenses

For the six months ended 31 March 2019, the administrative expense increased by approximately HK\$3.3 million as compared to the corresponding period in 2018 was mainly due to (i) an increase in professional fee of approximately HK\$1.2 million; (ii) an increase in donation of HK\$0.8 million and (iii) an increase in a share based payment expense of HK\$1.1 million.

Finance costs

The Group's finance cost represented interest on finance lease and the decrease in amount was due to repayment of principal amount of finance lease.

Profit and total comprehensive income

For the six months ended 31 March 2019, the decrease in profit and total comprehensive income was the net effect of (i) a decrease in gross profit of approximately HK\$6.6 million; (ii) an increase in other income and other gains and losses of approximately HK\$0.4 million; (iii) an increase in administrative expenses of approximately HK\$3.3 million; and (v) a decrease in taxation of approximately HK\$0.7 million.

Liquidity, Financial Position and Capital Structure

As at 31 March 2019, the total number of issued Shares of the Company was 540,000,000.

As at 31 March 2019, the Group has bank and cash balance of approximately HK\$131.4 million (30 September 2018: HK\$116.3 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 (30 September 2018: net cash position).

Foreign Exchange Risk Management

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

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

Charges on Assets

As at 31 March 2019, leasehold land and buildings with carrying amount of approximately HK\$2.0 million (30 September 2018: HK\$2.1 million) has been pledged to secure a banking facility granted to the Group.

Performance Guarantee

As at 31 March 2019, performance guarantee of approximately HK\$19.1 million (2018: HK\$5.8 million) 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.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had 84 long term employees and 129 short term 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.

Management Discussion and Analysis

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. As at 31 March 2019, the Group's operating lease commitments amounted to approximately HK\$1.7 million (30 September 2018: approximately HK\$0.9 million). As at 31 March 2019, the Group did not have any capital commitments (30 September 2018: Nil).

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, the Group did not hold any significant investments as at 31 March 2019.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group did not have any significant material acquisitions or disposals during the six months ended 31 March 2019.

INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 March 2019.

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, part of these proceeds has been applied for the purposes in accordance with the "Future Plans and Use of Proceeds" of the prospectus of the Company dated 31 July 2017 (the "Prospectus").

Management Discussion and Analysis

An analysis of the intended application of net proceeds as stated in the Prospectus and the actual use of net proceeds from the Listing up to 31 March 2019 are set out below:

	Application of net proceeds	Actual use of net proceeds	Unused net proceeds
	HK\$'000	HK\$'000	HK\$'000
Provision of performance guarantee	42,751	19,060	23,691
Recruitment	10,450	7,895	2,555
Induction, tool box training and specific safety training	215	215	—
Computer training	108	108	—
Upgrading the computer system and software	1,588	645	943
Upgrading the quality management system obtained under ISO9001	1,588	768	820

As at 31 March 2019, the Group held unutilised net proceeds as deposits in licensed banks in Hong Kong.

The unused amounts of the net proceeds will be applied in the manner consistent with that mentioned in the Prospectus.

The Directors do not anticipate any change to the plan of the use of proceeds as disclosed above.

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.

CORPORATE GOVERNANCE PRACTICES

The Board has always recognized the importance of shareholders’ accountability and transparency and is committed to maintaining high standards of corporate governance. The Company has, throughout the six months ended 31 March 2019, applied the principles and complied with the requirements of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules except for the following deviations.

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

Code provisions C.2.5 of the CG Code requires that the Company should have an internal audit function. The Company does not establish a standalone internal audit department. However, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations; (ii) the Board has assigned specific staff to perform internal control review in different areas of operation of the Group regularly and directly reported to the Board and (iii) the Company has appointed an external consultant to perform periodic review of the internal control system of the Company. 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, confirms that all Directors have complied with the Model Code throughout the six months ended 31 March 2019.

AUDIT COMMITTEE

The Audit Committee is responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing the risk management and internal control systems and financial reporting matters of the Company. The audit committee of the Company has reviewed the Group's condensed consolidated financial statements for the six months ended 31 March 2019, including the accounting principles and practices adopted by the Group.

