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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 2018

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

FINANCIAL HIGHLIGHTS

Revenue amounted to approximately HK$180.1 million for the year ended 30 April 2018 (2017: approximately HK$123.5 million), representing an increase of approximately 45.8% as compared with that of the year ended 30 April 2017.

Net profit for the year ended 30 April 2018 amounted to approximately HK$11.0 million (2017: Net loss of approximately HK$2.5 million). Such increase in net profit was primarily attributable to the increase in revenue and decrease in administrative expenses recognised and partly offset by the decrease in gross profit margin for year ended 30 April 2018.

Basic and diluted earnings per share amounted to approximately HK1.37 cents for the year ended 30 April 2018 (2017: basic and diluted loss per share of approximately HK0.36 cents).

The Board does not recommend a payment of a final dividend for the year ended 30 April 2018 (2017: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2018

The board of Directors of the Company (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 April 2018 together with the comparative figures for the year ended 30 April 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	**2018**	2017
		HK$'000	HK$'000
Revenue	3	**180,097**	123,502
Direct costs		**(160,750)**	(105,953)
Gross profit		**19,347**	17,549
Other income	5	**270**	200
Administrative expenses		**(6,147)**	(17,287)
Profit before income tax	6	**13,470**	462
Income tax expense	7	**(2,508)**	(3,010)
Profit/(Loss) and total comprehensive income/(expense) for the year attributable to equity holders of the Company		**10,962**	(2,548)
		HK cents	HK cents
Earnings/(Loss) per share attributable to equity holders of the Company			
Basic and diluted	9	**1.37**	(0.36)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Plant and equipment		**6,695**	2,215
Current assets			
Trade and other receivables	10	**22,879**	11,226
Amounts due from customers for contract work	11	**2,505**	12,731
Cash and bank balances		**94,165**	80,695
		119,549	104,652
Current liabilities			
Trade and other payables	12	**17,643**	12,660
Amounts due to customers for contract work	11	**5,757**	1,946
Tax payable		**1,725**	2,537
		25,125	17,143
Net current assets		**94,424**	87,509
Total assets less current liabilities		**101,119**	89,724
Non-current liability			
Deferred tax liabilities		**702**	269
Net assets		**100,417**	89,455
EQUITY			
Share capital	13	**8,000**	8,000
Reserves		**92,417**	81,455
Total equity attributable to equity holders of the Company		**100,417**	89,455

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2018

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 1101, 11/F, Wealth Commercial Centre, 48 Kwong Wa Street, 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 ceased to be a subsidiary of Classy Gear Limited ("Classy Gear"), a company incorporated in the British Virgin Islands ("BVI"), but Classy Gear remains to be a shareholder of the Company as at 30 April 2018, which is beneficially owned by Mr.Lau King Shun and Mr.Lau Kan Sui Sanny (collectively referred as the "Ultimate Shareholders").

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

The consolidated financial statements for the year ended 30 April 2018 were approved for issue by the board of directors on 25 July 2018.

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 was 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 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, or since their respective dates of incorporation, where it is a shorter period.

The consolidated statement of financial position as at 30 April 2017 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 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

Amended HKFRSs that are effective for annual period beginning on or after 1 May 2017

In the current year, the Group has applied the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for these consolidated financial statements for the annual period beginning on 1 May 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities

The adoption of these 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

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been early adopted by the Group.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Lease[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfer of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective date not yet determined

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. 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 consolidated financial statements.

HKFRS 9 "Financial Instruments"

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39"). HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities. HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 May 2018.

Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI"). The Group has assessed that its financial assets currently measured at amortised costs will continue with their classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. In the opinion of the directors of the Company, based on the historical experience and existing business model of the Group, the default rate of the outstanding balances with customers is low.

Hence, the directors of the Company anticipate that the application of HKFRS 9 would not have material impact on the Group's future consolidated financial statements.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 and the related clarification to HKFRS 15 (hereinafter referred to as "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 establishes a single comprehensive 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.

