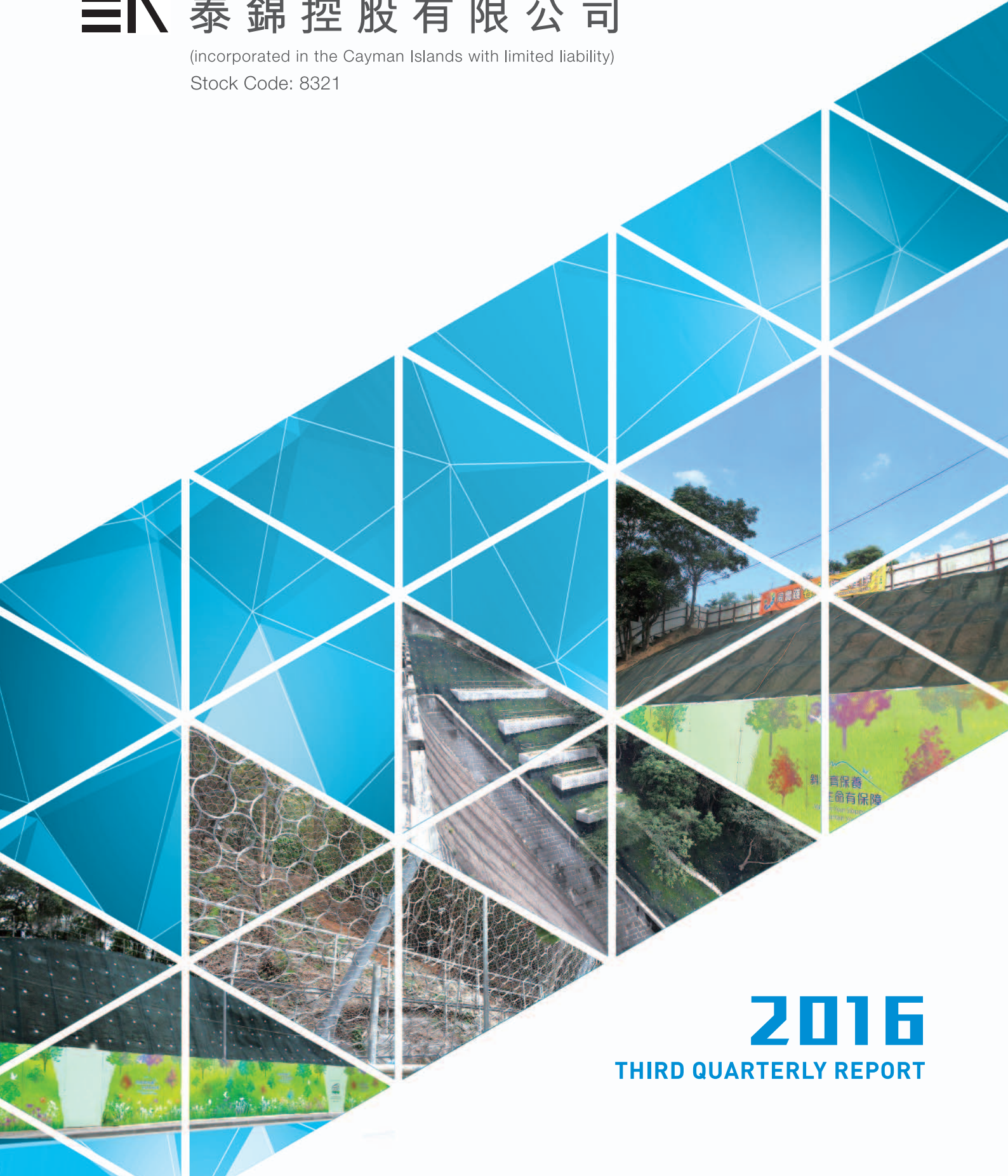




Tai Kam Holdings Limited 泰錦控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8321



2016

THIRD QUARTERLY REPORT

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

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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.

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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.

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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

Bank of Communications Co., Ltd

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSSINESS 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\$85.0 million for the nine months ended 31 January 2017 (the "Reporting Period") (2016: approximately HK\$66.1 million), representing an increase of approximately 28.5% as compared with the corresponding period of last year.

Loss attributable to equity holders of the Company for the nine months ended 31 January 2017 amounted to approximately HK\$3.6 million (2016: profit attributable to equity holders of approximately HK\$9.9 million).

Basic and diluted loss per share amounted to approximately HK0.54 cents for the nine months ended 31 January 2017 (2016: basic and diluted earnings per share of approximately HK1.65 cents).

The board of Directors (the "Board") does not recommend the payment of interim dividend for the nine months ended 31 January 2017 (2016:nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

Tai Kam Construction Engineering Company Limited (“Tai Kam Construction”), our principal operating subsidiary, is an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau of the Government under the category of “Landslip Preventive/Remedial Works to Slopes/Retaining Walls” with a confirmed status. Being on such list is a prerequisite for tendering for public slope works contracts. In addition, Tai Kam Construction Engineering, is registered under the Buildings Ordinance as a (i) Registered Specialist Contractor under the sub-register of “Site Formation Works” category and a (ii) Registered General Building Contractor. Tai Kam Construction is also an approved contractor included in the List of Approved Contractors for Public Works under the category of “Roads and Drainage (Group A)” with a confirmed status.

