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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 ANNUAL AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Golden Faith Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 30 September 2022, together with the comparative figures for the year ended 30 September 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2022

	<i>NOTES</i>	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Revenue	3	348,610	254,863
Costs of sales		<u>(302,257)</u>	<u>(211,035)</u>
Gross profit		46,353	43,828
Other income	4	8,400	4,691
Other gains and losses	4	(8,178)	6,340
Impairment losses recognised on trade receivables and contract assets, net of reversal		344	(314)
Administrative expenses		(30,959)	(32,280)
Finance cost	5	<u>(130)</u>	<u>(125)</u>
Profit before taxation	6	15,830	22,140
Income tax expense	7	<u>(2,205)</u>	<u>(4,892)</u>
Profit and total comprehensive income for the year		<u>13,625</u>	<u>17,248</u>
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		11,591	16,992
Non-controlling interests		<u>2,034</u>	<u>256</u>
		<u>13,625</u>	<u>17,248</u>
Earnings per share	9		
Basic (HK cents)		<u>1.75</u>	<u>2.61</u>
Diluted (HK cents)		<u>1.75</u>	<u>2.61</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	NOTES	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment		1,767	1,999
Right-of-use assets		2,411	3,032
Investment properties		50,480	54,970
Deferred tax assets		211	187
Deposits	11	331	331
		<u>55,200</u>	<u>60,519</u>
Current assets			
Trade receivables	10	105,416	24,132
Other receivables, deposits and prepayments	11	3,941	1,696
Contract assets	12	69,402	119,523
Financial assets at fair value through profit or loss ("FVTPL")		7,111	2,348
Tax recoverable		577	448
Short term bank deposits		–	5,220
Cash and cash equivalents		127,723	107,011
		<u>314,170</u>	<u>260,378</u>
Current liabilities			
Trade payables	13	20,230	9,210
Other payables and accrued charges	14	25,884	12,500
Contract liabilities	12	13,721	1,663
Lease liabilities		2,050	1,904
Tax liabilities		282	5,404
		<u>62,167</u>	<u>30,681</u>
Net current assets		<u>252,003</u>	<u>229,697</u>
Total assets less current liabilities		<u>307,203</u>	<u>290,216</u>

		2022	2021
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Provisions		1,272	1,070
Rental deposits received		257	345
Lease liabilities		<u>446</u>	<u>1,123</u>
		<u>1,975</u>	<u>2,538</u>
Net assets		<u><u>305,228</u></u>	<u><u>287,678</u></u>
Capital and reserves			
Share capital	15	6,657	6,562
Reserves		<u>295,977</u>	<u>280,556</u>
Equity attributable to owners of the Company		302,634	287,118
Non-controlling interests		<u>2,594</u>	<u>560</u>
Total equity		<u><u>305,228</u></u>	<u><u>287,678</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Golden Faith Group Holdings Limited (the “**Company**”) is incorporated and registered as an exempted company in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). The address of the registered office and principal place of business are stated in the “Corporate Information” section of the annual report. The parent and ultimate holding company of the Company is Greatly Success Investment Trading Limited, which is incorporated in the Republic of Seychelles.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 October 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ⁴
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current liabilities with Covenants ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or 1 January 2024.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)”

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group’s outstanding liabilities as at 30 September 2022, the application of the amendments will not result in reclassification of the Group’s liabilities.

3. REVENUE AND SEGMENT INFORMATION

Revenue

(i) *Disaggregation of revenue*

	2022	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
Types of services		
– Electric and maintenance engineering services in Hong Kong	<u>348,610</u>	<u>254,863</u>
Timing of revenue recognition		
– Over time	<u>348,610</u>	<u>254,863</u>

(ii) *Performance obligations for contracts with customers*

Electric and maintenance engineering services

Under the terms of contracts, the Group's performance creates or enhances the properties which the customers control during the course of work by the Group. Revenue from provision of electric and maintenance engineering services is therefore recognised based on the progress towards complete satisfaction of a performance obligation of contract using input method. The progress towards complete satisfaction of a performance obligation is determined as the proportion of the costs incurred for the works (i.e. direct labor costs, subcontracting costs and costs of materials incurred) performed to date relative to the estimated total costs to complete the satisfaction of these services and the margin of each project, to the extent that the revenue can be measured reliably and its recovery is considered probable.

