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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 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Tai Kam Holdings Limited (the “**Company**”) is pleased to announce the annual results of the Company and its subsidiaries for the year ended 30 April 2023. This announcement, containing the full text of the 2023 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of annual results.

By order of the Board
Tai Kam Holdings Limited
Lang Junhao
Chairman and executive Director

Hong Kong, 31 July 2023

As at the date of this announcement, the executive Directors are Ms. Liu Tanying and Mr. Lang Junhao; and the independent non-executive Directors are Mr. Lau Wang Lap, Mr. Lo Chi Yung and Ms. Li Yixuan.

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (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.*

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

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

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)
Mr. Lo Chi Yung
Ms. Li Yixuan

NOMINATION COMMITTEE

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

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

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

STOCK CODE

8321

COMPANY WEBSITE

www.taikamholdings.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Tai Kam Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), I am pleased to present our annual results for the year ended 30 April 2023 (the "Reporting Period").

OVERVIEW

The Group's revenue increased by approximately HK\$39.0 million or approximately 66.9% from approximately HK\$58.3 million for the year ended 30 April 2022 to approximately HK\$97.3 million for the Reporting Period.

The net loss amounted to approximately HK\$31.7 million for the Reporting Period as compared to the net loss of approximately HK\$18.8 million for the year ended 30 April 2022.

The increase in net loss was mainly due to decrease in other income and other gains or losses for the Reporting Period and the decrease on the gross profit for the Reporting Period.

FORWARD

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.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders, customers, subcontractors and business partners for their continuous support and trust to our Group.

I would also like to express our sincere thanks to the management and staff for their commitment and contribution throughout the years.

Lang Junhao

Chairman and executive Director

Hong Kong, 31 July 2023

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 services in site formation works and renovation works in Hong Kong. Site formation generally refer to piling works, landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Renovation works refer to the fitting out work for business for premises in Hong Kong.

The Group’s revenue increased by approximately HK\$39.0 million, or approximately 66.9%, from approximately HK\$58.3 million for the year ended 30 April 2022 to approximately HK\$97.3 million for the Reporting Period. The increase in revenue was mainly due to increase in works performed from site formation works and renovation works for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

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\$0.1 million, or approximately 4.8%, from approximately HK\$2.1 million for the year ended 30 April 2022 to approximately HK\$2.0 million for the Reporting Period. The Group's gross profit margin decreased from approximately 3.5% for the year ended 30 April 2022 to approximately 2.1% for the Reporting Period. The decrease in gross profit margin was mainly due to more revenue contribution from contracts with lower margin for the Reporting Period.

The Group's direct costs increased by approximately HK\$39.1 million, or approximately 69.5%, from approximately HK\$56.3 million for the year ended 30 April 2022 to approximately HK\$95.4 million for the Reporting Period. The increase of direct costs is mainly due to the increase 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 increased by approximately HK\$12.3 million, or approximately 164.0%, from approximately HK\$7.5 million for the year ended 30 April 2022 to approximately HK\$19.8 million for the Reporting Period. Administrative expenses consist primarily of staff costs, professional fees, depreciation, and other administrative expenses. The increase in the Group's administrative expenses was mainly due to increase in legal and professional fee, staff cost and share option expenses for the Reporting Period.

Other income and other gains or losses

The Group's other income decreased from HK\$1.1 million for the year ended 30 April 2022 to approximately HK\$0.2 million for the Reporting Period. It is mainly attributable to the decrease of sales of scrap material approximately HK\$0.7 million and refund from supplier of approximately HK\$0.3 million off-set by the increase in bond interest income of approximately HK\$0.2 million for the Reporting Period. The Group's other gains or losses decreased by approximately HK\$11.1 million, it was mainly due to the increase in unrealised loss on change in fair value of financial assets at fair value through profit or loss of approximately HK\$10.7 million.

Net Loss

The net loss amounted to approximately HK\$31.7 million for the Reporting Period as compared to the net loss of approximately HK\$18.8 million for year ended 30 April 2022. Such increase in net loss was primarily attributable to the decrease in other income and other gains or losses and increase in administrative expenses for the Reporting Period as discussed above and the decrease on the gross profit for the Reporting Period while partially off-set by the decrease in impairment losses under expected credit loss model.

MANAGEMENT DISCUSSION AND ANALYSIS

Final Dividend

The Board did not recommend a payment of a final dividend for the Reporting Period (2022: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2023, the Group's total equity attributable to owners of the Company amounted to approximately HK\$76.2 million (2022: approximately HK\$101.1 million).

As at 30 April 2023, the Group had cash and bank balances of approximately HK\$1.5 million (2022: approximately HK\$9.9 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 2023 (2022: Nil).

CASH POSITION

As at 30 April 2023, the cash and bank balances of the Group amounted to approximately HK\$1.5 million (2022: approximately HK\$9.9 million), representing a decrease of approximately HK\$8.4 million as compared to that as at 30 April 2022.

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 2023 and as at 30 April 2022, the Group's gearing ratio was nil and 13.8% 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2023, 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 (2022: Nil).

CAPITAL COMMITMENTS

As at 30 April 2023, the Group had no material capital commitments (2022: Nil).

CONTINGENT LIABILITIES

There were no significant contingent liabilities of the Group as at 30 April 2023 (2022: 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 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.

EMPLOYEES AND REMUNERATION POLICY

The Group had 23 employees (including executive Directors) as at 30 April 2023 (2022: 27 employees). Total staff costs (including Directors' emoluments) were approximately HK\$11.9 million for the Reporting Period as compared to approximately HK\$4.7 million for the year ended 30 April 2022. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

As at 30 April 2023, the Group's financial assets at fair value through profit or loss amounted to HK\$22.6 million represented were equity investments listed in Hong Kong. Details of the significant investments are as follows:

Company Name	Fair value change HK\$'000	Fair value at 30 April 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 30 April 2023
Harbour Digital Asset Capital Limited	(2,255)	5,232	23.2	5.6
Other securities with individual fair value less than 5% of the total assets as at 30 April 2023 (<i>Note 1</i>)	(7,985)	17,330	76.8	18.4
	<u>(10,240)</u>	<u>22,562</u>	<u>100.0</u>	<u>24.0</u>

Note:

1. As at 30 April 2023, other listed equity securities comprised 12 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 30 April 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 of subsidiaries and affiliated companies during the Reporting Period and for details of disposals of subsidiaries please refer to note 29, the Group did not have other plans for material investments or capital assets.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lang Junhao (郎俊豪) (“**Mr. Lang**”), aged 35, was appointed as an executive Director on 18 April 2023. Mr. Lang was graduated from the profession of administrative management of the Open University of China (formerly known as China Central Radio and TV University (中央廣播電視大學)). Mr. Lang has 10 years of experience at cost engineer field. Prior to joining the Group, Mr. Lang was a manager of the engineering department of a construction company.

Ms. Liu Tanying (劉潭影) (“**Ms. Liu**”), aged 44, was appointed as an executive Director on 16 May 2018. She has over 14 years’ experience in the construction industry in the People’s Republic of China (the “PRC”). She graduated from South China University of Technology with a Bachelor’s degree in Architecture. Prior to joining the Company, Ms. Liu has served as deputy department architecture supervisor in a construction company incorporated in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Wang Lap (劉宏立) (“**Mr. Lau**”), aged 44, was appointed as an independent non-executive Director on 2 May 2019. Mr. Lau graduated from the City University of Hong Kong with a Degree of Bachelor of Business Administration in Accountancy in November 2003. Mr. Lau became a member of the Hong Kong Institute of Certified Public Accountants in May 2007. Mr. Lau obtained a Degree of Master of Business Administration from the University of Strathclyde through distance learning in November 2013. Mr. Lau has over 15 years of experience in accounting and finance. Since November 2011, he has been working with Bortland Bros. Consulting Limited as managing director, where he is mainly responsible for internal control review, tax planning and provision of consulting services. From 1 November 2018 to 12 November 2021 he served as independent non-executive director of Hon Corporation Limited (stock code: 8259) which was delisted on 22 June 2022.

Ms. Li Yixuan (李懿軒) **formerly known as Li Yuan** (李媛) (“**Ms. Li**”), aged 36, was appointed as an independent non-executive Director on 25 March 2019. Ms. Li has over nine years of experience in the engineering industry. Ms. Li graduated from Chengdu University of Technology in July 2009 with a Bachelor’s degree in Engineering Management. From November 2009 to July 2012, she worked as an assistant engineer at a construction and engineering company in Sichuan, China and has been working as project controller at another construction company in Sichuan, China since September 2012.

Mr. Lo Chi Yung (羅智勇) (“**Mr. Lo**”), aged 44, was appointed as an independent non-executive Director on 30 April 2020. Mr. Lo holds a bachelor of computer science and engineering degree from The Hong Kong University of Science and Technology. He has over 19 years of project management, marketing and business development experience in financial services industry. Prior to joining our Group, Mr. Lo had held senior management position in sizable companies and he was mainly responsible for project management, strategic planning and operational management.

SENIOR MANAGEMENT

Mr. Hui Chi Kong (許志剛) (“**Mr. Hui**”), aged 41, is the company secretary of our Company. Mr. Hui joined our Group in January 2019. Mr. Hui obtained a degree of Bachelor of Business Administration in Accountancy from Hong Kong Polytechnic University in 2006 and is a member of the Hong Kong Institute of Certified Public Accountants. He has over 10 years’ experience in the auditing, finance and accounting field.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the Reporting Period.

Since the Listing, the Board has recognised that transparency and accountability is important to a listed company. Therefore, the Company is committed in establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture of the Company.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtaining and maintaining the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company.

