Tai Kam Holdings Limited
泰錦控股有限公司
(incorporation in the Cayman Islands with limited liability)
(Stock Code: 8321)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2017

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Director(s)") of Tai Kam Holdings Limited (the "Company") collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the "Group"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

Revenue amounted to approximately HK$123.5 million for the year ended 30 April 2017 (2016: approximately HK$97.2 million), representing an increase of approximately 27.1% as compared with that of last year.

Net loss for the year ended 30 April 2017 amounted to approximately HK$2.5 million (2016: Net profit of approximately HK$12.9 million). The net loss was mainly due to the recognition of non-recurring listing expenses of approximately HK$13.0 million for the year ended 30 April 2017 (2016: approximately HK$1.9 million). If the non-recurring listing expenses were not taken into account for the year ended 30 April 2017 and 2016, the Group would record a net profit of approximately HK$10.4 million for the year ended 30 April 2017, compared to that of approximately HK$14.8 million for the year ended 30 April 2016.

Basic and diluted loss per share amounted to approximately HK$0.36 cents for the year ended 30 April 2017 (2016: basic and diluted earnings per share of approximately HK$2.15 cents).

The Board does not recommend a payment of a final dividend for the year ended 30 April 2017 (2016: nil).

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2017

The board of Directors of the Company (the "Board") is pleased to announce the audited consolidated results of the Group for the year ended 30 April 2017 together with the comparative figures for the year ended 30 April 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Revenue	3	**123,502**	97,194
Direct costs		**(105,953)**	(77,561)
Gross profit		**17,549**	19,633
Other income	5	**200**	53
Administrative expenses		**(17,287)**	(3,842)
Profit before income tax	6	**462**	15,844
Income tax expense	7	**(3,010)**	(2,942)
(Loss)/Profit and total comprehensive (expense)/income for the year attributable to equity holders of the Company		**(2,548)**	12,902
		HK cents	*HK cents*
(Loss)/Earnings per share attributable to equity holders of the Company			
Basic and diluted	9	**(0.36)**	2.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current asset			
Plant and equipment		**2,215**	2,862
Current assets			
Trade and other receivables	10	**11,226**	23,301
Amounts due from customers for contract work	11	**12,731**	3,013
Cash and bank balances		**80,695**	16,918
		104,652	43,232
Current liabilities			
Trade and other payables	12	**12,660**	8,415
Amounts due to customers for contract work	11	**1,946**	3,086
Tax payable		**2,537**	4,986
		17,143	16,487
Net current assets		**87,509**	26,745
Total assets less current liabilities		**89,724**	29,607
Non-current liability			
Deferred tax liabilities		**269**	323
Net assets		**89,455**	29,284
EQUITY			
Share capital		**8,000**	—
Reserves		**81,455**	29,284
Total equity attributable to equity holders of the Company		**89,455**	29,284

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2017

1. GENERAL INFORMATION, BASIS OF PRESENTATION AND PREPARATION

1.1 General information

Tai Kam Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 1 April 2016. The address of its registered office and principal place of business are Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Room 1503, 15/F, Win Century Centre, 2A Mong Kok Road, Mong Kok, Kowloon, Hong Kong respectively.

The Company is an investment holding company, its subsidiaries (collectively referred as the "Group") are principally engaged in undertaking slope works in Hong Kong as main contractor and investment holding.

The Company's immediate and ultimate holding company is Classy Gear Limited ("Classy Gear"), a company incorporated in the British Virgin Islands ("BVI") and beneficially owned by Mr. Lau King Shun and Mr. Lau Kan Sui Sanny (collectively referred as the "Controlling Shareholders").

The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 October 2016.

1.2 Basis of presentation and preparation

Pursuant to a group reorganisation, which was completed by interspersing the Company, Sunsky Global Limited ("Sunsky Global") and Solar Red Investments Limited ("Solar Red") between Ease Geotechnical Engineering Company Limited ("Ease Geotechnical") and the Controlling Shareholders (the "Reorganisation") in connection with the listing of the Company's shares on the GEM, the Company became the holding company of the companies now comprising the Group on 17 June 2016.

Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History and Development" in the Company's prospectus dated 20 October 2016. The Group is under the common control of the Controlling Shareholders prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 April 2017 and 2016 which include the results, changes in equity and cash flows of the companies now comprising the Group have been prepared using the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the year ended 30 April 2017 and 2016, or since their respective dates of incorporation, where it is a shorter period.

The consolidated statement of financial position as at 30 April 2017 and 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at those respective dates.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

The consolidated financial statements have been prepared on the historical cost basis.

The 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.

2. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual period beginning on 1 May 2016

In the current year, the Group has applied the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for Group's consolidated financial statements for the annual period beginning on 1 May 2016:

Amendments to HKAS 1	Disclosure Initiative
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of these new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

The following new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the financial year beginning on 1 May 2016, and have not been early adopted by the Group:

Amendments to HKFRS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Lease[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

The directors anticipate that all the relevant new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning after the effective date of such standards. In particular, for those new and amended HKFRSs which have been effective for annual periods beginning on or after 1 January 2017, the Group will apply these standards for the financial year beginning 1 May 2017. Information on certain new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's financial position and results of operations.

Amendments to HKAS 7 Disclosure Initiative

The amendments to HKAS 7 require entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

An entity applies its judgement when determining the exact form and content of the disclosures needed.

The amendments suggest a number of specific disclosures in order to satisfy the above requirement, including:

– changes in liabilities arising from financing activities caused by changes from financing cash flows, foreign exchange rates or fair value, or obtaining or losing control of subsidiaries or other businesses.

– a reconciliation of the opening and closing balances of liabilities arising from financing activities in the consolidated statement of financial position including those changes identified immediately above.

The amendments to HKAS 7 are effective for annual periods beginning on or after 1 January 2017.

The management of the Group considers that the application of Amendments to HKAS 7 in the future may not have a significant impact on the Group's results and financial position.

Amendments to HKAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2017.

As the Group does not have any debt instrument measured at fair value, the management of the Group considers that the application of Amendments to HKAS 12 will not have significant impacts on the Group's results and financial position.

HKFRS 9 (2014) – Financial Instruments

The release of HKFRS 9 represents the completion of the project to replace HKAS 39. The new standard introduces extensive changes to HKAS 39's guidance to the classification and measurement of financial assets and introduces a new "expected credit loss" model for the impairment of financial assets. Under the new "expected credit loss" impairment model under HKFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses, and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk sine initial recognition and, consequently, more timely information is provided about expected credit losses. HKFRS 9 also provides new guidance on the application of hedge accounting. HKFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

In the light of the above, the management of the Group are of the view that the expected credit loss model may result in early provision of credit losses which are not yet incurred. However, it is not practicable to conduct an assessment at present on the credit risk in respect of the Group's future financial assets after the adoption of HKFRS 9. Nevertheless, based on the Group's financial assets as at 30 April 2017 and 2016 (the credit risks of which are considered to be low as they mainly comprised trade and retention receivables from the government department or organisations as well as cash at banks) and assuming there will be no material adverse change in the credit risks in respect of the Group's future financial assets after the adoption of HKFRS 9, the management of the Group considers that the adoption of the new "expected credit loss" impairment model under HKFRS 9 will not have significant impacts on the Group's results and financial position. It is also anticipated that the adoption of other new requirements under HKFRS 9 in the future may not have significant impacts on the Group's results and financial position.

HKFRS 15 - Revenue from Contracts with Customers

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Group is in the process of making an assessment of the impact of HKFRS 15 but is not yet in a position to provide quantified information.

HKFRS 16 – Leases

HKFRS 16 Leases applies a control model to the identification of leases, distinguishing between leases and services contracts on the basis of whether there is an identified asset controlled by the customer.

HKFRS 16 introduces a single lessee accounting model and requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of the lease arrangement. The initial measurement of the right-of-use asset is based on the lease liability and adjusted for any prepaid lease payments, lease incentives received, initial direct costs incurred and an estimate of costs the lessee is obliged to incur to dismantle, remove or restore the underlying asset and/or site. Subsequently, the right-of-use asset is depreciated following the requirements of HKAS 16 and impaired, if any, following the requirements of HKAS 36. The lease liability is accounted for similarly to other financial liabilities using an effective interest method.