Based on the assessment completed to date, the Group has identified the timing of revenue recognition which is expected to be affected. Currently, revenue arising from construction contracts is recognised over time.

Under HKFRS 15, revenue is recognised when customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when transfer of control occurs.

HKFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Group has started to assess the impact of HKFRS 15 and expects to apply HKFRS 15, in accordance with modified retrospective approach under which the cumulative effect of initially applying this standard recognised at the date of initial application (i.e. 1 May 2018). Based on a preliminary assessment, the directors anticipated that the application of HKFRS 15 may result in more disclosures, however, it is not expected to have significant impact on the the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 will replace HKAS 17 and three related Interpretations.

Currently the Group classifies leases into operating leases. The Group enters into leases as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee would recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases of premises which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease. As at 30 April 2018, the Group's future minimum lease payments under non-cancellable operating leases amount to approximately HK$1,940,000 for premises. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt HKFRS 16 retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

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 2018 and 2017 are as follows:

	2018	2017
	HK$'000	HK$'000
Contract revenue	**180,097**	123,502

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:

	2018	2017
	HK$'000	HK$'000
Customer A	**156,005**	113,352

5. OTHER INCOME

	2018	2017
	HK$'000	HK$'000
Bank interest income	**222**	200
Gain on disposal of plant and equipment	**48**	—
	270	200

6. PROFIT BEFORE INCOME TAX

	2018	2017
	HK$'000	HK$'000
Profit before income tax is stated after charging/(crediting):		
(a) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**29,113**	16,010
Contributions to defined contribution retirement plans	**1,147**	555
	30,260	16,565
(b) Other items		
Auditor's remuneration		
– Current year	**561**	591
– Over-provision in respect of prior years	**—**	(24)
Depreciation	**1,332**	1,038
Gain on disposal of plant and equipment	**(48)**	—
Operating lease charges in respect of:		
– Premises	**602**	522
– Machinery (included in direct costs)	**22**	45
Subcontracting charges (included in direct costs)	**113,038**	84,493
Bad debts written off on trade receivables	**41**	—
Bad debts written off on retention receivables	**32**	—
Bad debts written off on prepayments	**178**	—
Listing expenses (included in administrative expenses)	**—**	12,950

7. INCOME TAX EXPENSE

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%.

For the year ended 30 April 2018, Hong Kong Profits Tax of Tai Kam Construction Engineering Company Limited, a subsidiary of the Group, is calculated in accordance with the two-tiered profits tax rates regime.

For the year ended 30 April 2017, Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the year.

	2018	2017
	HK$'000	HK$'000
Current tax		
Hong Kong Profits Tax		
– Current year	**2,111**	2,505
– (Over)／Under-provision in respect of prior year	**(36)**	559
	2,075	3,064
Deferred tax		
– Current year	**439**	(54)
– Effect of change in tax rate	**(6)**	—
	433	(54)
Income tax expense	**2,508**	3,010

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

	2018	2017
	HK$'000	HK$'000
Profit before income tax	**13,470**	462
Tax on profit before income tax at 16.5% (2017: 16.5%)	**2,223**	76
Tax effect of non-taxable income	**(53)**	(33)
Tax effect of non-deductible expenses	**549**	2,349
Effect of two-tiered profits tax rates regime	**(165)**	—
Effect on opening deferred tax balance arising from a change in tax rate during the year	**(6)**	—
(Over)/Under-provision in respect of prior year	**(36)**	559
Other	**(4)**	59
Income tax expense	**2,508**	3,010

8. DIVIDENDS

The directors did not recommend the payment of a dividend for the years ended 30 April 2018 and 2017.

9. EARNINGS/(LOSS) PER SHARE

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

	2018	2017
	HK$'000	HK$'000
Earnings/(Loss)		
Profit/(Loss) for the year attributable to equity holders of the Company	**10,962**	(2,548)
Number of shares		
Weighted average number of ordinary shares (in thousands)	**800,000**	701,370

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 (Note 13(iii)), 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 (Note 13(iv)).