The Company has applied the principles as set out in the CG Code set out in Appendix 15 to the GEM Listing Rules. The Board considers that the Company has complied with the CG Code during the year ended 30 April 2023.

BOARD OF DIRECTORS

The Board is responsible for leadership and control of the Group and is responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. Though the Board delegates the day-to-day management, administration and operation of the Group to management, all the Directors continue to give sufficient time and attention to the Company's affairs. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the "Board Committees"). Further details of the Board Committees are set out in (the section headed "Board Committees") of this report.

With the various experience of both the executive Directors and INEDs and in view of the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group. The biographical details of the Directors and members of senior management are set out in the section headed with "Directors and Senior Management" of this report.

CORPORATE GOVERNANCE REPORT

Composition of the Board

As of the date of this report, the Board is comprised of five Directors, including two executive Directors, namely Mr. Lang Junhao and Ms. Liu Tanying, and three INEDs, namely Mr. Lo Chi Yung, Mr. Lau Wang Lap and Ms. Li Yixuan.

In compliance with Rules 5.05(1) and 5.05A of the GEM Listing Rules, the Board have to consist of three INEDs during the Reporting Period. As of the date of this report, the number of INEDs represents more than one third of the Board and the INEDs are appointed with appropriate professional qualification, or accounting or related financial management expertise. The Board considered that the Directors have a balance of skills and experience for the business of the Group. The biographical details of the Directors and other senior management are set out in the section headed with “Directors and Senior Management” of this report. As such, there is a strong independent element in the Board to provide independent judgement.

Specific enquiry has been made by the Company to each of the INEDs to confirm their independence pursuant to Rule 5.09 of the GEM Listing Rules. In this connection, the Company has received positive confirmations from all of the three INEDs. Based on the confirmations received, the Company considers all INEDs to be independent under the GEM Listing Rules.

Mr. Lang Junhao is the chairman (the “Chairman”) of the Board.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “Board Diversity Policy”) in accordance with the requirement as set out in the CG Code. The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on the basis of merit, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company’s business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

As at the date of this report, the Board comprises five Directors, two of whom are women. Three of the Directors are INEDs and independent of management, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether in terms of gender, professional background and skills.

Implementation and Monitoring

The Nomination Committee reviewed the Board’s composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy throughout the Reporting Period.

CORPORATE GOVERNANCE REPORT

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.

Board and General Meetings

Pursuant to Code Provision A.1.1 of the Code, the Board should meet regularly and Board meetings should be held at least four times a year. Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

During the Reporting Period, 7 board meetings were held. During the period between 1 May 2023 and the date of this report, 1 board meeting was held. The Company’s annual general meeting will be held on 27 October 2023.

The attendance of the respective Directors at the Board meetings are set out below:

Name of Directors	Attendance/Number of meetings between 1 May 2022 and the date of this report
Executive Directors	
Mr. Lang Junhao (appointed on 18 April 2022)	1/1
Ms. Liu Tanying	8/8
Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022)	6/6
INEDs	
Ms. Li Yixuan	8/8
Mr. Lau Wang Lap	8/8
Mr. Lo Chi Yung	8/8

Appointment and Re-election of Directors

The Company’s Articles provide that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Each of the INEDs has entered into an appointment letter with the Company. The appointment letter of each of the INEDs is for a term of three years, which may be terminated by not less than one month’s notice in writing served by either party on the other. The aforesaid appointment letters are subject to termination provisions therein and the retirement and re-election provisions in the Articles.

CORPORATE GOVERNANCE REPORT

Director's continuing professional development programme

All Directors confirmed that they have complied with code provision A.6.5 of the CG Code for the Reporting Period.

To assist Directors' continuing professional development, the Company recommends Directors to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have studied relevant materials from time to time recommended by the Company and attended training/programmes including on the amendments to, or updates on the relevant laws, rules and regulations on directors' duties and responsibilities to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continual briefing and professional development to Directors will be arranged whenever necessary.

All the Directors also understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills. Records of the training received by the respective Directors are kept and updated by the company secretary of the Company.

Board committees

The Board has established a number of functional committees in compliance with the relevant GEM Listing Rules and to assist the Board to discharge its duties. Currently, three committees have been established. An audit committee ("Audit Committee") has been established on 26 September 2016 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the CG Code; a remuneration committee ("Remuneration Committee") has been established on 26 September 2016 with its terms of reference in compliance with Rules 5.34 and 5.35 of the GEM Listing Rules and paragraph B.1.2 of the CG Code; and a nomination committee ("Nomination Committee") has been established on 26 September 2016 with its terms of reference in compliance with paragraph A.5.2 of the CG Code. The functions and responsibilities of these committees have been set out in the relevant terms of reference which are no less stringent than that stated in the CG Code. The relevant terms of reference of each of the three committees can be found on the Group's website (www.taikamholdings.com) and the website of the Stock Exchange. All committees have been provided with sufficient resources and support from the Group to discharge their duties and have access to independent professional advice according to the Company's policy if considered necessary.

Audit Committee

During the Reporting Period and up to the date of this report, the Audit Committee comprises three members, Mr. Lau Wang Lap (Chairman), Ms. Li Yixuan and Mr. Lo Chi Yung, all of whom are INEDs.

The major roles and functions of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the Company's internal control and risk management system, overseeing the balance, transparency and integrity of the Company's financial statements and the application of financial reporting principles, reviewing the relationship with the external auditor, and its independence assessment and the adequacy of resources, qualifications and experience of the Company's accounting staff, their training programmes, and budget.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Audit Committee held four meetings. Between 1 May 2023 and the date of this report, the Audit Committee held one meeting. The attendance records of the members of the Audit Committee are summarised below:

Name of Directors	Attendance/number of meetings between 1 May 2022 and the date of this report
Ms. Li Yixuan	4/4
Mr. Lo Chi Yung	4/4
Mr. Lau Wang Lap (Chairman)	4/4

The summary of work of the Audit Committee during the Reporting Period and up to the date of this report is as follows:

1. met with the external auditor to discuss the nature and scope of the audit and reporting obligation before the audit commenced and review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
2. reviewed and approved audit fee;
3. recommended the re-appointment of Elite Partners CPA Limited as auditor, subject to the shareholders' approval at the annual general meeting;
4. reviewed the non-competition undertaking by the controlling shareholders of the Company;
5. reviewed the effectiveness of the Company's risk management and internal control systems;
6. reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget; and
7. reviewed the Group's first quarterly results for three months ended 31 July 2022, interim results for six months ended 31 October 2022, third quarterly results for the nine months ended 31 January 2023 and annual results for the year ended 30 April 2023.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

Remuneration Committee

At any given point in time during the Reporting Period and up to the date of this report, the Remuneration Committee comprises three members, namely Mr. Lau Wang Lap, Mr. Lo Chi Yung (Chairman), Mr. Lang Junhao and Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022). Mr. Lo Chi Yung and Mr. Lau Wang Lap are or were INEDs while Mr. Lang Junhao and Ms. Tsui Tsz Fa Mabel are or were executive Directors.

The major roles and functions of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review the management's remuneration proposals, and ensure none of the Directors determine their own remuneration.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee makes recommendation to the Board regarding Directors' remuneration by reference to market benchmarks. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

During the Reporting Period, the Remuneration Committee held one meeting.

The attendance records of the members of the Remuneration Committee are summarised below:

Name of Directors	Attendance/number of meetings between 1 May 2022 and the date of this report
Mr. Lo Chi Yung (Chairman)	2/2
Mr. Lang Junhao (appointed on 18 April 2022)	1/1
Mr. Lau Wang Lap	2/2
Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022)	1/1

The summary of work of the Remuneration Committee during the Reporting Period and up to the date of this report is as follows:

1. reviewed and recommended to the Board on the Group's remuneration policy and strategy; and
2. assessed the performance of the executive Directors and reviewed and recommended to the Board on the remuneration packages of the executive Directors and senior management of the Company.

The Board is of the view that the remuneration Committee has properly discharged its duties and responsibilities during the Reporting Period and up to the date of this report.

Remuneration of the senior management

Details of the remuneration of the Directors and five highest paid individuals for Reporting Period are provided in Note 12 to the consolidated financial statements in this report.

Remuneration policy

The remuneration policy of the Group for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors and senior management members.

Nomination Committee

At any given point in time during the Reporting Period and up to the date of this report, the Nomination Committee comprises three members, namely Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022), Ms. Li Yixuan, Mr. Lau Wang Lap and Mr. Lang Junhao (Chairman). Ms. Li Yixuan and Mr. Lau Wang Lap are or were INEDs while Mr. Lang Junhao and Ms. Tsui Tsz Fa Mabel are or were executive Directors.

CORPORATE GOVERNANCE REPORT

The major roles and functions of the Nomination Committee are to regularly review the structure, size, composition and diversity of the Board and make recommendations to the Board regarding appointment of Directors and management of Board succession.

The Board adopted the Board Diversity Policy in accordance with the requirement as set out in the CG Code. The Nomination Committee regularly monitors and reviews the implementation of the Board Diversity Policy. Details of the Board Diversity Policy are set out in the section headed “Board Diversity Policy” of this report.

The Nomination Committee has, inter alia, reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group, assessed the independence of the INEDs and considered the Directors who will retire and stand for re-election at the forthcoming annual general meeting. The Nomination Committee has also reviewed the Board Diversity Policy as set out in the paragraph headed “Board Diversity Policy” above.

The members of the Nomination Committee should meet at least once a year. During the Reporting Period and up to the date of this report, the Nomination Committee held two meetings.

The attendance records of the members of the Nomination Committee are summarised below:

Name of Directors	Attendance/number of meetings between 1 May 2022 and the date of this report
Ms. Li Yixuan	2/2
Mr. Lau Wang Lap	2/2
Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022) (Chairman)	1/1
Mr. Lang Junhao (appointed on 18 April 2022) (Chairman)	1/1

Corporate Governance Functions

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company’s policies, practices on corporate governance, training and continuous professional development of the directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, etc.

