

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



2021
INTERIM
REPORT

Contents

	<i>Page(s)</i>
Corporate Information	2
Management Discussion and Analysis	4
Other Information	9
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	16
Notes to the Condensed Consolidated Financial Statements	17



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ko Chun Hay Kelvin (*Chairman*)
Mr. Chan Cho Chak (*Chief Financial Officer*)
Mr. Han Zhenghai
(appointed on 1 April 2021)

Non-executive Directors

Mr. Yung On Wah (*Vice Chairman*)
Ms. Wong Cheuk Wai, Helena
Mr. Li Kar Fai, Peter

Independent Non-executive Directors

Mr. Chan Wing Fai
Mr. Yeung Wai Lung
Mr. Ng Man Li (appointed on 1 April 2021)

AUDIT COMMITTEE

Mr. Yeung Wai Lung (*Chairman*)
Mr. Chan Wing Fai
Mr. Ng Man Li (appointed on 1 April 2021)
Mr. Chan Cho Chak
(resigned on 1 April 2021)

REMUNERATION COMMITTEE

Mr. Chan Cho Chak (*Chairman*)
Mr. Ko Chun Hay Kelvin
Mr. Chan Wing Fai
Mr. Yeung Wai Lung
Mr. Ng Man Li (appointed on 1 April 2021)
Mr. Li Kar Fai, Peter
(resigned on 1 April 2021)

NOMINATION COMMITTEE

Mr. Chan Wing Fai (*Chairman*)
Mr. Ko Chun Hay Kelvin
Mr. Chan Cho Chak
Mr. Yeung Wai Lung
Mr. Ng Man Li (appointed on 1 April 2021)
Mr. Li Kar Fai, Peter
(resigned on 1 April 2021)

RISK MANAGEMENT COMMITTEE

Mr. Chan Cho Chak (*Chairman*)
(appointed on 1 April 2021)
Mr. Ko Chun Hay Kelvin
Mr. Chan Wing Fai
Mr. Yeung Wai Lung
Mr. Ng Man Li (appointed on 1 April 2021)
Mr. Li Kar Fai, Peter
(resigned on 1 April 2021)

COMPANY SECRETARY

Mr. Chan Cho Chak
(appointed on 1 April 2021)
Mr. Li Kar Fai, Peter
(resigned on 1 April 2021)

AUTHORISED REPRESENTATIVES

Mr. Ko Chun Hay Kelvin
Mr. Chan Cho Chak
(appointed on 1 April 2021)
Mr. Li Kar Fai, Peter
(resigned on 1 April 2021)

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

LEGAL ADVISER

Fairbairn Catley Low & Kong

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE ADDRESS

www.goldenfaith.hk

STOCK CODE

2863

Management Discussion and Analysis

BUSINESS REVIEW

During the Period, the Group worked on two business segments including electric and maintenance (E&M) engineering service business and rental income from investment property. The Group continued to engage in providing large scale E&M engineering service in major construction projects both in the private and public sector in Hong Kong. Having substantially completed two projects during the Period, we have started another four E&M engineering projects encompassing hospitals, government office complex and departmental headquarter. Those projects have contributed approximately HK\$74.7 million, accounted for 72.4% of total revenue of E&M engineering service business for the Period.

FINANCIAL REVIEW

Results Analysis

The Group's revenue for the Period was approximately HK\$103.6 million, representing a decrease of approximately HK\$74.7 million or 41.9% as compared to that in the corresponding period in 2020. The decrease was the net effect of (i) a decrease in revenue for projects in progress of approximately HK\$66.9 million; (ii) a decrease in revenue from the trading business of approximately HK\$8.5 million; and (iii) an increase of rental income of HK\$0.7 million.

The Group's gross profit for the Period decreased by approximately HK\$0.8 million which was mainly due to the different contributions of completed projects and new projects. The average gross profit ratio increased to approximately 13.5% (31 March 2020: 8.6%).

Other income

For the Period, other income increased by approximately HK\$0.9 million which was mainly due to income from the employment support scheme of the HKSAR government.

Administrative expenses

For the Period, the administrative expenses increased by approximately HK\$1.9 million as compared to the corresponding period in 2020 which was mainly due to the net effect of an increase in professional fee, staff costs, expected credit losses and a decrease in donation.

