



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

2023
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 (resigned on 18 April 2022)
(Chairman and chief executive officer)
Mr. Lang Junhao (appointed on 18 April 2022)
(Chairman)
Ms. Liu Tanying

Independent non-executive Directors

Mr. Lo Chi Yung
Ms. Li Yixuan
Mr. Lau Wang Lap (resigned on 1 December 2023)

COMPLIANCE OFFICER

Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022)
Mr. Lang Junhao (appointed on 18 April 2022)

AUTHORISED REPRESENTATIVES

Mr. Hui Chi Kong
Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022)
Mr. Lang Junhao (appointed on 18 April 2022)

AUDIT COMMITTEE

Mr. Lau Wang Lap (Chairman)
(resigned on 1 December 2023)
Ms. Li Yixuan
Mr. Lo Chi Yung

NOMINATION COMMITTEE

Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022)
(Chairman)
Mr. Lang Junhao (appointed on 18 April 2022)
(Chairman)
Ms. Li Yixuan
Mr. Lau Wang Lap (resigned on 1 December 2023)

REMUNERATION COMMITTEE

Mr. Lo Chi Yung (Chairman)
Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022)
Mr. Lang Junhao (appointed on 18 April 2022)
Mr. Lau Wang Lap (resigned on 1 December 2023)

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

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, 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\$25.7 million for the six months ended 31 October 2023 (the “Reporting Period”) (2022: approximately HK\$54.5 million), representing an decrease of approximately 53.0% as compared with the corresponding period of 2022.

Loss attributable to the equity holders of the Company for the six months ended 31 October 2023 amounted to approximately HK\$4.3 million (2022: loss attributable to the equity holders of approximately HK\$10.2 million).

Basic and diluted loss per share amounted to approximately HK1.75 cents for the six months ended 31 October 2023 (2022: basic and diluted earnings per share of approximately HK4.24 cents).

The board of Directors (the “Board”) does not recommend a payment of an interim dividend for the six months ended 31 October 2023 (2022: 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.

After containing the epidemic, in the 2023–24 Budget Speech, the government committed to devoted to construction industry in Hong Kong.

The capital works expenditure will exceed HK\$100 billion a year and the overall construction volume of Hong Kong construction industry will soar, to some HK\$300 billion a year. Looking forward, the policy stimulus which may improve market sentiment and bring in more capital to the construction industry of 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. Despite the challenging environment, the Group will 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 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\$28.9 million or approximately 53.0% from approximately HK\$54.5 million for the six months ended 31 October 2022 to approximately HK\$25.7 million for the six months ended 31 October 2023. The decrease in revenue was mainly due to decrease in works performed from renovation work in Hong Kong for the six months ended 31 October 2023.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK\$0.9 million or approximately 62.7% from approximately HK\$1.4 million for the six months ended 31 October 2022 to approximately HK\$0.5 million for the six months ended 31 October 2023 and the Group's gross profit margin decreased from approximately 2.61% for the six months ended 31 October 2022 to approximately 2.1% for the six months ended 31 October 2023. The decrease in gross profit margin and decrease in gross profit are mainly due to more revenue contribution from contracts with lower margin for the six months ended 31 October 2023.

The Group's direct costs decreased by approximately HK\$28.0 million or approximately 52.7% from approximately HK\$53.1 million for the six months ended 31 October 2022 to approximately HK\$25.1 million for the six months ended 31 October 2023. The decrease of direct costs is mainly due to the decrease in revenue for the six months ended 31 October 2023.

Administrative Expenses

The Group's administrative expenses decreased by approximately HK\$9.6 million or approximately 86.7% from approximately HK\$11.1 million for the six months ended 31 October 2022 to approximately HK\$1.5 million for the six months ended 31 October 2023. Administrative expenses consist primarily of staff costs, professional fees, marketing and promotion expense 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 marketing and promotion for the six months ended 31 October 2023.

Other Income and other gains or losses

The Group's other income and other gains or losses amounted to loss of approximately HK\$3.4 million for the six months ended 31 October 2023 (six months ended 31 October 2022: loss of approximately HK\$0.5 million). It was mainly attributable to the gain on fair value change of financial assets at fair value through profit or loss of approximately HK\$2.9 million and impairment loss recognised under expect credit loss of approximately HK\$6.3 million for the six months ended 31 October 2023.

