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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)

ANNOUNCEMENT OF INTERIM RESULTS **FOR THE SIX MONTHS ENDED 31 MARCH 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Golden Faith Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 31 March 2024 (the “**Period**”). The interim results have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 March 2024

	<i>NOTES</i>	Six months ended 31 March	
		2024	2023
		<i>HK\$’000</i>	<i>HK\$’000</i>
		(Unaudited)	(Unaudited)
Revenue	3	346,304	367,057
Costs of sales		<u>(312,444)</u>	<u>(343,248)</u>
Gross profit		33,860	23,809
Other gains and losses	4	(979)	4,455
Administrative expenses		(18,284)	(17,539)
Finance costs	5	<u>(129)</u>	<u>(64)</u>
Profit before taxation	6	14,468	10,661
Taxation	7	<u>(5,084)</u>	<u>(1,803)</u>
Profit and total comprehensive income for the period		<u>9,384</u>	<u>8,858</u>

Six months ended 31 March

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		4,068	6,220
Non-controlling interests		5,316	2,638
		<u>9,384</u>	<u>8,858</u>
Earnings per share			
Basic (HK\$)	8	<u>0.006</u>	<u>0.009</u>
Diluted (HK\$)		<u>0.006</u>	<u>0.009</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

		31 March	30 September
		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	9	928	1,638
Right-of-use assets		1,994	1,975
Investment properties		2,100	2,100
Deferred tax assets		434	252
Deposits and prepayments	12	<u>344</u>	<u>349</u>
		<u>5,800</u>	<u>6,314</u>
Current assets			
Trade receivables	11	102,874	88,536
Other receivables, deposits and prepayments	12	4,730	4,655
Contract assets	13	137,699	89,678
Financial assets at fair value through profit or loss ("FVTPL")		6,223	8,052
Short term bank deposits		–	5,000
Bank balances and cash		<u>139,364</u>	<u>165,958</u>
		<u>390,890</u>	<u>361,879</u>
Current liabilities			
Trade payables	14	15,879	27,676
Other payables and accrued charges	15	23,279	26,378
Contract liabilities	13	51,570	19,730
Lease liabilities		2,718	2,285
Tax liabilities		<u>4,484</u>	<u>2,748</u>
		<u>97,930</u>	<u>78,817</u>
Net current assets		<u>292,960</u>	<u>283,062</u>
Total assets less current liabilities		<u>298,760</u>	<u>289,376</u>

		31 March	30 September
		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Provisions		1,272	1,272
Lease liabilities		179	179
		<u>1,451</u>	<u>1,451</u>
Net assets		<u>297,309</u>	<u>287,925</u>
Capital and reserves			
Share capital	<i>16</i>	6,668	6,668
Reserves		<u>279,971</u>	<u>275,903</u>
Equity attributable to owners of the Company		286,639	282,571
Non-controlling interests		<u>10,670</u>	<u>5,354</u>
Total equity		<u>297,309</u>	<u>287,925</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2024

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., Singa 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

Basis of preparation and principal accounting policies

(a) Statement of compliance

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

(b) Basis of measurement

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for investment property which is measured at fair value.

(c) Functional and presentation currency

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

(d) Financial information and disclosure

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 September 2023.

(e) *Principal accounting policies*

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the Group as set out in the Group’s annual financial statements for the year ended 30 September 2023.

The Group has adopted and applied the new standards, amendments to standards and interpretations that have been issued and effective for the accounting periods beginning on 1 October 2023. The adoption of these new standards and amendments to standards has no material impact on the Group’s results and financial position. The Group has not early adopted the new standards, amendments to standards and interpretations which have been issued by HKICPA but are not yet effective.

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.

3. REVENUE AND SEGMENT INFORMATION

Segment information

Information reported to the executive directors of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of services provided. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide discussions, major customers and geographic information are presented.

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

For the six months ended 31 March 2024

	Consolidated HK\$'000 (Unaudited)
Segment revenue from electric and maintenance engineering services	<u>346,304</u>
Segment results from electric and maintenance engineering services	22,288
Interest income	609
Rental income from investment properties	20
Change in fair value of financial assets at FVTPL	(2,495)
Corporate expenses	<u>(5,954)</u>
Profit before taxation	<u><u>14,468</u></u>

For the six months ended 31 March 2023

	Consolidated <i>HK\$'000</i> (Unaudited) (restated)
Segment revenue from electric and maintenance engineering services	<u>366,347</u>
Segment results from electric and maintenance engineering services	11,044
Interest income	170
Rental income from investment properties	710
Change in fair value of financial assets at FVTPL	2,137
Corporate expenses	<u>(3,400)</u>
Profit before taxation	<u>10,661</u>

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

The accounting policies of the operating and reportable segment is the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit (loss) earned by the segment excluding certain interest income, rental income from investment properties, change in fair value of investment properties, change in fair value of financial assets at FVTPL, corporate expenses, certain 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 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.