As at 31 March 2019, the Audit Committee comprised three Independent Non-executive Directors, namely Mr. Yeung Wai Lung (Chairman), Mr. Chan Cho Chak and Mr. Chan Wing Fai. No member of the Audit Committee is a member of the former or existing auditor of the Company.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 31 March 2019 have not been audited, but have been reviewed by the audit committee of the Company.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Ko Chun Hay Kelvin (高浚晞), aged 55, is our executive Director, holds a Master of Science in Finance from the City University of Hong Kong. Mr. Ko is a fellow member of the Hong Kong Institute of Certified Public Accountants, and an associate member of the Chartered Institute of Management Accountants. Since October 2016, Mr. Ko has been appointed as an executive director of Super Strong Holdings Limited (a company listed on GEM of the Stock Exchange, stock code: 8262) which operates as a main contractor in Hong Kong's construction industry. From March 2011 to May 2016, Mr. Ko was the chairman and an executive director of Brilliance Worldwide Holdings Limited (now known as Rui Feng Group Holdings Company Limited) (a company listed on GEM of the Stock Exchange, stock code: 8312) which is principally engaged in the distribution of apparels.

Mr. Ko was appointed as our executive Director on 18 January 2019 and he is responsible for overall strategy management and development of business of the Group.

Mr. Li Kar Fai Peter (李嘉輝), aged 54, is our executive Director, the Group Chief Financial Officer and company secretary of our Group. Mr. Li was appointed as our executive Director since 23 November 2016.

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.

NON-EXECUTIVE DIRECTORS

Mr. Yung On Wah (翁安華), aged 64, was the executive Director, the Chairman and Managing Director of the Group since 12 October 2016 and he was redesignated as the Chairman and non-executive Director on 18 January 2019. Mr. Yung is responsible for our Group's business operations, marketing, and business development. Mr. Yung has more than 25 years of working experience in the E&M engineering services industry.

Ms. Wong Cheuk Wai Helena (黃卓慧), aged 35, was appointed as our non-executive Director on 18 January 2019. She holds a Higher Diploma in English for Business Communication from The Hong Kong Polytechnic University. Ms. Wong is responsible for the public relation of the Group.

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

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.

Biographical Details of Directors

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

Mr. Yeung Wai Lung (楊懷隆), aged 57, 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 in the audit field with the following companies: KPMG Peat Marwick (then known as Peat Marwick Mitchell & Co.), 3M Hong Kong Limited, New Macau Landmark Management Limited and SML Group Limited in the past 27 years.

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

As at 31 March 2019, the interests of the Directors and chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of Directors	Number of shares/ underlying shares held			% of the total number of issued shares of the Company
	Personal interests	Corporate interests	Total	
Ko Chun Hay Kelvin	302,747,000 <i>(Note 1)</i>	302,747,000	302,747,000	56.06
Yung On Wah	32,500,000 <i>(Note 2)</i>	32,500,000	32,500,000	6.02
Li Kar Fai Peter	5,370,000 <i>(Note 3)</i>	–	5,370,000	0.99

Note:

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

Other Information

Save as disclosed above, none of the Directors nor chief executives and their associates of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 March 2019, as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in section headed "Shares Option Scheme" below at no time during the six months ended 31 March 2019 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

Details of the Share Option Scheme are set out in the published annual report of the Company for the year ended 30 September 2018.

Details of the movements of share options granted, exercised or cancelled/lapsed during the six months period and outstanding as at 31 March 2019 are as follows:

Grantee	Date of grant of share options	Exercise price of share options HK\$	Closing price immediately before date of grant HK\$	Exercise period (both dates inclusive)	At 1 October 2018	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 31 March 2019
Director	19 March 2019	0.50	0.49	19 March 2019 to 18 March 2024	—	5,370,000	—	—	5,370,000

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER THE SFO

Save as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, as at 31 March 2019, the following corporation, other than a Director or chief executive of the Company, had the following interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Long/Short position	Number of shares held	% of the total number of issued shares of the Company
Greatly Success Investment Trading Limited <i>(Note 1)</i>	Beneficial owner	Long position	302,747,000	56.06
Superior Ace Investments Limited <i>(Note 2)</i>	Beneficial owner	Long position	32,500,000	6.02

Notes:

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

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2019.

EVENT AFTER THE REPORTING PERIOD

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

Other Information

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 31 March 2019.

