



Tai Kam Holdings Limited 泰錦控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8321



2017
ANNUAL REPORT

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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 responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the "Group"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Lau King Shun (Chairman and
Chief Executive Officer)
Mr. Lau Kan Sui Sunny
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 Sunny

COMPANY SECRETARY

Ms. Ho Man Wai

AUDITOR

Grant Thornton Hong Kong Limited
Level 12
28 Hennessy Road
Wanchai
Hong Kong

COMPLIANCE ADVISOR

Dakin Capital Limited
Room 2701, 27th Floor, Tower 1
Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

LEGAL ADVISOR

Guantao & Chow
Suites 1604-6, 16/F
ICBC Tower
3 Garden Road
Central
Hong Kong

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

CORPORATE INFORMATION

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

STOCK CODE

8321

COMPANY WEBSITE

www.taikamholdings.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of the Company, I am pleased to present our annual results of the Group for the financial year ended 30 April 2017.

OVERVIEW

Our Group achieved an increase in revenue of approximately HK\$26.3 million or 27.1% compared with the corresponding period of last year.

Such growth was mainly attributable to an increase in works performed from the slope work projects commissioned by the Civil Engineering and Development Department of the Government (the "CEDD") recognised with reference to the progress certificate under relevant contracts for the year ended 30 April 2017.

Despite the increase of revenue for the year ended 30 April 2017, the net loss amounted to approximately HK\$2.5 million for the year ended 30 April 2017 as compared to the net profit amounted to approximately HK\$12.9 million for the year ended 30 April 2016.

The decrease in net profit was mainly due to (i) the Group incurred non-recurring listing expenses amounted to approximately HK\$13.0 million for the year ended 30 April 2017; (ii) the revenue derived from projects on hand turned out to be lower than the amount originally expected and disclosed in the section headed "Business — Projects on Hand" of the Company's prospectus dated 20 October 2016 (the "Prospectus"), due to certain delay in works orders under the Group's ongoing slope works contracts and downward adjustment on contract sum of project on hand, (iii) there had been fewer projects awarded to the Group than originally expected since the Company's listing on GEM and up to 30 April 2017, due to keen competition among tenderers; and (iv) increase in works performed from those projects with substantial use of subcontractors for the year ended 30 April 2017, resulting in increase in direct costs and decrease in gross profit.

FORWARD

Following the remarkable milestone of the Group being listed on the Stock Exchange, the Group's strategy is to continuously develop the business significantly in its chosen market in the coming years. Our business will remain focusing on landslip preventive and remedial works to slopes in Hong Kong construction industry.

Looking forward, the Directors consider that opportunities and challenges faced by the Group will continue to be affected by the change in Government's policies, increase in cost of operation including cost of direct labours and subcontracting charges as well as competition in the market.

In order to maximise the long term returns of our shareholders, we will closely monitor the market and enhance our capability to foresee and respond to changes in market conditions.

CHAIRMAN'S STATEMENT

APPRECIATION

The financial year ended 30 April 2017 was a remarkable year for the Group and the successful listing of the shares of the Company (the "Share(s)") on the GEM on 28 October 2016 (the "Listing") is a breakthrough to our achievement.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders, customers, subcontractors and business partners for their continued support and trust to our Group.

I would also like to express our sincere gratitude to the management and staff for their commitment and contribution throughout the years.

Lau King Shun

Chairman and Executive Director

Hong Kong, 25 July 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue represents receipts from the provision of undertaking slope works in Hong Kong as main contractor. Slope works generally refer to landslip preventive and remedial works for improving or maintaining the stability of slopes and/or retaining walls.

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

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

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

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

Gross Profit and Gross Profit Margin

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

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

Administrative Expenses

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

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

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

Net Loss/Profit

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

Final Dividend

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

LIQUIDITY AND FINANCIAL RESOURCES

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

The Directors are of the view that as at the date of this report, the Group's financial resources are sufficient to support its business and operations. Notwithstanding this, the Group may, however, consider other financing activities when appropriate business opportunities arise under favorable market conditions.

PLEDGE OF ASSETS

There was no pledge of assets as at 30 April 2017 (as at 30 April 2016: nil).

CASH POSITION

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

GEARING RATIO

Gearing ratio is calculated as total borrowings (including payables incurred not in our ordinary course of business) divided by the total equity as at the respective reporting dates.

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

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY POLICY

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

FOREIGN EXCHANGE EXPOSURE

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

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

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

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

CAPITAL STRUCTURE

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

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

EMPLOYEES AND REMUNERATION POLICIES

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

Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance. Detailed policies are set out in the section headed "Environmental, Social and Governance Report" of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Save for those reorganisation activities done for the purpose of listing of the Company as set out in the paragraph headed "A. Further information about our Company – 4. Corporate reorganisation" in Appendix IV to the Prospectus, the Group did not have any significant investments held, material acquisitions for disposals of subsidiaries and affiliated companies for the year ended 30 April 2017. Save for the business plan as disclosed in the Prospectus, there was no other plan for material investments or capital assets as at 30 April 2017.