Net Loss

Net loss amounted to approximately HK\$4.3 million for the six months ended 31 October 2023 as compared with net loss of approximately HK\$10.2 million for the six months ended 31 October 2022. Such decrease in net loss was primarily attributable to the decrease in administrative expenses for the six months ended 31 October 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 October 2023, the cash and bank balances of the Group amounted to approximately HK\$0.3 million (as at 30 April 2023: approximately HK\$1.5 million), representing a decrease of approximately HK\$1.2 million as compared to that as at 30 April 2023.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

There was no pledge of assets as at 31 October 2023 (as at 30 April 2023: 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 at nil as at 31 October 2023 and was nil as at 30 April 2023.

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 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 2023 and for the six months ended 31 October 2022, 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 2023 (2022: nil).

CAPITAL COMMITMENTS

As at 31 October 2023, the Group did not have any capital commitments (30 April 2023: nil).

CONTINGENT LIABILITIES

There were no significant contingent liabilities of the Group as at 31 October 2023 (30 April 2023: 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 2023, the Company's issued capital was HK\$12,320,000 and the number of its issued ordinary shares was 246,400,000 of HK\$0.05 each.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

The Group had 21 employees (including executive Directors) as at 31 October 2023 (as at 30 April 2023: 23 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 INVESTMENT

Company Name	Fair value change HK\$'000	Fair value at 31 October 2023 HK\$'000	Approximate percentage of financial assets at fair value through profit or loss	Approximate percentage to the Group's total asset as at 31 October 2023
Harbour Digital Asset Capital Limited	3,337	8,569	33.6	8.7
Other securities with individual fair value less than 5% of the total assets as at 31 October 2023 (Note 1)	<u>(390)</u>	<u>16,941</u>	<u>66.4</u>	<u>17.1</u>
	<u>2,947</u>	<u>25,510</u>	<u>100.0</u>	<u>25.8</u>

Note:

1. As at 31 October 2023, other listed equity securities comprised 13 listed equity securities in Hong Kong. None of the other listed equity securities was more than 5% of the total assets of the Group as at 31 October 2023.

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 2023, 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 ordinary shares/ underlying shares of the Company	Personal interests	Total	Percentage of the issue shares capital of the Company
Ms. Liu Tanying				
– Ordinary Shares	1,600,000			
– Unlisted share options	1,600,000		1,600,000	0.65%
Mr. Lau Wang Lap (resigned on 1 December 2023)				
– Unlisted share options	1,600,000		1,600,000	0.65%
Ms. Li Yixuan				
– Unlisted share options	1,600,000		1,600,000	0.65%

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.

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

As at 31 October 2023, 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.

OTHER INFORMATION

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 2023.

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

During the six months ended 31 October 2023 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 2023 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 explained below.

On 1 December 2023, Mr. Lau Wang Lap ("Mr. Lau") has resigned as an independent non-executive Director and the chairman of the audit committee of the Company and the member of the audit committee, nomination committee and remuneration committee of the Company with effect from 1 December 2023 due to his wishes to devote more time on his other business commitments.

Following the resignation of Mr. Lau, the Board comprises four members, including two executive Directors and two independent non-executive Director. The Board has only two independent non-executive Directors, the number of which falls below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules. In order to comply with the requirements under the GEM Listing Rules, the Company will use its best endeavour to identify suitable candidate to fill up the vacancy arising from the resignation of Mr. Lau as soon as practicable and in any event within three months as required under Rules 5.06 and 5.33 of 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 2023 and up to the date of this report.

DIVIDENDS

The Board does not recommend a payment of an interim dividend for the six months ended 31 October 2023 (2022: nil).

OTHER INFORMATION

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 2023 are as follows:

Grantees	No. of shares comprised in options				As at 31 October 2023	Date of grant during the period	Exercise price per share	Exercise period
	As at 1 May 2023 (i)	Granted during the period	Exercised during the period	Lapsed during the period				
Executive director								
Ms. Liu Tanying	1,600,000	-	-	-	1,600,000	30 September 2020	HK\$0.12	10 years from the date of grant
Mr. Lau Wang Lap (resigned on 1 December 2023)	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)	19,200,000	-	-	-	19,200,000	8 April 2021	HK\$0.7	10 years from the date of grant
	23,040,000	-	-	-	23,040,000	12 May 2022	HK\$0.389	10 years from the date of grant
Total	<u>47,040,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,040,000</u>			

Note:

- (i) The share options have been granted to 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 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.

