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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 2022**

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\$58.3 million for the year ended 30 April 2022 (2021: approximately HK\$137.8 million), representing a decrease of approximately 57.7% as compared with that of the year ended 30 April 2021.

Net loss for the year ended 30 April 2022 amounted to approximately HK\$18.8 million (2021: Net loss of approximately HK\$11.6 million). Such increase in net loss was primarily attributable to the decrease in other income and other gains or losses while partially off-set by the decrease in administrative expenses for year ended 30 April 2022.

Basic and diluted loss per share amounted to approximately HK8.14 cents for the year ended 30 April 2022 (2021: basic and diluted loss per share of approximately HK6.23 cents).

The Board does not recommend a payment of a final dividend for the year ended 30 April 2022 (2021: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2022

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 2022 together with the comparative figures for the year ended 30 April 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	58,344	137,781
Direct costs		(56,290)	(133,665)
Gross profit		2,054	4,116
Other income and other gains or losses	6	(13,155)	2,371
Administrative expenses		(7,473)	(18,043)
Loss from operation		(18,574)	(11,556)
Finance costs	7(a)	(260)	(277)
Loss before tax	7	(18,834)	(11,833)
Income tax credit	8	56	267
Loss and total comprehensive expense for the year attributable to owners of the Company		(18,778)	(11,566)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to owners of the Company			
Basic and diluted	10	(8.14)	(6.23)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current asset			
Plant and equipment		<u>37</u>	<u>130</u>
Current assets			
Financial assets at fair value through profit or loss		21,220	10,458
Trade and other receivables	<i>11</i>	93,784	105,364
Contract assets		5,033	13,103
Contract costs		3,231	10,505
Prepaid tax		12	12
Cash and bank balances		<u>9,945</u>	<u>16,556</u>
		<u>133,225</u>	<u>155,998</u>
Current liabilities			
Trade and other payables	<i>12</i>	29,010	38,402
Contract liabilities		3,018	–
Tax payables		<u>95</u>	<u>95</u>
		<u>32,123</u>	<u>38,497</u>
Net current assets		<u>101,102</u>	<u>117,501</u>
Total assets less current liabilities		<u>101,139</u>	<u>117,631</u>
Non-current liability			
Deferred tax liabilities		<u>6</u>	<u>62</u>
Net assets		<u>101,133</u>	<u>117,569</u>
EQUITY			
Share capital	<i>13</i>	11,840	11,520
Reserves		<u>89,293</u>	<u>106,049</u>
Total equity attributable to owners of the Company		<u>101,133</u>	<u>117,569</u>

NOTES

FOR THE YEAR ENDED 30 APRIL 2022

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 set out in “Corporate Information” section.

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

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

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company and all values are rounded to nearest thousands of units of HK\$ (“HK\$’000”), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

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 *Share-based Payment*, leasing transactions that are within the scope 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.

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

Amendments to HKFRSs that are mandatorily effective for current year

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

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

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Disclosure of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ³

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

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

³ Effective for business combinations/common control combinations for which the acquisition date/combination date is on or after the beginning of the first annual period on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the application of all 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 works in Hong Kong.

Revenue from contracts with customers which recognised as over time are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from construction contracts	<u>58,344</u>	<u>137,781</u>

5. SEGMENT INFORMATION

The CODM has been identified as the executive directors. The CODM regards the Group's business of undertaking site formation works and renovation works as a main contractor 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, other than geographical information and major customers, 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 asset 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	–	89,051
Customer B	10,938	13,747
Customer C (<i>Note</i>)	14,138	N/A
Customer D	–	24,780
Customer E	23,869	–
Customer F	6,000	–

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 AND OTHER GAINS OR LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income		
Covid-19-related subsidies (<i>Note</i>)	20	1,372
Refund from supplier	255	–
Sales of scrap material	670	–
Refund of government utilities deposit	120	27
Sundry income	3	32
	<u>1,068</u>	<u>1,431</u>
Other gains or losses		
Loss on written off of plant and equipment	(8)	(1,317)
Over-provision of trade and other payables	242	–
Gain on disposal of plant and equipment	380	647
Realised gain on disposal of financial assets at fair value through profit or loss	297	183
Unrealised gain on change in fair value of financial assets at fair value through profit or loss	500	3,254
Impairment losses recognised under expected credit loss model, net of reversal:		
– trade receivables	(14,451)	(1,848)
– contract assets	(1,183)	21
	<u>(14,223)</u>	<u>940</u>
	<u><u>(13,155)</u></u>	<u><u>2,371</u></u>

Note:

During the year ended 30 April 2021, the Group recognised government grants of HK\$1,332,000 which relates to “Employment Support Scheme” provided by the government of Hong Kong Special Administrative Region (the “Government”).

