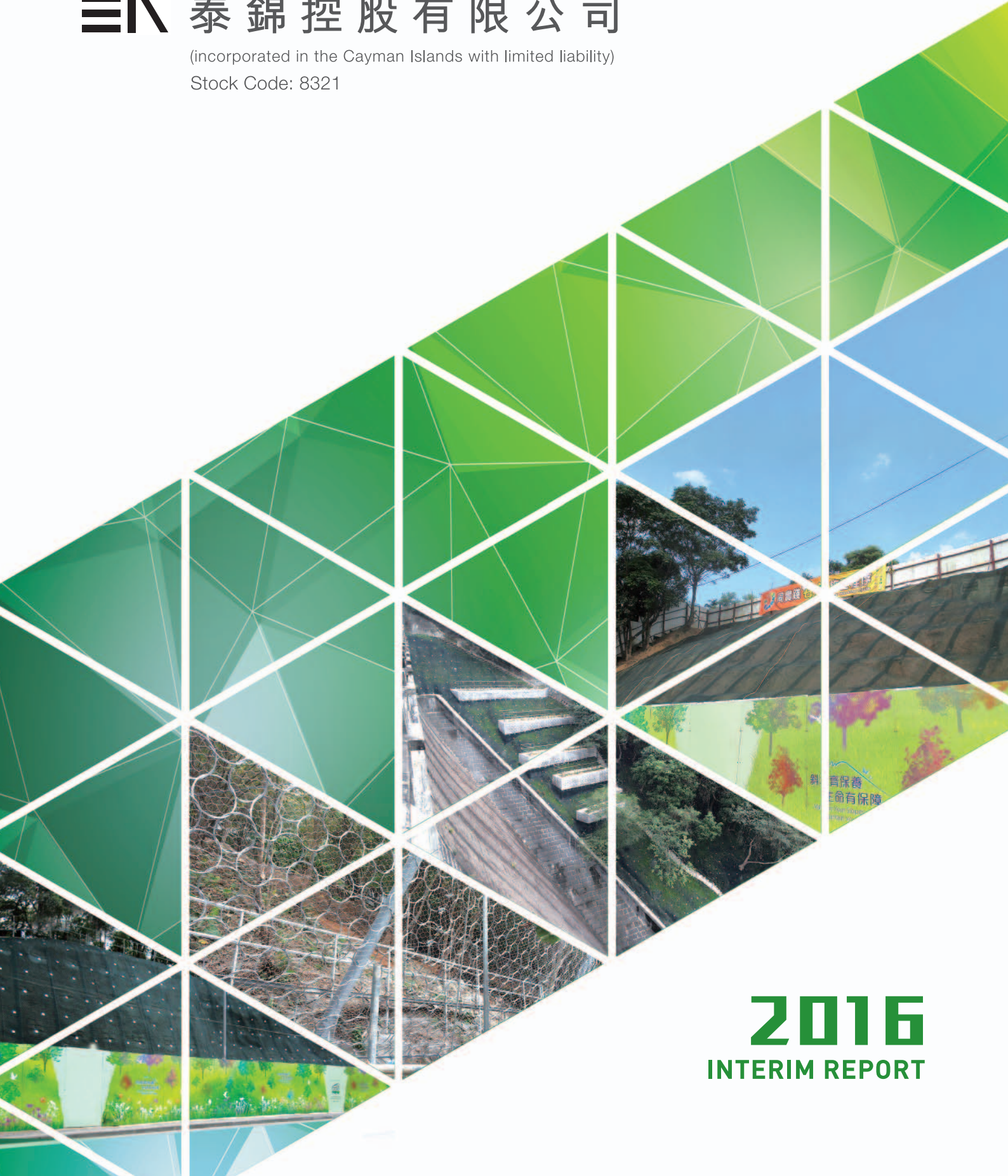




Tai Kam Holdings Limited 泰錦控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8321



2016
INTERIM REPORT

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.