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 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.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

	Business objectives up to 30 April 2017 as stated in the Prospectus	Actual business progress up to 30 April 2017
Additional staff costs for undertaking additional Government slope works contracts	Approximately HK\$5.40 million will be used for recruiting and retaining additional staff necessary for our intended business strategy of undertaking two additional CEDD slope works contracts for the year ended 30 April 2017, each with a contract sum of approximately HK\$70 million to HK\$90 million and a contract period of approximately two to three years.	Due to keen competition among tenderers, the Group was awarded only one new CEDD slope works contract for the year ended 30 April 2017 and commenced in late April 2017 which was less than originally expected as disclosed in the Prospectus. As the new project was still at its initial startup stage, the Group hired one site agent, one safety officer and one labour officer with staff costs amounted to approximately HK\$0.04 million and was in the process of recruiting additional staff as at 30 April 2017.
Other related initial costs for undertaking additional Government slope works contracts	Approximately HK\$3.60 million will be used for other related initial costs (including those in relation to setting up site offices and taking out necessary project-related insurance policies) associated with our intended business strategy of undertaking two additional CEDD slope works contracts for the year ended 30 April 2017, each with a contract sum of approximately HK\$70 million to HK\$90 million and a contract period of approximately two to three years.	Due to keen competition among tenderers, the Group was awarded only one new CEDD slope works contract for the year ended 30 April 2017 and commenced in late April 2017 which was less than originally expected as disclosed in the Prospectus. As the new project was still at its initial startup stage, the Group incurred project-related insurance costs amounted to approximately HK\$0.40 million as at 30 April 2017.
Amount earmarked for satisfying applicable working capital requirement for undertaking additional Government slope works contracts	Approximately HK\$8.00 million will be earmarked for satisfying the applicable working capital requirement in connection with the additional Government slope works contracts to be undertaken by the Group (specifically, the requirement of maintaining a minimum working capital of 10% of the combined annual value of uncompleted works on outstanding contracts, applicable to Tai Kam Construction at present as an approved specialist contractor included in the List of Approved Specialist Contractors for Public Works under the category of "Landslip Preventive/ Remedial Works to Slopes/Retaining Walls").	The Group has undertaken a new construction project in late April 2017 and tendered a potential construction project for the year ended 30 April 2017 which totally required approximately HK\$3.68 million for satisfying applicable working capital requirement.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

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

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lau King Shun (劉景順) (“Mr. KS Lau”), aged 55, is the chairman of the Board, the chief executive officer and a controlling shareholder of the Company. Mr. KS Lau was appointed as a Director on 1 April 2016 and re-designated as an executive Director of the Company on 26 September 2016. Mr. KS Lau is primarily responsible for the overall business development and management as well as financial and strategic planning of the Group. He is also a director of Tai Kam Construction, Ease Geotechnical Engineering Company Limited (“Ease Geotechnical”), Sunsky Global Limited (“Sunsky Global”) and Solar Red Investments Limited (“Solar Red”).

Mr. KS Lau obtained a degree of Bachelor of Science in Civil Engineering from The Polytechnic of Central London (now known as University of Westminster) in July 1985. He obtained a Diploma in Concrete Structures from Imperial College of Science and Technology and a degree of Master of Science in Concrete Structures from University of London in August 1986. Mr. KS Lau also obtained a degree of Bachelor of Laws from University of Wolverhampton in October 1997. Mr. KS Lau has been a member of the Hong Kong Institution of Engineers since April 1991 and a member of the Institution of Civil Engineers of the United Kingdom since December 1992. Mr. KS Lau is currently registered as a Registered Professional Engineer and an Accredited Safety Auditor of Occupational Safety and Health Council in Hong Kong. He has been registered as a Safety Officer under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulation since January 1998 and has been a Registered Safety Auditor under the Factories and Industrial Undertakings (Safety Management) Regulation since November 2000. Mr. KS Lau has been a Chartered Member of Institution of Occupational Safety and Health of the United Kingdom since January 2007. He is currently a council member of Association of Engineering Professionals in Society Limited.

Mr. KS Lau has over 31 years of experience in the construction industry in Hong Kong. Prior to establishing Ease Geotechnical of the Group in 2002, Mr. KS Lau had worked at the Government from September 1986 to January 2000, initially as a civil engineering graduate (from September 1986 to September 1989), then as an assistant engineer (from September 1989 to April 1991), subsequently as an engineer (from April 1991 to November 1996) and as a senior engineer and safety advisor (from December 1996 to March 2000). From April 2000, Mr. KS Lau started his own business in the construction field and has been a director of Ease Geotechnical since March 2002. He has been a director of Tai Kam Construction since April 2005 when Ease Geotechnical acquired Tai Kam Construction.

Mr. KS Lau is the director of Classy Gear Limited (“Classy Gear”), one of the controlling shareholders of the Company, which owns 600,000,000 shares of the Company. Accordingly, Mr. KS Lau is deemed to be interested in the shares held by Classy Gear for the purpose of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

Mr. Lau Kan Sui Sanny (劉根水) (“Mr. Sanny Lau”), aged 50, was appointed as a Director on 1 April 2016 and re-designated as an executive Director of the Company on 26 September 2016. He is primarily responsible for construction projects management. Mr. Sanny Lau is a controlling shareholder of the Company and is also a director of Tai Kam Construction, Ease Geotechnical, Sunsky Global and Solar Red.

