TAI KAM HOLDINGS LIMITED
泰錦控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8321)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Director(s)") of Tai Kam Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

Revenue amounted to approximately HK$169.1 million for the year ended 30 April 2019 (2018: approximately HK$180.1 million), representing a decrease of approximately 6.1% as compared with that of the year ended 30 April 2018.

Net profit for the year ended 30 April 2019 amounted to approximately HK$3.7 million (2018: Net profit of approximately HK$11.0 million). Such decrease in net profit was primarily attributable to the decrease in revenue and increase in administrative expenses recognised for year ended 30 April 2019.

Basic and diluted earnings per share amounted to approximately HK0.46 cents for the year ended 30 April 2019 (2018: basic and diluted earnings per share of approximately HK1.37 cents).

The Board does not recommend a payment of a final dividend for the year ended 30 April 2019 (2018: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2019

The board of Directors of the Company (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2019 together with the comparative figures for the year ended 30 April 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Revenue	*4*	**169,065**	180,097
Direct costs		**(153,552)**	(160,750)
Gross profit		**15,513**	19,347
Other income	*6*	**14**	270
Administrative expenses		**(9,896)**	(6,147)
Profit from operation		**5,631**	13,470
Finance costs	*7(a)*	**(212)**	–
Profit before taxation	*7*	**5,419**	13,470
Income tax expense	*8*	**(1,743)**	(2,508)
Profit and total comprehensive income for the year attributable to equity holders of the Company		**3,676**	10,962
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company			
Basic and diluted	*10*	**0.46**	1.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current asset			
Plant and equipment		**5,190**	6,695
Current assets			
Trade and other receivables	*11*	**77,083**	22,879
Contract assets		**22,967**	–
Amounts due from customers for contract work		**–**	2,505
Cash and bank balances		**58,549**	94,165
		158,599	119,549
Current liabilities			
Trade and other payables	*12*	**45,782**	17,643
Amounts due to customers for contract work		**–**	5,757
Tax payable		**3,641**	1,725
		49,423	25,125
Net current assets		**109,176**	94,424
Total assets less current liabilities		**114,366**	101,119
Non-current liability			
Deferred tax liabilities		**524**	702
Net assets		**113,842**	100,417
EQUITY			
Share capital	*13*	**8,000**	8,000
Reserves		**105,842**	92,417
Total equity attributable to equity holders of the Company		**113,842**	100,417

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2019

1. GENERAL INFORMATION

Tai Kam Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 1 April 2016. The address of its registered office and principal place of business are Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Room 1101, 11/F, Wealth Commercial Centre, 48 Kwong Wa Street, Mong Kok, Kowloon, Hong Kong respectively.

The Company is an investment holding company, its subsidiaries (collectively referred as the "Group") are principally engaged in undertaking slope works in Hong Kong as main contractor, undertaking renovation construction services and investment holding.

The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 October 2016.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These consolidated financial statements for the year ended 30 April 2019 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9 "Financial Instruments"

- HKFRS 15 "Revenue from Contracts with Customers"

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Details of the changes in accounting policies are discussed in Note 3(i) for HKFRS 9 and Note 3(ii) for HKFRS 15.

(i) HKFRS 9 "Financial Instruments"

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 May 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 May 2018. Therefore, comparative information continues to be reported under HKAS 39.

There is no material impact of the requirements of HKFRS 9 on the Group's retained earnings and reserves at 1 May 2018.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(a) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. The carrying amounts for all financial assets at 1 May 2018 have not been impacted by the initial application of HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 May 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 May 2018.

(b) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECL earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables); and

– contract assets as defined in HKFRS 15;

For further details on the Group's accounting policy for accounting for credit losses. The Group has concluded that there would be no material impact for initial application of the new impairment requirements.

(c) ***Transition***

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. There is no material impact on the carrying amounts of financial assets resulting from the adoption of HKFRS 9. Accordingly, the information presented for 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 May 2018 (the date of initial application of HKFRS 9 by the Group).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(ii) HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18 "Revenue", which covered revenue arising from sale of goods and rendering of services, and HKAS 11 "Construction Contracts", which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 May 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 May 2018.