The Directors will review the Group’s corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance report.

Directors’ and auditor’s responsibilities for consolidated financial statements

The Directors acknowledge and understand their responsibility for preparing the consolidated financial statements and to ensure that the consolidated financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules. The Directors are of the view that the consolidated financial statements of the Group for the financial year ended 30 April 2023 have been prepared on this basis. As at 30 April 2023, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group’s ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditor, Elite Partners CPA Limited, about their reporting responsibility on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 33 to 36 of this report.

Internal control and risk management

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorised disposition and to manage operational risks. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions of different systems has been done on a systematic basis based on the risk assessments of the operations and controls.

The Group's risk management framework includes the following elements: (i) identify significant risks in the Group's operation environment and evaluate the impacts of those risks on the Group's business; (ii) develop necessary measures to manage those risks; and (iii) monitor and review the effectiveness of such measures.

The Group does not have an internal audit department. Yet, the Group has conducted an annual review on whether there is a need for such an internal audit department. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness.

The Board, through the Audit Committee, has conducted review of both design and implementation effectiveness of the risk management and internal control systems of the Group once throughout the Reporting Period, covering all material controls, including financial, operational and compliance controls. In this respect, the Audit Committee communicates any material issues to the Board.

The Group engaged an external consultant to conduct review on the internal control system of the Group for the Reporting Period. The review covers certain procedures on the provision of construction services in Hong Kong, and makes recommendations for improving and strengthening the internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by the external consultant to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of the external consultant as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

CORPORATE GOVERNANCE REPORT

With respect to the monitoring and disclosure of inside information, the Group has adopted a policy on disclosure of inside information with the aim of ensuring that insiders are abiding by the confidentiality requirement and are fulfilling their obligations with regard to inside information.

Auditor's remuneration

During the Reporting Period, the Group engaged Elite Partners CPA Limited ("Elite Partners") as the Group's external auditor. The remuneration paid and payable to Elite Partners is set out as follows:

Services rendered	Fees paid/payable (HK\$'000)
Statutory audit services	412
Non-audit services	29
Total	<u>441</u>

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the Reporting Period.

Company secretary

Mr. Hui Chi Kong is the company secretary of the Company. Please refer to the section "Directors and Senior Management" for his biographical information.

During the Reporting Period, Mr. Hui Chi Kong has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

Compliance officer

Mr. Lang Junhao, an executive Director of the Company, was appointed as the compliance officer of the Group on 18 April 2022. Please refer to the section "Directors and Senior Management" for his biographical information.

General meetings with shareholders

The annual general meeting ("AGM") is a forum in which the Board and the shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc. At the AGM, the Directors (including INEDs) are available to attend to questions raised by the shareholders. The external auditor of the Company is also invited to be present at the AGM to address queries of the shareholders concerning the audit procedures and the independent auditor's report.

The AGM of the Company will be held on 27 October 2023, the notice of which shall be sent to the shareholders of the Company at least 20 clear business days prior to the meeting.

CORPORATE GOVERNANCE REPORT

Shareholders' rights

Convening of Extraordinary General Meeting on requisition by shareholders

Subject to the Company's amended and restated articles of association (the "Articles") (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time), the Board may, whenever it thinks fit, convene an extraordinary general meeting ("EGM"). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business in Hong Kong at Unit 1104A, 11/F, Kai Tak Commercial Building, No. 317-319 Des Voeux Road Central, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

The requisition must state clearly the name of the eligible shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the eligible shareholder(s) concerned together with a deposit of a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders.

The requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered shareholders. On the contrary, if the requisition has been verified as not in order or the shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the eligible shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM.

If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for shareholders to put forward proposals at shareholders' meetings

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, shareholders who wish to move a resolution may by means of requisition convene an EGM following the procedures set out above.

CORPORATE GOVERNANCE REPORT

Procedures for directing shareholders' enquires to the Board

Shareholders may direct their enquiries concerning their shareholdings to the Company's branch share registrar and transfer office in Hong Kong. Shareholders may also make a request for the Company's information to the extent that such information has been made publicly available by the Company. All written enquiries or requests may be forwarded to the Company's head office in Hong Kong or by email to info@taikamholdings.com.

The addresses of the Company's head office and the Company's branch share registrar and transfer office in Hong Kong can be found in the section "Corporate Information" of this report.

Shareholders are reminded to lodge their questions together with their detailed contact information.

Investor Relations

To ensure transparent and comprehensive disclosures to investors, the Group delivers information of the Group to the public through various channels, including general meeting, public announcement and financial reports. The investors are also able to access the latest news and information of the Group via our website (www.taikamholdings.com).

In order to maintain good and effective communication, the Company together with the Board extend their invitation to all shareholders and encourage them to attend the forthcoming AGM and all future general meetings.

The shareholders may also forward their enquiries and suggestions in writing to the Company as follows:

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

Email: info@taikamholdings.com

Significant Changes in Constitutional Documents

During the Reporting Period, there had been no significant changes in the constitutional documents of the Company.

Dividend Policy

The Company has adopted a dividend policy (the "Dividend Policy"). According to the Dividend Policy, it is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors before declaring or recommending dividends:

- (a) the Company's actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- (d) the Group's liquidity position;

CORPORATE GOVERNANCE REPORT

- (e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- (f) other factors that the Board may consider relevant.

The payment of dividend by the Company is also subject to any restrictions under the Cayman Islands laws and the Company's articles of association.

The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earning, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group.

DIRECTORS' REPORT

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the Reporting Period.

RESULTS/BUSINESS REVIEW

The results of the Group for the Reporting Period are set out in the section headed "Independent Auditor's Report" on page 33 to 36 in this annual report. A review of the business of the Group for the Reporting Period, which includes a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators of the Group's business, particulars of important events affecting the Group, an indication of likely future developments in the Group's business, and discussion on the Company's environmental policies and performance and the relationships with its stakeholders, can be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", and "Independent Auditor's Report" of this annual report. The review forms part of this directors' report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong while the Company itself is listed on the Stock Exchange. Our establishment and operations shall therefore comply with the relevant laws and regulations in Hong Kong. External compliance and legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable law framework.

Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. During the Reporting Period and up to the date of this report, there is no material non-compliance with the relevant prevailing laws and regulations in Hong Kong by the Group.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

The Group's customers mainly include (a) for public sector projects, Government departments such as the CEDD, as well as other statutory bodies including the Housing Authority; and (b) for private sector projects, private corporations and other entities in the private sector.

During the Reporting Period, the Group served customers in Hong Kong. The Directors consider that customer concentration is not uncommon for construction companies in Hong Kong which mainly undertake public works and particularly slope works. The business model is sustainable despite customer concentration mainly due to our competitive strengths (in particular, our high performance ratings under the Contractor's Performance Index System) through open tendering for Government projects and the launch of the Landslip Prevention and Mitigation Programme by the CEDD. The Group has business relationships with most of the top customers ranging from 1 year to over 6 years.

DIRECTORS' REPORT

Suppliers and Subcontractors

During the Reporting Period, the suppliers of goods and services which were specific to the business of the Group and were required on a regular basis to enable the Group to continue to carry on its business included (i) subcontractors engaged by the Group to perform the slope works; and (ii) suppliers of construction materials and consumables such as steel, bars and concrete. The Group has business relationships with most of the top suppliers ranging from 1 year to over 6 years.

The Group maintains an internal list of approved subcontractors. While engaging subcontractors, the Group generally selects the most suitable subcontractor from the approved list based on their relevant experience as well as their availability and fee quotations.

The Group did not experience any material difficulties in sourcing material from suppliers or assigning subcontractors during the Reporting Period. Also, there is no significant dispute with our top five suppliers and subcontractors during the Reporting Period.

Employees

The Group believes that employees are important and their contribution and support are valued at all times. The Group provides competitive remuneration packages to attract and retain employees with the aim to form a professional staff and management team that can bring the Group to new levels of success. The Group regularly reviews compensation according to industry benchmarks, financial results as well as the individual performance of employees. Furthermore, the Group places great emphasis on the training and development of employees and regards excellent employees as a key factor in its competitiveness.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the total amount of turnover attributed to the Group's largest and the five largest customers accounted for approximately 83.7% and 100.0% (2022: approximately 40.9% and 100.0%) of the total revenue of the Group, respectively.

For the Reporting Period, the Group's purchases from the largest and the five largest suppliers accounted for approximately 28.1% and approximately 72.6% (2022: approximately 22.4% and approximately 70.3%) of the total purchases of the Group respectively.

To the best of the Directors' knowledge, none of the Directors, their close associates, or any shareholders of the Company (which to the knowledge of the Directors own more than 5% of the issued shares of the Company) has an interest in the Group's five largest customers and suppliers.

DIRECTORS' REPORT

SEGMENT INFORMATION

The executive Directors regard the Group's business of construction in Hong Kong as main contractor as a single operating segment and review the overall results of the Group as a whole to make decisions about resource allocation.

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.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 92 of this report.

RESULTS AND DIVIDENDS

The financial performance of the Group for the Reporting Period and the financial position of the Group as at that date are set out in the financial statements on pages 37 to 38 of this report.

No interim or final dividend was declared and paid during the Reporting Period (2022: Nil). No shareholder has agreed to waive dividends.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM of the Company will be held on 27 October 2023. In order to determine eligibility to attend and vote at the forthcoming AGM or any adjournment thereof, the register of members of the Company will be closed from 20 October 2023 (Friday) to 27 October 2023 (Friday) (both days inclusive). All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office no later than 4:30 p.m. on 18 October 2023 (Wednesday). The share registrar and transfer office is at:

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

PLANT AND EQUIPMENT

Details of movements of the plant and equipment of the Group during the Reporting Period are set out in Note 13 to the consolidated financial statements.