The Group's engineering service contracts include payment schedules which require stage payments over the construction period once certain specified milestones based on surveyors' assessment are reached.

Retention receivables, prior to expiration of maintenance period, which ranges from one to two years from the date of the practical completion of the engineering services, are classified as contract assets. The relevant amount of contract asset is reclassified to trade receivables when the maintenance period expires. The maintenance period serves as an assurance that the engineering services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the engineering services are performed representing the Group's right to consideration for the services performed and not billed because the rights are conditioned on the Group's future performance accepted by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. If the progress payment exceeds the revenue recognised to date under the input method, the Group recognises a contract liability for the difference.

(iii) The transaction price allocated to the remaining performance obligations of electric and maintenance engineering services contracts (unsatisfied or partially unsatisfied) as at 30 September 2022 and the expected timing of recognised revenue are as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	199,161	186,530
More than one year	459,108	759,750
	<u>658,269</u>	<u>946,280</u>

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 segments:

For the year ended 30 September 2022

	Consolidated HK\$'000
Segment revenue from electric and maintenance engineering services	<u><u>348,610</u></u>
Segment results from electric and maintenance engineering services	31,140
Interest income	84
Rental income from investment properties	1,137
Change in fair value of investment properties	(4,490)
Change in fair value of financial assets at FVTPL	(4,500)
Administrative expenses	(7,489)
Finance cost	<u><u>(52)</u></u>
Profit before taxation	<u><u>15,830</u></u>

For the year ended 30 September 2021

	Consolidated HK\$'000
Segment revenue from electric and maintenance engineering services	<u><u>254,863</u></u>
Segment results from electric and maintenance engineering services	27,956
Interest income	65
Rental income from investment properties	1,398
Change in fair value of investment properties	1,970
Change in fair value of financial assets at FVTPL	113
Administrative expenses	(9,307)
Finance cost	<u><u>(55)</u></u>
Profit before taxation	<u><u>22,140</u></u>

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

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

Other segment information

	Electric and maintenance engineering services	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 30 September 2022			
Interest income	19	84	103
Depreciation of property, plant and equipment	592	242	834
Depreciation of right-of-use assets	1,042	635	1,677
Impairment losses on trade receivables, net	381	–	381
Impairment losses on contract assets, net	(725)	–	(725)
Change in fair value of investment properties	–	4,490	4,490
Change in fair value of financial assets at FVTPL	–	4,500	4,500
Gain on disposal of property, plant and equipment	1,444	–	1,444
Finance cost	78	52	130
	<u>78</u>	<u>52</u>	<u>130</u>

For the year ended 30 September 2021

Interest income	–	65	65
Depreciation of property, plant and equipment	754	–	754
Depreciation of right-of-use assets	729	914	1,643
Impairment losses on trade receivables, net	115	–	115
Impairment losses on contract assets, net	199	–	199
Change in fair value of investment properties	–	1,970	1,970
Change in fair value of financial assets at FVTPL	–	113	113
Gain on disposal of property, plant and equipment	4,145	–	4,145
Finance cost	70	55	125
	<u>70</u>	<u>55</u>	<u>125</u>

Geographical information

All of the segment revenue reported above is from Hong Kong.

The Group's property, plant and equipment of HK\$1,767,000 (2021: HK\$1,999,000), right-of-use assets amounting to HK\$2,411,000 (2021: HK\$3,032,000), investment properties of HK\$50,480,000 (2021: HK\$54,970,000) and deposits of HK\$331,000 (2021: HK\$331,000) as at 30 September 2022 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A (<i>note</i>)	N/A	38,957
Customer B (<i>note</i>)	71,815	N/A
Customer C	179,792	149,493
Customer D	96,485	56,669

All of above customers are derived from electric and maintenance engineering services segment.