There were no dilutive potential ordinary shares during the years ended 30 April 2018 and 2017 and therefore, diluted earnings/(loss) per share equals to basic earnings/(loss) per share.

10. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	HK$'000
Trade receivables (note (a))	**11,785**	3,782
Retention receivables (note (b))	**8,104**	4,278
Other receivables and deposits	**764**	799
Prepayments (note (c))	**2,207**	2,348
Amount due from a related company (note (d))	**19**	—
Amount due from ultimate holding company (note (d))	**—**	19
	22,879	11,226

Notes:

(a) Trade receivables

The Group usually grants credit period from 21 to 60 days (2017: 21 to 60 days) to customers.

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

	2018	2017
	HK$'000	HK$'000
0 - 30 days	**8,693**	3,219
31 - 60 days	**2,902**	523
61 - 90 days	**190**	—
Over 90 days	**—**	40
	11,785	3,782

At each reporting date, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. During the year ended 30 April 2018, the Group had written off trade receivables of approximately HK$41,000 (2017:Nil) from a long overdue customer.

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

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

	2018	2017
	HK$'000	HK$'000
Neither past due nor impaired	**8,693**	3,544
1 – 30 days past due	**2,902**	198
31- 60 days past due	**190**	—
Over 60 days past due	**—**	40
	3,092	238
	11,785	3,782

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.

(b) Retention receivables

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

The balances of retention receivables as at 30 April 2018 and 2017 were neither past due nor impaired. They are related to customers for whom there was no recent history of default. During the year ended 30 April 2018, the Group had written off retention receivables of approximately HK$32,000 (2017: Nil).

(c) Prepayments

During the year ended 30 April 2018, the Group had written off prepayments for suppliers of approximately HK$178,000 (2017: Nil).

(d) Amount due from ultimate holding company/a related company

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

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

	2018	2017
	HK$'000	HK$'000
Contract costs incurred plus recognised profits less recognised losses	**344,789**	178,683
Less: Progress billings	**(348,041)**	(167,898)
	(3,252)	10,785
Recognised and included in the consolidated statement of financial position as:		
– Amounts due from customers for contract work	**2,505**	12,731
– Amounts due to customers for contract work	**(5,757)**	(1,946)
	(3,252)	10,785

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

12. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	HK$'000
Trade payables (note (a))	**9,467**	8,322
Retention payables (note (b))	**4,793**	2,292
Accruals and other payables	**3,383**	2,046
	17,643	12,660

Notes:

(a) Trade payables

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

	2018	2017
	HK$'000	HK$'000
0 - 30 days	**8,493**	8,322
31 - 60 days	**662**	—
61 - 90 days	**312**	—
	9,467	8,322

The Group is granted by its suppliers a credit period ranging from 0 to 30 days (2017: 0 to 30 days).

(b) Retention payables

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

13. SHARE CAPITAL

	2018 Number of shares	2018 HK$'000	2017 Number of shares	2017 HK$'000
Authorised:				
Ordinary share of HK$0.01 each				
As at the beginning of the reporting period	**2,000,000,000**	**20,000**	10,000,000	100
Increase in authorised share capital (note i)	**—**	**—**	1,990,000,000	19,900
As at the end of the reporting period	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid:				
As at the beginning of the reporting period	**800,000,000**	**8,000**	1	—
Issuance of ordinary shares (note ii)	**—**	**—**	9,999	—
Issuance of ordinary shares pursuant to the Capitalisation Issue (note iii)	**—**	**—**	599,990,000	6,000
Issuance of ordinary shares pursuant to the Placing (note iv)	**—**	**—**	200,000,000	2,000
As at the end of the reporting period	**800,000,000**	**8,000**	800,000,000	8,000

Notes:

(i) Pursuant to the written resolutions of the then sole shareholder passed on 26 September 2016, the authorised share capital of the Company was increased from HK$100,000 to HK$20,000,000 by the creation of additional of 1,990,000,000 shares of HK$0.01 each, each ranking *pari passu* in all respects.