On behalf of the Board

Yung On Wah

Chairman

Hong Kong, 30 May 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 March 2019

	NOTES	Six months ended 31 March	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	3	142,231	180,566
Costs of sales		(119,252)	(150,989)
Gross profit		22,979	29,577
Other income	4	633	238
Other gains and losses	4	(12)	(9)
Administrative expenses		(13,109)	(9,769)
Finance costs	5	—	(2)
Profit before taxation		10,491	20,035
Taxation	6	(3,023)	(3,762)
Profit and total comprehensive income for the period	7	7,468	16,273
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		7,469	—
Non-controlling interest		(1)	—
		7,468	—
Earnings per share	8		
Basic (HK\$)		0.014	0.03
Diluted (HK\$)		0.014	—

Condensed Consolidated Statement of Financial Position

At 31 March 2019

	<i>NOTES</i>	31 March 2019 HK\$'000 (Unaudited)	30 September 2018 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	2,675	2,804
Deferred tax assets		108	108
Deposits and prepayments	12	228	207
		3,011	3,119
Current assets			
Trade receivables	11	21,480	46,804
Other receivables, deposits and prepayments	12	3,938	2,483
Amounts due from customers for contract work	13	62,692	66,002
Pledged bank deposits		20,138	20,049
Short term bank deposits		41,520	50,058
Bank balances and cash		69,789	46,227
		219,557	231,623
Current liabilities			
Trade payables	14	16,774	10,015
Other payables and accrued charges	15	8,686	23,068
Amounts due to customers for contract work	13	—	6,888
Tax liabilities		1,156	7,441
		26,616	47,412
Net current assets		192,941	184,211
Total assets less current liabilities		195,952	187,330

Condensed Consolidated Statement of Financial Position

At 31 March 2019

	<i>NOTES</i>	31 March 2019 HK\$'000 (Unaudited)	30 September 2018 HK\$'000 (Audited)
Non-current liabilities			
Provisions		848	848
		848	848
Net assets		195,104	186,482
Capital and reserves			
Share capital	16	5,400	5,400
Reserves		189,685	181,082
Equity attributable to owners of the Company		195,085	186,482
Non-controlling interests		19	—
Total equity		195,104	186,482

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2019

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Other reserves	Share options reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 October 2017 (audited)	5,400	91,228	5,955	—	56,774	159,357	—	159,357
Profit and total comprehensive income for the period	—	—	—	—	16,273	16,273	—	16,273
At 31 March 2018 (unaudited)	5,400	91,228	5,955	—	73,047	175,630	—	175,630
At 1 October 2018 (audited)	5,400	91,228	5,955	—	83,899	186,482	—	186,482
Formation of a new subsidiary	—	—	—	—	—	—	20	20
Profit and total comprehensive income for the period	—	—	—	—	7,469	7,469	(1)	7,468
Recognition of equity-settled share-based expenses	—	—	—	1,134	—	1,134	—	1,134
At 31 March 2019 (unaudited)	5,400	91,228	5,955	1,134	91,368	195,085	19	195,104

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2019

	Six months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash (used in) from operating activities	15,252	(11,718)
Net cash from (used in) investing activities	39,772	(106)
Net cash (used in) financing activities	—	(5,629)
Net (decrease) increase in cash and cash equivalents	55,024	(17,453)
Cash and cash equivalents at beginning of the period	56,285	152,330
Cash and cash equivalents at end of the period, represented by	111,309	134,877
Bank balances and cash	41,520	134,877
Short term bank deposits with maturity less than three months	69,789	—
	111,309	134,877

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

1. GENERAL

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

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

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

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

Pursuant to the group reorganisation (“Reorganisation”) detailed in note 2 of the published annual report of the Company for the year ended 30 September 2018, 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 before and after the Reorganisation, or since their respective dates of incorporation, where there is a shorter period.

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

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

(Continued)

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

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

Amendments to Hong Kong Accounting Standards ("HKAS") 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Annual Improvements to HKFRSs 2014–2016 Cycle

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

Equity-settled share-based payment transactions

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

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

(Continued)

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

3. 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. 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 are all located in Hong Kong by physical location of assets.