Mr. Sanny Lau obtained a Certificate for Safety Supervisor from Occupational Safety & Health Council in July 1998. He completed a course for Qualifying Site Supervisors as Technically Competent Persons and obtained Equivalent Certificate (1) through part-time studies organised by Construction Industry Training Authority in May 2002. In May 2004, Mr. Sanny Lau completed a course for Qualifying Site Supervisors as Technically Competent Persons and obtained Equivalent Certificate (2) and completed Landslip Preventive Measures Course for Supervisory Personnel in May 2004 by part-time studies organised by Construction Industry Training Authority. Mr. Sanny Lau later completed a course for Qualifying Site Supervisors as Technically Competent Persons and obtained Equivalent Certificate (3) in December 2004 through part-time studies organised by Construction Industry Training Authority.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Sunny Lau has over 15 years of experience in the construction industry since he joined the Group in March 2002 as a director of Ease Geotechnical. He has also been a director of Tai Kam Construction since April 2005.

Mr. Sunny Lau is the director of Classy Gear, one of the controlling shareholders of the Company, which owns 600,000,000 shares of the Company. Accordingly, Mr. Sunny Lau is deemed to be interested in the shares held by Classy Gear for the purpose of Part XV of the SFO.

Mr. Lau Mei Chai (劉美齊) (“Mr. MC Lau”), aged 43, was appointed as a Director on 1 April 2016 and re-designated as an executive Director of the Company on 26 September 2016. He is primarily responsible for construction projects management. Mr. MC Lau is also a director of Tai Kam Construction, Sunsky Global and Solar Red.

Mr. MC Lau obtained a Certificate in Civil Engineering Studies from Hong Kong Institute of Vocational Education in July 2000 and a Higher Certificate in Civil Engineering from Hong Kong Institute of Vocational Education in July 2003. Mr. MC Lau also obtained a Diploma in Occupational Health and Safety from Li Ka Shing Institute of Professional and Continuing Education, Open University of Hong Kong in April 2005 through part-time studies. Mr. MC Lau obtained a degree of Bachelor of Science in Civil Engineering from Leeds Metropolitan University in February 2013 by part-time studies and distance learning. He has been registered as a Safety Officer under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations since October 2006.

Mr. MC Lau has over 15 years of experience in the construction industry since he joined the Group in March 2002. Mr. MC Lau has also been a director of Tai Kam Construction since April 2005, and has also taken up the roles of site agent and project manager in various projects.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yim Kin Ping (嚴建平), aged 62, was appointed as an independent non-executive Director of the Company on 25 September 2016. Mr. Yim has more than 40 years of experience in the construction industry in Hong Kong. From June 1977 to June 1983, Mr. Yim worked at Mass Transit Railway Corporation Hong Kong (now known as MTR Corporation) at which his last position was engineer II (Civil). From June 1983 to March 1991, Mr. Yim served as geotechnical engineer in Engineering Development Department and Civil Engineering Services Department of the Government respectively. From March 1991 to July 2010, Mr. Yim worked at Civil Engineering Services Department, Civil Engineering Department and Architectural Services Department of the Government as senior geotechnical engineer. Mr. Yim has been a director of Smooth Idea (Hong Kong) Limited, a Hong Kong company, since July 2011. Starting from February 2012, Mr. Yim has also been employed by Greg Wong & Associates Ltd with a job title of technical director. Since October 2015, Mr. Yim has also been a part-time lecturer for the final year degree programme of BEng(Hons) in civil engineering in the Technical and Higher Education Institute of Hong Kong (THEi).

Mr. Yim obtained a degree of Bachelor of Science in Engineering from University of Hong Kong in October 1977 and a degree of Master of Science from University of London in November 1989. Mr. Yim has been a member of the Institution of Civil Engineers of the United Kingdom since December 1982. He is currently a member of the Hong Kong Institution of Engineers (“HKIE”) and has been a fellow of the HKIE since November 2005.

Mr. Yim was elected as a member of the Election Committee (Engineering) for the election of the Chief Executive of Hong Kong from 2006 to 2021.

Mr. Yim was appointed by the Chief Executive as a Justice of the Peace in June 2012. He has been a member of the Engineers Registration Board (established under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong) from 2007 to 2011.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Wong Yuk King (黃玉琮), aged 57, was appointed as an independent non-executive Director of the Company on 25 September 2016. Ms. Wong completed Part I of the Membership Examination of The Institute of Legal Executives and Part II of the Membership Examination of The Institute of Legal Executives respectively in November 1987 and October 1989 in the United Kingdom. She was awarded the Institute's Diploma in Land Law in June 1991, the Institute's Diploma in Constitutional & Administrative Law in October 1996 and the Institute's Diploma in Equity & Trust in June 1997 from The Institute of Legal Executives in the United Kingdom. Ms. Wong was awarded Postgraduate Certificate in Laws by The University of Hong Kong in June 2000 and obtained a degree of Master of Management from Macquarie University in June 2003. Ms. Wong was admitted as a Solicitor of the High Court of Hong Kong in July 2002.