DIRECTORS' REPORT

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 April 2023 are set out in Note 23 to the consolidated financial statements.

SHARE CAPITAL AND SHARE PREMIUM

The Company's total issued share capital as at 30 April 2023 was 246,400,000 ordinary shares of HK\$0.01 each.

Details of movements of the share capital and share premium of the Company during the Reporting Period are set out in Note 21 and Note 25 to the consolidated financial statements respectively.

EMOLUMENT POLICY FOR DIRECTORS

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group. The Remuneration Committee determines Directors' remuneration by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 12 to the consolidated financial statements in this report.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 39 of this report and Note 25 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As of 30 April 2023, the reserves of the Company available for distribution as calculated under the Companies Law Cap. 22 of Cayman Islands, was approximately HK\$47.5 million (2022: approximately HK\$6.7 million) inclusive of share premium and accumulated losses.

DIRECTORS' REPORT

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. Lang Junhao (appointed on 18 April 2022) (chairman)

Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022)

Ms. Liu Tanying

Independent Non-executive Directors

Mr. Lau Wang Lap

Ms. Li Yixuan

Mr. Lo Chi Yung

Confirmation of Independence

Each INEDs has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the INEDs are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company are set out in page 10 under the section headed "Directors and Senior Management" in this report.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service contract with the Company. All the such service contracts are continuous until terminated by either party giving to the other not less than one month's notice in writing. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

Each of the INEDs is appointed for a term of three years unless terminated by one month's notice in writing. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

No director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Each of the executive Directors shall also be entitled to discretionary bonus to be determined by the Board based on, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group, and is subject to the recommendation of the Remuneration Committee.

DIRECTORS' REPORT

DISCLOSURE OF INTERESTS

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 30 April 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			
– 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.

DIRECTORS' REPORT

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

As at 30 April 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 that was required to be 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.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in Note 26 to the consolidated financial statements, no transactions, arrangements or contract of significance to which the Company or any of its subsidiaries, or its holding company was a party and in which a Director or an entity connected with a Director had a material interest directly or indirectly subsisted at the end of the year or at any time during the Reporting Period.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company or any of its subsidiaries was a party, and in which any controlling shareholder of the Company had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than those disclosed under the paragraph headed "Share Option Scheme", at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective close associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' REPORT

CONNECTED/RELATED PARTY TRANSACTIONS

The Company had not entered into any connected transaction during the Reporting Period which is required to be disclosed under the GEM Listing Rules.

Related party transactions entered into by the Group during the Reporting Period, which constitute fully exempt connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules are disclosed in Note 26 to the consolidated financial statements.

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 report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 11 to 22 of this report.

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.

DIRECTORS' REPORT

Details of the options outstanding for the year ended 30 April 2023 are as follows:

Grantees	No. of shares comprised in options				As at 30 April 2023	Date of grant during the period	Exercise price per share	Exercise period
	As at 1 May 2022 (i)	Granted during the period	Exercised during the period	Lapsed during the period				
Executive director								
Ms. Tsui Tsz Fa Mabel (resigned on 18 April 2022)	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 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)								
	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
	-	23,040,000	-	-	23,040,000	12 May 2022	HK\$0.389	10 years from the date of grant
Total	35,200,000	23,040,000	(9,600,000)	(1,600,000)	47,040,000			

Note:

- (i) 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 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 2022 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 30 April 2023, no shares may be granted under the shares option scheme of the Company.

DIRECTORS' REPORT

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

There are no significant events after the reporting period that is required to be reported.

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. Detail information regarding the environmental, social and governance practices adopted by the Group is set out in the Environmental, Social and Governance Report which will be disclosed as a separate report and published on the websites of the Stock Exchange and the Company together with the publication of this annual report.

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 report, the Company has maintained sufficient public float required under the GEM Listing Rules.

AUDITOR

The consolidated financial statements for the Reporting Period have been audited by Elite Partners CPA Limited ("Elite Partners"). Elite Partners shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the reappointment as auditors of the Company will be proposed at the forthcoming AGM.

By order of the Board

Tai Kam Holdings Limited

Lang Junhao

Chairman and executive Director

Hong Kong, 31 July 2023

INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Tai Kam Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tai Kam Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 37 to 91, which comprise the consolidated statement of financial position as at 30 April 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of trade receivables and contract assets

As at 30 April 2023, the Group has trade receivables and contract assets, net of allowance of credit losses, of approximately HK\$31,392,000 and HK\$8,754,000 respectively. Management judgment was required in assessing and determining the recoverability of trade receivables and contract assets and adequacy of credit loss allowance made.

In determining whether there was objective evidence of impairment losses, the Group took into consideration the credit history of the customers and the current market condition which require management judgment.

We identified impairment assessment of trade receivables and contract assets as a key audit matter due to significance of trade receivables and contract assets to the Group's consolidated financial statements and the involvement of management judgment and estimation in evaluating the expected credit losses of the Group's trade receivables and contract assets at the end of the reporting period.

Our procedures in relation to impairment assessment of trade receivables and contract assets included:

- assessing the input data used by the management of the Group for impairment assessment, including the aging analysis of trade receivables and past due history of debtors as at 30 April 2023, on a sample basis, by comparing individual items in the analysis with the relevant construction contracts, settlement records of debtors and other supporting documents;
- challenging management's basis and judgment in determining credit loss allowance on trade receivables and contract assets as at 30 April 2023, including their identification of credit-impaired trade receivables and contract assets, and the basis of estimated loss rates applied on each debtor in the impairment assessment with reference to historical default rates and forward-looking information; and
- evaluating the disclosures regarding the impairment assessment of trade receivables and contract assets in the consolidated financial statements.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Mr. Wong Ho Kwan, with Practising Certificate number P07543.

Elite Partners CPA Limited

Certified Public Accountants

10/F, 8 Observatory Road,

Tsim Sha Tsui,

Kowloon,

Hong Kong

31 July 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	5	97,332	58,344
Direct costs		(95,370)	(56,290)
Gross profit		1,962	2,054
Other income and other gains or losses	7	(9,514)	2,479
Impairment losses under expected credit loss model, net of reversal	8(c)	(4,121)	(15,634)
Administrative expenses		(19,816)	(7,473)
Loss from operation		(31,489)	(18,574)
Finance costs	8(a)	(260)	(260)
Loss before tax	8	(31,749)	(18,834)
Income tax credit	9	–	56
Loss and total comprehensive expense for the year attributable to owners of the Company		(31,749)	(18,778)
		HK cents	HK cents
Loss per share			
Basic and diluted	11	(13.03)	(8.14)

The notes are form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2023

	Notes	2023 HK\$'000	2022 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Plant and equipment	13	–	37
Financial assets at fair value through profit or loss	15	2,994	–
Other receivables	16	3,791	–
		6,785	37
Current assets			
Financial assets at fair value through profit or loss	15	22,562	21,220
Trade and other receivables	16	52,822	93,784
Contract assets	17	8,754	5,033
Contract costs	17	1,521	3,231
Prepaid tax		–	12
Cash and bank balances	18	1,546	9,945
		87,205	133,225
Current liabilities			
Contract liabilities	17	–	3,018
Trade and other payables	19	17,699	29,010
Tax payables		95	95
		17,794	32,123
Net current assets		69,411	101,102
Total assets less current liabilities		76,196	101,139
Non-current liability			
Deferred tax liabilities	20	–	6
Net assets		76,196	101,133
EQUITY			
Share capital	21	12,320	11,840
Reserves		63,876	89,293
Total equity attributable to owners of the Company		76,196	101,133

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 July 2023 and were signed on its behalf by:

Lang Junhao
Director

Liu Tanying
Director

The notes are form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2023

	Equity attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (Note 22)	Capital reserve HK\$'000 (Note 22)	Share option reserve HK\$'000 (Note 22)	Retained earnings/ (accumulated losses) HK\$'000	
As at 1 May 2021	11,520	61,052	10,101	9,357	25,539	117,569
Loss and total comprehensive expense for the year	–	–	–	–	(18,778)	(18,778)
Exercise of share options	320	2,775	–	(753)	–	2,342
As at 30 April 2022 and as at 1 May 2022	11,840	63,827	10,101	8,604	6,761	101,133
Loss and total comprehensive expense for the year	–	–	–	–	(31,749)	(31,749)
Grant of share options	–	–	–	5,660	–	5,660
Disposal of subsidiaries (Note 29)	–	–	(10,101)	–	10,101	–
Exercise of share options	480	1,417	–	(745)	–	1,152
Lapsed of share options	–	–	–	(124)	124	–
As at 30 April 2023	12,320	65,244	–	13,395	(14,763)	76,196

The notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2023

	2023 HK\$'000	2022 HK\$'000
Cash flows from operating activities		
Loss before tax	(31,749)	(18,834)
Adjustments for:		
Depreciation of plant and equipment	16	85
Gain on disposal of plant and equipment	–	(380)
Bond interest income	(152)	–
Gain on disposal of subsidiaries	(526)	–
Realised gain on disposal of financial assets at fair value through profit or loss	–	(297)
Loss/(gain) arising on change in fair value of financial assets at fair value through profit or loss	10,240	(500)
Finance costs	260	260
Impairment losses recognised under expected credit loss model, net of reversal	4,121	15,634
Loss on written off of plant and equipment	–	8
Over-provision of trade and other payables	–	(242)
Share option expenses	5,660	–
Operating cash flows before movement in working capital	(12,130)	(4,266)
Change in trade and other receivables	21,687	(2,286)
Change in contract assets	(3,715)	6,887
Change in contract costs	1,710	7,274
Change in financial assets at fair value through profit or loss	(11,358)	(9,965)
Change in trade and other payables	3,062	(9,410)
Change in contract liabilities	(3,018)	3,018
<i>Net cash used in operating activities</i>	(3,762)	(8,748)
Cash flows from investing activities		
Proceeds for subscription of bond receivables	(4,000)	–
Proceeds for subscription of convertible bonds receivables	(3,250)	–
Net cash inflow from disposal of subsidiaries	876	–
Proceeds from disposal of plant and equipment	–	380
<i>Net cash (used in)/generated from investing activities</i>	(6,374)	380
Cash flows from financing activities		
Proceed from exercise of share options in prior years	585	–
Proceed from exercise of share options	1,152	1,757
<i>Net cash generated from financing activities</i>	1,737	1,757
Net decrease in cash and cash equivalents	(8,399)	(6,611)
Cash and cash equivalents at the beginning of the reporting period	9,945	16,556
Cash and cash equivalents at the end of the reporting period, represented by cash and bank balances	1,546	9,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

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. 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 1 May 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

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

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Disclosure of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

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 as explained in the accounting policies set out below.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (Continued)

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*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the carrying amounts of the assets, and liabilities of the subsidiary attributable to owners of the Company.