During the year ended 30 April 2022 and 2021, the Group recognised a subsidy of HK\$20,000 (2021: HK\$40,000) which relates to construction industry “Anti-epidemic Fund” provided by construction industry council.

There were no unfulfilled conditions or contingencies relating to these Covid-19 related subsidies.

7. LOSS BEFORE TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before tax is stated after charging:		
(a) Finance costs		
Interest on amount due to a related company of former directors	260	260
Interest on lease liabilities	–	13
Interest on bank overdraft	–	4
	<u>260</u>	<u>277</u>
(b) Staff costs (including directors' emoluments)		
Salaries, allowances and benefits in kind	3,368	9,838
Discretionary bonuses	1,014	3,299
Share option expenses	–	8,604
Retirement benefit schemes contributions	301	268
	<u>4,683</u>	<u>22,009</u>
(c) Other items		
Auditor's remuneration:		
– Audit services	420	403
– Non audit services	26	–
Depreciation of plant and equipment	85	1,238
Depreciation of right-of-use assets	–	546
Loss on written off of plant and equipment	8	1,317
Loss on early termination of lease	–	16
Expenses related to short-term leases	97	185
Subcontracting charges (included in direct costs)	56,290	122,593

8. INCOME TAX CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax		
– Current year	–	9
– Over-provision in prior years	–	(30)
	<u>–</u>	<u>(21)</u>
Deferred tax credit	(56)	(246)
	<u>(56)</u>	<u>(267)</u>
Income tax credit	<u>(56)</u>	<u>(267)</u>

9. DIVIDENDS

No dividend was declared or paid by the Company to its shareholders during the year (2021: Nil), nor has any dividend been declared subsequent to the end of the reporting period.

10. LOSS PER SHARE

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company	<u>(18,778)</u>	<u>(11,566)</u>
	2022 '000	2021 <i>'000</i>
Number of shares		
Weighted average number of shares for the purpose of basis and diluted loss per share	<u>230,593</u>	<u>185,618</u>

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share computation for both years, the exercise of the above potential future shares is not assumed in the computation of diluted loss per share for both years.

11. TRADE AND OTHER RECEIVABLES

	2022 HK\$'000	2021 <i>HK\$'000</i>
Trade receivables from contracts with customers (<i>note</i>)	89,501	86,736
Less: allowance for credit losses	<u>(18,808)</u>	<u>(4,357)</u>
	70,693	82,379
Surety bonds	22,500	22,500
Other receivables and deposits	587	327
Prepayment	<u>4</u>	<u>158</u>
	<u>93,784</u>	<u>105,364</u>

Note:

Trade receivables from contracts with customers

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
0 – 90 days	155	35,004
91 – 180 days	–	–
181 – 365 days	19,928	5,391
Over 365 days	50,610	41,984
	<u>70,693</u>	<u>82,379</u>

12. TRADE AND OTHER PAYABLES

	2022 HK\$'000	2021 <i>HK\$'000</i>
Trade payables (<i>note</i>)	8,520	21,091
Amount due to a related company of former directors	13,992	13,732
Accruals and other payables	2,685	1,254
Retention payables	3,813	2,325
	<u>29,010</u>	<u>38,402</u>

Note:

Trade payables

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
0 – 30 days	2,918	16,116
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	5,602	4,975
	<u>8,520</u>	<u>21,091</u>

The credit period granted by its suppliers normally up to 30 days.

13. SHARE CAPITAL

	Number of shares		Amount	
	2022 '000	2021 '000	2022 HK\$'000	2021 HK\$'000
Authorised:				
Ordinary shares of HK\$0.05 each (2021: HK\$0.05 each)				
As at 1 May	400,000	2,000,000	20,000	20,000
Share consolidation (<i>note a</i>)	–	(1,600,000)	–	–
As at 30 April	<u>400,000</u>	<u>400,000</u>	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:				
As at 1 May	230,400	800,000	11,520	8,000
Share consolidation (<i>note a</i>)	–	(640,000)	–	–
Placing of new shares (<i>note b</i>)	–	70,400	–	3,520
Exercise of share options (<i>note c</i>)	6,400	–	320	–
As at 30 April	<u>236,800</u>	<u>230,400</u>	<u>11,840</u>	<u>11,520</u>