Ms. Wong has over 32 years of experience in the legal industry in Hong Kong and England. Prior to working in Hong Kong, she had 10 years of experience in solicitors' firms in London as legal executive and trainee legal executive from 1984 to 1994. In Hong Kong, Ms. Wong worked at Livasiri & Co. Solicitors & Notaries from January 1996 to July 1998, at Philip K H Wong, Kennedy Y H Wong & Co. Solicitors & Notaries from September 2000 to April 2002, at Jimmie K S Wong & Co. Solicitors, Agents for Trade Marks & Patents from April 2003 to November 2003, at Tai, Mak & Partners, Solicitors, Agents for Trade Marks & Patents from January 2004 to March 2005, at Susan Liang & Co. Solicitors from April 2005 to April 2006, at Tsui & Co. Solicitors from May 2006 to November 2007, at Chung & Kwan Solicitors from January 2008 to October 2010, at F. Zimmern & Co. Solicitors & Notaries from February 2011 to February 2012, at King & Company Solicitors & Notaries from April 2013 to February 2016 and at Messrs. M.C.A. Lai & Co. Service Limited from March 2016 up to the present.

Mr. Ho Cheuk Wai (何焯偉), aged 56, was appointed as an independent non-executive Director of the Company on 25 September 2016. Mr. Ho obtained a degree of Master of Business Administration from The University of Wales, Bangor (now known as the Bangor University) in co-operation with The Manchester Business School in July 1997 and a degree of Master of Science in Business Information Technology from Middlesex University in January 2003, both of which were distance learning programs. Mr. Ho has been an associate of Hong Kong Institute of Certified Public Accountant (formerly known as Hong Kong Society of Accountant) since December 1994. He has been admitted as an Associate of the Association of Chartered Certified Accountants of the United Kingdom since January 1995 and a fellow of the Association of Chartered Certified Accountant of the United Kingdom since January 2000.

Mr. Ho has 38 years of experience in financial operations and business development of properties and infrastructure. From October 1979 to February 1986, Mr. Ho worked at Hutchison Whampoa Limited, at which his last position was senior accountant. From March 1986 to June 1990, Mr. Ho was the management accountant of The Dynasty Club Shenzhen. From July 1990 to November 1998, Mr. Ho worked for CBI Investment Limited and Mission Hills Group respectively as a financial controller. From January 1999 to March 2008, he served as the financial officer of Chung Fu Properties Group Company Limited. From September 2008 to April 2012, Mr. Ho worked in The China Water Company Limited and Cetec Limited respectively as the financial controller. In May 2012, Mr. Ho was appointed as the financial controller of Leepark Holdings Limited, and subsequently from December 2012 to May 2013, he became the group financial controller, authorised representative and company secretary of South West Eco Development Limited (now known as C&D International Investment Group Limited) (stock code: 1908), the issued shares of which are listed on the Main Board of the Stock Exchange and which was the parent company of Leepark Holdings Limited. From May 2013 to January 2014, Mr. Ho was the financial controller and company secretary of Ngai Shun Holdings Limited (stock code: 1246), the issued shares of which are listed on the Main Board of the Stock Exchange. Mr. Ho was the financial controller from August 2014 to October 2016 and was appointed as company secretary from September 2015 to October 2016 of K.H. Group Holdings Limited (stock code: 1557), the issued shares of which are listed on the Main Board of the Stock Exchange. Mr. Ho was appointed as the chief financial officer and company secretary of Transtech Optelecom Science Holdings Limited (stock code: 8465) since October 2016.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Chen Talent (陳天麟), aged 41, is the senior construction manager of the Company primarily responsible for resolving construction and engineering technical issues. He graduated from The University of British Columbia in May 1997 with a degree of Bachelor of Applied Science in Civil Engineering. Mr. Chen obtained a degree of Master of Science in Civil and Environmental Engineering from Stanford University in June 1998 and then a degree of Master of Science in Engineering (Industrial Engineering and Logistics Management) from The University of Hong Kong in November 2007. Mr. Chen also obtained the degree of Juris Doctor and Postgraduate Certificate in Laws from The Chinese University of Hong Kong in December 2010 and July 2011 respectively.

Mr. Chen has been licensed as a Professional Engineer in Civil Engineering in the State of California of the United States by the Board for Professional Engineers and Land Surveyors of California, the United States since June 2003, and a member of American Society of Civil Engineers since July 2003. He has also been registered in the area of practice of civil (general) as a Registered Professional Engineer in Australia and registered as a Chartered Professional Engineer of The Institution of Engineers, Australia since October 2003. Mr. Chen has been a member of The Institution of Civil Engineers in the United Kingdom since March 2004, and has been registered as a Chartered Engineer with the Engineering Council in the United Kingdom since July 2004. Mr. Chen has been a member of The Hong Kong Institution of Engineers since August 2004 and is currently registered as a Registered Professional Engineer in Hong Kong. He was elected as a Chartered Member of The Chartered Institute of Logistics and Transport in Hong Kong in October 2015. Mr. Chen has been a Solicitor of the High Court of Hong Kong since January 2014 and is currently a member of the Law Society of Hong Kong.

