

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

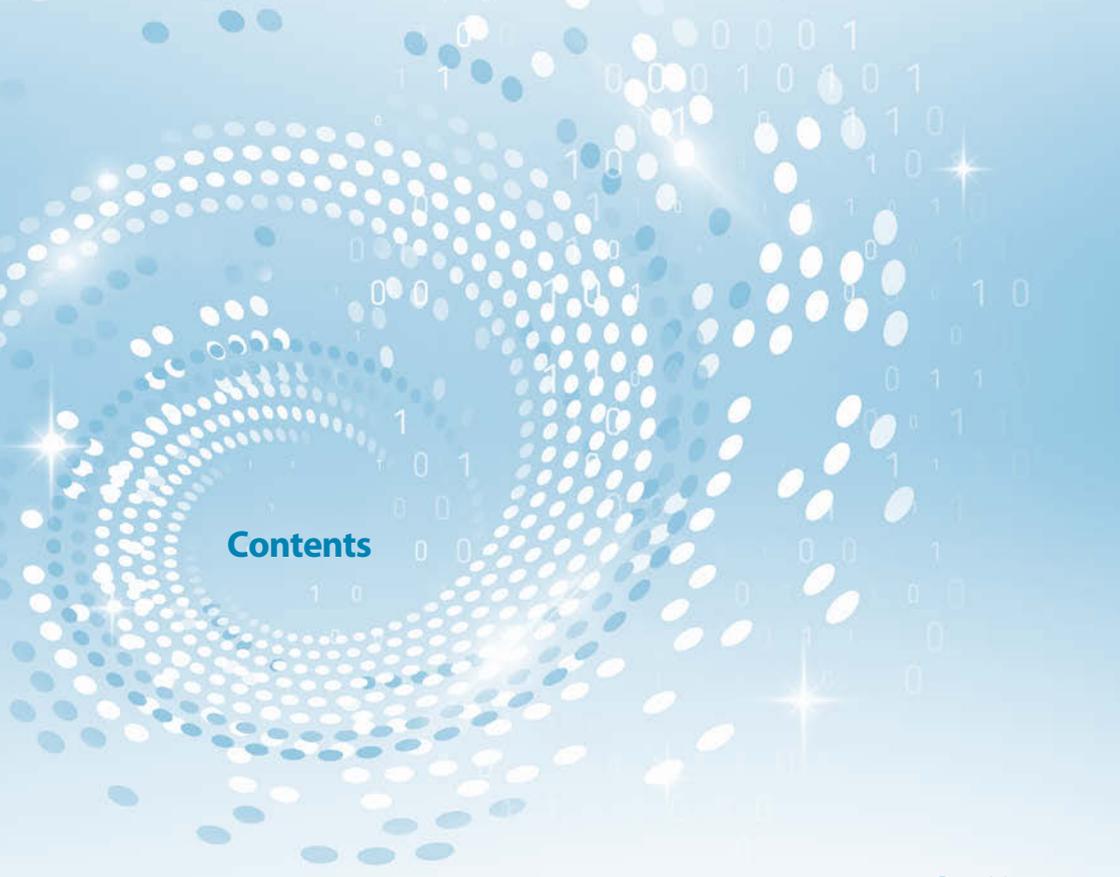
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2863



INTERIM REPORT

2023



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ko Chun Hay Kelvin (*Chairman*)

Ms. Ko Yung Lai Jackie
(*Chief Executive Officer*)

(appointed on 26 April 2023)

Mr. Chan Cho Chak (*Chief Financial Officer*)
(resigned on 1 May 2023)

Non-executive Directors

Mr. Yung On Wah (*Vice Chairman*)

Ms. Wong Cheuk Wai, Helena

Mr. Li Kar Fai, Peter

(resigned on 1 May 2023)

Independent Non-executive Directors

Mr. Chan Wing Fai

Mr. Yeung Wai Lung

Mr. Ng Man Li

AUDIT COMMITTEE

Mr. Yeung Wai Lung (*Chairman*)

Mr. Chan Wing Fai

Mr. Ng Man Li

REMUNERATION COMMITTEE

Mr. Ng Man Li (*Chairman*)

(appointed on 1 May 2023)

Mr. Ko Chun Hay Kelvin

Ms. Ko Yung Lai Jackie
(appointed on 1 May 2023)