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

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

CONTENTS

Pages

2	CORPORATE INFORMATION
3	FINANCIAL HIGHLIGHTS
4-7	MANAGEMENT DISCUSSION AND ANALYSIS
8-12	OTHER INFORMATION
13	CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
14	CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
15	CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
16	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
17-28	NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. LAU King Shun (Chairman)
Mr. LAU Kan Sui, Sanny
Mr. LAU Mei Chai

Independent non-executive Directors

Mr. YIM Kin Ping
Ms. WONG Yuk King
Mr. HO Cheuk Wai

COMPLIANCE OFFICER

Mr. LAU King Shun

AUTHORISED REPRESENTATIVES

Mr. LAU King Shun
Ms. HO Man Wai

AUDIT COMMITTEE

Mr. HO Cheuk Wai (Chairman)
Ms. WONG Yuk King
Mr. YIM Kin Ping

NOMINATION COMMITTEE

Mr. LAU King Shun (Chairman)
Mr. HO Cheuk Wai
Ms. WONG Yuk King

REMUNERATION COMMITTEE

Mr. YIM Kin Ping (Chairman)
Mr. HO Cheuk Wai
Mr. LAU Kan Sui, Sanny

COMPANY SECRETARY

Ms. HO Man Wai

AUDITOR

Grant Thornton Hong Kong Limited

COMPLIANCE ADVISER

Dakin Capital Limited

LEGAL ADVISER

Guantao & Chow

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Boardroom Share Registrars (HK) Limited
31/F, 148 Electric Road
North Point, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1503, 15/F
Win Century Centre
2A Mong Kok Road
Mong Kok, Kowloon
Hong Kong

FINANCIAL HIGHLIGHTS

Revenue amounted to approximately HK\$50.7 million for the six months ended 31 October 2016 (the "Reporting Period") (2015: approximately HK\$41.4 million), representing an increase of approximately 22.6% as compared with the corresponding period of last year.

Loss attributable to the equity holders of the Company for the six months ended 31 October 2016 amounted to approximately HK\$5.5 million (2015: profit attributable to the equity holders of approximately HK\$5.7 million).

Basic and diluted loss per share amounted to approximately HK\$0.92 cents for the six months ended 31 October 2016 (2015: basic and diluted earnings per share of approximately HK\$0.96 cents).

The Board does not recommend a payment of an interim dividend for the six months ended 31 October 2016 (2015: nil).

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, 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 Engineering Company Limited, is registered under the Buildings Ordinance as a (i) Registered Specialist Contractor under the sub register of "Site Formation Works" and a (ii) Registered General Building Contractor and is 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 could result in potential delays in public infrastructure projects. In addition, as disclosed in 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 listing proceeds set out in the Company's prospectus dated 20 October 2016 (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\$9.3 million or approximately 22.6% from approximately HK\$41.4 million for the six months ended 31 October 2015 to approximately HK\$50.7 million for the six months ended 31 October 2016. The increase in revenue was mainly due to higher amount of revenue from CEDD's slope work projects recognised with reference to the progress certificate under relevant contracts for the six months ended 31 October 2016.

The majority of our revenue during the Reporting Period was derived from undertaking slope works commissioned by the CEDD 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 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 increased by approximately HK\$1.4 million or approximately 18.0% from approximately HK\$7.9 million for the six months ended 31 October 2015 to approximately HK\$9.3 million for the six months ended 31 October 2016 and the Group's gross profit margin was slightly decreased from approximately 19.1% for the six months ended 31 October 2015 to approximately 18.3% for the six months ended 31 October 2016. The slightly 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 six months ended 31 October 2016.

The Group's direct costs increased by approximately HK\$7.9 million or approximately 23.6% from approximately HK\$33.5 million for the six months ended 31 October 2015 to approximately HK\$41.4 million for the six months ended 31 October 2016. 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 six months ended 31 October 2016.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$12.6 million or approximately 1,400.0% from approximately HK\$0.9 million for the six months ended 31 October 2015 to approximately HK\$13.5 million for the six months ended 31 October 2016. The significant increase in the Group's administrative expenses was mainly due to the recognition of non-recurring listing expenses of approximately HK\$12.2 million for the six months ended 31 October 2016.