Geographical information

As at 31 March 2024, the Group's property, plant and equipment amounting to HK\$928,000 (2023: HK\$1,638,000) and investment property of HK\$2,100,000 (2023: HK\$2,100,000) 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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Customer A	43,318	149,529
Customer B	121,886	204,111
Customer C	131,120	–
Customer D	76,939	–
	<u>373,263</u>	<u>353,640</u>

4. OTHER GAINS AND LOSSES

	Six months ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	1,429	170
Employment support scheme	–	2,148
Gain/(loss) on fair value adjustment of financial assets	(2,495)	2,137
Net exchange loss	(56)	–
Others	143	–
	<u>143</u>	<u>–</u>
	<u>(979)</u>	<u>4,455</u>

5. FINANCE COSTS

	Six months ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Lease interest	<u>129</u>	<u>64</u>

6. PROFIT BEFORE TAXATION

	Six months ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before taxation for the period has been arrived at after charging:		
Staff cost:		
Directors' remuneration	7,249	4,053
Other staff costs	159,052	74,352
Contribution to retirement benefit schemes	4,957	2,548
	<u>171,258</u>	<u>80,953</u>
Depreciation of property, plant and equipment	414	273
Depreciation of right-of-use assets	<u>161</u>	<u>611</u>

7. TAXATION

	Six months ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong profits tax	<u>5,084</u>	<u>1,803</u>

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%.

8. EARNINGS PER SHARE

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

	Six months ended 31 March	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(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	<u>4,068</u>	<u>6,220</u>

Number of shares:

	Six months ended 31 March	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	666,801	665,701
Shares deemed to be issued in respect of share option (<i>Note</i>)	<u>45</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>666,846</u>	<u>665,701</u>

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

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 March 2024, the Group has not acquired any property, plant and equipment (2023: HK\$22,000).

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

	31 March 2024 HK\$'000 (Unaudited)	30 September 2023 HK\$'000 (Audited)
Gross trade receivables	103,373	89,097
Less: allowance for credit losses	<u>(561)</u>	<u>(561)</u>
Total	<u>102,874</u>	<u>88,536</u>

The Group grants credit terms of 0 to 60 days to its customers from the date of invoices on progress payments of engineering service works. An ageing analysis of the trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period, is as follows:

	31 March 2024 HK\$'000 (Unaudited)	30 September 2023 HK\$'000 (Audited)
0 – 30 days	102,874	38,135
31 – 60 days	<u>–</u>	<u>50,401</u>
	<u>102,874</u>	<u>88,536</u>

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 March 2024 HK\$'000 (Unaudited)	30 September 2023 HK\$'000 (Audited)
Rental and other deposits	941	780
Deposits for materials purchase	2,750	3,399
Prepayments and others	<u>1,383</u>	<u>825</u>
	<u>5,074</u>	<u>5,004</u>
Presented as non-current assets	344	349
Presented as current assets	<u>4,730</u>	<u>4,655</u>
	<u>5,074</u>	<u>5,004</u>

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	31 March 2024 HK\$'000 (Unaudited)	30 September 2023 HK\$'000 (Audited)
Contract assets		
– Engineering service contracts	138,580	90,247
Less: allowance for credit losses	<u>(881)</u>	<u>(569)</u>
	<u>137,699</u>	<u>89,678</u>
Contract liabilities		
– Engineering service contracts	<u>51,570</u>	<u>19,730</u>

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 2024 HK\$'000 (Unaudited)	30 September 2023 HK\$'000 (Audited)
0-30 days	12,344	19,625
31-60 days	<u>3,535</u>	<u>8,051</u>
	<u>15,879</u>	<u>27,676</u>

15. OTHER PAYABLES AND ACCRUED CHARGES

	31 March 2024 HK\$'000 (Unaudited)	30 September 2023 HK\$'000 (Audited)
Accrued charges for engineering service	385	2,648
Accrued payroll and bonus	21,783	22,923
Other accrued charges	<u>1,111</u>	<u>807</u>
	<u>23,279</u>	<u>26,378</u>

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 2024	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid: At 31 March 2024	<u>666,801</u>	<u>6,668</u>

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 one government office complex project 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. During the six months ended 31 March 2024 (the "**Period**"), the Group focus on three major projects, namely engineering services for Queen Mary Hospital, District Court in Causeway Bay and New Acute Hospital at Kai Tak.

