



泰錦 **Tai Kam Holdings Limited**
泰錦控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8321

2021
INTERIM REPORT

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

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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.

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This report, 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 report 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 report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Tsui Tsz Fa Mabel
(Chairman and chief executive officer)
Ms. Liu Tanying

Independent non-executive Directors

Mr. Lo Chi Yung
Ms. Li Yixuan
Mr. Lau Wang Lap

COMPLIANCE OFFICER

Ms. Tsui Tsz Fa Mabel

AUTHORISED REPRESENTATIVES

Mr. Hui Chi Kong
Ms. Tsui Tsz Fa Mabel

AUDIT COMMITTEE

Mr. Lau Wang Lap (Chairman)
Ms. Li Yixuan
Mr. Lo Chi Yung

NOMINATION COMMITTEE

Ms. Tsui Tsz Fa Mabel (Chairman)
Ms. Li Yixuan
Mr. Lau Wang Lap

REMUNERATION COMMITTEE

Mr. Lo Chi Yung (Chairman)
Ms. Tsui Tsz Fa Mabel
Mr. Lau Wang Lap

COMPANY SECRETARY

Mr. Hui Chi Kong

AUDITOR

Elite Partners CPA Limited

PRINCIPAL BANKER

Bank of Communications Co., Ltd

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road
North Point, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1104A, 11/F
Kai Tak Commercial Building,
No. 317-319 Des Voeux Road Central
Hong Kong

FINANCIAL HIGHLIGHTS

Revenue amounted to approximately HK\$31.7 million for the six months ended 31 October 2021 (the “Reporting Period”) (2020: approximately HK\$57.8 million), representing a decrease of approximately 45.2% as compared with the corresponding period of 2020.

Loss attributable to the equity holders of the Company for the six months ended 31 October 2021 amounted to approximately HK\$4.6 million (2020: loss attributable to the equity holders of approximately HK\$4.2 million).

Basic and diluted loss per share amounted to approximately HK1.99 cents for the six months ended 31 October 2021 (2020: basic and diluted earnings per share of approximately HK2.52 cents).

The board of Directors (the “Board”) does not recommend a payment of an interim dividend for the six months ended 31 October 2021 (2020: nil).

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.

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 outbreak of the 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 or investment.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue represents receipts from the provision of construction service in site formation works and renovation works in Hong Kong. Site formation works 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 premise in Hong Kong.

The Group's revenue decreased by approximately HK\$26.1 million or approximately 45.2% from approximately HK\$57.8 million for the six months ended 31 October 2020 to approximately HK\$31.7 million for the six months ended 31 October 2021. The decrease in revenue was mainly due to decrease in works performed from site formation work and renovation work in Hong Kong for the six months ended 31 October 2021.

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 resources 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 increased by approximately HK\$0.3 million or approximately 29.6% from approximately HK\$0.9 million for the six months ended 31 October 2020 to approximately HK\$1.1 million for the six months ended 31 October 2021 and the Group's gross profit margin increased from approximately 1.5% for the six months ended 31 October 2020 to approximately 3.5% for the six months ended 31 October 2021. The increase in gross profit margin and gross profit are mainly due to more revenue contribution from contracts with higher margin for the six months ended 31 October 2021.

The Group's direct costs decreased by approximately HK\$26.4 million or approximately 46.3% from approximately HK\$56.9 million for the six months ended 31 October 2020 to approximately HK\$30.6 million for the six months ended 31 October 2021. The decrease of direct costs is mainly due to the decrease in subcontracting charges and labour cost from those projects with substantial use of subcontractors and labours for the six months ended 31 October 2021.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK\$2.3 million or approximately 35.8% from approximately HK\$6.5 million for the six months ended 31 October 2020 to approximately HK\$4.1 million for the six months ended 31 October 2021. Administrative expenses consist primarily of staff costs, professional fees, depreciation, rental expenses and other administrative expenses. The decrease in the Group's administrative expenses was mainly due to the decrease in administrative staff cost, professional fee and share options expenses for the six months ended 31 October 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and other gains or losses

The Group's other income and other gains or losses decreased by approximately HK\$3.0 million, it was mainly due to the loss arising from change in fair value of financial assets at fair value through profit or loss of approximately HK\$0.9 million, impairment loss recognised under expected credit loss of approximately HK\$0.7 million and decrease in government subsidy of approximately HK\$1.4 millions.