Net Loss/Profit

The net loss amounted to approximately HK\$5.5 million for the six months ended 31 October 2016 as compared with net profit amounted to approximately HK\$5.7 million for six months ended 31 October 2015. The net loss for the period was mainly due to the recognition of non-recurring listing expenses of approximately HK\$12.2 million for six months ended 31 October 2016 (2015: Nil) which were partly offset by the increase in gross profit as discussed above. If the non-recurring listing expenses were not taken into account, the Group would record a net profit growth of approximately 15.3% for the six months ended 31 October 2016, when compared to the same period of the previous year.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, 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 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.

Cash Position

As at 31 October 2016, the cash and bank balances of the Group amounted to approximately HK\$86.2 million (as at 30 April 2016: approximately HK\$16.9 million), representing an increase of approximately HK\$69.3 million as compared to that as at 30 April 2016.

Pledge of Assets

The bank deposits of HK\$3 million as at 31 October 2016 (30 April 2016: nil) were pledged to bank for the banking facilities of the Group.

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 31 October 2016 and as at 30 April 2016, we 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 were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. For six months ended 31 October 2016 and for the six months ended 31 October 2015, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

Capital Commitments

As at 31 October 2016, the Group had no material capital commitments (30 April 2016: HK\$320,000).

Contingent Liabilities

There were no significant contingent liabilities of the Group as at 31 October 2016 (30 April 2016: HK\$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 31 October 2016, 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 95 employees (including executive Directors) as at 31 October 2016 (as at 30 April 2016: 72 employees). Remuneration is determined with reference to market terms and the performance, qualifications and experience of the individual employee. Remuneration includes monthly salaries, performance linked bonuses, retirement benefits schemes and other allowance and benefits.

Significant Investments Helds, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Apart from the reorganisations in relation to the Listing as disclosed in the Prospectus, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 October 2016. Save for the business plan as disclosed in the Prospectus, there was no plan for material investments or capital assets as at 31 October 2016.

Comparison of Business Objectives with Actual Business Progress and Use of Proceeds

The net proceeds from the Listing in October 2016, after deducting listing related expenses, were approximately HK\$ 49.6 million. As the Listing date (28 October 2016) is close to our half-year end date (31 October 2016), the Company has not yet utilised the proceeds from the Listing as planned as of 31 October 2016 and there has not yet been material business progress as of 31 October 2016 in implementing the business objectives set out in the Prospectus.

OTHER INFORMATION

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

As at 31 October 2016, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

(i) Long position in the ordinary shares of the Company

Name of Directors	Capacity/Nature of interest	Number of shares held/interested	Approximate percentage of shareholdings
Mr. LAU King Shun	Interest held jointly with other persons; Interest in a controlled corporation (Note 2)	600,000,000 (Note 1)	75%
Mr. LAU Kan Sui Sanny	Interest held jointly with other persons; Interest in a controlled corporation (Note 2)	600,000,000 (Note 1)	75%

Notes:

- (1) These shares are registered in the name of Classy Gear Limited ("Classy Gear"), the issued share capital of which is legally and beneficially owned as to 75% by Mr. LAU King Shun ("KS Lau") and 25% by Mr. LAU Kan Sui Sanny ("Sanny Lau"). Therefore, Mr. KS Lau is deemed or taken to be interested in these shares held by Classy Gear under the SFO.
- (2) Mr. KS Lau and Mr. Sanny Lau are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) pursuant to the Concert Party Deed. As such, without taking into account any ordinary shares which may be allotted and issued upon the exercise of any options that may be granted under the Scheme, Mr. KS Lau and Mr. Sanny Lau will together control 75% of the entire issued share capital of the Company.

(ii) Long position in the ordinary shares of associated corporation

Name of Directors	Name of associated corporation	Capacity/ Nature of interest	Number of shares held/interested	Approximate percentage of shareholdings
Mr. LAU King Shun	Classy Gear	Beneficial owner (Note 1)	75	75%
Mr. LAU Kan Sui Sanny	Classy Gear	Beneficial owner (Note 1)	25	25%

Note

(1) The issued share capital of Classy Gear is legally and beneficially owned as to 75% by Mr. KS Lau and 25% by Mr. Sanny Lau.