FINANCIAL REVIEW

Results Analysis

The Group's revenue for the Period was approximately HK\$346.3 million, representing a decrease of approximately HK\$20.8 million or 5.6% as compared to that in the corresponding period in 2023. The decrease was relatively mild. Our operation was in normal running during the Period.

The Group's gross profit for the Period increased by approximately HK\$10 million which was mainly due to a decrease of labour cost involved in running those projects after COVID-19 pandemic and an improvement of profits margins in a few projects, due to an increase in demand of public sector construction services in the market. The gross profit ratio during the Period increased to approximately 9.8% (2023: 6.5%).

Administrative expenses

For the Period, the administrative expenses increased by approximately HK\$0.7 million or 4.3% as compared to the corresponding period in 2023, which was mainly due to an increase in staff costs.

Finance costs

The Group's finance costs represented lease interest and increased by approximately HK\$65,000 or 101.6%. The change was mainly due to a new warehouse being leased during the Period.

Profit and total comprehensive income

For the Period, the increase in profit and total comprehensive income of approximately HK\$0.5 million was mainly due to the net effect of an increase in gross profits, a decrease of labour costs and an increase of administrative expenses.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Position and Capital Structure

As at 31 March 2024, the total number of issued shares of the Company was 666,801,000.

As at 31 March 2024, the Group has bank and cash balance of approximately HK\$139.4 million (2023: HK\$166 million). The change of bank and cash balance is mainly affected by the progress of the each of those projects in operation during the cut-off period at the reporting date.

The gearing ratio, defined as the ratio of total borrowings less bank and cash balances to equity attributable to owners of the Company represented a net cash position (2023: 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 2024 and 2023, the Group did not have any charges on its assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 85 long term employees (2023: 84) and 982 short term employees (2023: 948). The Group believes its success and long-term growth depend primarily on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary bonuses and share options are offered to qualified employees based on individual and the Group's performance.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

COMMITMENTS

As at 31 March 2024, the Group did not have any capital commitments (2023: Nil).

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any significant contingent liabilities (2023: Nil).

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, the Group did not hold any significant investments as at 31 March 2024.

MATERIAL ACQUISITIONS OR DISPOSALS

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

Global trade frictions and geopolitical uncertainties, including the effect of Russia – Ukraine war and Middle-East war, have caused continuing uncertainties to the global economic recovery. Although a number of uncertainties existed, the Group could maintain stable growth in its existing business. On the other hand, the Group 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.

Riding on our electrical engineering skills, we are now considering investing in new energy generator project so as to broaden our business scope and to improve the Group's profitability. The planned investment is in its preliminary stage and has not signed for any agreement up to date. The Group has held up the investment in the electronic platform sales business project pending for further financial information from the counter party and no investment has been made up to date. 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 C1 to the Listing Rules.

MODEL CODE FOR 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 C3 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. Employees who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

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 2024, the Audit Committee comprised three Independent Non-executive Directors, namely Mr. Yeung Wai Lung (Chairman), Mr. Chan Wing Fai and Mr. Wong Jovi Chi Wing. 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.

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 Period.

EVENT AFTER THE REPORTING PERIOD

On 5 April 2024, the Company offered to grant 13,200,000 share options to 1 director and 1 eligible employee participant, to subscribe for an aggregate of 13,200,000 shares of HK\$0.01 each in the share capital of the Company under the share option scheme. Please refer to the Company's announcements of 5 April 2024 for details.

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

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.goldenfaith.hk. The interim report of the Company for the Period will be dispatched to the shareholders of the Company and will be published on the same websites in due course.

By Order of the Board
Golden Faith Group Holdings Limited
Ko Chun Hay Kelvin
Chairman

Hong Kong, 20 May 2024

As at the date of this announcement, the executive Directors are Mr. Ko Chun Hay Kelvin and Ms. Ko Yung Lai Jackie; the non-executive Directors are Mr. Yung On Wah and Ms. Wong Cheuk Wai Helena; and the independent non-executive Directors are Mr. Chan Wing Fai, Mr. Yeung Wai Lung and Mr. Wong Jovi Chi Wing.