Net Loss

Net loss amounted to approximately HK\$4.6 million for the six months ended 31 October 2021 as compared with net loss of approximately HK\$4.2 million for the six months ended 31 October 2020. Such increase in net loss was primarily attributable to the decrease in other gains or losses for the six months ended 31 October 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 October 2021, the cash and bank balances of the Group amounted to approximately HK\$6.6 million (as at 30 April 2021: approximately HK\$16.6 million), representing a decrease of approximately HK\$10.0 million as compared to that as at 30 April 2021.

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 31 October 2021 (as at 30 April 2021: nil).

GEARING RATIO

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

Our gearing ratio was approximately 12.3% as at 31 October 2021 and was 11.7% as at 30 April 2021.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. For the six months ended 31 October 2021 and for the six months ended 31 October 2020, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates.

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 six months ended 31 October 2021 (2020: nil).

CAPITAL COMMITMENTS

As at 31 October 2021, the Group did not have any capital commitments (30 April 2021: nil).

CONTINGENT LIABILITIES

There were no significant contingent liabilities of the Group as at 31 October 2021 (30 April 2021: 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 equity capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 October 2021, the Company's issued capital was HK\$11,520,000 and the number of its issued ordinary shares was 230,400,000 of HK\$0.05 each.

EMPLOYEES AND REMUNERATION POLICY

The Group had 25 employees (including executive Directors) as at 31 October 2021 (as at 30 April 2021: 25 employees). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. Remuneration includes monthly salaries, performance linked bonuses, retirement benefits schemes and other allowance and benefits.

SIGNIFICANT INVESTMENTS

Since there was no held-for-trading investments and other investments held by the Group valued more than 5% of the total assets of the Group as at 31 October 2021, there were no significant investments held by the Group. Details of the held-for-trading investments held by the Group and the fair value changes of the held-for-trading investments for the year are set out in note 14 to the financial statements for the period ended 31 October 2021.

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

The Group did not have any 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.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 October 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long position in the shares and underlying shares of the Company

Name of Director	Number of issued	Total	Percentage of the issue shares capital of the Company
	ordinary shares/ underlying shares of the Company Personal interests		
Ms. Tsui Tsz Fa Mabel – Unlisted share options	3,200,000	3,200,000	1.39%
Ms. Liu Tanying – Unlisted share options	3,200,000	3,200,000	1.39%
Mr. Lau Wang Lap – Unlisted share options	1,600,000	1,600,000	0.69%
Ms. Li Yixuan – Unlisted share options	1,600,000	1,600,000	0.69%

Save as disclosed above, none of the Directors nor chief executive of the Company has registered an interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 October 2021, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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 six months ended 31 October 2021.

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

During the six months ended 31 October 2021 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the six months ended 31 October 2021 and up to the date of this report, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules save for the deviations from code provisions A.2.1 explained below. Ever since the Company appointed Ms. Tsui Tsz Fa Mabel 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 the Group and will provide strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors 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 Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding securities transactions by the Directors (the "Code of Conduct") 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 during the six months ended 31 October 2021 and up to the date of this report.

OTHER INFORMATION

DIVIDENDS

The Board does not recommend a payment of an interim dividend for the six months ended 31 October 2021 (2020: nil).

EVENTS AFTER REPORTING PERIOD

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

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 six months ended 31 October 2021 are as follows:

Grantees	No. of shares comprised in options				
	As at 1 May 2021 (i)	Granted during the period	Exercised during the period	Lapsed during the period	As at 31 October 2021
Executive director					
Ms. Tsui Tsz Fa Mabel	3,200,000	–	–	–	3,200,000
Ms. Liu Tanying	3,200,000	–	–	–	3,200,000
Mr. Lau Wang Lap	1,600,000	–	–	–	1,600,000
Ms. Li Yixuan	1,600,000	–	–	–	1,600,000
Other Grantees (ii)	32,000,000	–	–	–	32,000,000
Total	41,600,000	–	–	–	41,600,000

Note:

- (i) The Share options have been granted to Ms. Tsui Tsz Fa Mabel and Ms. Liu Tanying on 30 May 2019 and each of them holds 1,600,000 share options.
The share options have been granted to Ms. Tsui Tsz Fa Mabel, Ms. Liu Tanying, Mr. Lau Wang Lap and Ms. Li Yixuan on 30 September 2020 and each of them holds 1,600,000 share options.
- (ii) The share options have been granted to 2 employees on 30 May 2019 and each of them holds 1,600,000 share options.
The share options have been granted to 6 employees on 30 September 2020 and each of them holds 1,600,000 share options.
The share options have been granted to 10 employees on 8 April 2021 and each of them holds 1,920,000 share options.
- (iii) The date of grant of the outstanding share options as at 1 May 2021 was 30 May 2019, 30 September 2020 and 8 April 2021 and the exercise price per share was HK\$0.366, HK\$0.12 and HK\$0.7 respectively.
- (iv) The closing price of the Company's share immediately before the date of grant of share options on 30 May 2019, 30 September 2020 and 8 April 2021 was HK\$0.35, HK\$0.12 and HK\$0.7 respectively.
- (v) At 31 October 2021, the total number of shares may be granted under the shares option scheme were 23,040,000 shares, which represented 10.0% of the issued share capital of the Company.

OTHER INFORMATION

AUDIT COMMITTEE

The Audit Committee was established 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. Lo Chi Yung. 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 unaudited interim financial statements of the Group for the six months ended 31 October 2021 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under 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, 15 December 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS AND SIX MONTHS ENDED 31 OCTOBER 2021

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	16,162	16,829	31,680	57,801
Direct costs		(15,652)	(16,631)	(30,560)	(56,937)
Gross profit		510	198	1,120	864
Other income and other gains or losses	4	(1,156)	698	(1,425)	1,559
Administrative expenses		(2,867)	(3,783)	(4,146)	(6,454)
Finance costs	6	(65)	(73)	(131)	(146)
Loss before income tax	5	(3,578)	(2,960)	(4,582)	(4,177)
Income tax (expense)/credit	7	–	38	–	–
Loss and total comprehensive expenses for the period attributable to equity holders of the Company		(3,578)	(2,922)	(4,582)	(4,177)
		HK cents	HK cents	HK cents	HK cents
Loss per share attributable to equity holders of the Company					
– Basic and diluted	9	(1.55)	(1.71)	(1.99)	(2.52)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 OCTOBER 2021

	Notes	As at 31 October 2021 HK\$'000 (Unaudited)	As at 30 April 2021 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment		79	130
		79	130
Current assets			
Financial assets at fair value through profit or loss	13	21,969	10,458
Trade and other receivables	10	112,535	115,869
Contract assets	11	5,867	13,103
Prepaid tax		12	12
Cash and bank balances	12	6,567	16,556
		146,950	155,998
Current liabilities			
Trade and other payables	14	33,885	38,402
Tax payable		95	95
		33,980	38,497
Net current assets		112,970	117,501
Total assets less current liabilities		113,049	117,631
Non-current liability			
Deferred tax liabilities		62	62
		62	62
Net assets		112,987	117,569
EQUITY			
Share capital	15	11,520	11,520
Reserves		101,467	106,049
Total equity attributable to equity holders of the Company		112,987	117,569

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 OCTOBER 2021

	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Share option reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000
Balance as at 1 May 2020	8,000	54,718	10,101	753	37,105	110,677
Placing of shares during the period	1,600	1,709	–	–	–	3,309
Share options issued during the period	–	–	–	1,241	–	1,241
Loss and total comprehensive expense for the period	–	–	–	–	(4,177)	(4,177)
Balance as at 31 October 2020 (unaudited)	<u>9,600</u>	<u>56,427</u>	<u>10,101</u>	<u>1,994</u>	<u>32,928</u>	<u>111,050</u>
Balance as at 1 May 2021	11,520	61,052	10,101	9,357	25,539	117,569
Loss and total comprehensive expense for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(4,582)</u>	<u>(4,582)</u>
Balance as at 31 October 2021 (unaudited)	<u>11,520</u>	<u>61,052</u>	<u>10,101</u>	<u>9,357</u>	<u>20,957</u>	<u>112,987</u>

* These reserves comprise the Group's reserves of approximately HK\$101,467,000 (2020: approximately HK\$101,450,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 OCTOBER 2021

		For the six months ended 31 October	
	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash used in from operating activities		(9,068)	(18,401)
Net cash generated from/(used in) investing activities		(921)	370
Net cash generated from financing activities		–	3,309
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(9,989)	(14,722)
Cash and cash equivalents at beginning of the period		16,556	28,858
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	12	6,567	14,136
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Unit 1104A, 11/F Kai Tak Commercial Building, No. 317-319 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company, the Company and its subsidiaries (collectively referred as the “Group”) are principally engaged in undertaking site formation works and renovation works in Hong Kong and investment holding.