Mr. Chen has over 19 years of experience in the construction industry in Hong Kong. He has worked for Tai Kam Construction during the periods from April 2007 to September 2011 and from November 2014 up to the present, and is currently the senior construction manager of Tai Kam Construction. Before joining the Group, Mr. Chen worked at Maunsell Geotechnical Services Ltd. as an assistant geotechnical engineer from September 1998 to September 2006 and at Shun Yuen Construction Co., Limited as an assistant network manager from October 2006 to March 2007.

Ms. Yip Mei Po Mabel (葉美寶), aged 39, is the senior project manager of the Company, primarily responsible for overseeing site safety and environmental compliance and project management. Ms. Yip obtained a degree of Bachelor of Science in Building Technology and Management from The Hong Kong Polytechnic University in November 2000. She is currently a Safety Officer under the Factories and Industrial Undertakings (Safety Management) Regulation. Ms. Yip joined the Group in April 2003 and has since then accumulated more than 14 years of experience in the operation of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Ho Man Wai (何文慧), aged 29, is the financial controller and company secretary of the Company (“Company Secretary”). She is responsible for the financial reporting, financial planning, treasury, financial control and the overall company secretarial matters of the Group. She joined the Group in February 2016. She has over six years of experience in auditing, accounting and financial management. Prior to joining the Group, Ms. Ho had accumulated experience in the accounting industry in Hong Kong through her employment with HLM Asia Group Limited (at which her last position was senior accountant II) from December 2010 to December 2014 and a construction company listed on the Stock Exchange (at which her position was assistant financial controller) from December 2014 to January 2016.

Ms. Ho obtained a degree of Bachelor of Business Administration in Accountancy from The Hong Kong Polytechnic University in November 2010. Ms. Ho has been a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants since July 2014.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the year ended 30 April 2017.

Since the Listing, the Board has recognised that the transparency and accountability is important to a listed company. Therefore, the Company is committed in establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's stakeholders as a whole.

CORPORATE GOVERNANCE CODE

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

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

Mr. Lau King Shun has been managing the Group's business and its overall financial and strategic planning since March 2002. The Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Lau King Shun is beneficial to the business operations and management of Group and will provide a strong and consistent leadership to the Group. In addition, due to the presence of three independent non-executive Directors ("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 for the period from 28 October 2016 (the "Listing Date") to 30 April 2017 (the "Period"), except where otherwise stated.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct ("Code of Conduct") regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct throughout the Period.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. Though the Board delegates the day-to-day management, administration and operation of the Group to management, all the Directors continue to give sufficient time and attention to the Company's affairs. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the "Board Committees"). Further details of the Board Committees are set out in (the section headed "Board Committees") of this report.

With the various experience of both the executive Directors and INEDs and in view of the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group. The biographical details of the Directors and other senior management are set out in the section headed with "Biographical Details of Directors and Senior Management" of this report.

Composition of the Board

Up to the date of this report, the Board comprised six Directors, including three executive Directors, namely Mr. Lau King Shun, Mr. Lau Kan Sui Sanny and Mr. Lau Mei Chai, and three INEDs are Mr. Yim Kin Ping, Ms. Wong Yuk King and Mr. Ho Cheuk Wai.

In compliance with Rules 5.05(1) and 5.05A of the GEM Listing Rules, the Board consisted of three INEDs during the Period. During the Period and as of the date of this report, the number of INEDs represents more than one-third of the Board and the INEDs are appointed with appropriate professional qualification, or accounting or related financial management expertise. As such, there is a strong independent element in the Board to provide independent judgement.

Specific enquiry has been made by the Company to each of the INEDs to confirm their independence pursuant to Rule 5.09 of the GEM Listing Rules. In this connection, the Company has received positive confirmations from all of the three INEDs. Based on the confirmations received, the Company considers all INEDs to be independent under the GEM Listing Rules.

Mr. Lau King Shun is the chairman of the Board and the chief executive officer.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “Board Diversity Policy”) in accordance with the requirement as set out in the CG Code. The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company’s business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

As at the date of this report, the Board comprises six Directors. One of them is a woman. Three of the Directors are INEDs and independent of management, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of gender, professional background and skills.

Implementation and Monitoring

The Nomination Committee reviewed the Board’s composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

The Nomination Committee of the Board has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy throughout the Period.

Relationships between the Board

The executive Directors, namely Mr. Lau King Shun, Mr. Lau Kan Sui Sanny and Mr. Lau Mei Chai are brothers. Mr. Lau King Shun and Mr. Lau Kan Sui Sanny are controlling shareholders of the Company with the meaning ascribed there to under the GEM Listing Rules.

The biographical details of each of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” of this report.

Board and General Meetings

During the Period, six board meetings were held. During the period between 1 May 2017 and the date of this report, three board meetings were held. The Company’s annual general meeting will be held on 11 October 2017.