The following table summarises the impact of transition to HKFRS 15 on retained earnings and the related tax impact at 1 May 2018:

	HK$'000
Retained earnings	
Change in timing of contract costs recognition for construction contracts	11,676
Related tax	(1,927)
Net increase in retained earnings at 1 May 2018	9,749

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(a) Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

Under HKFRS 15, contract revenue recognised over time continues to be applied based on the progress certificates issued by the customers. This core principle is same as the method in measuring the stage of completion under HKAS 11. As a result, there is no change in the method in measuring the stage of completion under HKAS 11 as compared with output method under HKFRS 15.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction contracts.

(b) Timing of recognition of contract costs

Under HKFRS 15, if the costs incurred in fulfilling a contract with a customer are not within the scope of another standard, assets shall only be recognised if the costs incurred (i) relate directly to a contract or an anticipated contract that can be specifically identified; (ii) generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and (iii) are expected to be recovered. Costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contracts and costs for which an entity cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations shall be expensed as incurred under HKFRS 15.

Previously, contract costs of the Group were recognised by reference to the stage of completion of the contract, which was measured with reference to the percentage of the estimated total revenue for the contracts entered into by the Group that have been performed to date. Under HKFRS 15, contract costs relating to satisfied performance obligations are expensed as incurred.

As a result of this change in accounting policy, the Group had made adjustments to opening balances at 1 May 2018 which increased retained earnings by HK$9,479,000, increased contract assets by HK$5,919,000, decreased contract liabilities by HK$5,727,000 and increased tax payable by HK$1,927,000.

(c) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before receiving the consideration or being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balance relating to construction contracts in progress were presented in the statement of financial position under "Amounts due from customers for contract work" or "Amounts due to customers for contract work" respectively.

Receivables for which the Group's entitlement to the consideration was conditional or achieving certain milestones or satisfactory completion for retention period were presented in the statement of financial position as "Retentions receivable" under "Trade and other receivables".

To reflect these changes in presentation, the Group has made the following adjustments at 1 May 2018, as a result of the adoption of HKFRS 15:

(i) "Amounts due from customers for contract work" and "Retentions receivable" under "Trade and other receivables" amounting to HK$2,505,000 and HK$8,104,000 respectively, are now included under contract assets;

(ii) "Amounts due to customers for contract work" amounting to HK$5,727,000 is now included under contract liabilities; and

(iii) As explained in (b) above, adjustments to opening balances have been made to increase contract assets by HK$5,919,000 and decrease contract liabilities by HK$5,727,000.

(d) ***Disclosure of the estimated impact on the amounts reported in respect of the year ended 30 April 2019 as a result of the adoption of HKFRS 15 on 1 May 2018***

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 30 April 2019, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 if those superseded standards had continued to apply to 2019 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 (A)	**Hypothetical amounts under HKASs 18 and 11 (B)**	**Difference: Estimated impact of adoption of HKFRS 15 on 2018 (A)-(B)**
	HK$'000	*HK$'000*	*HK$'000*
Line items in the consolidated statement of profit or loss and other comprehensive income for year ended 30 April 2019 impacted by the adoption of HKFRS 15:			
Direct costs	(153,552)	(142,666)	(10,886)
Gross profit	15,513	26,399	(10,886)
Profit from operations	5,631	16,517	(10,886)
Profit before taxation	5,419	16,305	(10,886)
Income tax	(1,743)	(3,537)	1,794
Profit and total comprehensive income for the year	3,676	12,768	(9,092)
Earnings per share (HK Cents)			
Basic and diluted	0.46	1.60	(1.14)
Line items in the consolidated statement of financial position as at 30 April 2019 impacted by the adoption of HKFRS 15:			
Contract assets	22,967	–	22,967
Amounts due from customers for contract work	–	16,211	(16,211)
Trade and other receivables	77,083	83,049	(5,966)
Total current assets	158,599	157,809	790

	Amounts reported in accordance with HKFRS 15 (A) *HK$'000*	Hypothetical amounts under HKASs 18 and 11 (B) *HK$'000*	Difference: Estimated impact of adoption of HKFRS 15 on 2018 (A)-(B) *HK$'000*
Trade and other payables	(45,782)	(42,103)	(3,679)
Amounts due to customers for contract work	–	(3,679)	3,679
Tax payables	(3,641)	(3,504)	137
Total current liabilities	(49,423)	(49,286)	(137)
Net current assets	109,176	108,523	653
Total assets less current liabilities	114,366	113,713	653
Deferred tax liabilities	(524)	(528)	4
Net assets	113,842	113,185	657
Reserves	105,842	105,185	657
Total equity	113,842	113,185	657
Line items in the reconciliation of profit before taxation to cash generated from operations for year ended 30 April 2019 impacted by the adoption of HKFRS 15:			
Profit before taxation	5,419	16,305	(10,886)
Increase in amounts due from customers for contract work	–	(13,706)	13,706
Increase in contract assets	(6,439)	–	(6,439)
Increase in trade and other receivable	(62,769)	(60,631)	(2,138)
Increase in trade and other payables	14,945	11,266	3,679
Decrease in amount due to customers for contract work	–	(2,078)	2,078

The differences arise as a result of the changes in accounting policies described above.