Plant and equipment

Plant and equipment are tangible assets that are held for use in production or supply of goods or services, or for administrative purposes. Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Furniture and fixture	20%
Machinery and equipment	20%
Motor vehicles	20%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Impairment on plant and equipment and contract costs

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit (the "CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related services less the costs which relate directly to providing those services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the CGU to which they belong for the purpose of evaluating impairment of that CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment on plant and equipment and contract costs (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated to reduce the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income and other gains or losses" line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables (excluded prepayment) and bank balances) and contract assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit rating where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

A contract asset represents the Group’s right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

Contract costs

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contract. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- (a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the assets relate. The asset is subject to impairment review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income and other gains or losses".

Employee benefits

Retirement benefit scheme contributions

Payment to Mandatory Provident Fund Scheme (the "MPF Scheme") is recognised as an expense when employees have rendered service entitling them to the contributions. The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, with the employers' contributions subject to a cap of monthly relevant income of HK\$30,000. The Group's contributions to the scheme are expensed as incurred and vested in accordance with the scheme's vesting scales. Where employees leave the scheme prior to the full vesting of the employer's contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

Employees of the Group's subsidiaries employed in the People's Republic of China (the "PRC") are required to participate in the employee retirement scheme operated by the relevant local government bureau in the PRC. The contributions to be borne by the Group are calculated at a certain percentage of the salaries and wages for those eligible employees.

The retirement benefits scheme contributions charged to profit or loss represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings/ (accumulated losses).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “loss before tax” as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent liabilities and contingent assets

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements during the year in which the change occurs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the year in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Related parties

A person or an entity is considered to be related to the Group as follows:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies: (Continued)
- (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A related party transaction is a transfer of resources, services or obligation between the Group and a related party, regardless of whether a price is charged.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker (the "CODM") for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily obtainable from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for financial assets measured at amortised cost and contract assets

Trade receivables with significant balances or credit-impaired and all other financial assets measured at amortised cost are assessed for ECL individually.

In addition, the Group uses provision matrix to calculate ECL for the trade receivables and contract assets which are individually insignificant. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates. The information about the ECL are disclosed in note 27 to the consolidated financial statements.

Valuation of convertible bonds receivables

As at 30 April 2023, the Group's convertible bonds receivables amounting to approximately HK\$2,994,000 (2022: Nil) are designated as financial assets at FVTPL and measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Change in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 27 for further disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

5. 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:

	2023 HK\$'000	2022 HK\$'000
Revenue from construction contracts	<u>97,332</u>	<u>58,344</u>

Performance obligations for contracts with customers

The Group provides undertaking site formation works and renovation works. Such works are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the Group performs. Revenue is recognised for these contract works using output method based on the stage of completion of the contract. Contracts with the Group's customers are agreed in fixed-price.

The Group's contracts include payment schedules which require stage payments over the contract period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits of total contract sum, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset is recognised over the period in which the contract services are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 1 to 2 years (2022: 1 to 2 years) from the date of the practical completion of the contract works. The relevant amount of contract assets is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the contract services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

5. REVENUE (CONTINUED)

Performance obligations for contracts with customers (Continued)

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected turning of recognising revenue are as follows:

	2023	2022
	HK\$'000	HK\$'000
Within one year	53,866	94,702
More than one year but not more than two years	–	30,312
	<u>53,866</u>	<u>125,014</u>

6. 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:

	2023	2022
	HK\$'000	HK\$'000
Customer A	15,864	14,138
Customer B	81,468	23,869
Customer C	–	10,938
Customer D	–	6,000
	<u>–</u>	<u>6,000</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

7. OTHER INCOME AND OTHER GAINS OR LOSSES

	2023 HK\$'000	2022 HK\$'000
Other income		
Government subsidies (<i>Note</i>)	48	20
Bond interest income	152	–
Refund from supplier	–	255
Sales of scrap material	–	670
Refund of government utilities deposit	–	120
Sundry income	–	3
	200	1,068
Other gains or losses		
Loss on written off of plant and equipment	–	(8)
Over-provision of trade and other payables	–	242
Gain on disposal of plant and equipment	–	380
Gain on disposal of subsidiaries (<i>Note 29</i>)	526	–
Realised gain on disposal of financial assets at fair value through profit or loss	–	297
(Loss)/gain arising on change in fair value of financial assets at fair value through profit or loss	(10,240)	500
	(9,714)	1,411
	(9,514)	2,479

Note:

During the year ended 30 April 2023, the Group recognised a subsidy of HK\$48,000 (2022: HK\$20,000) which relates to Employment Support Scheme provided by Hong Kong government (2022: construction industry "Anti-epidemic Fund" provided by construction industry council). There were no unfulfilled conditions or contingencies relating to these government subsidies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

8. LOSS BEFORE TAX

Loss before tax is stated after charging/(crediting):

(a) Finance costs

Interest on amount due to a related company of former directors

260

260

(b) Staff costs (including directors' emoluments)

Salaries, allowances and benefits in kind

3,443

3,368

Discretionary bonuses

2,530

1,014

Share option expenses

5,660

–

Retirement benefit schemes contributions

297

301

11,930

4,683

(c) Other items

Auditor's remuneration:

– Audit services

412

420

– Non audit services

29

26

Depreciation of plant and equipment

16

85

Expenses related to short-term leases

24

97

Subcontracting charges (included in direct costs)

95,370

56,290

Impairment losses recognised under expected credit loss model,
net of reversal:

– trade receivables

2,657

14,451

– contract assets

(6)

1,183

– other receivables

1,470

–

4,121

15,634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

9. INCOME TAX CREDIT

	2023 HK\$'000	2022 HK\$'000
Deferred tax:		
Deferred tax credit (<i>note 20</i>)	–	(56)
Income tax credit	<u>–</u>	<u>(56)</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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%. Hong Kong Profits Tax is calculated at 16.5% on the estimated profit for both years.

No provision for Hong Kong Profits Tax has been made for both years as the Group did not have any assessable profits arising in or derived from Hong Kong.

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 HK\$'000	2022 HK\$'000
Loss before tax	<u>(31,749)</u>	<u>(18,834)</u>
Tax at Hong Kong Profits Tax rate of 16.5% (2022: 16.5%)	(5,239)	(3,108)
Tax effect of:		
Income non-taxable for tax purpose	(95)	(145)
Expenses not deductible for tax purpose	4,162	2,678
Estimated tax loss not recognised	1,172	519
Income tax credit	<u>–</u>	<u>(56)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

10. DIVIDENDS

No dividend was declared or paid by the Company to its shareholders during the year (2022: Nil), nor has any dividend been declared subsequent to the end of the reporting period.

11. LOSS PER SHARE

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

	2023 HK\$'000	2022 HK\$'000
Loss		
Loss for the year attributable to owners of the Company	<u>(31,749)</u>	<u>(18,778)</u>
	2023 '000	2022 '000
Number of shares		
Weighted average number of shares for the purpose of basis and diluted loss per share	<u>243,744</u>	<u>230,593</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and chief executive officer's emoluments

Directors' and chief executive officer's remuneration for the year, disclosed pursuant to the applicable GEM Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Directors' fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Share option expenses HK\$'000	Total HK\$'000
Year ended 30 April 2023					
Executive directors:					
Mr. Lang Junhao (appointed on 18 April 2023)	-	-	-	-	-
Ms. Tsui Tsz Fa Mabel ("Ms. Tsui") (Chairman and chief executive officer) (resigned on 18 April 2023)	-	165	9	-	174
Ms. Liu Tanying	-	180	-	-	180
Independent non-executive directors:					
Mr. Lo Chi Yung	96	-	-	-	96
Ms. Li Yixuan	120	-	-	-	120
Mr. Lau Wang Lap	180	-	-	-	180
	396	345	9	-	750

	Directors' fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefit scheme contributions HK\$'000	Share option expenses HK\$'000	Total HK\$'000
Year ended 30 April 2022					
Executive directors:					
Ms. Tsui (Chairman and chief executive officer) (resigned on 18 April 2023)	-	180	9	-	189
Ms. Liu Tanying	-	180	-	-	180
Independent non-executive directors:					
Mr. Lo Chi Yung	96	-	-	-	96
Ms. Li Yixuan	120	-	-	-	120
Mr. Lau Wang Lap	180	-	-	-	180
	396	360	9	-	765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' and chief executive officer's emoluments (Continued)

Ms. Tsui is also the chief executive officer of the Group and her emoluments disclosed above include those for services rendered by her as the chief executive officer.