Finance costs

The Group's finance costs represented interest on bank borrowings and lease interest and the decrease was mainly due to no borrowings during the Period.

Profit and total comprehensive income

For the Period, the decrease in profit and total comprehensive income of approximately HK\$2.6 million was the net effect of (i) a decrease in gross profit of approximately HK\$0.8 million; (ii) an increase in other income of approximately HK\$0.9 million; (iii) a decrease in other gain and loss of approximately HK\$1.0 million; (iv) an increase in administrative expenses of approximately HK\$1.9 million; and (v) a decrease in taxation of approximately HK\$0.2 million.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Position and Capital Structure

As at 31 March 2021, the total number of issued shares of the Company was 656,191,000.

As at 31 March 2021, the Group has bank and cash balance of approximately HK\$140.1 million (30 September 2020: HK\$197.1 million).

The gearing ratio, defined as the ratio of total borrowings less bank and cash balances to equity attributable to owners of the Company. As the Group did not have any borrowings, the Group was in a net cash position (30 September 2020: 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 2021, leasehold land and buildings with carrying amount of approximately HK\$1.3 million (30 September 2020: HK\$2.0 million) has been pledged to secure a banking facility granted to the Group.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group employs 77 long term employees (31 March 2020: 75) and 268 short term employees (31 March 2020: 105). The Group believes that 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

As at 31 March 2021, the Group did not have any capital commitment (30 September 2020: Nil).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2021.

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, the Group did not hold any significant investments as at 31 March 2021.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group did not have any significant material acquisitions or disposals as at 31 March 2021.

INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend for the Period.

PROSPECTS AND OUTLOOK

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

Looking forward, associated with global trade frictions, geopolitical uncertainties and the global epidemic of COVID-19, the business environment is difficult and construction projects may be slowed down which will unavoidably affect the performance of the Group. The Group will look for diversification of business so as to minimize business risk. Bearing in mind the associated business risk, the Group may consider other business opportunities which may be beneficial to the Group's development in long run.

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 Period, applied the principles and complied with the requirements of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules except for the following deviation.

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

Management Discussion and Analysis

DIRECTORS' SECURITIES TRANSACTIONS

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

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 Period, including the accounting principles and practices adopted by the Group.

As at 31 March 2021, the Audit Committee comprised three Independent Non-executive Directors, namely Mr. Yeung Wai Lung (Chairman), Mr. Ng Man Li 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 Period have not been audited, but have been reviewed by the audit committee of the Company.

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

As at 31 March 2021, the interests of the Directors and chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of Directors	Capacity	Notes	Number of ordinary shares held (long position)	Number of underlying shares held (long position)	% of the Company's issued share capital
Mr. Ko Chun Hay, Kelvin	Beneficial owner	1	111,148,000	5,370,000	17.76%
	Interests of controlled corporation	2	302,747,000	-	46.14%
Mr. Yung On Wah	Beneficial owner		36,805,000	-	5.61%
Mr. Li Kar Fai, Peter	Beneficial owner	1	9,801,000	1,749,000	1.76%

Notes:

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

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 2021, 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.

Other Information

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 2021 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 2020.

Details of the movements of share options granted, exercised or cancelled/lapsed during the six months period and outstanding as at 31 March 2021 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 2020	Granted during the Period	Exercised during the Period	Cancelled/lapsed during the Period	Outstanding at 31 March 2021
Mr. Ko Chun Hay Kelvin	5 August 2019	0.50	0.50	5 August 2019 to 4 August 2025	5,370,000	-	-	-	5,370,000
	26 February 2021	0.315	0.285	26 February 2021 to 25 February 2024	-	6,390,000	6,390,000	-	-
Mr. Li Kar Fai, Peter	19 March 2019	0.50	0.49	19 March 2019 to 18 March 2024	1,749,000	-	-	-	1,749,000
	3 September 2020	0.405	0.385	3 September 2020 to 2 September 2021	3,780,000	-	3,780,000	-	-
	26 February 2021	0.315	0.285	26 February 2021 to 25 February 2024	-	2,400,000	2,400,000	-	-
Ms. Wong Cheuk Wai, Helena	3 September 2020	0.405	0.385	3 September 2020 to 2 September 2021	1,980,000	-	-	-	1,980,000
Employees/Consultants	3 September 2020	0.405	0.385	3 September 2020 to 2 September 2021	37,500,000	-	-	36,900,000	600,000
Total					50,379,000	8,790,000	12,570,000	36,900,000	9,699,000

For the Period, the Group had granted share options and share option expenses, HK\$0.9 million (31 March 2020: Nil) had been recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

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 2021, 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	46.14%

Notes:

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

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 2021.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the date of this report, the Board is not aware of any significant events after the Period that requires disclosure.