The share options have been granted to 10 employees on 12 May 2022 and each of them holds 2,304,000 share options.
- (iii) The date of grant of the outstanding share options as at 1 May 2023 was 30 September 2020 and 8 April 2021 and the exercise price per share was 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 September 2020, 8 April 2021 and 12 May 2022 was HK\$0.12, HK\$0.7 and HK\$0.37 respectively.
- (v) At 31 October 2023, no shares may be granted under the shares option scheme 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 two independent non-executive Directors, namely Ms. Li Yixuan and Mr. Lo Chi Yung. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 31 October 2023 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

Lang Junhao

Chairman and executive Director

Hong Kong, 15 December 2023

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 31 OCTOBER 2023

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	13,504	29,865	25,650	54,527
Direct costs		(13,197)	(29,016)	(25,118)	(53,101)
Gross profit		307	849	532	1,426
Other income and other gains or losses	4	(2,333)	(1,429)	(3,381)	(456)
Administrative expenses		(674)	(6,088)	(1,472)	(11,059)
Finance costs	6	–	(65)	–	(131)
Loss before income tax	5	(2,700)	(6,733)	(4,321)	(10,220)
Income tax (expense)/credit	7	–	–	–	–
Loss and total comprehensive expenses for the period attributable to equity holders of the Company		(2,700)	(6,733)	(4,321)	(10,220)
		HK cents	HK cents	HK cents	HK cents
Loss per share attributable to equity holders of the Company					
– Basic and diluted	9	(1.09)	(2.76)	(1.75)	(4.24)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 OCTOBER 2023

	Notes	As at 31 October 2023 HK\$'000 (Unaudited)	As at 30 April 2023 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Financial assets at fair value through profit or loss		2,994	2,994
Other receivable		3,671	3,791
		<u>6,665</u>	<u>6,785</u>
Current assets			
Financial assets at fair value through profit or loss	13	25,510	22,562
Trade and other receivables	10	53,909	52,822
Contract assets	11	11,040	8,754
Contract costs		1,521	1,521
Cash and bank balances	12	316	1,546
		<u>92,296</u>	<u>87,205</u>
Current liabilities			
Trade and other payables	14	26,991	17,699
Tax payable		95	95
		<u>27,086</u>	<u>17,794</u>
Net current assets		<u>65,210</u>	<u>69,411</u>
Total assets less current liabilities		<u>71,875</u>	<u>76,196</u>
Net assets		<u>71,875</u>	<u>76,196</u>
EQUITY			
Share capital	15	12,320	12,320
Reserves		59,555	63,876
Total equity attributable to equity holders of the Company		<u>71,875</u>	<u>76,196</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 OCTOBER 2023

	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Share option reserve* HK\$'000	Retained earnings/ (accumulated losses)* HK\$'000	Total HK\$'000
Balance as at 1 May 2022	11,840	63,827	10,101	8,604	6,761	101,133
Exercise of share options	480	1,417	-	(745)	-	1,152
Loss and total comprehensive expense for the period	-	-	-	-	(10,220)	(10,220)
Balance as at 31 October 2022 (unaudited)	<u>12,320</u>	<u>65,244</u>	<u>10,101</u>	<u>7,859</u>	<u>(3,459)</u>	<u>92,065</u>
Balance as at 1 May 2023	12,320	65,244	-	13,395	(14,763)	76,196
Loss and total comprehensive expense for the period	-	-	-	-	(4,321)	(4,321)
Balance as at 31 October 2023 (unaudited)	<u>12,320</u>	<u>65,244</u>	<u>-</u>	<u>13,395</u>	<u>(19,084)</u>	<u>71,875</u>

* These reserves comprise the Group's reserves in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 OCTOBER 2023

	For the six months ended 31 October	
Notes	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in from operating activities	(1,230)	(5,371)
Net cash generated from financing activities	–	1,152
Net decrease in cash and cash equivalents	(1,230)	(4,219)
Cash and cash equivalents at beginning of the period	1,546	9,945
Cash and cash equivalents at the end of the period	316	5,726
	12	

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 2023 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 2023.

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 2023, 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 2023. 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Contract revenue	<u>13,504</u>	<u>29,865</u>	<u>25,650</u>	<u>54,527</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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A	<u>5,856</u>	<u>4,668</u>	<u>11,668</u>	<u>10,386</u>
Customer B	<u>7,648</u>	<u>25,197</u>	<u>13,982</u>	<u>44,141</u>

Note: The corresponding revenue did not individually contribute over 10% of the Group's revenue for the corresponding period ended 31 October 2023.