The majority of our revenue during the Reporting Period was derived from undertaking slope works commissioned by the Civil Engineering and Development Department of the Government (the “CEDD”). In 2010, the Geotechnical Engineering Office of the CEDD launched the Landslip Prevention and Mitigation Programme to systematically deal with the landslide risk associated with both man-made slopes and natural hillside in Hong Kong. According to the Government’s statement upon the launch of the Landslip Prevention and Mitigation Programme, the Government estimated that the annual expenditure on the Landslip Prevention and Mitigation Programme would be at least HK\$600 million, and the Landslip Prevention and Mitigation Programme would be implemented on a rolling basis annually to upgrade 150 Government man-made slopes, to conduct safety-screening studies on 100 private man-made slopes, and to implement studies and necessary risk mitigation works for 30 natural hillside catchments every year. As a result, our slope work business also benefited from the overall positive atmosphere in the industry. The Directors consider that the outlook for the construction industry in Hong Kong remains optimistic.

Hong Kong public works contractors are facing the risk of slower approval progress for public works projects by the Legislative Council of Hong Kong which could result in potential delays in public works projects. In addition, as disclosed in the Company’s prospectus dated 20 October 2016 (the “Prospectus”), the Group has been facing increasing costs of operation, including cost of direct labours and subcontracting charges as well as competition in the market.

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

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

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\$18.9 million or approximately 28.5% from approximately HK\$66.1 million for the nine months ended 31 January 2016 to approximately HK\$85.0 million for the nine months ended 31 January 2017. The increase in revenue was mainly due to higher amount of revenue from the CEDD's slope work projects recognised with reference to the progress certificate under relevant contracts for the nine months ended 31 January 2017.

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\$0.8 million or approximately 6.1% from approximately HK\$13.0 million for the nine months ended 31 January 2016 to approximately HK\$13.8 million for the nine months ended 31 January 2017 and the Group's gross profit margin was decreased from approximately 19.7% for the nine months ended 31 January 2016 to approximately 16.2% for the nine months ended 31 January 2017. The decrease in gross profit margin was mainly due to more revenue contribution from contracts with lower margin undertaking by substantial use of subcontractors is recognised for the nine months ended 31 January 2017.

The Group's direct costs increased by approximately HK\$18.1 million or approximately 34.0% from approximately HK\$53.1 million for the nine months ended 31 January 2016 to approximately HK\$71.2 million for the nine months ended 31 January 2017. The increase of direct costs is mainly due to the significant increase in subcontracting charges. The increase of subcontracting charges is due to the increase of works performed from those projects with substantial use of subcontractors for the nine months ended 31 January 2017.

Administrative Expenses

The Group's administrative expenses increased by approximately HK\$14.4 million or approximately 1,173.5% from approximately HK\$1.2 million for the nine months ended 31 January 2016 to approximately HK\$15.6 million for the nine months ended 31 January 2017. The significant increase in the Group's administrative expenses was mainly due to the recognition of non-recurring listing expenses of approximately HK\$13.0 million and increase in compliance cost incurred upon the Listing of the Group in October 2016 for the nine months ended 31 January 2017.

Net Loss/Profit

The net loss amounted to approximately HK\$3.6 million for the nine months ended 31 January 2017 as compared to the net profit amounted to approximately HK\$9.9 million for the nine months ended 31 January 2016. The net loss for the period was mainly due to the recognition of non-recurring listing expenses of approximately HK\$13.0 million for the nine months ended 31 January 2017 (2016: approximately HK\$25,000) 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 of approximately HK\$9.3 million for the nine months ended 31 January 2017 as compared to approximately HK\$9.9 million for the corresponding period in 2016 due to compliance cost incurred for the nine months ended 31 January 2017 mentioned above.

OTHER INFORMATION

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

As at 31 January 2017, 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 1 and 2)	600,000,000	75%
Mr. LAU Kan Sui Sanny	Interest held jointly with other persons; Interest in a controlled corporation (Note 1 and 2)	600,000,000	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 (<i>Note 1</i>)	75	75%
Mr. LAU Kan Sui Sanny	Classy Gear	Beneficial owner (<i>Note 1</i>)	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 January 2017, 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 January 2017, 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 (<i>Note 1</i>)	600,000,000	75%
Ms. Chung King Fung	Interest of spouse (<i>Note 2</i>)	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. Sanny Lau and is deemed or taken to be interested in all the shares in which Mr. Sanny Lau has, or is deemed to have, an interest for the purposes of the SFO.

Save as disclosed above, as at 31 January 2017, 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 nine months ended 31 January 2017.