Save as disclosed above, as at 31 October 2016, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 31 October 2016, the following persons (other than the Directors and chief executive of the Company) had or deemed or taken to have an interest in the Shares or underlying Shares which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

Name	Capacity/Nature of interest	Number of shares held/interested	Approximate percentage of shareholdings
Classy Gear	Beneficial owner	600,000,000	75%
Ms. Lam Wai Yin	Interest of spouse (Note 1)	600,000,000	75%
Ms. Chung King Fung	Interest of spouse (Note 2)	600,000,000	75%

Notes:

- (1) Ms. Lam Wai Yin is the spouse of Mr. KS Lau and is deemed or taken to be interested in all the Shares in which Mr. KS Lau has, or is deemed to have, an interest for the purposes of the SFO.
- (2) Ms. Chung King Fung is the spouse of Mr. Sunny Lau and is deemed or taken to be interested in all the Shares in which Mr. Sunny Lau has, or is deemed to have, an interest for the purposes of the SFO.

Save as disclosed above, as at 31 October 2016, the Company had not been notified by any persons who had interests or short positions in the Shares, underlying Shares or debentures of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPETING INTEREST

Our Controlling Shareholders (as defined below), our Directors and their respective close associates confirm that each of them does not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and is required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules during the six months ended 31 October 2016.

COMPLIANCE ADVISORS' INTERESTS

As at 31 October 2016, 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, neither the Compliance Advisor nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in the securities to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

During the six months ended 31 October 2016 and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the six months ended 31 October 2016 and up to the date of this report, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules save for the deviation from code provision A.2.1 explained below. 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 the overall financial and strategic planning since April 2000. 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 Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors the (“Code of Conduct”) on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the six months ended 31 October 2016 and up to the date of this report.

DIVIDENDS

The Board did not recommend a payment of an interim dividend for the six months ended 31 October 2016 (2015: nil).

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 26 September 2016 (the “Scheme”). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 October 2016.

AUDIT COMMITTEE

The Audit Committee was established on 26 September 2016 with written terms of reference in compliance with the GEM Listing Rules which are available on the websites of the Stock Exchange and the Company. The Audit Committee currently consists of 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 the unaudited interim financial statements of the Group for the six months ended 31 October 2016 with the management and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board

Tai Kam Holdings Limited

Lau King Shun

Chairman and Executive Director

Hong Kong, 12 December 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 OCTOBER 2016

	Notes	For the three months ended 31 October		For the six months ended 31 October	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	3	26,744	19,167	50,715	41,381
Direct costs		(21,743)	(15,659)	(41,411)	(33,495)
Gross profit		5,001	3,508	9,304	7,886
Other income	4	—	—	—	1
Administrative expenses		(7,555)	(276)	(13,528)	(902)
(Loss)/profit before income tax	5	(2,554)	3,232	(4,224)	6,985
Income tax expense	6	(702)	(575)	(1,316)	(1,238)
(Loss)/profit and total comprehensive (expense)/ income for the period attributable to equity holders of the Company		(3,256)	2,657	(5,540)	5,747
		HK cents	HK cents	HK cents	HK cents
(Loss)/earnings per share attributable to equity holders of the Company – Basic and diluted	8	(0.53)	0.44	(0.92)	0.96

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 OCTOBER 2016

	Notes	As at 31 October 2016 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	2,725	2,862
Current assets			
Trade and other receivables	10	16,519	23,301
Amounts due from customers for contract work	11	2,736	3,013
Pledged bank deposit	12	3,000	—
Cash and bank balances	12	86,178	16,918
		108,433	43,232
Current liabilities			
Trade and other payables	13	13,807	8,415
Amounts due to customers for contract work	11	4,263	3,086
Tax payable		6,302	4,986
		24,372	16,487
Net current assets		84,061	26,745
Total assets less current liabilities		86,786	29,607
Non-current liabilities			
Deferred tax liabilities		323	323
Net assets		86,463	29,284
EQUITY			
Share capital	14	8,000	—
Reserves		78,463	29,284
Total equity attributable to equity holders of the Company		86,463	29,284