4. REVENUE

Revenue represents receipts from the provision of undertaking slope works in Hong Kong and renovation work.

Revenue recognised for the years ended 30 April 2019 and 2018 are as follows:

	2019 *HK$'000*	2018 *HK$'000*
Contract revenue	**169,065**	180,097

As at 30 April 2019, the aggregated amount of revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date is HK$256,369,000. The Group applies the practical expedient in paragraph 121 of HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less. In addition, contracts that include a promise to perform an undefined quantity of tasks at a fixed contractual rate per unit, with no contractual minimums that would make some or all of the consideration fixed, are not included as the possible transaction prices and the ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 to 22 months. This analysis is solely for compliance with HKFRS 15 disclosure requirement in respect of transaction price allocated to the remaining performance obligations.

5. SEGMENT INFORMATION

The Group's chief operating decision maker (the "CODM") has been identified as the executive directors of the Company. The CODM regards the Group's business of undertaking slope works in Hong Kong as main contractor and renovation construction services as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

(a) Geographical information

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

(b) Major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**66,841**	156,005

6. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**4**	222
Gain on disposal of plant and equipment	**10**	48
	14	270

7. PROFIT BEFORE TAXATION

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation is stated after charging/(crediting):		
(a) Finance costs		
Interest expenses	**212**	–
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**23,524**	29,113
Contributions to defined contribution retirement plans	**801**	1,147
	24,325	30,260
(c) Other items		
Auditor's remuneration	**400**	561
Depreciation	**1,852**	1,332
Gain on disposal of plant and equipment	**(10)**	(48)
Impairment loss on trade receivables and contract assets	**461**	–
Operating lease charges in respect of:		
– Premises	**1,232**	602
– Machinery (included in direct costs)	**6**	22
Subcontracting charges (included in direct costs)	**151,843**	113,038
Bad debts written off on trade receivables	**–**	41
Bad debts written off on retention receivables	**–**	32
Bad debts written off on prepayments	**–**	178

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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 qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%.

For the year ended 30 April 2018, Hong Kong Profits Tax of Tai Kam Construction Engineering Company Limited ("Tai Kam Construction"), a subsidiary of the Group, is calculated in accordance with the two-tiered profits tax rates regime.

	2019	2018
	HK\$'000	*HK\$'000*
Current tax		
Hong Kong Profits Tax		
– Current year	**1,947**	2,111
– Over-provision in respect of prior year	**(26)**	(36)
	1,921	2,075
Deferred tax		
– Current year	**(152)**	439
– Effect of change in tax rate	**(26)**	(6)
	(178)	433
Income tax expense	**1,743**	2,508

Reconciliation between income tax expense and accounting profit at applicable tax rate:

	2019	2018
	HK\$'000	*HK\$'000*
Profit before taxation	**5,419**	13,470
Tax on profit before income tax at 16.5% (2018: 16.5%)	**894**	2,223
Tax effect of non-taxable income	**(2)**	(53)
Tax effect of non-deductible expenses	**1,044**	549
Effect of two-tiered profits tax rates regime	**(165)**	(165)
Effect on opening deferred tax balance arising from a change in tax rate during the year	**(26)**	(6)
Over-provision in respect of prior year	**(26)**	(36)
Other	**24**	(4)
Income tax expense	**1,743**	2,508

9. DIVIDENDS

The directors did not recommend the payment of a dividend for the years ended 30 April 2019 and 2018.

10. EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to equity holders of the Company	**3,676**	10,962
Number of shares		
Weighted average number of ordinary shares (in thousands)	**800,000**	800,000

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 30 April 2019 and 2018 represents 800,000,000 (2018: 800,000,000 shares) ordinary shares in issue throughout the year.

There were no dilutive potential ordinary shares during the years ended 30 April 2019 and 2018 and therefore, diluted earnings per share equals to basic earnings per share.