The executive director's emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no significant transactions, arrangements or contracts in relation to the Group's business in which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of both years or at any time during both years.

(b) Five highest paid individuals

None of the directors (2022: 3) are included in the five highest paid individuals of the Group for the year ended 30 April 2023 whose emoluments are disclosed above. Details of the emoluments of the remaining 5 (2022: 2) highest paid individuals are as follows:

	2023	2022
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,536	1,479
Discretionary bonuses	2,530	1,000
Retirement benefit scheme contributions	25	35
	4,091	2,514

The emoluments fell within the following bands:

	Number of individuals	
	2023	2022
Nil – HK\$1,000,000	3	1
HK\$1,000,001 – HK\$1,500,000	2	–
HK\$1,500,001 – HK\$2,000,000	–	–
HK\$2,000,001 – HK\$2,500,000	–	1
	5	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals (Continued)

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director or management of any members of the Group for both years. None of the directors or five highest paid individuals has waived or agreed to waive any emoluments for both years.

13. PLANT AND EQUIPMENT

	Furniture and fixture HK\$'000	Machinery and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST				
As at 1 May 2021	69	806	2,100	2,975
Disposals	–	(320)	(310)	(630)
Written off	(69)	–	–	(69)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 April 2022 and as at 1 May 2022	–	486	1,790	2,276
Disposal of subsidiaries (<i>note 29</i>)	–	(486)	(1,790)	(2,276)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 April 2023	–	–	–	–
	-----	-----	-----	-----
ACCUMULATED DEPRECIATION				
As at 1 May 2021	60	786	1,999	2,845
Charge for the year	1	20	64	85
Written back on disposals	–	(320)	(310)	(630)
Written off	(61)	–	–	(61)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 April 2022 and as at 1 May 2022	–	486	1,753	2,239
Charge for the year	–	–	16	16
Written back upon disposal of subsidiaries (<i>note 29</i>)	–	(486)	(1,769)	(2,255)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 April 2023	–	–	–	–
	-----	-----	-----	-----
CARRYING AMOUNTS				
As at 30 April 2023	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 30 April 2022	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	–	–	37	37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

14. LEASES

	2023 HK\$'000	2022 HK\$'000
Total cash outflow	24	97

The Group regularly entered into short-term leases for office. As at 30 April 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases.

In addition to the portfolio of short-term leases for office which are regularly entered into by the Group, the Group entered into short-term leases for office during the years ended 30 April 2023 and 2022. As at 30 April 2023, no outstanding lease commitments (2022: HK\$64,000).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK\$'000	2022 HK\$'000
Convertible bonds receivables designated as financial assets at FVTPL	2,994	–
Listed securities classified as held for trading investments:		
– Equity securities listed in Hong Kong	22,562	21,220
	25,556	21,220
Less: non current portion	(2,994)	–
	22,562	21,220

Convertible bonds receivables with the principal amounts of approximately HK\$3,250,000 issued by Capital VC Limited were interest bearing at 1.5% per annum payable upon maturity or redemption, unsecured, and matured on 26 September 2024. The conversion price of convertible bonds receivables is HK\$0.25 per conversion share and convertible between the date of issue of convertible bonds receivables and up to the maturity date. The Group designated the convertible bonds receivables, including the embedded conversion option and the redemption option as a whole in accordance with HKFRS 9 as financial assets at FVTPL.

As at 30 April 2023, fair value of convertible bonds receivables amounting to approximately HK\$2,994,000 (2022: Nil) were referenced to the valuation carried out by a firm of independent professional valuers.

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.

Details of the fair value measurement are disclosed in note 27 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

16. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK\$'000	HK\$'000
Trade receivables from contracts with customers (<i>note (a)</i>)	52,857	89,501
Less: allowance for credit losses	(21,465)	(18,808)
	31,392	70,693
Surety bonds (<i>note (b)</i>)	21,281	22,500
Other receivables and deposits	–	587
Bond receivables (<i>note (c)</i>)	3,761	–
Bond interest receivables	142	–
Convertible bonds interest receivables	30	–
Prepayment	7	4
	56,613	93,784
Less: non-current portion	(3,791)	–
	52,822	93,784

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) Trade receivables from contracts with customers

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

	2023 HK\$'000	2022 HK\$'000
0 – 90 days	4,470	155
91 – 180 days	709	–
181 – 365 days	6,662	19,928
Over 365 days	19,551	50,610
	<u>31,392</u>	<u>70,693</u>

As at 1 May 2021, gross trade receivables from contracts with customers amounted to approximately HK\$86,736,000.

The Group did not hold any collateral as security or other credit enhancements over the trade receivables except for trade receivables with the amounts of approximately HK\$13,005,000 (2022: Nil). On 30 June 2023, one of the Group's trade debtors had provided certain listed securities to the Group's as a collateral over the trade receivables.

Trade receivables with the carrying amounts (net of allowance of credit loss) of approximately HK\$28,106,000 (2022: HK\$70,538,000) are past due at the end of the reporting period. Out of the past due balances, HK\$24,105,000 (2022: HK\$70,538,000) (net of allowance for credit loss) has been past due 180 days or more and is not considered as in default because of no recent history of default or collateral obtained by the Group as security and the directors are in opinion of these balances are still considered as collectible.

(b) Surety bonds

A customer of construction contract undertaken by the Group required the group entity to issue guarantee for the performance of contract work in the form of surety bond. The surety bonds are released when the construction contract is completed or substantially completed. As at 30 April 2023, the Group had an outstanding principal amounts of surety bonds of HK\$22,500,000 (2022: HK\$22,500,000).

(c) During the year ended 30 April 2023, the Group subscribed an unlisted bond issued from a listed company with the principal amounts of HK\$4,000,000. The bond was unsecured, interest bearing at 5% per annum and repayable after 48 months from the subscription date.

Details of impairment assessment are set out in note 27 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

17. CONTRACT ASSETS, CONTRACT COST AND CONTRACT LIABILITIES

(a) Contract assets

	2023	2022
	HK\$'000	HK\$'000
Contract assets		
Retention receivables from construction contracts	8,967	5,252
Less: allowance for credit losses	(213)	(219)
	8,754	5,033

As at 1 May 2021, gross contract assets amounted to approximately HK\$13,142,000.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Group also typically agrees to 12-24 months retention period for 5% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

No contract assets is expected to be recovered more than one year. As at 30 April 2023, included in contract assets are retention receivables (net of allowance of credit loss) amounted to approximately HK\$8,754,000 (2022: HK\$4,474,000).

Details of impairment assessment are set out in note 27 to the consolidated financial statements.

(b) Contract costs

Contract costs capitalised related to the deposit paid to the subcontractors who performing the construction services which is still in progress at the end of the reporting period. Contract costs are recognised as part of direct costs in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related construction services is recognised. There was no impairment in relation to the cost capitalised during the year ended 30 April 2023.

During the year 30 April 2023, contract costs with the amounts of approximately HK\$1,521,000 (2022: HK\$3,231,000) was related to deposits paid to subcontractors in relation to costs to fulfill contracts and are expected to be recognised as direct costs within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

17. CONTRACT ASSETS, CONTRACT COST AND CONTRACT LIABILITIES (CONTINUED)

(c) Contract liabilities

The contract liabilities primarily relate to the advanced payment received from customers, for which revenue is recognised based on the progress of the provision of related services.

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified under current liabilities.

As at 30 April 2022, contract liabilities of approximately HK\$3,018,000 was advance payment from customers for the renovation work and are expected to be recognised as revenue within one year. No contract liabilities were recognised as at 30 April 2023.

18. CASH AND BANK BALANCES

	2023	2022
	HK\$'000	HK\$'000
Cash at banks and in hand	<u>1,546</u>	<u>9,945</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Details of impairment assessment are set out in note 27 to the consolidated financial statements.

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Amount due to a related company of former directors
	HK\$'000
As at 1 May 2021	13,732
Non-cash changes:	
Financial costs (<i>note 8(a)</i>)	<u>260</u>
As at 30 April 2022 and as at 1 May 2022	13,992
Non-cash changes:	
Settled with trade receivables	(14,252)
Finance costs (<i>note 8(a)</i>)	<u>260</u>
As at 30 April 2023	<u><u>–</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

19. TRADE AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables (<i>note (a)</i>)	6,153	8,520
Amount due to a related company of former directors (<i>note (b)</i>)	–	13,992
Accruals and other payables (<i>note (c)</i>)	1,576	2,685
Retention payables (<i>note (d)</i>)	9,970	3,813
	<u>17,699</u>	<u>29,010</u>

As at 30 April 2023 and 2022, no retention payables expected to be settled after more than one year.

Notes:

(a) Trade payables

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

	2023 HK\$'000	2022 HK\$'000
0 – 30 days	3,243	2,918
31 – 60 days	546	–
61 – 90 days	524	–
Over 90 days	1,840	5,602
	<u>6,153</u>	<u>8,520</u>

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

- (b) The amount due was non-trade nature, unsecured and interest-bearing at 2% per annum. The amount due was matured as at 30 April 2022 and became repayable on demand.
- (c) Accruals and other payables mainly comprised of accrued auditor's remuneration and accrued staff costs.
- (d) The retention payables in relation to the release of retention vary from contract to contract, which usually within 1-2 years subject to practical completion, the expiry of the defect liability period or a pre-agreed time period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

20. DEFERRED TAXATION

The movements in deferred tax liabilities and recognised in the consolidated statement of the financial position during the year are as follows:

	Accelerated tax depreciation HK\$'000
As at 1 May 2021	62
Credited to profit or loss (<i>note 9</i>)	(56)
As at 30 April 2022 and as at 1 May 2022	6
Disposal of subsidiaries (<i>note 29</i>)	(6)
As at 30 April 2023	–

No deferred tax assets has been recognised for both years in respect of estimated tax losses approximately of HK\$9,145,000 (2022: HK\$5,703,000) due to the unpredictability of future profit streams and the unrecognised tax losses could be carried forward indefinitely.