Mr. Chan Cho Chak (*Chairman*)
(resigned on 1 May 2023)

Mr. Chan Wing Fai

Mr. Yeung Wai Lung

NOMINATION COMMITTEE

Mr. Chan Wing Fai (*Chairman*)

Mr. Ko Chun Hay Kelvin

Ms. Ko Yung Lai Jackie
(appointed on 1 May 2023)

Mr. Chan Cho Chak
(resigned on 1 May 2023)

Mr. Yeung Wai Lung

Mr. Ng Man Li

RISK MANAGEMENT COMMITTEE

Mr. Ng Man Li (*Chairman*)

(appointed on 1 May 2023)

Mr. Ko Chun Hay Kelvin

Ms. Ko Yung Lai Jackie
(appointed on 1 May 2023)

Mr. Chan Cho Chak (*Chairman*)
(resigned on 1 May 2023)

Mr. Chan Wing Fai

Mr. Yeung Wai Lung

COMPANY SECRETARY

Ms. Ko Yung Lai Jackie

(appointed on 1 May 2023)

Mr. Chan Cho Chak

(resigned on 1 May 2023)

AUTHORISED REPRESENTATIVES

Mr. Ko Chun Hay Kelvin

Ms. Ko Yung Lai Jackie
(appointed on 1 May 2023)

Mr. Chan Cho Chak

(resigned on 1 May 2023)

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

Room 3606, 36/F.,
Singga Commercial Centre,
144-151 Connaught Road West,
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

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. Recently, we have substantially completed three cabin hospitals projects for Hong Kong Government. By leveraging on our extensive experience and well reputation in the field together with well management in field work, the Group has successfully won a number of long-term contracts contributing to the Group's stable income for the next few years.

The Group has planned, through investment in a joint venture, to engage in the business of the products and services of information technology and big data on finance and commerce in 2022. However, there has been a delay in carrying out the business as more time has been required in the preparation works and negotiations with the joint venture partner. The operation is expected to start in the second half of 2023.

FINANCIAL REVIEW

Results Analysis

The Group's revenue for the Period was approximately HK\$367.1 million, representing an increase of approximately HK\$219.0 million or 1.5 times as compared to that in the corresponding period in 2022. The increase was mainly due to the normal running of the four projects during the Period, after completion of the preparation works in the past months.

The Group's gross profit for the Period decreased by approximately HK\$0.9 million which was mainly due to the additional labour cost involved in running those projects under COVID-19 environment. The difficulties in employing adequate labours to complete those committed projects on time unavoidably increased labour costs and adversely affected the profitability of the projects. Other projects experienced similar additional labour cost burden. The average gross profit ratio during the Period decreased to approximately 6.5% (2022: 16.7%).

Administrative expenses

For the Period, the administrative expenses increased by approximately HK\$4.5 million as compared to the corresponding period in 2022, which was mainly due to the net effect of an increase in staff costs and a decrease in professional fee and business entertainment.

Finance costs

The Group's finance costs represented lease interest.

Profit and total comprehensive income

For the Period, the increase in profit and total comprehensive income of approximately HK\$0.9 million was mainly due to the increase of turnover.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Position and Capital Structure

As at 31 March 2023, the total number of issued shares of the Company was 665,701,000.

As at 31 March 2023, the Group has bank and cash balance of approximately HK\$157.2 million (2022: HK\$127.7 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 (2022: 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 2023, leasehold land and buildings with carrying amount of approximately HK\$nil million (2022: HK\$1.3 million) has been pledged to secure a banking facility granted to the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group had 83 long term employees (2022: 76) and 925 short term employees (2022: 593). 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

As at 31 March 2023, the Group did not have any capital commitments (2022: Nil).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group did not have any significant contingent liabilities (2022: Nil).

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, the Group did not hold any significant investments as at 31 March 2023.

MATERIAL ACQUISITIONS OR DISPOSALS

On 5 November 2022, the Group and Pangu Creation Network International Limited entered into a joint venture agreement in relation to co-investment in a joint venture, on a shareholding ratio of 40% and 60% respectively. The Group agreed to invest in the joint venture up to HK\$20.5 million. The joint venture will be engaged in the business of the products and services of information technology and big data on finance and commerce. Please refer to the Company's announcement of 5 November 2022 for details.