(ii) The Company is a limited liability company incorporated in the Cayman Islands on 1 April 2016 with authorised share capital of HK$100,000 divided into 10,000,000 ordinary shares of a par value of HK$0.01 each. 1 share was allotted and issued nil-paid to the subscriber and was subsequently transferred to Classy Gear on the same day. On 17 June 2016, the 1 nil-paid share held by Classy Gear was credited as fully paid, and 9,999 shares, all credited as fully paid, were allotted and issued to Classy Gear.

(iii) Pursuant to the written resolutions of the then sole shareholder passed on 26 September 2016, 599,990,000 ordinary shares of HK$0.01 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the Company (the "Capitalisation Issue").

(iv) On 27 October 2016, the Company alloted and issued a total of 200,000,000 ordinary shares of HK$0.01 each at a price of HK$0.35 per share in relation to the placing of the Company's shares (the "Placing"). Of the gross total proceeds of HK$70,000,000, HK$2,000,000 representing the par value was credited to the Company's share capital, and HK$68,000,000 before deduction of the share issuance expenses of approximately HK$7,282,000, was credited to the share premium account.

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 Hong Kong government (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 year ended 30 April 2018 (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. Besides, according to "Head 33 - Civil Engineering and Development Department" of the "Estimates for the year ending 31 March 2019" of "The 2018-19 Budget" published by the Government, the CEDD's expenditure for landslip prevention and mitigation is slightly increased by approximately 4.0% from approximately HK$990 million of actual expenditure in 2017 to HK$1,030.0 million of estimated expenditure in 2018. As a result, our slope work business benefits from the overall positive atmosphere and more business opportunities in the industry.

However, 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 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 year.

Having all things considered, the Directors remain positive about the construction industry in Hong Kong and the Group will continue to exercise due care in the pursuance of its existing core business so as to balance the risks and opportunities in the industry in Hong Kong and adjust its business strategies from time to time if required.

Since May 2017 and up to the date of this announcement, the Group was successfully awarded one public project from Hong Kong Housing Authority (the "Housing Authority") and two public projects from Lands Department which are both expected to be completed in 2020 and 2021 respectively. Securing long term projects could ensure the sustainability of the Group and increase employees' loyalty towards the Group.

The shares in the Company (the "Shares") were successfully listed on GEM of the Stock Exchange 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 listing proceeds as set out in the Prospectus.

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$56.6 million, or approximately 45.8%, from approximately HK$123.5 million for the year ended 30 April 2017 to approximately HK$180.1 million for the Reporting Period. The increase in revenue was mainly due to increase in works performed from the CEDD and Lands Department's slope work projects recognised with reference to the progress certificate under relevant contracts for the Reporting Period.

The majority 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 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 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$1.8 million, or approximately 10.2%, from approximately HK$17.5 million for the year ended 30 April 2017 to approximately HK$19.3 million for the Reporting Period. However, the Group's gross profit margin decreased from approximately 14.2% for the year ended 30 April 2017 to approximately 10.7% for the Reporting Period. The increase in gross profit and decrease in gross profit margin was mainly due to more revenue contribution from projects but partly offset by an increase in direct cost resulting in lower margin through the substantial use of subcontractors being recognised for the projects for the Reporting Period.

The Group's direct costs increased by approximately HK$54.8 million, or approximately 51.7%, from approximately HK$106.0 million for the year ended 30 April 2017 to approximately HK$160.8 million for the Reporting Period. 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 Reporting Period.