21. SHARE CAPITAL

	Number of shares		Amount	
	2023 '000	2022 '000	2023 HK\$'000	2022 HK\$'000
Authorised:				
Ordinary shares of HK\$0.05 each				
As at 1 May/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	236,800	230,400	11,840	11,520
Exercise of share options (<i>note</i>)	<u>9,600</u>	<u>6,400</u>	<u>480</u>	<u>320</u>
As at 30 April	<u>246,400</u>	<u>236,800</u>	<u>12,320</u>	<u>11,840</u>

Note:

During the year ended 30 April 2023, certain option holders exercised their option rights to subscribe for 9,600,000 (2022: 6,400,000) ordinary shares at exercise price of HK\$0.120 (2022: HK\$0.366) per share with total consideration of approximately HK\$1,152,000 (2022: HK\$2,342,000). During the year ended 30 April 2022, included in total consideration of which amounts of approximately HK\$585,000 were included in other receivables as at 30 April 2022 and was fully settled during the year ended 30 April 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

22. RESERVES

The amounts of the Group's reserves and the movements during the year are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Share premium

The share premium represents the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Capital reserve

Capital reserve represents the difference between the nominal values of the share capital of subsidiaries acquired by the Group and the nominal value of the Company's shares issued for the acquisition under the group reorganisation.

Share option reserve

Share option reserve represents the fair value of the actual on estimated number of unexercised or lapsed share options granted to grantee recognised in accordance with the accounting policy adopted for share-based payments as descended in note 3 to the consolidated financial statements.

23. INTERESTS IN SUBSIDIARIES

Particulars of the Company's subsidiaries as at 30 April 2023 and 2022 are as follows:

Name of company	Place of incorporation and operation	Type of legal entity	Particulars of issued share capital	Percentage of ownership interests and voting rights held by the Company	Principal activities
Creation Best Engineering Limited	Hong Kong	Limited liability	1 ordinary share of HK\$1	100% (2022: 100%)	Undertaking renovation work and site formation works
Prosperous Express Investment Limited*	BVI	Limited liability	1 ordinary share of USD 1	100% (2022: 100%)	Investment holding
Sunsky Global Limited*	British Virgin Islands ("BVI")	Limited liability	200 ordinary shares of United States dollar ("USD") 1 each	– (2022: 100%)	Disposed in 2023 (2022: Investment holding)
Solar Red Investments Limited	BVI	Limited liability	1 ordinary share of USD 1	– (2022: 100%)	Stuck off in 2023 (2022: Dormant)
Ease Geotechnical Engineering Company Limited*	Hong Kong	Limited liability	10,100,000 ordinary shares of HK\$10,100,000	– (2022: 100%)	Disposed in 2023 (2022: Investment holding)
Tai Kam Construction Engineering Company Limited	Hong Kong	Limited liability	10,100,000 ordinary shares of HK\$10,100,000	– (2022: 100%)	Disposed in 2023 (2022: Undertaking site formation work)

Directly held by the Company.

None of the subsidiaries had issued any debt securities subsisting at the end of each reporting period or any time during the years ended 30 April 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

24. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 26 September 2016 for the primary purpose of providing incentives to directors, eligible employees and consultants. Under the Share Option Scheme, the board of directors may grant options to eligible persons to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company or to customers for maintaining business relationship. The Share Option Scheme is valid and effective for a period of 10 years from the date of adoption.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

There is no general requirement that an option must be held for any minimum period before it can be exercised but the board of directors is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The exercise price is determined by the directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

As at 30 April 2023, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 47,040,000 (2022: 35,200,000) share options, representing 20% (2021: 15%) of the share of the Company in issue at that date.

On 28 October 2021, the Company passed an ordinary resolution to refresh the Share Option Scheme mandate limit to allow the Company granted maximum of 64,640,000 share option under the Share Option Scheme.

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period*	Exercise price
30 September 2020	N/A	30 September 2020 to 29 September 2030	HK\$0.120
8 April 2021	N/A	8 April 2021 to 7 April 2031	HK\$0.700
12 May 2022	N/A	12 May 2022 to 11 May 2032	HK\$0.389

* The exercisable period commenced on the date of grant of the relevant share options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

24. SHARE OPTION SCHEME (CONTINUED)

The following table discloses movements of the Scheme during the year:

Option type	Outstanding as at 1 May 2022 '000	Granted during the year '000	Exercised during the year '000	Adjusted during the year '000	Lapsed during the year '000	Expired during the year '000	Outstanding as at 30 April 2023 '000
30 September 2020	16,000	-	(9,600)	-	(1,600)	-	4,800
8 April 2021	19,200	-	-	-	-	-	19,200
12 May 2022	-	23,040	-	-	-	-	23,040
	<u>35,200</u>	<u>23,040</u>	<u>(9,600)</u>	<u>-</u>	<u>(1,600)</u>	<u>-</u>	<u>47,040</u>
Exercisable at the end of the reporting period							<u>47,040</u>
Weighted average exercise price	<u>0.436</u>	<u>0.389</u>	<u>0.120</u>		<u>0.120</u>	<u>-</u>	<u>0.488</u>

Option type	Outstanding as at 1 May 2021 '000	Granted during the year '000	Exercised during the year '000	Adjusted during the year '000	Lapsed during the year '000	Expired during the year '000	Outstanding as at 30 April 2022 '000
30 May 2019	6,400	-	(6,400)	-	-	-	-
30 September 2020	16,000	-	-	-	-	-	16,000
8 April 2021	19,200	-	-	-	-	-	19,200
	<u>41,600</u>	<u>-</u>	<u>(6,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,200</u>
Exercisable at the end of the reporting period							<u>35,200</u>
Weighted average exercise price	<u>0.426</u>	<u>-</u>	<u>0.366</u>		<u>-</u>	<u>-</u>	<u>0.436</u>

During the year ended 30 April 2023, options were granted on 12 May 2022. The estimated fair values of the options granted on those dates are HK\$5,660,000.

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

Options grant	12/05/2022	08/04/2021	30/09/2020	30/05/2019
Weighted average share price (HK\$)	0.37	0.38	0.08	0.07
Exercise price (HK\$)	0.389	0.700	0.120	0.070
Expected volatility (%)	170.031	92.07	74.91	35.91
Expected life (years)	10	10	10	10
Risk-free rate (%)	2.758	1.29	0.47	1.48
Expected dividend yield (%)	-	-	-	-

Expected volatility was determined by using the historical volatility of other companies' share price over the previous 5 years. The expected life used in the model has been adjusted, based on the directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HK\$'000	2022 HK\$'000
ASSETS AND LIABILITIES		
Non-current assets		
Investments in subsidiaries	–	–
Other receivables	3,761	–
	3,761	–
Current assets		
Amounts due from subsidiaries	70,789	105,729
Prepayment and other receivables	149	585
Bank balances	36	2,150
	70,974	108,464
Current liabilities		
Other payables	1,564	1,300
Amounts due to subsidiaries	–	69,804
	1,564	71,104
Net current assets	69,410	37,360
Total assets less current liabilities	73,171	37,360
Net assets	73,171	37,360
EQUITY		
Share capital	12,320	11,840
Reserves	60,851	25,520
Total equity	73,171	37,360

Signed on behalf of the board of directors by:

Lang Junhao
Director

Liu Tanying
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: The movements of the Company's reserves are as follows:

	Share premium HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000
As at 1 May 2021	61,052	10,183	9,357	(33,753)	46,839
Loss and total comprehensive expenses for the year	–	–	–	(23,341)	(23,341)
Exercise of share options	2,775	–	(753)	–	2,022
As at 30 April 2022 and as at 1 May 2022	63,827	10,183	8,604	(57,094)	25,520
Profit and total comprehensive income for the year	–	–	–	28,999	28,999
Grant of share options	–	–	5,660	–	5,660
Disposal of subsidiaries (Note 29)	–	(10,183)	–	10,183	–
Exercise of share options	1,417	–	(745)	–	672
Lapsed of share options	–	–	(124)	124	–
As at 30 April 2023	65,244	–	13,395	(17,788)	60,851

26. RELATED PARTY TRANSACTIONS

Key management personnel remuneration

The emoluments of the directors and senior management of the Company, who represent the key management personnel are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries, allowances and benefits in kind	921	936
Retirement benefit scheme contributions	9	9
	930	945

The remunerations of the directors and other members of key management were determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Categories of financial instruments

	2023	2022
	HK\$'000	HK\$'000
Financial asset		
Financial assets at FVTPL	25,556	21,220
Financial assets at amortised cost	58,152	103,725
	83,708	124,945
Financial liabilities		
At amortised cost	17,699	29,010

(b) Financial risk management objectives and policies

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include market risk (including equity price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the board of directors in a timely and effective manner.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

Exposure to credit risk, liquidity risk and interest rate risk arise in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

Market risk

(i) Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities in Hong Kong. The directors manage this exposure by maintaining a portfolio of investments with different risks. In addition, the Group monitors the price risk closely and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the prices of the respective financial assets at FVTPL had been 5% higher/lower:

Post-tax loss for the year ended 30 April 2023 would decrease/increase by HK\$942,000 (2022: HK\$886,000) as a result of the change in fair value of financial assets at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate amount due to a related company of former directors. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank. However, the directors are of the opinion that the Group does not have significant interest rate risk as the fluctuation in interest rates is not expected to be material. The Group does not intend to seek to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measure in future as may be necessary.