Notes:

- (a) Pursuant to an ordinary resolution passed by shareholders at the special general meeting held on 13 July 2020, the share consolidation of every five issued and unissued shares of HK\$0.01 each into one consolidated share of HK\$0.05 each became effective on 15 July 2020.
- (b) (i) On 30 September 2020, the Company allotted and issued an aggregate 32,000,000 new shares at a placing price of HK\$0.105 per placing share. The net proceeds of approximately HK\$3,267,000 were intended to be used for general working capital of the Group and improve the financial position of the Group.
- (ii) On 24 February 2021, the Company allotted and issued an aggregate 38,400,000 new shares at a placing price of HK\$0.175 per placing share. The net proceeds of approximately HK\$6,587,000 were intended to be used for general working capital of the Group and improve the financial position of the Group.
- (c) During the year ended 30 April 2022, certain option holders exercised their option rights to subscribe for 6,400,000 ordinary shares at exercise price of HK\$0.366 per share with total consideration of approximately HK\$2,342,000. Included in total consideration of which amounts of approximately HK\$585,000 were included in other receivables at the end of the reporting period and was fully settled subsequent to the end of the reporting period.

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 coronavirus would 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.

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 decreased by approximately HK\$79.5 million, or approximately 57.7%, from approximately HK\$137.8 million for the year ended 30 April 2021 to approximately HK\$58.3 million for the Reporting Period. The decrease in revenue was mainly due to decrease in works performed from site formation works and renovation works for the Reporting Period.

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\$2.0 million, or approximately 48.8%, from approximately HK\$4.1 million for the year ended 30 April 2021 to approximately HK\$2.1 million for the Reporting Period. The Group's gross profit margin increased from approximately 3.0% for the year ended 30 April 2021 to approximately 3.5% for the Reporting Period. The increase in gross profit margin was mainly due to more revenue contribution from contracts with higher margin for the Reporting Period.

The Group's direct costs decreased by approximately HK\$77.4 million, or approximately 57.9%, from approximately HK\$133.7 million for the year ended 30 April 2021 to approximately HK\$56.3 million for the Reporting Period. 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 Reporting Period.

Administrative expenses

The Group's administrative expenses decreased by approximately HK\$10.5 million, or approximately 58.3%, from approximately HK\$18.0 million for the year ended 30 April 2021 to approximately HK\$7.5 million for the Reporting Period. Administrative expenses consist primarily of staff costs, professional fees, depreciation, rental expenses and other administrative expenses. The decreased in the Group's administrative expenses was mainly due to decrease in legal and professional fee, depreciation of plant and equipment and share option expenses for the Reporting Period.

Other income and other gains or losses

The Group's other income decreased from HK\$1.4 million for the year ended 30 April 2021 to approximately HK\$1.1 million for the Reporting Period. It is mainly attributable to the decrease of government grant of approximately HK\$1.4 million off-set by the increase in refund from supplier of approximately HK\$0.3 million and sales of scrap material of approximately HK\$0.7 million for the Reporting Period. The Group's other gains or losses decreased by approximately HK\$15.1 million, it was mainly due to the decrease in unrealised gain on change in fair value of financial assets at fair value through profit or loss of approximately HK\$2.8 million and increase in impairment losses recognised under expected credit loss model approximately HK\$13.8 million and decrease in gain on disposal of plant and equipment of approximately HK\$0.3 million.

Net Loss

The net loss amounted to approximately HK\$18.8 million for the Reporting Period as compared to the net loss of approximately HK\$11.6 million for year ended 30 April 2021. Such increase in net loss was primarily attributable to the decrease in other income and other gains or losses while partially off-set by the decrease in administrative expenses for the Reporting Period as discussed above and the decrease on the gross profit for the Reporting Period.

Final Dividend

The Board did not recommend a payment of a final dividend for the Reporting Period (2021: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2022, the Group's total equity attributable to owners of the Company amounted to approximately HK\$101.1 million (2021: approximately HK\$117.6 million).

As at 30 April 2022, the Group had cash and bank balances of approximately HK\$9.9 million (2021: approximately HK\$16.6 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 2022 (2021: Nil).

CASH POSITION

As at 30 April 2022, the cash and bank balances of the Group amounted to approximately HK\$9.9 million (2021: approximately HK\$16.6 million), representing a decrease of approximately HK\$6.7 million as compared to that as at 30 April 2021.