Note: The customer attributed less than 10% of revenue in respective year.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income:		
Bank interest income	103	65
Government grant (<i>note</i>)	7,150	2,919
Rental income from investment properties	1,137	1,398
Others	10	309
	8,400	4,691

Note: The government grant represented the government subsidies received under Employment Support Scheme and the Employment Support Scheme for the construction section (casual employees) launched by the Government of the Hong Kong Special Administrative Region.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other gains and losses:		
Change in fair value of investment properties	(4,490)	1,970
Change in fair value of financial assets at FVTPL	(4,500)	113
Gain on disposal of property, plant and equipment	1,444	4,145
Net exchange (loss) gain	(656)	112
Others	24	–
	(8,178)	6,340

5. FINANCE COST

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on lease liabilities	<u>130</u>	<u>125</u>

6. PROFIT BEFORE TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Staff costs (<i>note</i>):		
Directors' remuneration	10,228	12,462
Other staff costs	172,562	111,435
Contributions to retirement benefits schemes for other staff	<u>5,765</u>	<u>3,834</u>
	<u>188,555</u>	<u>127,731</u>
Auditor's remuneration	965	950
Depreciation of property, plant and equipment	834	754
Depreciation of right-of-use assets	1,677	1,643
Gross rental income from investment properties	(1,137)	(1,398)
Less: Direct operating expense arising from investment properties that generated rental income	<u>64</u>	<u>11</u>
	<u>(1,073)</u>	<u>(1,387)</u>

Note: Staff costs of HK\$171,728,000 (2021: HK\$107,573,000) included in cost of sales and remaining HK\$16,827,000 (2021: HK\$20,158,000) included in administrative expenses.

7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current year	2,201	4,799
– Underprovision in prior years	<u>28</u>	<u>–</u>
	2,229	4,799
Deferred taxation (credit) charge for the year	<u>(24)</u>	<u>93</u>
	<u><u>2,205</u></u>	<u><u>4,892</u></u>

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%. The profits of group entities not qualified for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax for 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 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before taxation	<u>15,830</u>	<u>22,140</u>
Taxation at income rate of 16.5%	2,612	3,653
Tax effect of expenses not deductible for tax purposes	1,330	1,059
Tax effect of income not taxable for tax purposes	(1,499)	(1,568)
Tax effect of tax losses not recognised	749	1,913
Utilisation of tax losses previously not recognised	(850)	–
Underprovision in prior years	28	–
Income tax at concessionary rate	<u>(165)</u>	<u>(165)</u>
Income tax expense	<u><u>2,205</u></u>	<u><u>4,892</u></u>

8. DIVIDEND

No dividend was paid or proposed for ordinary Shareholders of the Company during 2022 or has any dividend been proposed since the end of the reporting period (2021: nil).

9. EARNINGS PER SHARE

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

Earnings

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the purpose of calculating basic and diluted earnings per share for the year attributable to owners of the Company	<u>11,591</u>	<u>16,992</u>

Number of shares

	2022 <i>'000</i>	2021 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings for share	661,449	650,215
Effect of dilutive potential ordinary shares – share options	<u>349</u>	<u>407</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>661,798</u>	<u>650,622</u>

10. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gross trade receivables	105,915	24,250
Less: allowance for credit losses	<u>(499)</u>	<u>(118)</u>
Total	<u>105,416</u>	<u>24,132</u>

As at 1 October 2020, the carrying amount of trade receivables is HK\$594,000.

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, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	<u>105,416</u>	<u>24,132</u>

As at 30 September 2021 and 30 September 2022, entire trade receivables were not past due at the reporting date.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Rental and other deposits	636	503
Deposits for trading products/materials purchase	2,090	593
Prepayments and others	<u>1,546</u>	<u>931</u>
Total	<u>4,272</u>	<u>2,027</u>
Presented as non-current assets	331	331
Presented as current assets	<u>3,941</u>	<u>1,696</u>
Total	<u>4,272</u>	<u>2,027</u>

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract assets		
– Engineering service contracts	69,785	120,631
Less: allowance for credit losses	<u>(383)</u>	<u>(1,108)</u>
	<u>69,402</u>	<u>119,523</u>
Contract liabilities		
– Engineering service contracts	<u>13,721</u>	<u>1,663</u>

As at 1 October 2020, the carrying amounts of contract assets and contract liabilities are HK\$51,738,000 and HK\$5,485,000, respectively.

The Group has rights to considerations from customers for the electric and maintenance engineering services. Contract assets arise when the Group has right to consideration for completion of electric and maintenance engineering services and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables when such right becomes unconditional. Remaining rights and performance obligations in a particular contract is accounted for and presented on a net basis, as either a contract asset or a contract liability. If the progress payment exceeds the revenue recognised to date under the input method, then the Group recognises a contract liability for the difference.