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

There was no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries during the six months ended 31 March 2021.

On behalf of the Board

Ko Chun Hay Kelvin
Executive Director

Hong Kong, 28 May 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 March 2021

	NOTES	Six months ended 31 March	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	103,577	178,243
Costs of sales		(89,588)	(163,488)
Gross profit		13,989	14,755
Other income	4	3,282	2,387
Other gains and losses	4	(1,101)	74
Administrative expenses		(12,347)	(10,419)
Finance costs	5	(55)	(239)
Profit before taxation	6	3,768	6,558
Taxation	7	(692)	(897)
Profit and total comprehensive income for the period		3,076	5,661
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		2,638	5,632
Non-controlling interests		438	29
		3,076	5,661
Earnings per share	8		
Basic (HK\$)		0.004	0.010
Diluted (HK\$)		0.004	0.010

Condensed Consolidated Statement of Financial Position

At 31 March 2021

	NOTES	31 March 2021 HK\$'000 (Unaudited)	30 September 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	3,823	3,107
Right-of-use assets		951	1,666
Investment properties		53,000	53,000
Deferred tax assets		280	280
Deposits and prepayments	12	680	422
		58,734	58,475
Current assets			
Trade receivables	11	–	594
Other receivables, deposits and prepayments	12	4,293	6,135
Contract assets	13	103,261	51,738
Financial assets at fair value through profit or loss (“FVTPL”)		2,365	1,324
Short term bank deposits		47,520	–
Bank balances and cash		92,535	197,084
		249,974	256,875
Current liabilities			
Trade payables	14	9,629	8,366
Other payables and accrued charges	15	17,846	28,115
Contract liabilities	13	5,639	5,485
Lease liabilities		757	1,136
Tax liabilities		1,237	5,847
		35,108	48,949
Net current assets		214,866	207,926
Total assets less current liabilities		273,600	266,401

Condensed Consolidated Statement of Financial Position

At 31 March 2021

		31 March 2021	30 September 2020
	<i>NOTES</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Provisions		296	296
Rental deposits received		342	345
Lease liabilities		193	530
		831	1,171
Net assets		272,769	265,230
Capital and reserves			
Share capital	16	6,562	6,436
Reserves		265,473	258,490
Equity attributable to owners of the Company		272,035	264,926
Non-controlling interests		734	304
Total equity		272,769	265,230

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2021

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1 October 2019 (audited)	5,436	93,767	5,955	1,661	105,104	211,923	18	211,941
Profit and total comprehensive income for the period	-	-	-	-	5,632	5,632	29	5,661
At 31 March 2020 (unaudited)	5,436	93,767	5,955	1,661	110,736	217,555	47	217,602
At 1 October 2020 (audited)	6,436	121,767	5,955	2,514	128,254	264,926	304	265,230
Profit and total comprehensive income for the period	-	-	-	-	2,638	2,638	430	3,068
Issue of share upon exercise of share options	126	4,526	-	(181)	-	4,471	-	4,471
At 31 March 2021 (unaudited)	6,562	126,293	5,955	2,333	130,892	272,035	734	272,769

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2021

	Six months ended 31 March	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Net cash from operating activities	11,553	58,279
Net cash from (used in) investing activities	(68,527)	(2,472)
Net cash (used in) financing activities	(55)	(5,930)
Net (decrease)/increase in cash and cash equivalents	(57,029)	49,877
Cash and cash equivalents at beginning of the period	197,084	140,768
Cash and cash equivalents at end of the period, represented by	140,055	190,645
Bank balances and cash	92,535	147,071
Short term bank deposits with maturity less than three months	47,520	43,574
	140,055	190,645

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

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

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

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

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

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).

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 2021

3. REVENUE AND SEGMENT INFORMATION

Segment information

The Group's reportable and operating segments during the Period are as follows:

- (i) Electric and maintenance engineering services; and
- (ii) Rental Income.

