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 ANNUAL AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of Golden Faith Group Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 30 September 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2018

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	NOTES	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,804**	3,146
Deferred tax assets		**108**	79
Deposits	11	**207**	22
		3,119	3,247
Current assets			
Trade receivables	10	**46,804**	8,714
Other receivables, deposits and prepayments	11	**2,483**	7,640
Amounts due from customers for contract work	12	**66,002**	48,250
Pledged bank deposits		**20,049**	—
Short term bank deposits		**50,058**	—
Bank balances and cash		**46,227**	152,330
		231,623	216,934
Current liabilities			
Trade payables	13	**10,015**	10,988
Other payables and accrued charges	14	**23,068**	19,214
Amounts due to customers for contract work	12	**6,888**	13,883
Amount due to a shareholder		—	5,554
Tax liabilities		**7,441**	10,130
Obligation under a finance lease		—	112
		47,412	59,881
Net current assets		**184,211**	157,053
Total assets less current liabilities		**187,330**	160,300
Non-current liabilities			
Provisions		**848**	943
Net assets		**186,482**	159,357
CAPITAL AND RESERVES			
Share capital	15	**5,400**	5,400
Reserves		**181,082**	153,957
Equity attributable to owners of the Company		**186,482**	159,357

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Golden Faith Group Holdings Limited (the "**Company**") is incorporated and registered as an exempted company in the Cayman Islands on 12 October 2016 and its shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 August 2017. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is Room 205, Sun Fung Centre, 88 Kwok Shui Road, Tsuen Wan, New Territories, Hong Kong. Pursuant to the transfer of shares between Superior Ace Investments Limited ("**Superior Ace**") and Greatly Success Investment Trading Limited ("**Greatly Success**") on 21 October 2018, the immediate and ultimate holding company of the Company has changed from Superior Ace, which is incorporated in the British Virgin Islands, to Greatly Success, which is incorporated in the Seychelles.

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

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

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

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

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

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

Accordingly, the consolidated financial statements for the year ended 30 September 2017 had been prepared using the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" (the "**Accounting Guideline 5**") issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 September 2017 included the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the year ended 30 September 2017, or since their respective date of incorporation, where there was a shorter period.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

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

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

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

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

New and revised HKFRSs in issue but not yet effective

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

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

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

4. REVENUE AND SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

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

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

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

5. FINANCE COST

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

6. INCOME TAX EXPENSE

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

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

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

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

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

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

7. PROFIT BEFORE TAXATION

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

8. DIVIDEND

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

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

9. EARNINGS PER SHARE

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

Earnings

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

Number of shares

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

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 15) had been effective on 1 October 2016.

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

10. TRADE RECEIVABLES

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

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

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

12. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

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

Unbilled retention receivables of HK$42,501,000 (2017: HK$34,202,000) are included in the above contracts in progress as at 30 September 2018. Retention monies withheld by customers of contract works are unsecured, interest-free and recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of respective engineering service projects.

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

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

13. TRADE PAYABLES

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

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

14. OTHER PAYABLES AND ACCRUED CHARGES

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

Notes:

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

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

15. SHARE CAPITAL

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

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

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

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

Notes:

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

FINANCIAL REVIEW

Results Analysis

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

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

Other gains and losses

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

Administrative expenses

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

Profit and total comprehensive income

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

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Position and Capital Structure

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

As at 30 September 2018, there were no borrowings (2017: HK$0.1 million).

The gearing ratio, defined as the ratio of total borrowings less bank and cash balances to equity attributable to owners of the Company was a net cash position (2017: net cash position).

Foreign Exchange Risk Management

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

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

Charges on Assets

As at 30 September 2018, leasehold land and buildings with carrying amounts of approximately HK$2,061,000 (2017: HK$2,150,000) has been pledged to secure a banking facility granted to the Group. The carrying value of motor vehicles included an amount of approximately HK$259,000 in respect of assets held under a finance lease as at 30 September 2017.

PROSPECTS AND OUTLOOK

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

HUMAN RESOURCES

As at 30 September 2018, the Group had a total of 481 employees (2017: 261 employees). The Group believes its success and long-term growth depend primarily on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary bonuses and share options are offered to qualified employees based on individual and the Group's performance.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The principal activities of the Group are provision of electrical and extra-low voltage system works in Hong Kong. The major resources deployed are purchase of material and labour which do not give rise to any material adverse influence to the environment. The Group will take appropriate measures and action as and when necessary to deal with or otherwise minimize any possible emission of hazardous materials which may arise from its business activities.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the FY2018.

CORPORATE GOVERNANCE

The Company has, throughout the FY2018, applied the principles and complied with the requirements of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules except for the following deviations.

Code Provision A.1.3

Code provision A.1.3 of the CG Code requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year, certain regular Board meetings were convened with less than 14 days' notice in order to enable the Board members to react timely and carry out expeditious decision making in respect of certain business matters which were significant to the Group's business. As a result, the aforesaid regular Board meetings were held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future.

Code Provision A.2.1

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

The Company did not officially have a position of chief executive officer and Mr. Yung On Wah, the Chairman of the Board, provides leadership to the Board to ensure that the Board works effectively and all important issues are discussed in a timely manner. The day-to-day management of the Group's business is handled by the Executive Directors collectively. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's business operations. The Board will continue to review the effectiveness of the Group's structure as business continues to grow and develop in order to assess whether any changes, including the appointment of a chief executive officer, are necessary.

Code Provision A.1.8

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

Code Provision C.2.5

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 fully complied with the Model Code throughout the FY2018.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's consolidated financial statements for the FY2018, including the accounting principles and practices adopted by the Group.

USE OF NET PROCEEDS FROM LISTING

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

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

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

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

EVENTS AFTER THE REPORTING PERIOD

Other than the transfer of shares between Superior Ace Investments Limited and Greatly Success Investment Trading Limited on 21 October 2018, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 September 2018 and up to the date of this annual report.

DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlements of shareholders of the Company to attend and vote at the AGM to be held on Wednesday, 13 February 2019, the register of members of the Company will be closed from Friday, 8 February 2019 to Wednesday, 13 February 2019, both days inclusive, during which period no transfer of the shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Monday, 4 February 2019.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the FY2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL 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 annual report of the Company for the FY2018 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
Yung On Wah
Executive Director

Hong Kong, 21 December 2018

As at the date of this announcement, the Board comprises Mr. Yung On Wah, Mr. Li Kar Fai Peter and Mr. Pu Li Wei, as executive directors; and Mr. Chan Cho Chak, Mr. Chan Wing Fai, Ir. Yan Wai Yan and Mr. Yeung Wai Lung as independent non-executive directors.