Information about major customers

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

	Six months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Customer A	68,432	—
Customer B	44,383	41,644
Customer C	22,635	119,452

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Other income:		
Interest income	633	5
Other	—	233
	633	238

	Six months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Other gains and losses:		
Loss on disposal of property, plant and equipment	(1)	—
Net exchange loss	(11)	(9)
	(12)	(9)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

5. FINANCE COSTS

	Six months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest on finance lease	—	2

6. TAXATION

	Six months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Hong Kong Profits Tax	3,023	3,762

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

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit and total comprehensive income for the period has been arrived at after charging:		
Staff cost:		
Directors' remuneration	1,907	1,291
Other staff costs	46,223	19,385
Contribution to retirement benefit schemes	1,815	536
	49,945	21,212
Depreciation of property, plant and equipment	267	270
Minimum lease payments in respect of office premises	642	518

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

8. EARNINGS PER SHARE

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

Earnings

	Six months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	7,469	16,273

Number of shares

	Six months ended 31 March	
	2019 '000 (Unaudited)	2018 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	540,000	540,000
Shares deemed to be issued in respect of share option	8	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	540,008	540,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 31 March 2019, the Group paid approximately HK\$139,000 (2018: HK\$106,000) for acquisition of furniture, equipment and motor vehicle.

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 31 March 2019. The directors of the Company do not recommend the payment of an interim dividend.

11. TRADE RECEIVABLES

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

	31 March 2019 HK\$'000 (Unaudited)	30 September 2018 HK\$'000 (Audited)
0–30 days	16,636	15,741
31–60 days	4,844	17,351
91–180 days	—	13,712
	21,480	46,804

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

12. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	31 March 2019 HK\$'000 (Unaudited)	30 September 2018 HK\$'000 (Audited)
Rental and other deposits	577	402
Deposits for materials purchase	3,303	1,520
Prepayments and others	286	768
Total	4,166	2,690
Presented as non-current assets	228	207
Presented as current assets	3,938	2,483
Total	4,166	2,690

13. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	31 March 2019 HK\$'000 (Unaudited)	30 September 2018 HK\$'000 (Audited)
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	1,505,083	1,368,406
Less: Progress billings	(1,442,391)	(1,309,292)
Total	62,692	59,114
Analysed as:		
Amounts due from customers for contract work	62,692	66,002
Amounts due to customers for contract work	—	(6,888)
Total	62,692	59,114

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

14. TRADE PAYABLES

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

	31 March 2019 HK\$'000 (Unaudited)	30 September 2018 HK\$'000 (Audited)
0–30 days	15,363	7,205
31–60 days	1,411	2,810
	16,774	10,015

15. OTHER PAYABLES AND ACCRUED CHARGES

	31 March 2019 HK\$'000 (Unaudited)	30 September 2018 HK\$'000 (Audited)
Accrued charges for engineering service	1,597	989
Retention payables (<i>Note</i>)	635	1,725
Accrued payroll and bonus	6,174	18,605
Other accrued charges	280	1,749
	8,686	23,068

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

16. SHARE CAPITAL

	Number of shares '000 (Unaudited)	Amount HK\$'000 (Unaudited)
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2019	10,000,000	100,000
Issued and fully paid:		
At 31 March 2019	540,000	5,400

17. SHARE-BASED PAYMENTS TRANSACTIONS

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

Details of the movements of share options during the six months period and outstanding as at 31 March 2019 are as follows:

Date of grant	Exercise price HK\$	Exercise period (both dates inclusive)	At 1 October 2018	Granted during the period	Lapsed during the period	At 31 March 2019
19 March 2019	0.50	19 March 2019 to 18 March 2024	—	5,370,000	—	5,370,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

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

	2019 Average exercise price per share option HK\$	Number of share options
At 1 October 2018	—	—
Granted during the period	0.50	5,370,000
Lapsed during the period	—	—
At 31 March 2019	0.50	5,370,000

The fair values were calculated by Norton Appraisals Holdings Limited using the Binomial Option Pricing Model at the date of grant.

For the six months ended 31 March 2019, the total expenses for share options granted amounted to approximately HK\$1.1 million (2018: Nil) had been recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

18. PLEDGE OF ASSETS

As at 31 March 2019, the Group has pledged one premise (30 September 2018: one premise) to secure the bank borrowings and banking facilities granted to the Group.

19. PERFORMANCE GUARANTEE

As at 31 March 2019, performance guarantee of approximately HK\$19.1 million (2018; HK\$5.8 million) 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.

Subsequent to the period ended 31 March 2019 as at 17 April 2019, the performance guarantee was released by the bank due to completion of a project.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2019

20. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 31 March 2019 and 2018 are as follows:

	Six months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Salaries and other benefits	2,118	1,942
Performance and discretionary bonus	790	470
Retirement benefit scheme contributions	42	40
	2,950	2,452