COMPLIANCE ADVISER'S INTERESTS

As at 31 January 2017, as notified by the Company's Compliance Adviser, Dakin Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 15 June 2016, neither the Compliance Adviser nor its directors, employees or its close associates (as defined under the GEM Listing Rules) had any interests in the securities to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

During the nine months ended 31 January 2017 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 nine months ended 31 January 2017 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 the 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 (“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 nine months ended 31 January 2017 and up to the date of this report.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 31 January 2017 (2016: 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 January 2017.

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 has reviewed the unaudited financial statements of the Group for the nine months ended 31 January 2017 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 have been made.

By order of the Board

Tai Kam Holdings Limited

LAU King Shun

Chairman and Executive Director

Hong Kong, 10 March 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 JANUARY 2017

	Notes	For the three months ended 31 January		For the nine months ended 31 January	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	34,277	24,755	84,992	66,136
Direct costs		(29,774)	(19,626)	(71,185)	(53,121)
Gross profit		4,503	5,129	13,807	13,015
Other income	4	1	—	1	1
Administrative expense		(2,085)	(324)	(15,613)	(1,226)
Profit/(loss) before income tax	5	2,419	4,805	(1,805)	11,790
Income tax expense	6	(510)	(678)	(1,826)	(1,916)
Profit/(loss) and total comprehensive income/ (expense) for the period attributable to equity holders of the Company		1,909	4,127	(3,631)	9,874
		HK cents	HK cents	HK cents	HK cents
Earnings/(loss) per share attributable to equity holders of the Company					
— Basic and diluted	8	0.24	0.69	(0.54)	1.65

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 JANUARY 2017

	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	—	—	—	9,874	9,874
Balance as at 31 January 2016 (unaudited)	—	—	4,000	25,751	29,751
Balance as at 1 May 2016 (audited)	—	—	10,100	19,184	29,284
Loss and total comprehensive expense for the period	—	—	—	(3,631)	(3,631)
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 January 2017 (unaudited)	8,000	54,718	10,101	15,553	88,372

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 1 April 2016. The address of 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, a company incorporated in the British Virgin Islands 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 GEM 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 nine months ended 31 January 2017 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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 Group, 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.

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.

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

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

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 nine months ended 31 January 2017 and 2016, 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 January		For the nine months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Contract revenue	<u>34,277</u>	<u>24,755</u>	<u>84,992</u>	<u>66,136</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.

3. REVENUE AND SEGMENT INFORMATION (CONT'D)

(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 January		For the nine months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Customer A	32,864	20,858	78,276	53,121
Customer B	N/A ^(Note)	2,814	N/A ^(Note)	9,183

Note:

The corresponding revenue did not individually contribute over 10% of the Group's revenue for the corresponding period ended 31 January 2017.

4. OTHER INCOME

	For the three months ended 31 January		For the nine months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Bank interest income	1	—	1	1

5. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is stated after charging:

	For the three months ended 31 January		For the nine months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
(a) Staff costs (including directors' remuneration)				
Salaries, wages and other benefits	5,087	6,064	13,362	14,836
Contributions to defined contribution retirement plans	170	152	491	518
	<u>5,257</u>	<u>6,216</u>	<u>13,853</u>	<u>15,354</u>
(b) Other items				
Auditors' remuneration	—	—	—	90
Depreciation	263	209	774	590
Operating lease charges in respect of:				
– Premises	110	170	339	508
– Machinery (included in direct costs)	1	4	42	29
Subcontracting charges (included in direct costs)	23,728	10,686	55,014	27,305
Listing expenses (included in administrative expenses)	783	25	12,950	25
	<u>783</u>	<u>25</u>	<u>12,950</u>	<u>25</u>

6. INCOME TAX EXPENSE

	For the three months ended 31 January		For the nine months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax in Hong Kong				
– Profits tax	510	678	1,826	1,916
	<u>510</u>	<u>678</u>	<u>1,826</u>	<u>1,916</u>

6. INCOME TAX EXPENSE (CONT'D)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the periods ended 31 January 2017 and 2016.

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

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 January 2017 (2016: nil).

8. EARNINGS/(LOSS) PER SHARE

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

	For the three months ended 31 January		For the nine months ended 31 January	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Earnings/(loss)				
Profit/(loss) for the period attributable to equity holders of the Company	<u>1,909</u>	<u>4,127</u>	<u>(3,631)</u>	<u>9,874</u>
Number of shares				
Weighted average number of ordinary shares (in thousands)	<u>800,000</u>	<u>600,000</u>	<u>669,565</u>	<u>600,000</u>

The calculation of basic loss per share for the nine months ended 31 January 2017 is based on the loss for the period attributable to the equity holders of the Company, and the weighted average number of ordinary shares is issue of approximately 69,565,000 (2016:nil) on the assumption that the 600,000,000 shares issued through the Reorganisation and Capitalisation Issue (note) prior to the Listing have been effective since 1 May 2015.

There were no dilutive potential ordinary shares during the nine months ended 31 January 2017 and 2016 and therefore, diluted (loss)/earnings per share equals to basic (loss)/earnings per share.

Note:

- (i) 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").
- (ii) 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.