Retention monies withheld by customers of electric and maintenance engineering services are unsecured, interest-free and recoverable after the completion of maintenance 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 practical completion of respective electric and maintenance engineering services. The retention money, included in contract assets and contract liabilities, is to be settled, based on the completion of maintenance period, at the end of the reporting period as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	11,500	24,840
After one year	<u>22,587</u>	<u>13,638</u>
Total	<u><u>34,087</u></u>	<u><u>38,478</u></u>

The Group classified certain of contract assets, which are expected to be recovered more than 12 months, as current because the Group expects to realise them in its normal operating cycle.

For the contract liabilities as at 1 October 2020 and 30 September 2021 and 2022, the entire balances were/expected to be recognised as revenue within twelve months after the end of the reporting period.

The decrease of contract assets as at 30 September 2022 is the result of increase in completion of certain contracts work which are certified by customers at the end of the reporting period.

The increase of contract liabilities as at 30 September 2022 is the result of advances by customers for a new project at initial stage at the end of reporting period.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	15,111	7,738
31 – 60 days	<u>5,119</u>	<u>1,472</u>
	<u>20,230</u>	<u>9,210</u>

14. OTHER PAYABLES AND ACCRUED CHARGES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accrued charges for engineering service contracts	5,226	1,870
Retention payables (<i>note</i>)	–	771
Accrued payroll and bonus	19,999	8,732
Other accrued charges	<u>659</u>	<u>1,127</u>
	<u>25,884</u>	<u>12,500</u>

Note: 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.

15. SHARE CAPITAL

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 1 October 2020, 30 September 2021 and 2022	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 October 2020	643,621,000	6,436
Issue of shares upon exercise of share options (<i>note i</i>)	<u>12,570,000</u>	<u>126</u>
At 30 September 2021	656,191,000	6,562
Issue of shares upon exercise of share options (<i>note ii</i>)	<u>9,510,000</u>	<u>95</u>
At 30 September 2022	<u>665,701,000</u>	<u>6,657</u>

Note:

- (i) During the year ended 30 September 2021, a total of 12,570,000 new ordinary shares of HK\$0.01 each were issued upon exercises of the share options of the Company. The new shares rank pari passu with the existing shares in all respects.
- (ii) During the year ended 30 September 2022, a total of 9,510,000 new ordinary shares of HK\$0.01 each were issued upon exercises of the share options of the Company. The new shares rank pari passu with the existing shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 30 September 2022 (“**FY2022**”), the Group focused on the electric and maintenance (E&M) engineering service business and property investment. The Group continued to engage in providing large scale E&M engineering services in major construction projects in both private and public sectors in Hong Kong. Our project portfolio has encompassed hospitals, government office complex and departmental headquarter and museum in West Kowloon. In coming 2 years, the Group will focus on two major projects, namely engineering services for Queen Mary Hospital and Immigration Headquarters. During FY2022, rental income from property investment amounted to approximately HK\$1.1 million (for the year ended 30 September 2021 (“**FY2021**”): approximately HK\$1.4 million). There was no trading business transaction in both FY2022 and FY2021.

FINANCIAL REVIEW

Results Analysis

The Group’s revenue in FY2022 was approximately HK\$348.6 million, representing an increase of approximately HK\$93.7 million or 36.8% as compared to that in FY2021. During FY2022, the Group has substantially completed the projects in Kwong Wah Hospital and new Inland Revenue Department. Besides, the Group performed two large scale engineering contracts in FY2022, namely Queen Mary Hospital and Immigration Headquarters.

The Group’s gross profit for FY2022 increased by approximately HK\$2.5 million which was mainly due to increase in revenue from E&M engineering service business. The Group’s gross profit ratio has decreased from 17.2% in FY2021 to 13.3% in FY2022 due to increase in material, labour cost and subcontracting charge being affected by COVID-19 pandemic.

Other income

The Group recorded other income of approximately HK\$8.4 million in FY2022, representing an increase of approximately HK\$3.7 million as compared to that in FY2021. The increase was mainly due to increase in government grant received under Employment Support Scheme.