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 OCTOBER 2016

	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000 (Note)	Retained earnings* HK\$'000	Total HK\$'000
Balance as at 1 May 2015 (audited)	—	—	4,000	15,877	19,877
Profit and total comprehensive income for the period	—	—	—	5,747	5,747
Balance as at 31 October 2015 (unaudited)	—	—	4,000	21,624	25,624
Balance as at 1 May 2016 (audited)	—	—	10,100	19,184	29,284
Loss and total comprehensive expense for the period	—	—	—	(5,540)	(5,540)
Arising from group reorganisation	—	—	1	—	1
Issue of ordinary shares pursuant to the Capitalisation Issue	6,000	(6,000)	—	—	—
Issue of ordinary shares pursuant to the Placing	2,000	68,000	—	—	70,000
Expenses incurred in connection with the issue of ordinary shares	—	(7,282)	—	—	(7,282)
Balance as at 31 October 2016 (unaudited)	8,000	54,718	10,101	13,644	86,463

Note: Capital reserve represents the difference between the share capital issued by the Company for acquisition of the subsidiaries pursuant to the reorganisation for the Listing and the aggregate capital of the subsidiaries being acquired at the time of the reorganisation.

* The total of these balances represents "Reserves" in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 OCTOBER 2016

	For the six months ended 31 October	
Note	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	<i>(Unaudited)</i>
Net cash generated from/(used in) operating activities	9,915	(6,140)
Net cash (used in)/generated from investing activities	(374)	1
Net cash generated from financing activities	62,719	—
Net increase/(decrease) in cash and cash equivalents	72,260	(6,139)
Cash and cash equivalents at the beginning of the period	16,918	21,527
Cash and cash equivalents at the end of the period	89,178	15,388
	12	

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Tai Kam Holdings Limited 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 registered office is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Room 1503, 15/F, Win Century Centre, 2A Mong Kok Road, Mong Kok, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in undertaking slope works in Hong Kong as main contractor.

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 to as the "Controlling Shareholders").

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

2. BASIS OF PREPARATION AND REORGANISATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 October 2016 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules").

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

The unaudited condensed consolidated financial statements should be read in conjunction with the audited combined financial information for the year ended 30 April 2016 as set out in the prospectus of the Company dated 20 October 2016 ("Prospectus").

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the Group's audited combined financial information for the year ended 30 April 2016, except for the adoption of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for accounting periods beginning on 1 May 2016. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's results of operations or financial position.

The Group has not early adopted the new or amended Hong Kong Financial Reporting Standards ("HKFRSs") that have been issued but are not yet effective for the current accounting period. The Directors anticipate that the application of these new or amended HKFRSs will have no material impact on the results and financial position of the Group.

Pursuant to the reorganisation of the Group in connection with the listing of the shares of the Company on the GEM (the "Reorganisation"), 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 Prospectus.

2. BASIS OF PREPARATION AND REORGANISATION (CONT'D)

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.

Accordingly, the unaudited condensed financial statements of the Group have been prepared using the principles of merger accounting in accordance with Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by HKICPA as if the group structure under the Reorganisation had been in existence throughout the six months ended 31 October 2016 and 2015, or since their respective dates of incorporation, where it is a shorter period.

3. REVENUE AND SEGMENT INFORMATION

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

	For the three months ended 31 October		For the six months ended 31 October	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Contract revenue	<u>26,744</u>	<u>19,167</u>	<u>50,715</u>	<u>41,381</u>

The chief operating decision-maker ("CODM") has been identified as the executive Directors of the Company. The CODM regards the Group's business of 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:

	For the three months ended 31 October		For the six months ended 31 October	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Customer A	<u>23,962</u>	<u>14,404</u>	<u>45,412</u>	<u>32,263</u>
Customer B	<u>2,742</u>	<u>3,522</u>	<u>5,263</u>	<u>6,369</u>