Administrative expenses

The Group's administrative expenses decreased by approximately HK$11.1 million, or approximately 64.4%, from approximately HK$17.3 million for the year ended 30 April 2017 to approximately HK$6.1 million for the Reporting Period. Administrative expenses consist primarily of staff costs, professional fees, depreciation, rental expenses and other administrative expenses. The decrease in the Group's administrative expenses was mainly due to the recognition of non-recurring listing expenses of approximately HK$13.0 million for the year ended 30 April 2017 while no such expense was recognised for the Reporting Period and such decrease is partly offset by an increase in the listing compliance costs for the Reporting Period.

Other income

The Group's other income amounted to approximately HK$0.2 million and approximately HK$0.3 million for the year ended 30 April 2017 and 2018 respectively. It is comprised of bank deposit interest income of approximately HK$222,000 and gain of disposal of plant and equipment of approximately HK$48,000 for the Reporting Period.

Net Profit/Loss

The net profit amounted to approximately HK$11.0 million for the Reporting Period as compared to a net loss of approximately HK$2.5 million for year ended 30 April 2017. Such increase in net profit was primarily attributable to the increase in revenue and decrease in administrative expenses recognised for the Reporting Period as discussed above and partly offset by the decrease in gross profit margin for the Reporting Period.

Final Dividend

The Board did not recommend a payment of a final dividend for the Reporting Period (2017: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2018, 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").

As at 30 April 2018, the Group's total equity attributable to owners of the Company amounted to approximately HK$100.4 million (2017: approximately HK$89.5 million).

As at 30 April 2018, the Group had cash and bank balances of approximately HK$94.2 million (2017: approximately HK$80.7 million). Cash and bank balances are denominated in Hong Kong Dollars. The increase was mainly due to the cash generated from operations and partly offset by cash used in investing activities.

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 2018 (2017: Nil).

CASH POSITION

As at 30 April 2018, the cash and bank balances of the Group amounted to approximately HK$94.2 million (2017: approximately HK$80.7 million), representing an increase of approximately HK$13.5 million as compared to that as at 30 April 2017.

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 2018 and as at 30 April 2017, 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 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 2017, 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 (2017:Nil).

CAPITAL COMMITMENTS

As at 30 April 2018, the Group had no material capital commitments (2017: approximately HK$610,000).

CONTINGENT LIABILITIES

There were no significant contingent liabilities of the Group as at 30 April 2018 (2017: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. The share capital of the Group only comprises of ordinary shares.

As at 30 April 2018, 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 POLICY

The Group had 144 employees (including executive Directors) as at 30 April 2018 (2017: 94 employees). Total staff costs (including Directors' emoluments) were approximately HK$30.3 million for the Reporting Period as compared to approximately HK$16.6 million for the year ended 30 April 2017. 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 Group's performance as well as the assessment of individual performance.

Furthermore, the Group offers other staff benefits like sponsorship of training courses.

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

Save as disclosed in the section headed "COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS" in this announcement, the Group did not have any significant investments, acquisitions or disposals of subsidiaries and affiliated companies during the Reporting Period and the Group did not have other plans for material investments or capital assets.

SEGMENT INFORMATION

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 decisions about 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.

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

Due to keen competition among tenderers, the Group was awarded only one new CEDD slope works contract ("new CEDD project") for the year ended 30 April 2017 and one new slope works contract from the Housing Authority ("new HA project") and two new slope works contracts from the Lands Department ("new LD projects") up to 30 April 2018. The new CEDD project and new HA project commenced work during the Reporting Period while the new LD projects commenced work in November 2017.

	Business objectives up to 30 April 2018 as stated in the Prospectus	**Actual business progress up to 30 April 2018**
Addition of machinery, equipment and motor vehicles for undertaking additional Government slope works contracts	Approximately HK$3.30 million would be used from the Latest Practicable Date (as defined in the Prospectus) up to 30 April 2018 for the addition of necessary machinery, equipment and motor vehicles associated with our intended business strategy of undertaking additional Government slope works contracts as disclosed in the section headed "Business — Business strategy" in the Prospectus.	The Group has undertaken four new projects up to 30 April 2018 which fully utilized the amount for acquiring necessary machinery, equipment and motor vehicles.
Additional staff costs for undertaking additional Government slope works contracts	Approximately HK$19.17 million would be used from the Latest Practicable Date (as defined in the Prospectus) up to 30 April 2018 for recruiting and retaining additional staff necessary for our intended business strategy of undertaking additional Government slope works contracts as disclosed in the section headed "Business — Business strategy" in the Prospectus.	The Group incurred approximately HK$8.41 million for recruiting and retaining additional staff for one new CEDD project, one new HA project and two new LD projects (including site agents, safety officers and labour officers) up to 30 April 2018.