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 2022 and as at 30 April 2021, the Group's gearing ratio was 13.8% and 11.7% 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 2021, 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 (2021: Nil).

CAPITAL COMMITMENTS

As at 30 April 2022, the Group had no material capital commitments (2021: Nil).

CONTINGENT LIABILITIES

There were no significant contingent liabilities of the Group as at 30 April 2022 (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 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 2022, the Company's issued capital was HK\$11,840,000 and the number of its issued ordinary shares was 236,800,000 of HK\$0.05 each.

EMPLOYEES AND REMUNERATION POLICY

The Group had 27 employees (including executive Directors) as at 30 April 2022 (2021: 25 employees). Total staff costs (including Directors' emoluments) were approximately HK\$4.7 million for the Reporting Period as compared to approximately HK\$22.0 million for the year ended 30 April 2021. 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

As at 30 April 2022, the Group's financial assets at fair value through profit or loss amounted to HK\$21.2 million represented were equity investments listed in Hong Kong. Details of the significant investments are as follows:

Company Name	Fair value change <i>HK\$'000</i>	Fair value at 30 April 2022 <i>HK\$'000</i>	Approximate percentage of financial assets at fair value through profit or loss	Approximate percentage to the Group's total asset as at 30 April 2022
Harbour Digital Asset Capital Limited	3,650	7,487	35.3	5.6%
RaffAello-Astrum Financial Holdings Limited	188	2,820	13.3	2.1%
Luen Wong Group Holdings Limited	(1,090)	2,550	12.0	1.9%
China Jicheng Holdings Limited	(1,161)	2,543	12.0	1.9%
Hao Wen Holdings Limited	846	2,479	11.7	1.9%
Other securities with individual fair value less than 5% of the aggregate financial assets at fair value through profit or loss as at 30 April 2022	(1,933)	3,341	15.7	2.5%
	<u>500</u>	<u>21,220</u>	<u>100.0</u>	<u>15.9%</u>

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.

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 2022 are as follows:

Grantees	No. of shares comprised in options				As at 30 April 2022	Date of grant during the period	Exercise price per share	Exercise period
	As at 1 May 2021 (i)	Granted during the period	Exercised during the period	Lapsed during the period				
Executive director								
Ms. Tsui Tsz Fa Mabel	1,600,000	–	(1,600,000)	–	–	30 May 2019	HK\$0.366	10 years from the date of grant
	1,600,000	–	–	–	1,600,000	30 September 2020	HK\$0.12	10 years from the date of grant
Ms. Liu Tanying	1,600,000	–	(1,600,000)	–	–	30 May 2019	HK\$0.366	10 years from the date of grant
	1,600,000	–	–	–	1,600,000	30 September 2020	HK\$0.12	10 years from the date of grant
Mr. Lau Wang Lap	1,600,000	–	–	–	1,600,000	30 September 2020	HK\$0.12	10 years from the date of grant
Ms. Li Yixuan	1,600,000	–	–	–	1,600,000	30 September 2020	HK\$0.12	10 years from the date of grant
Other Grantees (ii)								
	3,200,000	–	(3,200,000)	–	–	30 May 2019	HK\$0.366	10 years from the date of grant
	9,600,000	–	–	–	9,600,000	30 September 2020	HK\$0.12	10 years from the date of grant
	19,200,000	–	–	–	19,200,000	8 April 2021	HK\$0.7	10 years from the date of grant
	–	–	–	–	–	–	–	–
Total	<u>41,600,000</u>	<u>–</u>	<u>(6,400,000)</u>	<u>–</u>	<u>35,200,000</u>			

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 30 April 2022, the total number of shares may be granted under the shares option scheme were 23,040,000 shares, which represented 9.7% of the issued share capital of the Company.

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 12 May 2022, the Group granted 23,040,000 share options to employees of the Group with exercise price of HK\$0.389 per share.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group endeavors to monitor and minimize impact to the environment. For the purpose of disclosing the information in relation to environmental, social and governance ("ESG") in accordance with the ESG Reporting Guide in Appendix 20 to the GEM Listing Rules, an ESG report of the Company will be published within three months after publication of the annual report of the Company.

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. 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 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, 29 July 2022

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. Lo Chi Yung and Ms. Li Yixuan.

This announcement will remain on the “Latest Listed Company Information” 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.