The lessor accounting requirements are not substantially changed and classification of leases as operating leases or finance leases is retained. HKFRS 16 replaces the previous leases HKAS 17 Leases, and related Interpretations. HKFRS 16 is effective from 1 January 2019. An entity is allowed to apply HKFRS 16 before that date but only if it also applies HKFRS 15 Revenue from Contracts with Customers.

The operating lease commitments of the Group in respect of leased premises amounted to approximately HK$254,000 and approximately HK$688,000 respectively as at 30 April 2017 and 2016. The management of the Group expects that certain lease commitments will be required to be recognised in the consolidated financial statements as right-of-use assets and lease liabilities. The application of HKFRS 16 will have no significant impact on the Group's consolidated financial statements.

3. REVENUE

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

Revenue recognised for the years ended 30 April 2017 and 2016 are as follows:

	2017	2016
	HK$'000	*HK$'000*
Contract revenue	**123,502**	97,194

4. SEGMENT INFORMATION

The chief operation 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 as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

(a) Geographical information

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

(b) Major customers

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

	2017	2016
	HK$'000	*HK$'000*
Customer A	**113,352**	79,644
Customer B	**N/A***	13,134

* The corresponding revenue did not individually contribute over 10% of the Group' s revenue during the year.

5. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**200**	1
Gain on disposal of plant and equipment	**—**	52
	200	53

6. PROFIT BEFORE INCOME TAX

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax is stated after charging:		
(a) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**16,010**	18,131
Contributions to defined contribution retirement plans	**555**	604
	16,565	18,735
(b) Other items		
Auditors' remuneration		
– Current year	**591**	90
– Over-provision in respect of prior years	**(24)**	—
Depreciation	**1,038**	831
Operating lease charges in respect of:		
– Premises	**522**	711
– Machinery (included in direct costs)	**45**	67
Subcontracting charges (included in direct costs)	**84,493**	45,230
Listing expenses (included in administrative expenses)	**12,950**	1,945

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year.

	2017	2016
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
– Current year	**2,505**	2,903
– Under-provision in respect of prior years	**559**	—
	3,064	2,903
Deferred tax		
– Current year	**(54)**	39
Income tax expense	**3,010**	2,942

Reconciliation between income tax expense and accounting profit at applicable tax rate:

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax	**462**	15,844
Tax on profit before income tax at 16.5% (2016: 16.5%)	**76**	2,614
Tax effect of non-taxable income	**(33)**	—
Tax effect of non-deductible expenses	**2,349**	321
Unrecognised temporary differences	**—**	7
Under-provision in respect of prior years	**559**	—
Other	**59**	—
Income tax expense	**3,010**	2,942

8. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Interim dividends	**—**	9,595

The directors do not recommend the payment of a dividend for the year ended 30 April 2017. For the year ended 30 April 2016, interim dividends of HK$9,595,000 were appropriated to the then shareholders of Ease Geotechnical.

9. (LOSS)/EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
(Loss)/Earnings		
(Loss)/Profit for the year attributable to equity holders of the Company	**(2,548)**	12,902
Number of shares		
Weighted average number of ordinary shares (in thousands)	**701,370**	600,000

The weighted average number of ordinary shares used to calculate the basic loss per share for the year ended 30 April 2017 includes (i) 1 and 9,999 ordinary shares in issue at beginning of the year and during the year respectively; (ii) 599,990,000 new ordinary shares issued pursuant to the capitalisation issue, as if all these shares had been in issue throughout the year ended 30 April 2017, and (iii) 101,370,000 shares, representing the weighted average of 200,000,000 new ordinary shares issued pursuant to the placing.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 30 April 2016 representing the number of ordinary shares of the company immediately after the capitalisation issue, as if all these shares had been in issue throughout the year ended 30 April 2016.

There were no dilutive potential ordinary shares during the years ended 30 April 2017 and 2016 and therefore, diluted (loss)/earnings per share equals to basic (loss)/earnings per share.