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Other income				
Government subsidy	–	16	–	48
	–	16	–	48
Other gains or losses				
Fair value change of financial assets at fair value thought profit and loss	3,595	(1,836)	2,947	(895)
Others	(5,928)	391	(6,328)	391
	(2,333)	(1,445)	(3,381)	(504)
	(2,333)	(1,429)	(3,381)	(456)

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
(a) Staff costs (including directors' remuneration)				
Salaries, wages and other benefits	526	564	1,068	3,322
Contributions to defined contribution retirement plans	–	7	1	27
	526	571	1,069	3,349
(b) Other items				
Depreciation	–	21	–	37
Expenses related to short term lease	–	–	–	24
Subcontracting charges (included in direct costs)	13,197	29,016	25,118	53,101

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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest expenses on other borrowings	–	65	–	131
	<u>–</u>	<u>65</u>	<u>–</u>	<u>131</u>

7. INCOME TAX EXPENSE/(CREDIT)

	For the three months ended 31 October		For the six months ended 31 October	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax				
– Hong Kong Profits Tax	–	–	–	–
	<u>–</u>	<u>–</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 2023 (2022: 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss				
Loss for the period attributable to equity holders of the Company	<u>(2,700)</u>	<u>(6,733)</u>	<u>(4,321)</u>	<u>(10,220)</u>
Number of shares				
Weighted average number of ordinary shares (in thousands)	<u>246,400</u>	<u>230,400</u>	<u>246,400</u>	<u>241,130</u>

There were no dilutive potential ordinary shares during the periods ended 31 October 2023 and 2022 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 2023 HK\$'000 (Unaudited)	As at 30 April 2023 HK\$'000 (Audited)
Trade receivables (note (a))	30,737	31,392
Surety bond (note (b))	21,281	21,281
Other receivable and deposit	142	142
Prepayment (note (c))	1,749	7
	53,909	52,822

Notes:

(a) Trade receivables

The Group usually grants credit period ranging from 21 to 60 days (30 April 2023: 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 2023 HK\$'000 (Unaudited)	As at 30 April 2023 HK\$'000 (Audited)
0 – 90 days	5,769	4,470
91 – 180 days	1,982	709
181 – 365 days	6,125	6,662
Over 365 days	16,861	19,551
	30,737	31,392

(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 2023, the Group had an outstanding surety bond of HK\$22,500,000 (30 April 2023: approximately HK\$22,500,000).

(c) Prepayments

During the six months ended 31 October 2023, an aggregate amount of approximately HK\$1,749,000 (30 April 2023: approximately HK\$7,000) paid to sub-contractors for a construction contract. As at 31 October 2023, 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 2023 HK\$'000 (Unaudited)	As at 30 April 2023 HK\$'000 (Audited)
Contract assets		
Retention receivable from construction contracts	11,280	8,967
Less: allowance for credit loss	(240)	(213)
	<u>11,040</u>	<u>8,754</u>

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 2023, included in contract assets are retention money held by customers for contract works amounted to approximately HK\$11,040,000 (30 April 2023: approximately HK\$8,754,000). 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 2023 HK\$'000 (Unaudited)	As at 30 April 2023 HK\$'000 (Audited)
Cash at bank and in hand	316	1,546

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 October 2023 HK\$'000 (Unaudited)	As at 30 April 2023 HK\$'000 (Audited)
Listed securities classified as held for trading investments:		
– Equity Securities listed in Hong Kong	25,510	22,562

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 2023 HK\$'000 (Unaudited)	As at 30 April 2023 HK\$'000 (Audited)
Trade payables (note (a))	11,884	6,153
Retention payables (note (b))	10,767	9,970
Accruals and other payables	4,340	1,576
	26,991	17,699

Notes:

(a) Trade payables

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

	As at 31 October 2023 HK\$'000 (Unaudited)	As at 30 April 2023 HK\$'000 (Audited)
0 – 30 days	4,067	3,243
31 – 60 days	2,893	546
61 – 90 days	127	524
Over 90 days	4,797	1,840
	11,884	6,153

The Group is granted by its suppliers a credit period ranging from 0 to 30 days (30 April 2023: 0 to 30 days).

(b) Retention payables

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

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 2023, 1 May 2023 and 31 October 2023	<u>400,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
As at 30 April 2023, 1 May 2023 and 31 October 2023	<u>246,400,000</u>	<u>12,320,000</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 2023 and 2022 as follows:

	For the six months ended 31 October	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries, fee and allowances	370	378
Retirement scheme contributions	<u>1</u>	<u>5</u>
	<u>371</u>	<u>383</u>

17. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 October 2023 (30 April 2023: nil).