11. TRADE AND OTHER RECEIVABLES

	As at	As at	As at
	30 April 2019	1 May 2018	30 April 2018
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables *(note (a))*	**13,996**	11,785	11,785
Retention receivables	**–**	–	8,104
Surety bonds	**4,500**	–	–
Other receivables and deposits	**–**	764	764
Prepayments	**58,587**	2,207	2,207
Amount due from a related company	**–**	19	19
	77,083	14,775	22,879

(a) Trade receivables

The Group usually grants credit period from 21 to 60 days (2018: 21 to 60 days) to customers. The ageing analysis of the trade receivables based on the invoice dates is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**8,554**	8,693
31 – 60 days	**361**	2,902
61 – 90 days	**3,559**	190
Over 90 days	**1,522**	–
	13,996	11,785

During the year ended 30 April 2018, the Group had written off trade receivables of approximately HK$41,000 from a long overdue customer.

The Group did not hold any collateral as security or other credit enhancements over the trade receivables, whether determined on individual or collective basis.

12. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**26,590**	9,467
Retention payables	**3,403**	4,793
Accruals and other payables	**2,595**	3,383
Amount due to a related company	**13,194**	–
	45,782	17,643

At 30 April 2019, no retention payables expected to be settled after more than one year (2018: HK$318,860). All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Notes:

(a) Trade payables

The ageing analysis of trade payables based on invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**22,910**	8,493
31 – 60 days	**–**	662
61 – 90 days	**3,680**	312
	26,590	9,467

The Group is granted by its suppliers a credit period ranging from 0 to 30 days (2018: 0 to 30 days).

13. SHARE CAPITAL

	2019 Number of shares	**2019** HK$'000	2018 Number of shares	2018 HK$'000
Authorised:				
Ordinary share of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000

	2019 Number of shares	**2019** HK$'000	2018 Number of shares	2018 HK$'000
Issued and fully paid:	**800,000,000**	**8,000**	800,000,000	8,000

14. OPERATING LEASE COMMITMENTS

At 30 April 2019 and 2018, the total future minimum lease payments payable by the Group under non-cancellable operating leases in respect of premises are as follows:

	2019 *HK$'000*	2018 *HK$'000*
Within one year	**726**	885
In the second to fifth years	**312**	1,055
	1,038	1,940

The leases typically run for an initial period of one to three years (2018: three year). The lease does not include contingent rentals.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Company, together with its subsidiaries (the "Group") is a main contractor principally engaged in undertaking slope works and renovation works in Hong Kong. Slope works generally refer to landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Renovation works refer to the fitting out work for premises in Hong Kong.

Tai Kam Construction Engineering Company Limited ("Tai Kam Construction"), our principal operating subsidiary, is an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau of the government of Hong Kong (the"Government") under the category of "Landslip Preventive/Remedial Works to Slopes/Retaining Walls" with a confirmed status. Being on such list is a prerequisite for tendering for public slope works contracts. In addition, Tai Kam Construction, is registered under the Buildings Ordinance as a (i) Registered Specialist Contractor under the sub register of "Site Formation Works" category and a (ii) Registered General Building Contractor. Tai Kam Construction is also an approved contractor included in the List of Approved Contractors for Public Works under the category of "Roads and Drainage (Group A)" with a confirmed status. The majority of our revenue during the year ended 30 April 2019 (the "Reporting Period") was derived from undertaking slope works commissioned by the Civil Engineering and Development Department of the Government (the "CEDD"). In 2010, the Geotechnical Engineering Office of the CEDD launched the Landslip Prevention and Mitigation Programme to systematically deal with the landslide risk associated with both man-made slopes and natural hillsides in Hong Kong. According to the Government's statement upon the launch of the Landslip Prevention and Mitigation Programme, the Government estimated that the annual expenditure on the Landslip Prevention and Mitigation Programme would be at least HK$600 million, and the Landslip Prevention and Mitigation Programme would be implemented on a rolling basis annually to upgrade 150 Government man-made slopes, to conduct safety-screening studies on 100 private man-made slopes, and to implement studies and necessary risk mitigation works for 30 natural hillside catchments every year. Besides, according to "Head 33 – Civil Engineering and Development Department" of the "Estimates for the year ending 31 March 2020" of "The 2019-20 Budget" published by the Government, the CEDD's expenditure for landslip prevention and mitigation is just slightly decreased by approximately 2.9% from approximately HK$1,040 million of actual expenditure in 2018 to approximately HK$1,010 million of estimated expenditure in 2019. As a result, our slope work business would still benefit from the overall positive atmosphere in the industry.