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**3,782**	9,338
Retention receivables (note (i))	**4,278**	4,103
Other receivables, deposits and prepayments (note (ii))	**3,147**	9,860
Amount due from ultimate holding company (note (iii))	**19**	—
	11,226	23,301

Notes:

(i) Retention receivables are interest-free and repayable approximately one year after the expiry of the defect liability period of construction projects.

(ii) Other receivables and deposits do not contain impaired assets nor items past due date.

(iii) The amount due is unsecured, interest free and repayable on demand.

(a) Ageing analysis

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

	2017	2016
	HK$'000	*HK$'000*
0 - 30 days	**3,219**	7,146
31 - 60 days	**523**	2,152
61 - 90 days	**—**	—
Over 90 days	**40**	40
	3,782	9,338

The Group usually grants credit period ranging from 21 to 60 days (2016: 21 to 60 days) to customers.

(b) Impairment of trade receivables

At each reporting date, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. Based on this assessment, no provision for impairment has been recognised as at 30 April 2017 (2016: Nil).

The Group did not hold any collateral as security or other credit enhancements over the trade receivables, whether determined on individual or collective basis.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are not impaired, based on due date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**3,544**	7,146
1-30 days past due	**198**	2,152
31-60 days past due	**—**	—
Over 60 days past due	**40**	40
	238	2,192
	3,782	9,338

Trade receivables that were neither past due nor impaired related to customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to customers that have a good track record with the Group. Based on past credit history, management believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

11. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2017	2016
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses	**178,683**	113,812
Less: Progress billings	**(167,898)**	(113,885)
	10,785	(73)
Recognised and included in the consolidated statement of financial position as:		
– Amounts due from customers for contract work	**12,731**	3,013
– Amounts due to customers for contract work	**(1,946)**	(3,086)
	10,785	(73)

All amounts due from/(to) customers for contract work are expected to be recovered/settled within one year.

12. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**8,322**	5,493
Retention payables	**2,292**	1,016
Accruals and other payables	**2,046**	1,906
	12,660	8,415

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

	2017	2016
	HK$'000	*HK$'000*
0 - 30 days	**8,322**	5,484
31 - 60 days	**—**	9
	8,322	5,493

The Group is granted by its suppliers a credit period ranging from 0 to 30 days (2016: 0 to 30 days).

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a main contractor principally engaged in undertaking slope 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.

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 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 hillside 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 man-made slopes, and to implement studies and necessary risk mitigation works for 30 natural hillside catchments every year. As a result, our slope work business also benefited from the overall positive atmosphere in the industry. The Directors consider that the outlook for the construction industry in Hong Kong remains optimistic.

Hong Kong construction companies are facing the risk of slower progress of fund proposals for public works projects by the Finance Committee of the Legislative Council of Hong Kong which results in potential delays in public infrastructure projects. In addition, as disclosed in the prospectus of the Company dated 20 October 2016 (the "Prospectus"), the Group has been facing increasing costs of operation, including cost of direct labours and subcontracting charges as well as competition in the market.

Having all things considered, the Directors are still cautiously optimistic about the slope works industry in Hong Kong in general, particularly because of the launch of the Landslip Prevention and Mitigation Programme.

The Group was successfully listed on the GEM on 28 October 2016 (the "Listing"). The listing proceeds received have strengthened the Group's cash flow and the Group will implement its future plans, acquiring new machinery, equipment and motor vehicles and strengthening our manpower according to the implementation plans on the use of listing proceeds as set out in the Prospectus.

During the reporting period and up to the date of this announcement, the Group has obtained two new public projects from the CEDD and Hong Kong Housing Authority (the "Housing Authority") respectively, both are expected to be completed in 2020.

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.

The Group's revenue increased by approximately HK$26.3 million or approximately 27.1% from approximately HK$97.2 million for the year ended 30 April 2016 to approximately HK$123.5 million for the year ended 30 April 2017. The increase in revenue was mainly due to increase in works performed from the CEDD's slope work projects recognised with reference to the progress certificate under relevant contracts for the year ended 30 April 2017.

The majority of our revenue during the reporting period was derived from undertaking slope works commissioned by the CEDD and the Housing Authority.

