



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

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8321

2019 **FIRST QUARTERLY REPORT**

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.

CONTENTS

Pages

2	CORPORATE INFORMATION
3	FINANCIAL HIGHLIGHTS
4	MANAGEMENT DISCUSSION AND ANALYSIS
7	OTHER INFORMATION
10	CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
11	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
12	NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

Mr. Yim Kin Ping
Ms. Li Yixuan
Mr. Lau Wang Lap

COMPLIANCE OFFICER

Ms. Tsui Tsz Fa Mabel

AUTHORISED REPRESENTATIVES

Mr. Hui Chi Kong
Ms. Tsui Tsz Fa Mabel

AUDIT COMMITTEE

Mr. Lau Wang Lap (Chairman)
Mr. Yim Kin Ping
Ms. Li Yixuan

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Yim Kin Ping (Chairman)
Ms. Tsui Tsz Fa Mabel
Mr. Lau Wang Lap

COMPANY SECRETARY

Mr. Hui Chi Kong

AUDITOR

Elite Partners CPA Limited

COMPLIANCE ADVISER

Grande Capital Limited

LEGAL ADVISER

Guantao & Chow Solicitors and Notaries

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

Estera 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

Room 1101, 11/F
Wealth Commercial Centre
48 Kwong Wa Street
Mong Kok, Kowloon, Hong Kong

FINANCIAL HIGHLIGHTS

Revenue amounted to approximately HK\$44.9 million for the three months ended 31 July 2019 (the "Reporting Period") (2018: approximately HK\$35.7 million), representing an increase of approximately 25.8% as compared with the corresponding period of last year.

Profit attributable to the equity holders of the Company for the three months ended 31 July 2019 amounted to approximately HK\$0.6 million (2018: profit attributable to the equity holders of approximately HK\$1.2 million), representing a decrease of approximately 50.0% as compared with the corresponding period of last year.

Basic and diluted earnings per share amounted to approximately HK0.07 cents for the three months ended 31 July 2019 (2018: basic and diluted earnings per share of approximately HK0.15 cents).

The Board of Directors (the "Board") does not recommend the payment of interim dividend for the three months ended 31 July 2019 (2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Company, together with its subsidiaries (the “Group”) is a main contractor principally engaged in undertaking slope works and renovation works in Hong Kong. Slope works generally refer to landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Renovation works refer to the fitting out work for premises in Hong Kong.

Tai Kam Construction Engineering Company Limited (“Tai Kam Construction”), our principal operating subsidiary, is an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau of the government of Hong Kong (the “Government”) under the category of “Landslip Preventive/Remedial Works to Slopes/Retaining Walls” with a confirmed status. Being on such list is a prerequisite for tendering for public slope works contracts. In addition, Tai Kam Construction, is registered under the Buildings Ordinance as a (i) Registered Specialist Contractor under the sub register of “Site Formation Works” category and a (ii) Registered General Building Contractor. Tai Kam Construction is also an approved contractor included in the List of Approved Contractors for Public Works under the category of “Roads and Drainage (Group A)” with a confirmed status. The majority of our revenue during the Reporting Period was derived from undertaking slope works commissioned by the Civil Engineering and Development Department of the Government (the “CEDD”). In 2010, the Geotechnical Engineering Office of the CEDD launched the Landslip Prevention and Mitigation Programme to systematically deal with the landslide risk associated with both man-made slopes and natural hillsides in Hong Kong. According to the Government’s statement upon the launch of the Landslip Prevention and Mitigation Programme, the Government estimated that the annual expenditure on the Landslip Prevention and Mitigation Programme would be at least HK\$600 million, and the Landslip Prevention and Mitigation Programme would be implemented on a rolling basis annually to upgrade 150 Government man-made slopes, to conduct safety-screening studies on 100 private manmade slopes, and to implement studies and necessary risk mitigation works for 30 natural hillside catchments every year. Besides, according to “Head 33 – Civil Engineering and Development Department” of the “Estimates for the year ending 31 March 2020” of “The 2019-20 Budget” published by the Government, the CEDD’s expenditure for landslip prevention and mitigation is just slightly decreased by approximately 2.9% from approximately HK\$1,040 million of actual expenditure in 2018 to approximately HK\$1,010 million of estimated expenditure in 2019. As a result, our slope work business would still benefit from the overall positive atmosphere in the industry.

However, the Group has been facing increasing costs of operation, including cost of direct labour and subcontracting charges as well as keen competition in the market and it will likely affect the Group’s profit. Therefore, our business in Hong Kong is expected to continue to be very challenging in the coming years.

In order to further expand the business and generate promising returns to the shareholder of the Company, the Directors are taking active approach to develop business in other Asia-Pacific regions’ markets, including but not limited to Japan, Thailand and Singapore. The Directors are also endeavouring to diversify the Company business scope that can leverage with our existing experiences and business, like design and build for property development, invest in potential property to benefit from capital appreciation and generate stable rental income, or any other business.

