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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 2020

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$193.0 million for the year ended 30 April 2020 (2019: approximately HK$169.1 million), representing a increase of approximately 14.1% as compared with that of the year ended 30 April 2019.

Net loss for the year ended 30 April 2020 amounted to approximately HK$3.9 million (2019: Net profit of approximately HK$3.7 million). Such decrease in net profit was primarily attributable to the increase in administrative expenses recognised and decrease on the gross profit margin for year ended 30 April 2020.

Basic and diluted loss per share amounted to approximately HK2.45 cents for the year ended 30 April 2020 (2019: basic and diluted earnings per share of approximately HK2.30 cents (restated)).

The Board does not recommend a payment of a final dividend for the year ended 30 April 2020 (2019: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2020

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 2020 together with the comparative figures for the year ended 30 April 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2020

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Revenue	*4*	**192,981**	169,065
Direct costs		**(182,112)**	(153,552)
Gross profit		**10,869**	15,513
Other income	*6*	**50**	14
Administrative expenses		**(14,263)**	(9,896)
(Loss)/profit from operation		**(3,344)**	5,631
Finance costs	*7(a)*	**(308)**	(212)
(Loss)/profit before taxation	*7*	**(3,652)**	5,419
Income tax expense	*8*	**(266)**	(1,743)
(Loss)/profit and total comprehensive (expense)/income for the year attributable to owners of the Company		**(3,918)**	3,676
		HK cents	*HK cents* (Restated)
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted	*10*	**(2.45)**	2.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020

	Notes	**2020**	2019
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		**3,274**	5,190
Right-of-use assets		**644**	–
		3,918	5,190
Current assets			
Trade and other receivables	*11*	**113,769**	77,083
Contract assets		**23,942**	22,967
Cash and bank balances		**28,858**	58,549
		166,569	158,599
Current liabilities			
Trade and other payables	*12*	**56,534**	45,782
Lease liabilities		**581**	–
Tax payable		**2,310**	3,641
		59,425	49,423
Net current assets		**107,144**	109,176
Total assets less current liabilities		**111,062**	114,366
Non-current liabilities			
Deferred tax liabilities		**308**	524
Lease liabilities		**77**	–
		385	524
Net assets		**110,677**	113,842
EQUITY			
Share capital	*13*	**8,000**	8,000
Reserves		**102,677**	105,842
Total equity attributable to owners of the Company		**110,677**	113,842

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 to as the "Group") are principally engaged in undertaking site formation works and renovation work in Hong Kong and investment holding.

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

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 30 April 2020 comprise the Company and its subsidiaries.

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, Shared-based payment, leasing transactions that are within the scope of HKAS 16 (since 1 May 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted priced (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of consolidated 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 amounts 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

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

- HKFRS 16, *Leases*
- Amendments to HKFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to HKAS 19, *Plan Amendment, Curtailment or Settlement*
- Amendments to HKAS 28, *Long-term interests in associates and joint ventures*
- Amendments to HKFRSs, Annual improvement to HKFRSs 2015-2017 Cycle
- HK(IFRIC) 23, *Uncertainty over income tax treatments*

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

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 May 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 May 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

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

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 May 2019. For contracts entered into before 1 May 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

At the date of transition to HKFRS 16 (i.e. 1 May 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates as at 1 May 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was approximately 5.64%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 30 April 2020; and

(ii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 30 April 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in note 14 as at 30 April 2019 to the opening balance for lease liabilities recognised as at 1 May 2019:

	1 May 2019
	HK$'000
Operating lease commitments disclosed as at 30 April 2019	1,325
Less: Recognition exemption – short-term leases	(132)
	1,193
Lease liabilities discounted at relevant incremental borrowing rates	(46)
Lease liabilities as at 1 May 2019	1,147
Analysed as	
Current	713
Non-current	434
	1,147

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 30 April 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 May 2019. Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 30 April 2019	**Capitalisation of operating lease contracts**	**Carrying amount under HKFRS 16 at 1 May 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Right-of-use assets	–	1,147	1,147
Current liabilities			
Lease liabilities	–	713	713
Non-current liabilities			
Lease liabilities	–	434	434

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 May 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported loss before taxation excluding finance costs in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the application of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

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

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Definition of a business*	1 January 2020
Amendments to HKAS 1 and HKAS 8, *Definition of material*	1 January 2020
Amendments to HKFRS 16, *COVID-19 Related Rent Concessions*	1 June 2020
Amendments to Annual Improvements to HKFRSs 2018-2020	1 January 2022

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRSs, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

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

Revenue from contracts with customers for the years ended 30 April 2020 and 2019 which recognised as over time are as follows:

	2020	2019
	HK$'000	*HK$'000*
Contract revenue	**192,981**	169,065

As at 30 April 2020, the aggregated amount of revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period is HK$99,933,000 (2019: 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 within 12 months (2019: 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 CODM has been identified as the executive directors of the Company. The CODM regards the Group's business of undertaking site formation 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:

	2020	2019
	HK$'000	*HK$'000*
Customer A	**81,426**	76,755
Customer B	**58,453**	N/A *(Note)*
Customer C	**23,689**	N/A *(Note)*
Customer D	**N/A** ***(Note)***	66,841

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Except as disclosed above, no other customers contributed 10% or more to the Group's revenue for both years.

6. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**–**	4
Gain on disposal of plant and equipment	**–**	10
Sundry income	**50**	–
	50	14

7. (LOSS)/PROFIT BEFORE TAXATION

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit before taxation is stated after charging/(crediting):		
(a) Finance costs		
Interest on lease liabilities	**48**	–
Interest on amount due to a related company of former directors	**260**	212
	308	212
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**18,368**	23,524
Share option expenses	**753**	–
Retirement benefit scheme contributions	**469**	801
	19,590	24,325
(c) Other items		
Auditor's remuneration	**400**	400
Depreciation of plant and equipment	**1,581**	1,852
Depreciation of right-of-use assets	**798**	–
Loss/(gain) on disposal of plant and equipment	**59**	(10)
Loss on written off of plant and equipment	**167**	–
Impairment loss on contract assets	**56**	11
Impairment loss on trade receivables	**2,058**	450
Operating lease charges in respect of:		
– Premises	**–**	1,232
– Machinery (included in direct costs)	**–**	6
Expenses related to short term leases	**176**	–
Subcontracting charges (included in direct costs)	**179,929**	151,843

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 2020, 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.

	2020	2019
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
– Current year	**536**	1,947
– Over-provision in respect of prior years	**(54)**	(26)
	482	1,921
Deferred tax		
– Current year	**(190)**	(152)
– Effect of change in tax rate	**(26)**	(26)
	(216)	(178)
Income tax expense	**266**	1,743

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

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(3,652)**	5,419
Tax on (loss)/profit before income tax at 16.5% (2019: 16.5%)	**(602)**	894
Tax effect of non-taxable income	**–**	(2)
Tax effect of non-deductible expenses	**1,357**	1,044
Tax effect of utilisation of estimated tax losses previously not recognised	**(287)**	–
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)**	(26)
Over-provision in respect of prior years	**(54)**	(26)
Other	**43**	24
Income tax expense	**266**	1,743

9. DIVIDENDS

The directors of the Company did not recommend the payment of a dividend for the years ended 30 April 2020 and 2019.

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the following:

	2020	2019
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	**(3,918)**	3,676

	2020	2019
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares	**160,000**	160,000

The weighted average number of ordinary shares for the years ended 30 April 2020 and 2019 has been adjusted for share consolidation took place on 15 July 2020.

The computation of diluted loss per share for the year ended 30 April 2020 do not assume the exercise of the Company's outstanding share options had an anti-dilutive effect to the basic loss per share.

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

11. TRADE AND OTHER RECEIVABLES

	As at 30 April 2020	As at 30 April 2019
	HK$'000	*HK$'000*
Trade receivables from contracts with customers (net of allowance for credit losses) *(note (a))*	**73,223**	13,996
Surety bond	**4,500**	4,500
Other receivables and deposits	**515**	467
Prepayment	**35,531**	58,120
	113,769	77,083

(a) Trade receivables from contracts with customers

The Group usually grants credit period from 21 to 60 days (2019: 21 to 60 days) to customers. The ageing analysis of the trade receivables based on the invoice dates (net of allowance for credit losses) is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 – 90 days	**11,136**	12,474
91 – 180 days	**6,622**	1,522
181 – 365 days	**52,704**	–
Over 365 days	**2,761**	–
	73,223	13,996

As at 1 May 2018, trade receivables from contracts with customers amounted to approximately HK$11,785,000.

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

	2020	2019
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**35,657**	26,590
Retention payables	**5,397**	3,403
Accruals and other payables	**2,026**	2,595
Amount due to a related company of former directors	**13,454**	13,194
	56,534	45,782

As at 30 April 2020 and 2019, no retention payables expected to be settled after more than one year. 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:

	2020	2019
	HK$'000	*HK$'000*
0 – 30 days	**34,144**	22,910
31 – 60 days	**–**	–
61 – 90 days	**–**	3,680
Over 90 days	**1,513**	–
	35,657	26,590

The Group is granted by its suppliers a credit period ranging from 0 to 30 days (2019: 0 to 30 days).

13. SHARE CAPITAL

	2020		2019	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Authorised:				
Ordinary share of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000

	2020		2019	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Issued and fully paid:	**800,000,000**	**8,000**	800,000,000	8,000

14. OPERATING LEASE COMMITMENTS

As at 30 April 2019, 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
Within one year	885
In the second to fifth years	440
	1,325

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Company, together with its subsidiaries (the "Group") is principally engaged in construction business mainly site formation works and renovation works in Hong Kong. Site formation works generally include piling works, 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. 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, also the current social demonstration and the outbreak of coronavirus may affect the progress of on-going construction projects 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 site formation works 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 construction services in site formation works and renovation works in Hong Kong. Site formation generally refer to piling works, 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 increased by approximately HK$23.9 million, or approximately 14.1%, from approximately HK$169.1 million for the year ended 30 April 2019 to approximately HK$193.0 million for the Reporting Period. The increase in revenue was mainly due to increase in works performed from renovation works for the Reporting Period.