The executive Directors regard the Group's business of undertaking slope works in Hong Kong as main contractor as a single operating segment and review the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

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

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$2.1 million or approximately 10.6% from approximately HK$19.6 million for the year ended 30 April 2016 to approximately HK$17.5 million for the year ended 30 April 2017 and the Group's gross profit margin was decreased from approximately 20.2% for the year ended 30 April 2016 to approximately 14.2% for the year ended 30 April 2017. The decrease in gross profit margin was mainly due to more revenue contribution from contracts with lower margin undertaking by substantial use of subcontractors is recognised for the year ended 30 April 2017.

The Group's direct costs increased by approximately HK$28.4 million or approximately 36.6% from approximately HK$77.6 million for the year ended 30 April 2016 to approximately HK$106.0 million for the year ended 30 April 2017. The increase of direct costs is mainly due to the significant increase in subcontracting charges. The increase of subcontracting charges is due to increase in amount of works performed from those projects with substantial use of subcontractors for the year ended 30 April 2017.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$13.5 million or approximately 349.9% from approximately HK$3.8 million for the year ended 30 April 2016 to approximately HK$17.3 million for the year ended 30 April 2017. The significant increase in the Group's administrative expenses was mainly due to the recognition of non-recurring listing expenses of approximately HK$13.0 million and increase in compliance cost incurred upon the Listing of the Group in October 2016 for the year ended 30 April 2017.

Other Income

The Group's other income amounted to approximately HK$0.05 million and approximately HK$0.2 million for the year ended 30 April 2016 and 2017 respectively, representing an increase of approximately 277.4%, which was mainly due to an interest income of approximately HK$0.2 million which mainly arising from the deposits of proceeds from the Listing for the year ended 30 April 2017.

Net Loss/Profit

The net loss amounted to approximately HK$2.5 million for the year ended 30 April 2017 as compared with the net profit amounted to approximately HK$12.9 million for the year ended 30 April 2016. The net loss was mainly due to the recognition of non-recurring listing expenses of approximately HK$13.0 million for the year ended 30 April 2017 (2016: approximately HK$1.9 million) which were offset by the gross profit as discussed above. If the non-recurring listing expenses were not taken into account for the year ended 30 April 2017 and 2016, the Group would record a net profit of approximately HK$10.4 million for the year ended 30 April 2017, compared to that of approximately HK$14.8 million for the year ended 30 April 2016.

Final Dividend

The Board did not recommend a payment of a final dividend for the year ended 30 April 2017 (2016: nil).

LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, the Group's operations, capital expenditure and other capital requirements were funded by internal resources and net proceeds raised from the placing as disclosed in the Prospectus (the "Placing").

The Directors are of the view that as at the date of this announcement, the Group's financial resources are sufficient to support its business and operations. Notwithstanding this, the Group may, however, 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 2017 (as at 30 April 2016: nil)

CASH POSITION

As at 30 April 2017, the cash and bank balances of the Group amounted to approximately HK$80.7 million (as at 30 April 2016: approximately HK$16.9 million), representing an increase of approximately HK$63.8 million as compared to that as at 30 April 2016.

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 2017 and as at 30 April 2016, the Group's gearing ratio was zero as it did not have any outstanding borrowings.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the reporting period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group's operations were mainly conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. For the years ended 30 April 2017 and 30 April 2016, there was no material impact on the Group arising from the fluctuation in foreign exchange rates.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 30 April 2017 (2016: nil).

CAPITAL COMMITMENTS

As at 30 April 2017, the Group had capital commitments of approximately HK$610,000 (2016: HK$320,000).

CONTINGENT LIABILITIES

There were no significant contingent liabilities of the Group as at 30 April 2017 (2016: nil).

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 28 October 2016. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 30 April 2017, the Company's issued capital was HK$8,000,000 and the number of its issued ordinary shares was 800,000,000 of HK$0.01 each.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 94 employees (including executive Directors) as at 30 April 2017 (2016: 72 employees). Total staff costs (including Directors' emoluments) was approximately HK$16.6 million for the year ended 30 April 2017 as compared to approximately HK$18.7 million for the year ended 30 April 2016. The remuneration policy and package of the Group's employees were annually reviewed and when necessary. The salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance. Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

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

Save for those reorganisation activities done for the purpose of listing of the Company as set out in the paragraph headed "A. Further information about our Company – 4. Corporate reorganisation" in Appendix IV to the Prospectus, the Group did not have any significant investments held, material acquisitions for disposals of subsidiaries and affiliated companies for the year ended 30 April 2017.