Meanwhile, the Group will still focus on landslip preventive and remedial works to slopes 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 undertaking slope works in Hong Kong as main contractor. Slope works generally refer to landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls. Renovation works refer to the fitting our work for premises in Hong Kong.

The Group's revenue increased by approximately HK\$9.2 million or approximately 25.8% from approximately HK\$35.7 million for the three months ended 31 July 2018 to approximately HK\$44.9 million for the three months ended 31 July 2019. The increase in revenue was mainly due to increase in works performed from renovation works in Hong Kong for the three months ended 31 July 2019.

The majoring of our revenue during the Reporting Period was derived from undertaking slope works commissioned by the CEDD, Lands Department and Housing Authority.

The executive Directors regard the Group's business of construction in Hong Kong as a single operating segment and review the overall results of the Group as a whole to make decisions on resource allocation. Accordingly, no segment analysis information is presented.

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$0.5 million or approximately 20% from approximately HK\$2.5 million for the three months ended 31 July 2018 to approximately HK\$3.0 million for the three months ended 31 July 2019 and the Group's gross profit margin decreased from approximately 6.9% for the three months ended 31 July 2018 to approximately 6.6% for the three months ended 31 July 2019. The decrease in gross profit margin was mainly due to more contracts with lower gross profit margin through the substantial use of subcontractors and labourers. The slight increase in gross profit is mainly due to the increase in revenue for the three months ended 31 July 2019, partly offset by the decrease of gross profit margin.

The Group's direct costs increased by approximately HK\$8.6 million or approximately 25.8% from approximately HK\$33.3 million for the three months ended 31 July 2018 to approximately HK\$41.9 million for the three months ended 31 July 2019. The increase in direct costs are mainly increase in labour cost and subcontracting charges from those projects with substantial use of subcontractors and labourers for the three months ended 31 July 2019.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$1.2 million or approximately 109.1% from approximately HK\$1.1 million for the three months ended 31 July 2018 to approximately HK\$2.3 million for the three months ended 31 July 2019. Administrative expenses consist primarily of staff costs, professional fees, depreciation, rental expenses and other administrative expenses. The increase in the Group's administrative expenses was mainly due to an increase in administrative staff cost and professional fees for the three months ended 31 July 2019.

Finance cost

Finance cost for the Group amounted to approximately HK\$66,000 for the three months ended 31 July 2019 (2018: HK\$18,000). Finance cost represented the interest expense charged on an advance from a related company which was incurred during the three months ended 31 July 2019.

Net profit

Net profit amounted to approximately HK\$0.6 million for the three months ended 31 July 2019 as compared to a net profit of approximately HK\$1.2 million for three months ended 31 July 2018. Such decrease in net profit was primarily attributable to the increase in administrative expenses for the three months ended 31 July 2019 as discussed above.

OTHER INFORMATION

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

As at 31 July 2019, none of the Directors nor chief executive of the Company had any interests 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

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

As at 31 July 2019, 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.

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.

COMPLIANCE ADVISER'S INTERESTS

As at 31 July 2019, as notified by the Company's compliance adviser, Grande Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 29 January 2018 (the "Compliance Adviser Agreement"), neither the Compliance Adviser nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in the securities to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Pursuant to the Compliance Adviser Agreement, the Compliance Adviser has received and will receive fees for acting as the Company's compliance adviser.

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

During the three months ended 31 July 2019 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the three months ended 31 July 2019 and up to the date of this report, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules save for the deviation from code provision A.2.1 explained below. Ever since the Company appointed Ms. Tsui as chairman and chief executive officer, the roles of the chairman and chief executive officer have not been separated for performance by two different individuals.

The Board believes that the vesting of the roles of chairman and chief executive officer in Ms. Tsui is beneficial to the business operations and management of the Group and will provide strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors which represent more than half of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding securities transactions by the Directors (the "Code of Conduct") on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the three months ended 31 July 2019 and up to the date of this report.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the three months ended 31 July 2019 (2018: nil).

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.

On 30 May 2019, 32,000,000 share option has been granted and there was no share option was exercised, cancelled or lapsed as at 31 July 2019.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 26 September 2016 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Lau Wang Lap, Ms. Li Yixuan and Mr. Yim Kin Ping. The chairman of the Audit Committee is Mr. Lau Wang Lap, who has appropriate professional qualifications and experience in accounting matters. The Audit Committee had reviewed the unaudited financial statements of the Group for the three months ended 31 July 2019 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board