Most of the revenue during the Reporting Period derived from site formation works were 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$4.6 million, or approximately 29.7%, from approximately HK$15.5 million for the year ended 30 April 2019 to approximately HK$10.9 million for the Reporting Period. The Group's gross profit margin decreased from approximately 9.2% for the year ended 30 April 2019 to approximately 5.6% for the Reporting Period. The decrease in gross profit margin was mainly due to more revenue contribution from contracts with lower margin undertaking by increasing cost of use of subcontractors and labourers as affected by the social demonstration and the outbreak of coronavirus, and thus offset the increase in the revenue for the Reporting Period.

The Group's direct costs increased by approximately HK$28.6 million, or approximately 18.6%, from approximately HK$153.6 million for the year ended 30 April 2019 to approximately HK$182.1 million for the Reporting Period. The increase of direct costs is mainly due to the increase in subcontracting charges and labour cost as affected by the social demonstration and the outbreak of coronavirus for the Reporting Period.

Administrative expenses

The Group's administrative expenses increased by approximately HK$4.4 million, or approximately 44.4%, from approximately HK$9.9 million for the year ended 30 April 2019 to approximately HK$14.3 million for the Reporting Period. Administrative expenses consist primarily of staff costs, professional fees, depreciation, rental expenses, provision of impairment and other administrative expenses. The increase in the Group‘s administrative expenses was mainly due to the recognition of share-based payment of approximately HK$0.8 million and the impairment loss on trade receivables and contract assets of approximately HK$2.1 million for the Reporting Period.

Other income

The Group's other income increased from HK$14,000 for the year ended 30 April 2019 to HK$50,000 for the Reporting Period. It is mainly attributable to the increase of sundry income of HK$50,000 for the Reporting Period.

Net Profit/Loss

The net loss amounted to approximately HK$3.9 million for the Reporting Period as compared to the net profit of approximately HK$3.7 million for year ended 30 April 2019. Such decrease in net profit was primarily attributable to the increase in administrative expenses for the Reporting Period as discussed 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 (2019: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2020, the Group's total equity attributable to owners of the Company amounted to approximately HK$110.7 million (2019: approximately HK$113.8 million).

As at 30 April 2020, the Group had cash and bank balances of approximately HK$28.9 million (2019: approximately HK$58.5 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 2020 (2019: Nil).

CASH POSITION

As at 30 April 2020, the cash and bank balances of the Group amounted to approximately HK$28.9 million (2019: approximately HK$58.5 million), representing a decrease of approximately HK$29.6 million as compared to that as at 30 April 2019.

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 2020 and as at 30 April 2019, the Group's gearing ratio was 12.7% and 11.6% respectively.

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 2019, 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 (2019: Nil).

CAPITAL COMMITMENTS

As at 30 April 2020, the Group had no material capital commitments (2019: Nil).

CONTINGENT LIABILITIES

There were no significant contingent liabilities of the Group as at 30 April 2020 (2019: 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 2020, 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 42 employees (including executive Directors) as at 30 April 2020 (2019: 97 employees). Total staff costs (including Directors' emoluments) were approximately HK$19.6 million for the Reporting Period as compared to approximately HK$24.3 million for the year ended 30 April 2019. 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.

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 2020**
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 has fully utilised the amount 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 31 October 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 2020
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$' million*	Actual use of proceeds up to 30 April 2020 *HK$'million*
Addition of machinery, equipment and motor vehicles	3.30	3.30
Additional staff costs	34.66	34.66
Other related initial costs	3.60	3.60
Working capital	8.00	8.00

As at the date of this announcement, the Company has fully utilised the proceeds as intended.

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 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.

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"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

Details of the options outstanding for the year ended 30 April 2020 are as follows:

		No. of shares comprised in options					
Grantees	**Date of grant**	**As at 1 May 2019**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**As at 30 April 2020**	**Exercise price per share** *(Note 1)*
Executive director							
Ms. Tsui Tsz Fa Mabel	30 May 2019	–	8,000,000	–	–	8,000,000	HK$0.0732
Ms. Liu Tanying	30 May 2019	–	8,000,000	–	–	8,000,000	HK$0.0732
Other Grantees *(Note 2)*	30 May 2019	–	16,000,000	–	–	16,000,000	HK$0.0732
	Total	–	32,000,000	–	–	32,000,000	

Note 1: The closing price was HK$0.07 per share for the date immediately prior to the date of grant.

Note 2: The share options have been granted to 2 employees and each of them had 8,000,000 share options.

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

On 15 July 2020, the share consolidation had become effective, of every five (5) issued and unissued existing shares of par value of HK$0.01 each in the share capital of the Company was consolidated into one (1) consolidated share of par value of HK$0.05 each.

For details please refer to the announcements of the Company dated 4 June 2020 and 13 July 2020 and the circular the Company dated 22 June 2020.

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 2020

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.