CORPORATE GOVERNANCE REPORT

The attendance of the respective Directors at the Board meetings are set out below:

Name of Directors	Attendance/Number of meetings between the Listing Date and the date of this report
Executive Directors	
Mr. Lau King Shun (Chairman)	9/9
Mr. Lau Kan Sui Sanny	9/9
Mr. Lau Mei Chai	9/9
INEDs	
Mr. Yim Kin Ping	9/9
Ms. Wong Yuk King	9/9
Mr. Ho Cheuk Wai	9/9

Appointment and Re-election of Directors

The Company's Articles provide that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Each of the independent non-executive Directors has entered into an appointment letter with the Company. The appointment letter of each of the INEDs is for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other. The aforesaid appointment letters are subject to termination provisions therein and the retirement and re-election provisions in the Articles.

Director's continuing professional development programme

All Directors confirmed that they had complied with code provision A.6.5 of the CG Code for the year ended 30 April 2017.

To assist Directors' continuing professional development, the Company recommends Directors to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors namely, Mr. Lau King Shun, Mr. Lau Kan Sui Sanny, Mr. Lau Mei Chai, Mr. Yim Kin Ping, Ms. Wong Yuk King and Mr. Ho Cheuk Wai had studied relevant materials from time to time recommended by the Company and attended training/seminars/conference/discussion including the amendments to or updates on the relevant laws, rules and regulations on directors' duties and responsibility to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

All the Directors also understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills. Records of the training received by the respective Directors are kept and updated by the Company Secretary of the Company.

CORPORATE GOVERNANCE REPORT

Board committees

The Board has established a number of functional committees in compliance with the relevant GEM Listing Rules and to assist the Board to discharge its duties. Currently, three committees have been established. An audit committee ("Audit Committee") has been established on 26 September 2016 with its terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the CG Code; a remuneration committee ("Remuneration Committee") has been established on 26 September 2016 with its terms of reference in compliance with Rules 5.34 and 5.35 of the GEM Listing Rules and paragraph B1.2 of the CG Code; and a nomination committee ("Nomination Committee") has been established on 26 September 2016 with terms of reference in compliance with paragraph A.5.2 of the CG Code. The functions and responsibilities of these committees have been set out in the relevant terms of reference which are of no less stringent than that stated in the CG Code. The relevant terms of reference of each of the three committees can be found on the Group's website (www.taikamholdings.com) and the website of the Stock Exchange. All committees have been provided with sufficient resources and support from the Group to discharge their duties and have access to independent professional advice according to the Company's policy if considered necessary.

Audit Committee

The Audit Committee comprises three members, namely Mr. Ho Cheuk Wai (Chairman), Ms. Wong Yuk King and Mr. Yim Kin Ping, all of whom are INEDs.

The major roles and functions of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the Company's internal control and risk management system, overseeing the balance, transparency and integrity of the Company's financial statements and the application of financial reporting principles, reviewing the relationship with the external auditor, and its independence assessment and the adequacy of resources, qualifications and experience of the Company's accounting staff, their training programs, and budget.

The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the Period and up to the date of this report.

During the Period, the Audit Committee had held two meetings. Between 1 May 2017 and the date of this report, the Audit Committee has held one meeting. The attendance records of the members of the Audit Committee are summarised below:

Name of Directors	Attendance/Number of meetings between the Listing Date and the date of this report
Mr. Ho Cheuk Wai (Chairman)	3/3
Mr. Yim Kin Ping	3/3
Ms. Wong Yuk King	3/3

The summary of work of the Audit Committee during the Period and up to the date of this report is as follows:

1. met with the external auditors to discuss on the nature and scope of the audit and reporting obligation before the audit commences and review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
2. reviewed and approved audit fee;

CORPORATE GOVERNANCE REPORT

3. recommended the re-appointment of Grant Thornton Hong Kong Limited as auditors, subject to the shareholders' approval at the annual general meeting;
4. reviewed the non-competition undertaking by the controlling shareholders of the Company;
5. reviewed the effectiveness of the Company's risk management and internal control systems;
6. reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget; and
7. reviewed the Group's interim results for six months ended 31 October 2016, third quarterly results for the nine months ended 31 January 2017 ended and annual results for the year ended 30 April 2017.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Yim Kin Ping (Chairman), Mr. Lau Kan Sui Sunny and Mr. Ho Cheuk Wai. Mr. Yim Kin Ping and Mr. Ho Cheuk Wai are INEDs while Mr. Lau Kan Sui Sunny is executive Director of the Company.

The major roles and functions of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review and approve the management's remuneration proposals, and ensure none of the Directors determine their own remuneration.

The Remuneration Committee determines Directors' remuneration by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

During the Period, the Remuneration Committee had held two meetings. Between 1 May 2017 and the date of this report, the Remuneration Committee has held one meeting.

The attendance records of the members of the Remuneration Committee are summarised below:

Name of Directors	Attendance/Number of meetings between the Listing Date and the date of this report
Mr. Yim Kin Ping (Chairman)	3/3
Mr. Lau Kan Sui Sunny	3/3
Mr. Ho Cheuk Wai	3/3

The summary of work of the Remuneration Committee during the Period and up to the date of this report is as follows:

1. reviewed and recommended to the Board on the Group's remuneration policy and strategy; and
2. assessed the performance of the executive Directors and reviewed and recommended to the Board on the remuneration packages of the executive Directors and senior management of the Company.