Tai Kam Holdings Limited

Tsui Tsz Fa Mabel

Chairman and executive Director

Hong Kong, 13 September 2019

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

FOR THE THREE MONTHS ENDED 31 JULY 2019

		For the three months ended 31 July	
	Notes	2019 HK\$'000 <i>(Unaudited)</i>	2018 HK\$'000 <i>(Unaudited)</i>
Revenue	3	44,851	35,718
Direct costs		<u>(41,870)</u>	<u>(33,255)</u>
Gross profit		2,981	2,463
Other income	4	–	1
Administrative expense		(2,274)	(1,101)
Finance cost	6	<u>(66)</u>	<u>(18)</u>
Profit before income tax	5	641	1,345
Income tax expense	7	<u>(83)</u>	<u>(165)</u>
Profit and total comprehensive income for the period attributable to equity holders of the Company		<u>558</u>	<u>1,180</u>
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company			
Basic and diluted	10	<u>0.07</u>	<u>0.15</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED 31 JULY 2019

	Total equity attributable to equity holders of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note)	Retained earnings HK\$'000	Total HK\$'000
Balance as at 1 May 2018	8,000	54,718	10,101	27,598	100,417
Profit and total comprehensive income for the period	—	—	—	1,180	1,180
Balance as at 31 July 2018 (unaudited)	<u>8,000</u>	<u>54,718</u>	<u>10,101</u>	<u>28,778</u>	<u>101,597</u>
Balance as at 1 May 2019	8,000	54,718	10,101	41,023	113,842
Profit and total comprehensive income for the period	—	—	—	558	558
Balance as at 31 July 2019 (unaudited)	<u>8,000</u>	<u>54,718</u>	<u>10,101</u>	<u>41,581</u>	<u>114,400</u>

Note: 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 Reorganisation.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Room 1101, 11/F, Wealth Commercial Centre, 48 Kwong Wa Street, Mong Kok, Kowloon, Hong Kong respectively.

The Company is an investment holding company. The Group is principally engaged in undertaking slope works and renovation work in Hong Kong and investment holding.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 July 2019 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standard, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

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

The unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 April 2019.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group are consistent with those used in the audited annual consolidated financial statements of the Group for the year ended 30 April 2019, except for the adoption of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for accounting periods beginning on 1 May 2019. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's results of operations or financial position.

The Group has not early adopted the new or amended HKFRSs that have been issued but are not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents receipts from the provision of undertaking slope works in Hong Kong as main contractor.

	For the three months ended 31 July	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Contract revenue	44,851	35,718

The chief operating decision-maker ("CODM") has been identified as the executive Directors of the Company. The CODM regards the Group's business of undertaking slope works in Hong Kong as main contractor and renovation construction services as a single operating segment and reviews the overall results of the Group as a whole to make decisions about resource allocation. Accordingly, no segment analysis information is presented.

(a) Geographical information

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

(b) Major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	For the three months ended 31 July	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Customer A	7,868	20,566
Customer B	19,360	11,299
Customer C	2,098	3,853
Customer D	9,025	–
Customer E	6,500	–

Note: The corresponding revenue did not individually contribute over 10% of the Group's revenue for the corresponding period ended 31 July 2019.

4. OTHER INCOME

	For the three months ended 31 July	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Bank interest income	<u>–</u>	<u>1</u>

5. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging:

	For the three months ended 31 July	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
(a) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	5,595	8,153
Contributions to defined contribution retirement plans	<u>191</u>	<u>331</u>
	<u>5,786</u>	<u>8,484</u>
(b) Other items		
Depreciation	432	462
Operating lease charges in respect of:		
– Premises	247	247
– Machinery (included in direct costs)	–	1
Subcontracting charges (included in direct costs)	<u>36,116</u>	<u>21,700</u>

6. FINANCE COST

	For the three months ended 31 July	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest expenses on other borrowings	<u>66</u>	<u>18</u>

7. INCOME TAX EXPENSE

	For the three months ended 31 July	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax		
– Hong Kong Profits Tax	83	165

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department, for the three months ended 31 July 2019 and 31 July 2018, Hong Kong Profits Tax of Tai Kam Construction Engineering Company Limited (“Tai Kam Construction”), a subsidiary of the Group, is calculated in accordance with the two-tiered profits tax rates regime.

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

8. DIVIDEND

The Board do not recommend the payment of an interim dividend for the three months ended 31 July 2019 (2018: nil).

9. RELATED PARTY TRANSACTIONS

		For the three months ended 31 July	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Name of related parties	Nature		
Mr. Lau Kan Sui Sunny and Mr. Lau Mei Chai	Rental expenses	24	24
Classy Gear Limited	Finance cost	66	18

10. EARNINGS PER SHARE

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

		For the three months ended 31 July	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Earnings			
Profit for the period attributable to equity holders of the Company		558	1,180
Number of shares			
Weighted average number of ordinary shares (in thousands)		800,000	800,000

The weighted average number of ordinary shares used to calculate the basic earnings per share for the three months ended 31 July 2019 and 2018 represents 800,000,000 shares in issue throughout the period.

There were no dilutive potential ordinary shares during the three months ended 31 July 2019 and 2018 and therefore, diluted earnings per share equals to basic earnings per share.