Save for the business plan as disclosed in the Prospectus, there was no other plan for material investments or capital assets as at 30 April 2017.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

	Business objectives up to 30 April 2017 as stated in the Prospectus	Actual business progress up to 30 April 2017
Addition of machinery, equipment and motor vehicles for undertaking additional Government slope works contracts	Approximately HK$3.30 million will be used for the addition of necessary machinery, equipment and motor vehicles associated with our intended business strategy of undertaking two additional CEDD slope works contracts for the year ended 30 April 2017, each with a contract sum of approximately HK$70 million to HK$90 million and a contract period of approximately two to three years.	Due to keen competition among tenderers, the Group was awarded only one new CEDD slope works contract for the year ended 30 April 2017 and commenced in late April 2017 which was less than originally expected as disclosed in the Prospectus. As the new project was still at its initial startup stage, the Group acquired two sets of generators amounted to approximately HK$0.33 million and was in the process of sourcing additional two motor vehicles amounted to approximately HK$0.63 million as at 30 April 2017.
Additional staff costs for undertaking additional Government slope works contracts	Approximately HK$5.40 million will be used for recruiting and retaining additional staff necessary for our intended business strategy of undertaking two additional CEDD slope works contracts for the year ended 30 April 2017, each with a contract sum of approximately HK$70 million to HK$90 million and a contract period of approximately two to three years.	Due to keen competition among tenderers, the Group was awarded only one new CEDD slope works contract for the year ended 30 April 2017 and commenced in late April 2017 which was less than originally expected as disclosed in the Prospectus. As the new project was still at its initial startup stage, the Group hired one site agent, one safety officer and one labour officer with staff costs amounted to approximately HK$0.04 million and was in the process of recruiting additional staff as at 30 April 2017.

	Business objectives up to 30 April 2017 as stated in the Prospectus	Actual business progress up to 30 April 2017
Other related initial costs for undertaking additional Government slope works contracts	Approximately HK$3.60 million will be used for other related initial costs (including those in relation to setting up site offices and taking out necessary project-related insurance policies) associated with our intended business strategy of undertaking two additional CEDD slope works contracts for the year ended 30 April 2017, each with a contract sum of approximately HK$70 million to HK$90 million and a contract period of approximately two to three years.	Due to keen competition among tenderers, the Group was awarded only one new CEDD slope works contract for the year ended 30 April 2017 and commenced in late April 2017 which was less than originally expected as disclosed in the Prospectus. As the new project was still at its initial startup stage, the Group incurred project-related insurance costs amounted to approximately HK$0.40 million as at 30 April 2017.
Amount earmarked for satisfying applicable working capital requirement for undertaking additional Government slope works contracts	Approximately HK$8.00 million will be earmarked for satisfying the applicable working capital requirement in connection with the additional Government slope works contracts to be undertaken by the Group (specifically, the requirement of maintaining a minimum working capital of 10% of the combined annual value of uncompleted works on outstanding contracts, applicable to Tai Kam Construction at present as an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works under the category of "Landslip Preventive/Remedial Works to Slopes/Retaining Walls").	The Group has undertaken a new construction project in late April 2017 and tendered one potential construction project for the year ended 30 April 2017 required which totally approximately HK$3.68 million for satisfying applicable working capital requirement.

USE OF PROCEEDS

During the reporting period, the net proceeds from the Placing were applied as follows:

	Planned use of proceeds as stated in the Prospectus up to 30 April 2017 *HK$' million*	Actual use of proceeds up to 30 April 2017 *HK$'million*
Addition of machinery, equipment and motor vehicles	3.30	0.33
Additional staff costs	5.40	0.04
Other related initial costs	3.60	0.40
Working capital	8.00	3.68

As at the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

The Directors regularly evaluates the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the period under review, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

CORPORATE GOVERNANCE CODE

The Board has adopted and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules save for the deviation from code provision A.2.1 explained in paragraph below. The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

Under code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Since the Company has appointed Mr. Lau King Shun as chairman and chief executive officer, the roles of the chairman and chief executive officer are not separated and performed by two different individuals.