The Company’s shares are listed on GEM of The Stock Exchange on 28 October 2016.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 October 2021 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands (“HK\$’000”), except when otherwise indicated.

The unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual consolidated financial statement for the year ended 30 April 2021.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the Group’s audited consolidated financial statement for the year ended 30 April 2021, except for the adoption of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group’s operations and mandatory for accounting periods beginning on 1 May 2021. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group’s results of operations or financial position.

The Group has not early adopted the new or amended Hong Kong Financial Reporting Standards (“HKFRSs”) that have been issued but are not yet effective for the current accounting period.

The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgments in the process of applying the Group’s accounting policies.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION

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

	For the three months ended 31 October		For the six months ended 31 October	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Contract revenue	<u>16,162</u>	<u>16,829</u>	<u>31,680</u>	<u>57,081</u>

The chief operating decision-maker ("CODM") has been identified as the executive Directors of the Company. The CODM regards the Group's business of construction in Hong Kong 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:

	For the three months ended 31 October		For the six months ended 31 October	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer A	–	16,400	–	39,452
Customer B	–	–	10,937	–
Customer C	4,823	429	6,370	6,609
Customer D	5,339	–	8,373	–
Customer E	<u>6,000</u>	<u>–</u>	<u>6,000</u>	<u>–</u>

Note: The corresponding revenue did not individually contribute over 10% of the Group's revenue for the corresponding period ended 31 October 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME AND OTHER GAINS OR LOSSES

	For the three months ended 31 October		For the six months ended 31 October	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other income				
Gain/(loss) on disposal of plant and equipment	140	(28)	140	133
Government subsidy	–	726	–	1,426
Sundry income	20	–	37	–
	<u>160</u>	<u>698</u>	<u>177</u>	<u>1,559</u>
Other gains or losses				
Fair value change of financial assets at fair value thought profit and loss	(636)	–	(922)	–
Impairment loss recognised under expected credit loss modes, net of reversed:				
– Trade receivable	(651)	–	(651)	–
– Contract assets	(29)	–	(29)	–
	<u>(1,316)</u>	<u>–</u>	<u>(1,602)</u>	<u>–</u>
	<u>(1,156)</u>	<u>698</u>	<u>(1,425)</u>	<u>1,559</u>

5. LOSS BEFORE INCOME TAX

Loss before income tax is stated after charging:

	For the three months ended 31 October		For the six months ended 31 October	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
(a) Staff costs (including directors' remuneration)				
Salaries, wages and other benefits	1,539	2,588	2,076	6,423
Contributions to defined contribution retirement plans	11	72	22	152
	<u>1,550</u>	<u>2,660</u>	<u>2,098</u>	<u>6,575</u>
(b) Other items				
Depreciation	18	326	51	665
Depreciation of right-of-use assets	–	255	–	436
(Gain)/loss on disposal of plant and equipment	(140)	28	(140)	(133)
Expenses related to short term lease	23	(15)	48	48
Subcontracting charges (included in direct costs)	15,652	14,022	30,560	51,143
	<u>15,652</u>	<u>14,022</u>	<u>30,560</u>	<u>51,143</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COST

	For the three months ended 31 October		For the six months ended 31 October	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank overdraft interest	–	–	–	3
Interest on lease liabilities	–	7	–	11
Interest expenses on other borrowings	65	66	131	132
	<u>65</u>	<u>73</u>	<u>131</u>	<u>146</u>

7. INCOME TAX EXPENSE/(CREDIT)

	For the three months ended 31 October		For the six months ended 31 October	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax				
– Hong Kong Profits Tax	–	(38)	–	–
	<u>–</u>	<u>(38)</u>	<u>–</u>	<u>–</u>

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%.

No deferred tax has been provided in the unaudited condensed consolidated financial statements as there is no material temporary difference movement during the Reporting Period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. DIVIDEND

The Board does not recommend a payment of an interim dividend for the six months ended 31 October 2021 (2020: nil).

9. LOSS PER SHARE

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

	For the three months ended 31 October		For the six months ended 31 October	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss				
Loss for the period attributable to equity holders of the Company	(3,578)	(2,922)	(4,582)	(4,177)
Number of shares				
Weighted average number of ordinary shares (in thousands)	230,400	170,783	230,400	165,391

There were no dilutive potential ordinary shares during the periods ended 31 October 2021 and 2020 and therefore, diluted loss per share equals to the basic loss per share.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES

	As at 31 October 2021 HK\$'000 (Unaudited)	As at 30 April 2021 HK\$'000 (Audited)
Trade receivables (note (a))	88,153	82,379
Surety bond (note (b))	22,500	22,500
Other receivable and deposit	16	327
Prepayment (note (c))	1,866	10,663
	112,535	115,869

Notes:

(a) Trade receivables

The Group usually grants credit period ranging from 21 to 60 days (30 April 2021: 21 to 60 days) to customers.