The Board is of the view that the remuneration Committee has properly discharged its duties and responsibilities during the Period and up to the date of this report.

CORPORATE GOVERNANCE REPORT

Remuneration of the senior management

For the year ended 30 April 2017, the remuneration of the senior management falls within the following bands:

	Number of individuals
HK\$500,001 to HK\$1,000,000	2

Details of the remuneration of the Directors and five highest paid individuals for Reporting Period are provided in note 12 to the consolidated financial statements in this report.

Remuneration policy

The remuneration policy of the Group for the Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors and senior management members.

Nomination Committee

The Nomination Committee comprises three members, namely Mr. Lau King Shun (Chairman), Ms. Wong Yuk King and Mr. Ho Cheuk Wai. Ms. Wong Yuk King and Mr. Ho Cheuk Wai are INEDs while Mr. Lau King Shun is executive Director of the Company.

The major roles and functions of the Nomination Committee are to regularly review the structure, size, composition and diversity of the Board and make recommendations to the Board regarding appointment of Directors and management of Board succession.

The Board adopted the Board Diversity Policy in accordance with the requirement as set out in the CG Code. The Nomination Committee regularly monitors and reviews the implementation of the Board Diversity Policy. Details of the Board Diversity Policy are set out in the section headed "Board Diversity Policy" of this report.

The members of the Nomination Committee should meet at least once a year. Due to the fact that the Company was listed on 28 October 2016, no Nomination Committee meeting has been held during the Period.

Between 1 May 2017 and the date of this report, the first Nomination Committee meeting was held on 25 July 2017, and the Nomination Committee has, inter alia, reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group, assessed the independence of the INEDs and considered the Directors to retire and stand for re-election at the forthcoming annual general meeting. The Nomination Committee has also reviewed the Board Diversity Policy as set out in the paragraph headed "Board Diversity Policy" above.

The attendance records of the members of the Nomination Committee are summarised below:

Name of Directors	Attendance/Number of meetings between the Listing Date and the date of this report
Mr. Lau King Shun (Chairman)	1/1
Ms. Wong Yuk King	1/1
Mr. Ho Cheuk Wai	1/1

CORPORATE GOVERNANCE REPORT

Directors' and auditor's responsibilities for consolidated financial statements

The Directors acknowledge and understand their responsibility for preparing the consolidated financial statements and to ensure that the consolidated financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules. The Directors are of the view that the consolidated financial statements of the Group for each financial year have been prepared on this basis. As at 30 April 2017, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditor, Grant Thornton Hong Kong Limited, about their reporting responsibility on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 47 to 51 of this report.

Internal control and risk management

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorised disposition and to manage operational risks. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions of different systems has been done on a systematic basis based on the risk assessments of the operations and controls.

The Group's risk management framework includes the following elements: (i) identify significant risks in the Group's operation environment and evaluate the impacts of those risks on the Group's business; (ii) develop necessary measures to manage those risks; and (iii) monitor and review the effectiveness of such measures.

The Group does not have an internal audit department. Yet, the Group has conducted an annual review on whether there is a need for an internal audit such department is required. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness.

The Board, through the Audit Committee, has conducted review of both design and implementation effectiveness of the risk management and internal control systems of the Group once throughout the period under review, covering all material controls, including financial, operational and compliance controls. In this respect, the Audit Committee communicates any material issues to the Board.

The Group engaged an external consultant, CT Partners Consultants Limited ("CT Partners"), for internal control to conduct review on the internal control system of the Group for the year ended 30 April 2017. The review covers certain procedures on the provision of undertaking slope work services in Hong Kong, and makes recommendations for improving and strengthening the internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified.

CORPORATE GOVERNANCE REPORT

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by CT Partners to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of CT Partners as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

With respect to the monitoring and disclosure of inside information, the Group has adopted a policy on disclosure of inside information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

Auditor's remuneration

During the Reporting Period, the Group engaged Grant Thornton Hong Kong Limited ("GT") as the Group's external auditor. The remuneration paid and payable to GT is set out as follows:

Services rendered	Fees paid/payable (HK\$'000)
Statutory audit services	561
Non-audit service for acting as reporting accountant for the Listing	1,900
Non-audit service rendered in relation to the Group's quarterly reports and interim report	140
Total	<u>2,601</u>

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year ended 30 April 2017.

Corporate Governance Functions

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

The Directors will review the Group's corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report.

Company Secretary

Ms. Ho Man Wai was appointed as the Company Secretary of the Company on 1 April 2016. Please refer to the section "Biographical Details of Directors and Senior Management" for her biographical information.

During the Period, Ms. Ho Man Wai has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

Compliance Officer

Mr. Lau King Shun, an executive Director, is the compliance officer of the Group. Please refer to the section “Biographical details of Directors and Senior Management” for his biographical information.