Mr. Lau King Shun has been managing the Group's business and its overall financial and strategic planning since March 2002. The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Lau King Shun is beneficial to the business operations and management of Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors which represent half of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by code provision A.2.1 of the CG Code.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code for the period from 28 October 2016 (the "Listing Date") to 30 April 2017 (the "Period"), except where otherwise stated.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions 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 Period.

COMPETING INTEREST

The controlling shareholders, the Directors and their respective close associates confirm that each of them does not have any interest in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business, and is required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules during the year ended 30 April 2017.

All the independent non-executive Directors are delegated with the authority to review the non-competition undertakings (the "Non-competition Undertakings") undertaken by our controlling shareholders, namely Mr. Lau King Shun, Mr. Lau Kan Sui Sanny and Classy Gear in favour of the Company under a deed of non-competition dated 26 September 2016. The independent non-executive Directors were not aware of any non-compliance with the Non-competition Undertakings since the Listing Date and up to the date of this announcement.

Each of Mr. Lau King Shun, Mr. Lau Kan Sui Sanny and Classy Gear has confirmed that he/it had complied with the Non-competition Undertakings and up to the date of this announcement.

COMPLIANCE ADVISOR'S INTERESTS

As at 30 April 2017, as notified by the Company's compliance advisor, Dakin Capital Limited (the "Compliance Advisor"), except for the compliance adviser agreement entered into between the Company and the Compliance Advisor dated 15 June 2016 (the "Compliance Advisor Agreement"), neither the Compliance Advisor nor its directors, employees or 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 Advisor Agreement, the Compliance Advisor has received and will receive fees for acting as the Company's compliance advisor.

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

From the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 26 September 2016 (the "Scheme"). Pursuant to the Scheme, certain eligible participants including, among others, the Directors and employees of the Group may be granted options to subscribe for Shares. The Directors believe that the share option scheme will assist in the recruitment and retention of quality executives and employees. A summary of the principal terms of the share option scheme is set out in the paragraph headed ''Appendix IV — Statutory and general information — D. Share Option Scheme'' in the Prospectus. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 April 2017.

EVENTS AFTER REPORTING PERIOD

Save as disclosed, up to the date of this announcement, there was no significant event after the reporting period of the Group.

PUBLIC FLOAT

To the best knowledge of the Directors and based on information that is publicly available to the Company as of the date of this announcement, the Company has maintained sufficient public float required under the GEM Listing Rules.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 April 2017 as set out in this preliminary announcement of the Group's results for the year ended 30 April 2017 have been agreed by the Company's auditor, Grant Thornton Hong Kong Limited ("GT"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by GT in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by GT on this preliminary announcement.

AUDIT COMMITTEE

The Company established the audit committee ("Audit Committee") on 26 September 2016 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Ho Cheuk Wai, Ms. Wong Yuk King and Mr. Yim Kin Ping. The chairman of the Audit Committee is Mr. Ho Cheuk Wai, who has appropriate professional qualifications and experience in accounting matters. The audit committee had reviewed annual results in respect of the year ended 30 April 2017, and confirmed that this announcement complies with the applicable standard, the GEM Listing Rules, and other applicable legal requirements and that adequate disclosures have been made.

By order of the Board
Tai Kam Holdings Limited
Lau King Shun
Chairman and Executive Director

Hong Kong, 25 July 2017

As at the date of this announcement, the executive Directors are Mr. Lau King Shun, Mr. Lau Kan Sui Sanny and Mr. Lau Mei Chai; and the independent non-executive Directors are Ms. Wong Yuk King, Mr. Yim Kin Ping and Mr. Ho Cheuk Wai.

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.

This announcement is prepared in both English and Chinese. In the event of inconsistency, the English text of the announcement shall prevail over the Chinese text.