On 24 February 2023, KF Strategic Capital Limited (an indirect wholly-owned subsidiary of the Company, as the vendor), Madam Su Cai Hui (as the purchaser) and Mr. Ko Chun Hay Kelvin (the executive director and the controlling shareholder of the Company, as the vendor guarantor) entered into a provisional sale and purchase agreement, pursuant to which the vendor has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase the entire issued share capital of Richfield International Enterprise Limited ("**Richfield**", an indirect wholly-owned subsidiary of the Company) and the advances owing from Richfield to the vendor, at an aggregate cash consideration of HK\$44,500,000. The main asset of Richfield is its investment in a retail property in Kennedy Town, Hong Kong. Please refer to the Company's announcement of 24 February 2023 for details.

Save as disclosed above, the Group did not have any material acquisitions or disposals during the Period.

INTERIM DIVIDEND

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

PROSPECTS AND OUTLOOK

Along with the reopening of the global economy after the epidemic of COVID-19, the global economic growth is expected to rebound. Nevertheless, global trade frictions and geopolitical uncertainties, including the effect of Russia – Ukraine war, have caused continuing uncertainties to the global economic recovery. The Group maintained stable growth in existing E&M engineering service on one hand, and on the other hand, it has been actively seeking new business opportunities from time to time in order to broaden the source of income, to diversify its business, and to enhance the long-term growth potential of the Group and its shareholder's value. Looking forward, the Group will strive to enhance its profitability and focus on lucrative business opportunities in pursuing a sustainable and stable growth.

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 2023, 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 2023, 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	143,662,000	11,880,000	23.37%
	Interests of controlled corporation	2	302,747,000	-	45.48%
Mr. Yung On Wah	Beneficial owner		39,424,000	1,200,000	6.10%
Mr. Li Kar Fai, Peter	Beneficial owner	1	12,801,000	4,149,000	2.55%
Chan Cho Chak	Beneficial owner	1	-	500,000	0.08%

Notes:

- Details of the underlying shares of the Company held by the Directors are set out in the section headed "Share Option Scheme".
- 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 2023, 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 2023 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 2022.

Details of the movements of share options granted, exercised or cancelled/lapsed during the six months period and outstanding as at 31 March 2023 are as follows:

Grantee	Date of grant of share options	Exercise Closing price		Exercise period (both dates inclusive)	At 1 October 2022	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 31 March 2023
		price of share options	immediately before date of grant						
Mr. Ko Chun Hay Kelvin	5 August 2019	0.500	0.500	5 August 2019 to 4 August 2025	5,370,000	-	-	-	5,370,000
	31 March 2023	0.298	0.290	31 March 2023 to 30 March 2028	-	6,510,000	-	-	6,510,000
Mr. Chan Cho Chak	3 March 2022	0.276	0.260	3 March 2022 to 2 March 2027	500,000	-	-	-	500,000
Mr. Li Kar Fai, Peter	19 March 2019	0.500	0.490	19 March 2019 to 18 March 2024	1,749,000	-	-	-	1,749,000
	3 March 2022	0.276	0.260	3 March 2022 to 2 March 2027	1,200,000	-	-	-	1,200,000
	31 March 2023	0.298	0.290	31 March 2023 to 30 March 2028	-	1,200,000	-	-	1,200,000
Mr. Yung On Wah	31 March 2023	0.298	0.290	31 March 2023 to 30 March 2028	-	1,200,000	-	-	1,200,000
Employees	3 March 2022	0.276	0.260	3 March 2022 to 2 March 2027	500,000	-	-	-	500,000
	31 March 2023	0.298	0.290	31 March 2023 to 30 March 2028	-	3,300,000	-	-	3,300,000
					<u>9,319,000</u>	<u>12,210,000</u>	-	-	<u>21,529,000</u>

As at 31 March 2023, the number of options available for grant under the Share Option Scheme is 31,652,100 (30 September 2022: 43,862,100). The 12,210,000 shares that may be issued in respect of options granted under the Share Option Scheme during the six months ended 31 March 2023 represent approximately 1.83% of the weighted average number of the Company's shares of 665,701,000 in the period.