	Business objectives up to 30 April 2018 as stated in the Prospectus	Actual business progress up to 30 April 2018
Other related initial costs for undertaking additional Government slope works contracts	Approximately HK$3.60 million would be used from the Latest Practicable Date (as defined in the Prospectus) up to 30 April 2018 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 additional Government slope works contracts as disclosed in the section headed "Business — Business strategy" in the Prospectus.	The Group incurred project related insurance costs and setting up site offices costs which amounted to approximately HK$2.84 million for undertaking four new projects awarded to the Group up to 30 April 2018.
Amount earmarked for satisfying applicable working capital requirement for undertaking additional Government slope works contracts	Approximately HK$8.00 million will be earmarked from the Latest Practicable Date (as defined in the Prospectus) up to 30 April 2018 for satisfying the applicable working capital requirement in connection with the additional Government slope works contracts to be undertaken by us (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 four new projects up to 30 April 2018 which fully utilised the amount earmarked for satisfying the 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 2018 HK$' million	Actual use of proceeds up to 30 April 2018 HK$'million
Addition of machinery, equipment and motor vehicles	3.30	3.30
Additional staff costs	19.17	8.41
Other related initial costs	3.60	2.84
Working capital	8.00	8.00

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 Reporting Period, 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 the paragraph below. The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

Under the code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive should be clearly established. Ever since the Company appointed Mr. KS Lau 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.

Mr. KS Lau 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. KS Lau is beneficial to the business operations and management of Group and will provide strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors ("INEDs") which represent half of the Board, the Board considers that there is a balance of power and authority such that no one individual has unfettered power of decision. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by code provision A.2.1 of the CG Code.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code during the Reporting Period, except where otherwise stated.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of 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 Reporting 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 Reporting Period.

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 during the Reporting Period 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 during the Reporting Period and up to the date of this announcement.

COMPLIANCE ADVISERS' INTERESTS

As at 31 January 2018, as notified by the Company's then compliance adviser, Dakin Capital Limited, except for the compliance adviser agreement entered into between the Company and Dakin Capital Limited dated 15 June 2016, neither Dakin Capital Limited nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in the securities of the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

As at 30 April 2018, 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 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 Reporting Period and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PERMITTED INDEMNITY

The Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company. The insurance covers the corresponding costs, charges, expenses and liabilities for legal action of corporate activities against them.

Pursuant to the Articles, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 26 September 2016 (the "Scheme"). 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 Scheme will assist in the recruitment and retention of quality executives and employees. A summary of the principal terms of the 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 2018.

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

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 preliminary announcement of the Group's results for the year ended 30 April 2018 have been agreed by the Company's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this preliminary announcement.

AUDIT COMMITTEE

The Company established the audit committee ("Audit Committee") on 26 September 2016 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Law Hung Pan, Ms. Wong Yuk King and Mr. Yim Kin Ping. The chairman of the Audit Committee is Mr. Law Hung Pan, who has appropriate professional qualifications and experience in accounting matters. The Audit Committee has reviewed the annual results in respect of the year ended 30 April 2018, 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 2018

As at the date of this announcement, the executive Directors are Mr. Lau King Shun, Ms. Liu Tanying and Ms. Tsui Tsz Fa Mabel; and the independent non-executive Directors are Ms. Wong Yuk King, Mr. Yim Kin Ping and Mr. Law Hung Pan.

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.