The ageing analysis of the trade receivables based on the invoice dates is as follows:

	As at 31 October 2021 HK\$'000 (Unaudited)	As at 30 April 2021 HK\$'000 (Audited)
0 – 90 days	15,390	35,004
91 – 180 days	16,090	–
Over 181 days	56,673	47,375
	88,153	82,379

(b) Surety bond

Customers of construction contract undertaken by the Group require the group entity to issue guarantee for the performance of contract work in the form of surety bond. The surety bond is released when the construction contract is completed or substantially completed. At 31 October 2021, the Group had an outstanding surety bond of HK\$22,500,000 (30 April 2021: approximately HK\$22,500,000).

(c) Prepayments

During the six months ended 31 October 2021, an aggregate amount of approximately HK\$1,842,000 (30 April 2021: approximately HK\$10,505,000) paid to sub-contractors for a construction contract. As at 31 October 2021, the construction work was not commenced and the prepayments is expected to be recognised as expenses within one year.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. CONTRACT ASSETS

	As at 31 October 2021 HK\$'000 (Unaudited)	As at 30 April 2021 HK\$'000 (Audited)
Contract assets		
Arising from performance under construction contracts	5,867	13,103
Receivable from contracts with customers within the scope of HKFRS 15, which are included in "trade and other receivables"	88,153	82,379

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

As at 31 October 2021, included in contract assets are retention money held by customers for contract works amounted to approximately HK\$2,981,000 (30 April 2021: approximately HK\$3,178,000). Retention money is interest-free and repayable approximately one year after the expiry of the defect liability period of construction projects.

12. CASH AND BANK BALANCES

	As at 31 October 2021 HK\$'000 (Unaudited)	As at 30 April 2021 HK\$'000 (Audited)
Cash at bank and in hand	6,567	16,556

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 October 2021 HK\$000 (Unaudited)	As at 30 April 2021 HK\$000 (Audited)
Listed securities classified as held for trading investments:		
– Equity Securities listed in Hong Kong	21,969	10,458

At the end of the reporting period, all financial assets at FVTPL are stated at fair values. Fair values of listed securities classified as held for trading investments are determined with reference to quoted market closing prices.

The fair value of measurement of the Group's listed securities held-for-trading investments were categorised into Level 1 and fair value have been determined by reference to the quoted market bid prices available on the relevant exchanges.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE AND OTHER PAYABLES

	As at 31 October 2021 HK\$'000 (Unaudited)	As at 30 April 2021 HK\$'000 (Audited)
Trade payables (note (a))	13,313	21,091
Retention payables (note (b))	2,202	2,325
Accruals and other payables	4,507	1,254
Other borrowing (note (c))	13,863	13,732
	33,885	38,402

Notes:

(a) Trade payables

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

	As at 31 October 2021 HK\$'000 (Unaudited)	As at 30 April 2021 HK\$'000 (Audited)
0 – 30 days	10,364	16,116
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	2,949	4,975
	13,313	21,091

The Group is granted by its suppliers a credit period ranging from 0 to 30 days (30 April 2021: 0 to 30 days).

(b) Retention payables

Retention payables are interest-free and settled in accordance with the terms of the respective contracts.

(c) Other borrowing

The amount due is unsecured, interest bearing at 2% per annum and repayable on demand.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. SHARE CAPITAL

	Number of shares	HK\$
Authorised:		
Ordinary shares of HK\$0.05 each at 30 April 2021, 1 May 2021 and 31 October 2021	<u>400,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
As at 30 April 2021, 1 May 2021 and 31 October 2021	<u>230,400,000</u>	<u>11,520,000</u>

16. RELATED PARTY TRANSACTION

Key management personnel remuneration

The emoluments of the directors and senior management of the Company, who represent the key management personnel during the six months ended 31 October 2021 and 2020 as follows:

	For the six months ended 31 October	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Salaries, fee and allowances	378	305
Retirement scheme contributions	<u>5</u>	<u>5</u>
	<u>383</u>	<u>310</u>

17. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 October 2021 (30 April 2021: nil).