For the Period, the Group had granted share options and share option expenses, HK\$1.3 million (2022: HK\$0.9 million) had been recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

The fair value of the options, which are vested after the expiration of 12 months from the date of grant, determined at the date of grant using the Binomial option pricing model was approximately HK\$1,300,000 on the date of grant of share options on 31 March 2023.

The following assumptions were used to calculate the fair values of share options at the date of grant on 31 March 2023:

Grant date stock price	HK\$0.29
Exercise price	HK\$0.298
Life to expiration (<i>Note a</i>)	5 years
Expected volatility (<i>Note b</i>)	53%
Dividend yield	0%
Risk-free interest rate (<i>Note c</i>)	1.283%

Notes:

- (a) Life to expiration: Being the period of 5 years commencing on the date of grant based on the contractual terms of the share options.
- (b) Expected volatility: Estimated based on the daily stock prices of comparable companies with similar business nature of the Group.
- (c) Risk-free interest rate: Being the yield of Hong Kong Exchange Fund Notes with a maturity life equal to the life to expiration on the valuation date.

The Binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

Other Information

DISCLOSEABLE 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 2023, 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	45.48%

Notes:

1. 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 2023.

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 2023.

On behalf of the Board

Ko Chun Hay Kelvin

Executive Director

Hong Kong, 29 May 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 March 2023

	NOTES	Six months ended 31 March	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	367,057	148,144
Costs of sales		(343,248)	(123,464)
Gross profit		23,809	24,680
Other gains and losses	4	4,455	(1,955)
Administrative expenses		(17,539)	(13,022)
Finance costs	5	(64)	(69)
Profit before taxation	6	10,661	9,634
Taxation	7	(1,803)	(1,617)
Profit and total comprehensive income for the period		8,858	8,017
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		6,220	6,755
Non-controlling interests		2,638	1,262
		8,858	8,017
Earnings per share	8		
Basic (HK\$)		0.009	0.010
Diluted (HK\$)		0.009	0.010

Condensed Consolidated Statement of Financial Position

At 31 March 2023

	NOTES	31 March 2023 HK\$'000 (Unaudited)	30 September 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	1,730	1,767
Right-of-use assets		2,236	2,411
Investment properties		50,517	50,480
Deferred tax assets		53	211
Deposits and prepayments	12	385	331
		54,921	55,200
Current assets			
Trade receivables	11	–	105,416
Other receivables, deposits and prepayments	12	9,662	3,941
Contract assets	13	206,356	69,402
Financial assets at fair value through profit or loss (“FVTPL”)		9,248	7,111
Tax recoverable		448	577
Bank balances and cash		157,219	127,723
		382,933	314,170
Current liabilities			
Trade payables	14	68,572	20,230
Other payables and accrued charges	15	27,256	25,884
Contract liabilities	13	22,043	13,721
Lease liabilities		2,292	2,050
Tax liabilities		1,935	282
		122,098	62,167
Net current assets		260,835	252,003
Total assets less current liabilities		315,756	307,203

Condensed Consolidated Statement of Financial Position

At 31 March 2023

	31 March 2023	30 September 2022
<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Provisions	1	1,272
Rental deposits received	–	257
Lease liabilities	363	446
	364	1,975
Net assets	315,392	305,228
Capital and reserves		
Share capital	6,657	6,657
Reserves	303,503	295,977
Equity attributable to owners of the Company	310,160	302,634
Non-controlling interests	5,232	2,594
Total equity	315,392	305,228

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2023

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1 October 2021 (audited)	6,562	127,189	1,844	5,955	145,568	287,118	560	287,678
Profit and total comprehensive income for the period	-	-	-	-	6,755	6,755	1,262	8,017
Issue of share upon exercise of share options	95	2,688	476	-	-	3,259	-	3,259
At 31 March 2022 (unaudited)	6,657	129,877	2,320	5,955	152,323	297,132	1,822	298,954
At 1 October 2022 (audited)	6,657	130,686	2,177	5,955	157,159	302,634	2,594	305,228
Profit and total comprehensive income for the period	-	-	-	-	6,220	6,220	2,638	8,858
Issue of share upon exercise of share options	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	1,306	-	-	1,306	-	1,306
At 31 March 2023 (unaudited)	6,657	130,686	3,483	5,955	163,379	310,160	5,232	315,392