However, the Group has been facing increasing costs of operation, including cost of direct labour and subcontracting charges as well as keen competition in the market and it will likely affect the Group's profit. Therefore, our business in Hong Kong is expected to continue to be very challenging in the coming years.

In order to further expand the business and generate promising returns to the shareholder of the Company, the Directors are taking active approach to develop business in other Asia-Pacific regions' markets, including but not limited to Japan, Thailand and Singapore. The Directors are also endeavouring to diversify the Company business scope that can leverage with our existing experiences and business, like design and build for property development, invest in potential property to benefit from capital appreciation and generate stable rental income, or any other business.

Meanwhile, the Group will still focus on landslip preventive and remedial works to slopes in the Hong Kong construction industry and renovation works in Hong Kong. The Group will continue to strengthen the competitive edge of the Group over competitors in the construction industry and expanding the business in order to increase shareholders' return.

FINANCIAL REVIEW

Revenue

Revenue represents receipts from the provision of undertaking slope works and renovation works in Hong Kong. Slope works generally refer to landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Renovation works refer to the fitting out work for business for premises in Hong Kong.

The Group's revenue decreased by approximately HK$11.0 million, or approximately 6.1%, from approximately HK$180.1 million for the year ended 30 April 2018 to approximately HK$169.1 million for the Reporting Period. The decrease in revenue was mainly due to decrease in works performed from the CEDD and Lands Department's slope work projects recognised with reference to the progress certificate under relevant contracts for the Reporting Period.

The majority of our revenue during the Reporting Period was derived from undertaking slope works commissioned by the CEDD, Lands Department and Housing Authority.

The executive Directors regard the Group's business of construction in Hong Kong as a single operating segment and review the overall results of the Group as a whole to make decisions on resource allocation. Accordingly, no segment analysis information is presented.

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$3.8 million, or approximately 19.7%, from approximately HK$19.3 million for the year ended 30 April 2018 to approximately HK$15.5 million for the Reporting Period. The Group's gross profit margin decreased from approximately 10.7% for the year ended 30 April 2018 to approximately 9.2% for the Reporting Period. The decrease in gross profit and decrease in gross profit margin was mainly due to less revenue contribution with lower margin undertaking by substantial use of subcontractors and labourers from projects being recognised for the Reporting Period.

The Group's direct costs decreased by approximately HK$7.2 million, or approximately 4.5%, from approximately HK$160.8 million for the year ended 30 April 2018 to approximately HK$153.6 million for the Reporting Period. The decrease of direct costs is mainly due to the decrease in subcontracting charges. The decrease of subcontracting charges is due to decrease in amount of works performed from those projects with substantial use of subcontractors for the Reporting Period.

Administrative expenses

The Group's administrative expenses increased by approximately HK$3.8 million, or approximately 62.3%, from approximately HK$6.1 million for the year ended 30 April 2018 to approximately HK$9.9 million for the Reporting Period. Administrative expenses consist primarily of staff costs, professional fees, depreciation, rental expenses and other administrative expenses. The increase in the Group‘s administrative expenses was mainly due to an increase in administrative staff cost and professional fees for the Reporting Period.

Other income

The Group's other income decreased from HK$270,000 for the year ended 30 April 2018 to HK$14,000 for the Reporting Period. It is mainly attributable to the decrease of bank deposit interest income of approximately HK$198,000 from approximately HK$222,000 for the year ended 30 April 2018 to HK$4,000 for the Reporting Period.

Net Profit/Loss

The net profit amounted to approximately HK$3.7 million for the Reporting Period as compared to approximately HK$11.0 million for year ended 30 April 2018. Such decrease in net profit was primarily attributable to the increase in administrative expenses for the Reporting Period as disclosed above and the decrease on the gross profit margin for the Reporting Period.

Final Dividend

The Board did not recommend a payment of a final dividend for the Reporting Period (2018: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2019, the Group's operations, capital expenditure and other capital requirements were funded by internal resources and net proceeds raised from the placing as disclosed in the Prospectus (the "Prospectus") of the Company dated 20 October 2016 (the "Placing").

As at 30 April 2019, the Group's total equity attributable to owners of the Company amounted to approximately HK$113.8 million (2018: approximately HK$100.4 million).