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, contract assets, other receivables, bond receivables, bond interest receivables, convertible bonds interest receivables, surety bonds, deposits and bank balances.

The Group does not provide any guarantees which would expose the Group to credit risk.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts and the counterparty frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increase in credit risk since initial recognition information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Written-off	There is evidence indicating that debtor is severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 48% (2022: 69%) and 100% (2022: 98%) of the total trade receivables and contract assets (collectively, the "Receivables") was due from the Group's largest debtor and the five largest debtors respectively.

Individual credit evaluations are performed as part of the acceptance procedures for new construction contracts. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally requires customers to settle progress billings and retention receivables in accordance with contracted terms. Trade receivables are generally due within 60 days upon receipt of progress certificates issued by the Group's customers. Normally, the Group does not obtain collateral from customers.

Except for trade receivables with gross carrying amounts of approximately HK\$48,300,000 (2022: HK\$84,389,000) and HK\$4,557,000 (2022: Nil) which were with significant balances or credit-impaired, that are assessed individually, the Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The Group recognised impairment losses with the amounts of approximately HK\$16,908,000 (2022: HK\$17,854,000) and HK\$4,557,000 (2022: Nil) in respect of trade receivables which were with significant balances or credit-impaired for ECL assessment individually respectively.

The Group's customers who are the Hong Kong government and its related organisations has not experienced any significant credit losses in the past, the directors considered that the allowance for ECL is insignificant. Other than the Hong Kong government and its related organisations, provision for impairment of trade receivables and contract assets has been made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 30 April 2022 using a provision matrix:

	Expected loss rate %	2022 Gross carrying amounts HK\$'000	Loss allowance HK\$'000
Current (not past due)	4.2	5,416	229
1-90 days past due	–	–	–
91-180 days past due	–	–	–
181-365 days past due	5.6	1,519	84
More than 365 days past due	25.1	3,429	860
		<u>10,364</u>	<u>1,173</u>

Movement in the lifetime ECL in respect of trade receivables under simplified approach is as follows:

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 May 2021	4,357	–	4,357
Impairment losses recognised	<u>14,451</u>	<u>–</u>	<u>14,451</u>
As at 30 April 2022 and as at 1 May 2022	18,808	–	18,808
Impairment losses recognised	357	3,131	3,488
Impairment losses reversed	–	(831)	(831)
Transferred to lifetime ECL (credit-impaired)	<u>(2,257)</u>	<u>2,257</u>	<u>–</u>
As at 30 April 2023	<u>16,908</u>	<u>4,557</u>	<u>21,465</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets (Continued)

Movement in the lifetime ECL (not credit-impaired) in respect of contract assets under simplified approach is as follow:

	2023	2022
	HK\$'000	HK\$'000
As at 1 May	219	39
Impairment losses recognised	–	1,183
Impairment losses reversed	(6)	–
Written off	–	(1,003)
	<hr/>	<hr/>
As at 30 April	213	219
	<hr/> <hr/>	<hr/> <hr/>

Other receivables, bond receivables, bond interest receivables, convertible bonds interest receivables, surety bonds and deposits

The credit quality of other receivables, surety bonds and deposits has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The ECL on bond receivables, bond interest receivables, convertible bonds interest receivables, surety bonds are assessed by using 12m ECL and amounts of approximately HK\$1,470,000 (2022: Nil) were recognised.

Movement in the ECL in respect of other receivables under general approach during the year is as follow:

	12m ECL
	HK\$'000
As at 1 May 2021, as at 30 April 2022 and as at 1 May 2022	–
Impairment losses recognised	1,470
	<hr/>
As at 30 April 2023	1,470
	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. The directors are in the option that the 12m ECL on bank balances is considered to be insignificant and therefore no impairment loss allowance was recognised.

Liquidity risk

Individual subsidiaries within the Group are responsible for their own cash management, including the raising of loans to cover the expected cash demands, subject to approval by the directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to repay.

	As at 30 April 2023			
	Contractual undiscounted cash outflow			Carrying amounts HK\$'000
	Within	More than	Total	
	1 year or	1 year but less		
on demand	than 5 years	HK\$'000	HK\$'000	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade and other payables	17,699	–	17,699	17,699

	As at 30 April 2022			
	Contractual undiscounted cash outflow			Carrying amounts HK\$'000
	Within	More than	Total	
	1 year or	1 year but less		
on demand	than 5 years	HK\$'000	HK\$'000	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade and other payables	29,010	–	29,010	29,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

27. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(d) Fair values of financial assets and financial liabilities that are measured at fair value (Continued)

Information about level 3 fair value measurements

	Valuation techniques	Significant unobservable input	1% increase/(decrease) of significant unobservable inputs to fair value
Convertible bonds receivables	Binomial model	Expected volatility of 82.263%	(HK\$7,000)/HK\$2,000
		Yield to maturity of 19.955%	(HK\$13,000)/HK\$14,000
		Risk free rate of 3.299%	(HK\$16,000)/HK\$16,000
		Stock price of HK\$0.171	HK\$37,000/(HK\$66,000)

Information about the valuation techniques used in determining the fair value of the convertible bonds are disclosed above.

The following table presents the changes in fair value of financial assets which are classified as level 3 fair value hierarchy:

	HK\$'000
As at 1 May 2021, as at 30 April 2022 and as at 1 May 2022	–
Additions	3,250
Interest receivables	(32)
Fair value change	(224)
As at 30 April 2023	<u>2,994</u>

Fair value change of convertible bonds receivables designated at financial assets at FVTPL is included in "other income and other gains and losses, net".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

28. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to maintain capital structure in order to minimise the costs of capital, support its business and maximise shareholders' value. The Group's overall strategy remains unchanged from prior years.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the debt to equity ratio. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue of new shares or repurchase of existing shares and raise new debts.

As at 30 April 2023 and 2022, the debt to equity ratio was as follows:

	As at 30 April	
	2023 HK\$'000	2022 HK\$'000
Amount due to a related company of former directors	—	13,992
Total debt	<u>—</u>	<u>13,992</u>
Total equity	<u>76,196</u>	<u>101,133</u>
Debt-to-equity ratio	<u>N/A</u>	<u>14%</u>

As at 30 April 2022, the Hong Kong government requires contractors on the list of approved contractors for public works (the "List") to maintain such minimum working capital as the Hong Kong government may from time to time determine (the "Required Minimum Working Capital"). A subsidiary of the Company is subject to the Required Minimum Working Capital as the subsidiary is a contractor on the List. The relevant subsidiary had been disposed during the year ended 30 April 2023. Except for this, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

29. DISPOSAL OF SUBSIDIARIES

On 1 August 2022, the Group completed to disposed the entire equity interests in Sunsky Global Limited and its subsidiaries (the "Disposal Group") to an independent third party at total consideration of HK\$1,000,000. The net assets of the Disposal Group at the date of disposal were as follows:

Consideration transferred:

	HK\$'000
Cash consideration	<u>1,000</u>

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Plant and equipment (<i>note 13</i>)	21
Other receivables	704
Prepaid tax	12
Cash and bank balances	124
Trade and other payables	(381)
Deferred tax liabilities (<i>note 20</i>)	<u>(6)</u>
Net assets disposed of	<u>474</u>

Gain on disposal of subsidiaries

	HK\$'000
Consideration received	1,000
Net assets disposed of	<u>(474)</u>
Gain on disposal	<u>526</u>

Net cash inflow arising on disposal

	HK\$'000
Cash consideration received	1,000
Less: cash and cash equivalents balances disposed	<u>(124)</u>
Net cash inflow	<u>876</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023

30. RETIREMENT BENEFITS SCHEME CONTRIBUTIONS

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK\$1,500 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK\$1,500 (the "Mandatory Contributions"), and this is the only obligation of the Group with respect to the MPF Scheme to make the required contribution. Contribution to MPF Scheme vest immediately.

The employees are entitled to 100% of the employer's Mandatory Contributions upon their retirement at the age of 65, death or total incapacity.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiary is required to contribute certain percentage of its payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contribution.

There was no forfeiture of retirement benefits scheme contributions for both years.

The contributions arising from the above retirement benefits schemes are charged to profit or loss.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to be consistent with the current year presentation.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, a part of which was extracted from the audited financial statements is as follows:

RESULTS

	2023 HK\$'000	For the year ended 30 April			
		2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue	<u>97,332</u>	<u>58,344</u>	<u>137,781</u>	<u>192,981</u>	<u>169,065</u>
(Loss)/profit before tax	<u>(31,749)</u>	<u>(18,834)</u>	<u>(11,833)</u>	<u>(3,652)</u>	<u>5,419</u>
Income tax credit/(expense)	<u>–</u>	<u>56</u>	<u>267</u>	<u>(266)</u>	<u>(1,743)</u>
(Loss)/profit and total comprehensive (expense)/income for the year attributable to owners of the Company	<u>(31,749)</u>	<u>(18,778)</u>	<u>(11,566)</u>	<u>(3,918)</u>	<u>3,676</u>

ASSETS AND LIABILITIES

	2023 HK\$'000	As at 30 April			
		2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Total assets	<u>93,990</u>	<u>133,262</u>	<u>156,128</u>	<u>170,487</u>	<u>163,789</u>
Total liabilities	<u>(17,794)</u>	<u>(32,129)</u>	<u>(38,559)</u>	<u>(59,810)</u>	<u>(49,947)</u>
Total equity	<u>76,196</u>	<u>101,133</u>	<u>117,569</u>	<u>110,677</u>	<u>113,842</u>