4. OTHER INCOME

	For the three months ended 31 October		For the six months ended 31 October	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Bank interest income	—	—	—	1

5. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is stated after charging:

	For the three months ended 31 October		For the six months ended 31 October	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
(a) Staff costs (including directors' remuneration)				
Salaries, wages and other benefits	4,043	5,782	8,275	8,772
Contributions to defined contribution retirement plans	171	198	321	366
	4,214	5,980	8,596	9,138
(b) Other items				
Auditors' remuneration	—	60	—	90
Depreciation	263	187	511	381
Operating lease charges in respect of:				
– Premises	113	162	229	338
– Machinery (included in direct costs)	7	—	41	25
Subcontracting charges (included in direct costs)	16,748	6,692	31,286	16,619
Listing expenses (included in administrative expenses)	6,833	—	12,167	—

6. INCOME TAX EXPENSE

	For the three months ended 31 October		For the six months ended 31 October	
	2016 HK\$'000 <i>(Unaudited)</i>	2015 HK\$'000 <i>(Unaudited)</i>	2016 HK\$'000 <i>(Unaudited)</i>	2015 HK\$'000 <i>(Unaudited)</i>
Current Hong Kong Profits Tax	<u>702</u>	<u>575</u>	<u>1,316</u>	<u>1,238</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the periods ended 31 October 2016 and 2015.

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

7. DIVIDEND

The Directors do not recommend a payment of an interim dividend for the six months ended 31 October 2016 (2015: nil).

8. (LOSS)/EARNINGS PER SHARE

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

	For the three months ended 31 October		For the six months ended 31 October	
	2016 HK\$'000 <i>(Unaudited)</i>	2015 HK\$'000 <i>(Unaudited)</i>	2016 HK\$'000 <i>(Unaudited)</i>	2015 HK\$'000 <i>(Unaudited)</i>
(Loss)/earnings				
(Loss)/profit for the period attributable to equity holders of the Company	(3,256)	2,657	(5,540)	5,747
Number of shares				
Weighted average number of ordinary shares (in thousands)	608,696	600,000	604,348	600,000

The calculation of basic loss per share for the six months ended 31 October 2016 is based on the loss for the period attributable to the equity holders of the Company, and the weighted average number of ordinary shares in issue of approximately 4,348,000 (2015: nil) on the assumption that the 600,000,000 shares issued through the Reorganisation and Capitalisation Issue prior to the Listing have been effective since 1 May 2015.

There were no dilutive potential ordinary shares during the six months ended 31 October 2016 and 2015 and therefore, diluted (loss)/earnings per share equals to basic (loss)/earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2016, the Group acquired machinery and equipment of approximately HK\$374,000 (six months ended 31 October 2015: nil).

10. TRADE AND OTHER RECEIVABLES

	As at 31 October 2016 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)
Trade receivables	9,699	9,338
Retention receivables (note (i))	3,566	4,103
Other receivables, deposits and prepayments (note (ii))	3,254	9,860
	16,519	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.

(a) Ageing analysis

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

	As at 31 October 2016 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)
0 - 30 days	7,881	7,146
31 - 60 days	1,687	2,152
61 - 90 days	78	—
Over 90 days	53	40
	9,699	9,338

The Group usually grants credit period ranging from 21 to 60 days to customers.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(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 31 October 2016 and as at 30 April 2016.

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 is as follows:

	As at 31 October 2016 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)
Neither past due nor impaired	7,881	7,146
1 - 30 days past due	1,687	2,152
31 - 60 days past due	78	—
Over 60 days past due	53	40
	1,818	2,192
	9,699	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 believes 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

	As at 31 October 2016 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)
Contract costs incurred plus recognised profits less recognised losses	100,873	113,812
Less: Progress billings	(102,400)	(113,885)
	(1,527)	(73)
Recognised and included in the condensed consolidated statement of financial position as:		
– Amounts due from customers for contract work	2,736	3,013
– Amounts due to customers for contract work	(4,263)	(3,086)
	(1,527)	(73)

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

12. CASH AND CASH EQUIVALENTS

	Notes	As at 31 October 2016 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)
Cash and bank balances	(i)	86,178	16,918
Pledged bank deposit	(ii)	3,000	—
Cash and cash equivalents presented in the condensed consolidated statement of cash flows		89,178	16,918

- (i) Cash at banks earn interests at floating rates based on daily bank deposit rates.
- (ii) As at 31 October 2016, pledged bank deposit earns 0.001% interest per annum (30 April 2016: nil) and has a maturity of 2 weeks. It has been pledged to a bank to secure the bank facilities granted to a subsidiary of the Company.