As at 30 April 2019, the Group had cash and bank balances of approximately HK$58.5 million (2018: approximately HK$94.2 million). Cash and bank balances are denominated in Hong Kong Dollars. The decrease was mainly due to the cash used in operations.

The Directors are of the view that as at the date hereof, the Group's financial resources are sufficient to support its business and operations. Notwithstanding this, the Group may consider other financing activities when appropriate business opportunities arise under favorable market conditions.

PLEDGE OF ASSETS

There was no pledge of assets as at 30 April 2019 (2018: Nil).

CASH POSITION

As at 30 April 2019, the cash and bank balances of the Group amounted to approximately HK$58.5 million (2018: approximately HK$94.2 million), representing a decrease of approximately HK$35.7 million as compared to that as at 30 April 2018.

GEARING RATIO

Gearing ratio is calculated as total borrowings (including payables incurred not in our ordinary course of business) divided by the total equity as at the respective reporting dates.

As at 30 April 2019 and as at 30 April 2018, the Group's gearing ratio was zero as it did not have any outstanding borrowings.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group's business operations have been conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group are mainly denominated in Hong Kong Dollars. For the Reporting Period and for the year ended 30 April 2018, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the Reporting Period (2018: Nil).

CAPITAL COMMITMENTS

As at 30 April 2019, the Group had no material capital commitments (2018: Nil).

CONTINGENT LIABILITIES

There were no significant contingent liabilities of the Group as at 30 April 2019 (2018: Nil).

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 28 October 2016. There has been no change in the capital structure of the Group since then up to the end of the Reporting Period. The share capital of the Group only comprises of ordinary shares.

As at 30 April 2019, the Company's issued capital was HK$8,000,000 and the number of its issued ordinary shares was 800,000,000 of HK$0.01 each.

EMPLOYEES AND REMUNERATION POLICY

The Group had 97 employees (including executive Directors) as at 30 April 2019 (2018: 144 employees). Total staff costs (including Directors' emoluments) were approximately HK$24.3 million for the Reporting Period as compared to approximately HK$30.3 million for the year ended 30 April 2018. The remuneration policy and package of the Group's employees were annually reviewed and when necessary. The salaries increment, grant of share options and discretionary bonuses may be awarded to employees according to Group's performance as well as the assessment of individual performance.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed "COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS" in this announcement, the Group did not have any significant investments, acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period and the Group did not have other plans for material investments or capital assets.

SEGMENT INFORMATION

The executive Directors regard the construction business of the Group as a single operating segment and review the overall results of the Group as a whole to make decisions about resource allocation. Accordingly, no segment analysis information is presented.

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

	Business objectives up to 30 April 2019 as stated in the Prospectus	Actual business progress up to 30 April 2019
Addition of machinery, equipment and motor vehicles for undertaking additional Government slope works contracts	Approximately HK$3.30 million would be used from the Latest Practicable Date (as defined in the Prospectus) up to 30 April 2018 for the addition of necessary machinery, equipment and motor vehicles associated with our intended business strategy of undertaking additional Government slope works contracts as disclosed in the section headed "Business – Business strategy" in the Prospectus.	The Group has fully utilized the amount for acquiring necessary machinery, equipment and motor vehicles.
Additional staff costs for undertaking additional Government slope works contracts	Approximately HK$34.66 million would be used from the Latest Practicable Date (as defined in the Prospectus) up to 30 April 2019 for recruiting and retaining additional staff necessary for our intended business strategy of undertaking additional Government slope works contracts as disclosed in the section headed "Business – Business strategy" in the Prospectus.	The Group incurred approximately HK$25.73 million for recruiting and retaining additional staff for CEDD project, HA project, LD projects and other projects (including but not limited to site agents, safety officers and labour officers) up to 30 April 2019.
Other related initial costs for undertaking additional Government slope works contracts	Approximately HK$3.60 million would be used from the Latest Practicable Date (as defined in the Prospectus) up to 30 April 2018 for other related initial costs (including those in relation to setting up site offices and taking out necessary project related insurance policies) associated with our intended business strategy of undertaking additional Government slope works contracts as disclosed in the section headed "Business – Business strategy" in the Prospectus.	The Group has fully utilised the amount for the related initial cost for undertaking additional Government slope works contracts (including those incurred for project related insurance costs and setting up site offices costs) which amounted to approximately HK$3.6 million.