Other gains and losses

The Group recorded net other losses of approximately HK\$8.2 million in FY2022 while it recorded net other gains of approximately HK\$6.3 million in FY2021. The change was mainly due to decrease in the gain on disposal of property, plant and equipment, and the decrease in the fair value on the investment property and financial asset at FVTPL in FY2022.

Impairment losses on trade receivables and contract assets

The Group reversed an amount of approximately HK\$0.3 million on impairment losses on trade receivables and contract assets in FY2022. (FY2021: recognised impairment losses of approximately HK\$0.3 million).

Administrative expenses

In FY2022, administrative expenses decreased by approximately HK\$1.3 million as compared to that in FY2021, which was mainly due to decrease in staff costs.

Profit and total comprehensive income

The decrease in profit and total comprehensive income of approximately HK\$3.6 million was mainly arose from the net effect of an increase in gross profit of approximately HK\$2.5 million, an increase in other income of approximately HK\$3.7 million, a decrease in other gains and losses of approximately HK\$14.5 million, a decrease in administrative expenses of approximately HK\$1.3 million and a decrease in income tax expense of approximately HK\$2.7 million.

FINANCIAL RESOURCES REVIEW

Liquidity, Financial Position and Capital Structure

As at 30 September 2022, the Group had bank and cash balances and short term bank deposits of approximately HK\$127.7 million (30 September 2021: HK\$112.2 million).

As at 30 September 2022, there was no bank borrowing (30 September 2021: Nil).

The gearing ratio, defined as the ratio of total borrowings less bank and cash balances to equity attributable to owners of the Company was inapplicable, as the Group was in a net cash position as at 30 September 2022 and 2021.

Foreign Exchange Risk Management

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars. The Group is not exposed to significant 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.

PROSPECTS AND OUTLOOK

Associated with global trade frictions, geopolitical uncertainties, together with the global lockdown with the epidemic of COVID-19, construction projects are deeply affected in the past years. Relying on the Group's experienced technical team and good reputation in the market, the Group managed to secure engineering projects and maintain its profitability during FY2022. The confirmed project orders on hand was about HK\$639.1 million as at 30 September 2022, and the completion dates of the projects spreading over the coming two years.

HUMAN RESOURCES

As at 30 September 2022, the number of employees of the Group was 808 (2021: 287) which includes 76 of long-term employees (2021: 75) and 732 of short-term employees (2021: 212). 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 FY2022.

CORPORATE GOVERNANCE

The Company has, throughout FY2022, applied the principles and complied with the requirements of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (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.

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

Code Provision A.1.8

Code provision A.1.8 of the CG Code 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.

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, obtained written confirmations from all Directors that they have fully complied with the Model Code throughout FY2022.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's consolidated financial statements for FY2022, including the accounting principles and practices adopted by the Group.

EVENT AFTER THE REPORTING PERIOD

On 25 October 2022, the Company and a placing agent entered into a placing agreement, pursuant to which the placing agent conditionally agreed to procure places to subscribe for a maximum of 40,000,000 placing shares at a price of HK\$0.530 per placing share on a best effort basis. As the conditions set out in the placing agreement were not fully fulfilled by 25 November 2022, the placing agreement lapsed and the Placing did not proceed.

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.

Save as disclosed above, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 September 2022 and up to the date of this announcement.

DIVIDEND

No dividend was paid or proposed for ordinary Shareholders of the Company during FY2022, nor has any dividend been proposed since the end of the reporting period.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlements of shareholders of the Company to attend and vote at the annual general meeting to be held on Tuesday, 28 March 2023, the register of members of the Company will be closed from Thursday, 23 March 2023 to Tuesday, 28 March 2023, both days inclusive, during which period no transfer of 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 Wednesday, 22 March 2023.

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 year ended 30 September 2022 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 audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 23 December 2022. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 FY2022 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, 23 December 2022

As at the date of this announcement, the executive Directors are Mr. Ko Chun Hay Kelvin (Chairman) and Mr. Chan Cho Chak; the non-executive Directors are Mr. Yung On Wah (Vice Chairman), Mr. Li Kar Fai Peter and Ms. Wong Cheuk Wai Helena and the independent non-executive Directors are Mr. Chan Wing Fai, Mr. Yeung Wai Lung and Mr. Ng Man Li.