13. TRADE AND OTHER PAYABLES

	As at 31 October 2016 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)
Trade payables	2,314	5,493
Retention payables	798	1,016
Accruals and other payables	10,695	1,906
	13,807	8,415

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

	As at 31 October 2016 HK\$'000 (Unaudited)	As at 30 April 2016 HK\$'000 (Audited)
0 - 30 days	2,314	5,484
31 - 60 days	—	9
	2,314	5,493

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

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

14. SHARE CAPITAL

	Number of shares	HK\$
Authorised		
Ordinary shares of HK\$0.01 each at 1 April 2016 (date of incorporation) and as at 30 April 2016 (<i>note i</i>)	10,000,000	100,000
Increase in authorised share capital during the period (<i>note ii</i>)	<u>1,990,000,000</u>	<u>19,900,000</u>
As at 31 October 2016	<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
Upon incorporation at 1 April 2016 and as at 30 April 2016 (<i>note i</i>)	1	—
Issuance of ordinary shares during the period (<i>note i</i>)	9,999	100
Issue of ordinary shares pursuant to the Capitalisation Issue (<i>note iii</i>)	599,990,000	5,999,900
Issue of ordinary shares pursuant to the Placing (<i>note iv</i>)	<u>200,000,000</u>	<u>2,000,000</u>
As at 31 October 2016	<u><u>800,000,000</u></u>	<u><u>8,000,000</u></u>

- (i) 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.
- (ii) 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.
- (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 allotted 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.

15. OPERATING LEASE COMMITMENTS

At 31 October 2016 and 30 April 2016, the total future minimum lease payments payable by the Group under non-cancellable operating leases in respect of premises are as follows:

	As at 31 October 2016 HK\$000 (Unaudited)	As at 30 April 2016 HK\$000 (Audited)
Within one year	434	434
In the second to fifth years	36	254
	470	688

The lease typically runs for an initial period of two years. The lease does not include contingent rentals.

16. CAPITAL COMMITMENTS

At 31 October 2016 and 30 April 2016, capital commitments of the Group are as follows:

	As at 31 October 2016 HK\$000 (Unaudited)	As at 30 April 2016 HK\$000 (Audited)
Contracted but not provided for – Property, plant and equipment	—	320

17. RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

The emoluments of the directors and senior management of the Company, who represent the key management personnel during the six months ended 31 October 2016 and 2015 are as follows:

	For the six months ended 31 October	
	2016 HK\$000 (Unaudited)	2015 HK\$000 (Unaudited)
Salaries, fee and allowances	1,242	940
Discretionary bonuses	120	—
Retirement scheme contributions	51	40
	<u>1,413</u>	<u>980</u>

(b) Material related party transactions:

- (i) Same as disclosed elsewhere in the unaudited condensed consolidated financial statements for the six months ended 31 October 2016, the Group has the following significant transactions with its related parties.

Name of related party	Nature	For the six months ended 31 October	
		2016 HK\$000 (Unaudited)	2015 HK\$000 (Unaudited)
Mr. LAU Kan Sui Sanny and Mr. LAU Mei Chai	Rental expenses	—	48

- (ii) As at 31 October 2016, the Group has an aggregate combined limit of HK\$15,000,000, within which the sublimits of the overdraft facility of HK\$2,000,000 and clean export loan of HK\$15,000,000 apply, which was secured by the charge over deposit of HK\$3,000,000 and an unlimited guarantee of the Company. The Group did not utilise this facility for the six months ended 31 October 2016.

18. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities at 31 October 2016 (2015: nil).