The following is an analysis of the Group's revenue and results by operating and reportable segments during the Period:

	Electric and maintenance engineering services HK\$'000 (Unaudited)	Rental Income HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue			
Segment revenue	102,870	707	103,577
Segment results	7,667	(400)	7,267
Bank interest income			43
Other income			92
Other gains and losses			123
Administrative expenses			(3,739)
Finance costs			(18)
Profit before taxation			3,768

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

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

During the Period, the Group's operations are derived from electric and maintenance engineering services and rental income in Hong Kong. Therefore, the Group presents two operating segments. As rental income is relatively immaterial, no further analysis is presented.

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

No analysis of segment asset and segment liability as at 31 March 2021 and 31 March 2020 is presented as the chief operating decision maker does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented during the Period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

As at 31 March 2021, the Group's property, plant and equipment amounting to HK\$3,823,000 (2020: HK\$3,107,000) and deposits of HK\$680,000 (2020: HK\$422,000) are all located in Hong Kong by geographical location of assets.

Information about major customers

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

	Six months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer A	63,300	102,200
Customer B	24,469	63,677

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other income:		
Interest income	104	840
Employment support scheme	4,639	–
Others	(1,461)	1,547
	3,282	2,387

	Six months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other gains and losses:		
(Loss)/gain on disposal of property, plant and equipment	(8)	64
Net exchange gain (loss)	1	10
Others	(1,094)	–
	(1,101)	74

5. FINANCE COSTS

	Six months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on bank borrowings	9	178
Lease interest	46	61
	55	239

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

6. PROFIT BEFORE TAXATION

	Six months ended 31 March	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Profit before taxation for the period has been arrived at after charging:		
Staff cost:		
Directors' remuneration	3,485	2,522
Other staff costs	39,317	43,102
Contribution to retirement benefit schemes	1,505	1,325
	44,307	46,949
Depreciation of property, plant and equipment	314	292
Depreciation of right-of-use assets	733	1,151
(Loss)/gain on disposal of property, plant and equipment	(8)	64

7. TAXATION

	Six months ended 31 March	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Hong Kong profits tax	692	897

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2.0 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5%.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

8. EARNINGS PER SHARE

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

	Six months ended 31 March	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share and total comprehensive income for the period attributable to owners of the Company	2,638	5,632

Number of shares:

	Six months ended 31 March	
	2021 '000 (Unaudited)	2020 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	656,191	543,621
Shares deemed to be issued in respect of share option (Note)	9,699	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	665,890	543,621

Note: The effects of potential ordinary shares are anti-dilutive for the period ended 31 March 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group paid approximately HK\$1,037,000 (2020: HK\$328,000) for acquisition of furniture, equipment and motor vehicle.

10. DIVIDENDS

No dividends were paid, declared or proposed during the Period. 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. During the Period, all of the trade receivables had been settled.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 March 2021 HK\$'000 (Unaudited)	30 September 2020 HK\$'000 (Audited)
Rental and other deposits	319	469
Deposits for materials purchase	3,877	2,528
Prepayments and others	777	3,560
	4,973	6,557
Presented as non-current assets	680	422
Presented as current assets	4,293	6,135
	4,973	6,557

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	31 March 2021 HK\$'000 (Unaudited)	30 September 2020 HK\$'000 (Audited)
Contract assets		
– Engineering service contracts	109,691	57,001
Less: allowance for credit losses	(6,430)	(5,263)
	103,261	51,738
Contract liabilities		
– Engineering service contracts	5,639	5,485

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 Period:

	31 March 2021 HK\$'000 (Unaudited)	30 September 2020 HK\$'000 (Audited)
0-30 days	8,030	7,100
31-60 days	1,599	1,266
	9,629	8,366

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2021

15. OTHER PAYABLES AND ACCRUED CHARGES

	31 March 2021 HK\$'000 (Unaudited)	30 September 2020 HK\$'000 (Audited)
Accrued charges for engineering service	–	9,897
Retention payables (<i>Note</i>)	133	1,279
Accrued payroll and bonus	10,530	15,533
Other accrued charges	7,183	1,406
	17,846	28,115

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.

16. SHARE CAPITAL

	Number of shares '000 (Unaudited)	Amount HK\$'000 (Unaudited)
Ordinary shares of HK\$0.01 each		
Authorised: At 31 March 2021	10,000,000	100,000
Issued and fully paid: At 31 March 2021	656,191	6,562