	Business objectives up to 30 April 2019 as stated in the Prospectus	Actual business progress up to 30 April 2019
Amount earmarked for satisfying applicable working capital requirement for undertaking additional Government slope works contracts	Approximately HK$8.00 million would be used from the Latest Practicable Date (as defined in the Prospectus) up to 30 April 2018 for satisfying the applicable working capital requirement in connection with the additional Government slope works contracts to be undertaken by us (specifically, the requirement of maintaining a minimum working capital of 10% of the combined annual value of uncompleted works on outstanding contracts, applicable to Tai Kam Construction at present as an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works under the category of "Landslip Preventive/Remedial Works to Slopes/Retaining Walls").	The Group has fully utilised the amount earmarked for satisfying the working capital requirement.

USE OF PROCEEDS

During the Reporting Period, the net proceeds from the Placing were applied as follows:

	Planned use of proceeds as stated in the Prospectus up to 30 April 2019 *HK$'million*	Actual use of proceeds up to 30 April 2019 *HK$'million*
Addition of machinery, equipment and motor vehicles	3.30	3.30
Additional staff costs	34.66	25.73
Other related initial costs	3.60	3.60
Working capital	8.00	8.00

As at the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

The Directors regularly evaluates the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the Reporting Period, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

CORPORATE GOVERNANCE CODE

The Board has adopted and complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules save for the deviation from code provision A.2.1 explained in the paragraph below. The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

Under the code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive should be clearly established. Ever since the Company appointed Ms. Tsui Tsz Fa Mabel ("Ms. Tsui") as chairman and chief executive officer, the roles of the chairman and chief executive officer have not been separated for performance by two different individuals.

The Board believes that the vesting of the roles of chairman and chief executive officer in Ms. Tsui is beneficial to the business operations and management of Group and will provide strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors ("INEDs") which represent more than half of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by code provision A.2.1 of the CG Code.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code during the Reporting Period, except where otherwise stated.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct ("Code of Conduct") regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct throughout the Reporting Period.

COMPETING INTEREST

Our Directors and their respective close associates confirm that each of them does not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and is required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules during the Reporting Period.

COMPLIANCE ADVISERS' INTERESTS

As at 30 April 2019, as notified by the Company's compliance adviser, Grande Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 29 January 2018 (the "Compliance Adviser Agreement"), neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the securities to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Pursuant to the Compliance Adviser Agreement, the Compliance Adviser has received and will receive fees for acting as the Company's compliance adviser.

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

During the Reporting Period and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PERMITTED INDEMNITY

The Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company. The insurance covers the corresponding costs, charges, expenses and liabilities for legal action of corporate activities against them.

Pursuant to the Articles, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 26 September 2016 (the "Scheme"). Pursuant to the Scheme, certain eligible participants including, among others, the Directors and employees of the Group may be granted options to subscribe for Shares. The Directors believe that the Scheme will assist in the recruitment and retention of quality executives and employees. A summary of the principal terms of the Scheme is set out in the paragraph headed "Appendix IV – Statutory and general information – D. Share Option Scheme" in the Prospectus. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. As at 30 April 2019, no share option has been granted since the adoption of the Scheme.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

EVENTS AFTER REPORTING PERIOD

Save as disclosed, up to the date of this announcement, there was no significant event after the Reporting Period of the Group.

PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company as of the date of this announcement, the Company has maintained sufficient public float required under the GEM Listing Rules.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the Reporting Period have been agreed by the Company's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by Elite Partners CPA Limited 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 Elite Partners CPA Limited on this preliminary announcement.

AUDIT COMMITTEE

The Company established the audit committee ("Audit Committee") on 26 September 2016 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Lau Wang Lap, Ms. Li Yixuan and Mr. Yim Kin Ping. The chairman of the Audit Committee is Mr. Lau Wang Lap, who has appropriate professional qualifications and experience in accounting matters. The Audit Committee has reviewed the annual results in respect of the Reporting Period, and confirmed that this announcement complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made.

By order of the Board
Tai Kam Holdings Limited
Tsui Tsz Fa Mabel
Chairman and executive Director

Hong Kong, 31 July 2019

As at the date of this announcement, the executive Directors are Ms. Tsui Tsz Fa Mabel (Chairman) and Ms. Liu Tanying; and the independent non-executive Directors are Mr. Lau Wang Lap, Mr. Yim Kin Ping and Ms. Li Yixuan.

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange's website at www.hkexnews.hk for at least 7 days from the day of its posting. This announcement will also be published on the Company's website at www.taikamholdings.com.