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2023

	Six months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash from operating activities	29,644	27,076
Net cash from/(used in) investing activities	103	(6,534)
Net cash (used in)/from financing activities	(251)	889
Net increase in cash and cash equivalents	29,496	21,431
Cash and cash equivalents at beginning of the period	127,723	112,231
Cash and cash equivalents at end of the period, represented by	157,219	133,662
Bank balances and cash	157,219	107,003
Short term bank deposits with maturity less than three months	–	26,659
	157,219	133,662

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2023

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 Room 3606, 36/F., Singga Commercial Centre, 144-151 Connaught Road West, 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 2023

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 2023

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 the section headed “Share Option Scheme” above.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line 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 2023

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 from investment properties.

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	366,347	710	367,057
Segment results	11,044	480	11,524
Bank interest income			170
Other gains and losses			4,347
Administrative expenses			(5,365)
Finance costs			(15)
Profit before taxation			10,661

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2023

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 from investment properties. Therefore, the Group presents two operating segments.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies during the Period. Segment profit represents the profit earned by each segment excluding bank interest 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 2023 and 31 March 2022 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.

Geographical information

As at 31 March 2023, the Group's property, plant and equipment amounting to HK\$1,730,000 (2022: HK\$1,767,000) and deposits of HK\$385,000 (2022: HK\$331,000) 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A	149,529	69,745
Customer B	204,111	65,292

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2023

4. OTHER GAINS AND LOSSES

	Six months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest income	170	68
Employment support scheme	2,148	–
Gain/(loss) on fair value adjustment of financial assets	2,137	(2,131)
Net exchange loss	–	(26)
Others	–	134
	4,455	(1,955)

5. FINANCE COSTS

	Six months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Lease interest	64	69

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2023

6. PROFIT BEFORE TAXATION

	Six months ended 31 March	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Profit before taxation for the period has been arrived at after charging:		
Staff cost:		
Directors' remuneration	4,053	3,529
Other staff costs	74,352	64,256
Contribution to retirement benefit schemes	2,548	2,201
	80,953	69,986
Depreciation of property, plant and equipment	273	352
Depreciation of right-of-use assets	611	858

7. TAXATION

	Six months ended 31 March	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Hong Kong profits tax	1,803	1,617

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 2023

8. EARNINGS PER SHARE

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

	Six months ended 31 March	
	2023 HK\$'000 (Unaudited)	2022 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	6,220	6,755

Number of shares:

	Six months ended 31 March	
	2023 '000 (Unaudited)	2022 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	665,701	659,028
Shares deemed to be issued in respect of share option (Note)	–	66
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	665,701	659,094

Note: The effects of potential ordinary shares are anti-dilutive for the period ended 31 March 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2023

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group paid approximately HK\$22,000 (2022: HK\$177,000) 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. As at 31 March 2023, all of the trade receivables had been settled.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 March 2023 HK\$'000 (Unaudited)	30 September 2022 HK\$'000 (Audited)
Rental and other deposits	391	636
Deposits for materials purchase	8,848	2,090
Prepayments and others	808	1,546
	10,047	4,272
Presented as non-current assets	385	331
Presented as current assets	9,662	3,941
	10,047	4,272

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2023

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	31 March 2023 HK\$'000 (Unaudited)	30 September 2022 HK\$'000 (Audited)
Contract assets		
– Engineering service contracts	208,047	69,785
Less: allowance for credit losses	(1,691)	(383)
	206,356	69,402
Contract liabilities		
– Engineering service contracts	22,043	13,721

14. TRADE PAYABLES

The credit period on purchases and subcontracting of contract work services is 30 to 90 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the Period:

	31 March 2023 HK\$'000 (Unaudited)	30 September 2022 HK\$'000 (Audited)
0-30 days	55,520	15,111
31-60 days	13,052	5,119
	68,572	20,230

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For the six months ended 31 March 2023

15. OTHER PAYABLES AND ACCRUED CHARGES

	31 March 2023 HK\$'000 (Unaudited)	30 September 2022 HK\$'000 (Audited)
Accrued charges for engineering service	5,729	5,226
Accrued payroll and bonus	20,927	19,999
Other accrued charges	600	659
	27,256	25,884

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 2023	10,000,000	100,000
Issued and fully paid: At 31 March 2023	665,701	6,657