General meetings with Shareholders

The annual general meeting (“AGM”) is a forum in which the Board and the shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc. At the AGM, the Directors (including INEDs) are available to attend to questions raised by the shareholders. The external auditors of the Company is also invited to be present at the AGM to address to queries of the shareholders concerning the audit procedures and the auditors’ report.

The first AGM of the Company will be held on 11 October 2017, the notice of which shall be sent to the shareholders of the Company at least 20 clear business days prior to the meeting.

Shareholders’ Rights

Convening of Extraordinary General Meeting on Requisition by Shareholders

Subject to the Company’s articles of association (the “Articles”) (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time), the Board may, whenever it thinks fit, convene an extraordinary general meeting (“EGM”). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the Company Secretary at the Company’s principal place of business in Hong Kong at Room 1503, 15/F, Win Century Centre, 2A Mong Kok Road, Mong Kok, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

The requisition must state clearly the name of the eligible shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the eligible shareholder(s) concerned together with a deposit of a sum of money reasonable sufficient to meet the Company’s expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders;

The requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered shareholders. On the contrary, if the requisition has been verified as not in order or the shareholders concerned have failed to deposit sufficient money to meet the Company’s expenses for the said purposes, the eligible shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM;

CORPORATE GOVERNANCE REPORT

If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the acquisition(s) as a result of the failure of the Board shall be reimbursed to the requisition(s) by the Company.

Procedures for shareholders to put forward proposals at shareholders' meetings

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, shareholders who wish to move a resolution may by means of requisition convene an EGM following the procedures set out above.

Procedures for directing shareholders' enquires to the Board

Shareholders may direct their enquiries concerning their shareholdings to the Company's share registrars in Hong Kong. Shareholders may also make a request for the Company's information to the extent that such information has been made publicly available by the Company. All written enquiries or requests may be forwarded to the Company's head office in Hong Kong or by fax to (852)2663 9688, or by email to info@taikamholdings.com.

The addresses of the Company's head office and the Company's share registrars in Hong Kong can be found in the section "Corporate Information" of this report.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Investor Relations

To ensure transparent and comprehensive disclosures to investors, the Group delivers information of the Group to the public through various channels, including general meeting, public announcement and financial reports. The investors are also able to access the latest news and information of the Group via our website (www.taikamholdings.com).

In order to maintain good and effective communication, the Company together with the Board extend their invitation to all shareholders and encourage them to attend the forthcoming AGM and all future general meetings.

The shareholders may also forward their enquiries and suggestions in writing to the Company to the followings:

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

Email: info@taikamholdings.com

Significant Changes in Constitutional Documents

Save for the adoption of the amended and restated memorandum and articles of association for the purpose of the Listing of the shares of the Company on the GEM of the Stock Exchange, during the year ended 30 April 2017, there had been no significant changes in the constitutional documents of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

This is the first year for Tai Kam Holdings Limited and its subsidiaries (the “Group”) to prepare the Environmental, Social and Governance Report. It discloses the Group’s performance on Environmental, Social and Governance (“ESG”) focusing on the accomplishments over the period between 1 May 2016 and 30 April 2017 (“the year”).

The report is in compliance with the Environmental, Social and Governance Reporting Guide in Appendix 20 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“HKEX ESG Reporting Guide”).

The Group commits to integrating corporate social and environmental well-being into various aspects of our slope works operations. For achieving sustainable development, the Group also promotes environmental protection, makes positive contribution and creates long-term value to the communities. During the year under review, the Group committed to improving standard of corporate social responsibility and strictly complied with the requirements of relevant laws and regulations on ESG reporting.

ENVIRONMENTAL

Our core business activity focuses on 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. The operations of the Group may generate different wastes and pollutions due to the construction works. To demonstrate the Group’s commitment to sustainable development and compliance with laws and regulations relating to environment protection, we strive to minimise negative impact to the environment.

Our tasks include measuring and reporting our efforts in promoting waste reduction, enhancing our waste disposal management, environmental protection management and setting targets on environmental performance. To minimise the environmental impacts concerning our slope works, we shall identify the environmental impacts associated with the Group’s activities and set policies to minimise any potential negative impacts. Meanwhile, the Group is fully committed to complying with environmental policies and standards that meet all legal requirements and integrate industry best practices into our slope works.

We focus on providing high quality service and environmental protection on our business operation. Both our quality management system and environmental management system were certified to be in compliance with the requirements of ISO9001:2015 quality management system standard and ISO14001:2015 environmental management system standard respectively. During the year, a site office has been set up to support for green measures by adopting environmental friendly designs and features.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. Emissions

1.1 Construction waste management

One of the major emission from our business operations is the inert construction waste, such as rock, boulder, earth, soil, sand and concrete generated from landslip preventive and remedial works.

We strictly comply with the standards of Construction Waste Disposal Charging Scheme from the Environmental Protection Department. Being a main contractor, we have opened a billing account solely for individual contract which is valued \$1 million or above. We have registered as chemical waste producer under the Waste Disposal (Chemical Waste) (General) Regulation. We have implemented the procedures on classifying the type of construction wastes between inert and non-inert construction waste and we would send the construction wastes to the designated landfill. The purpose of classification is to minimise the disposal cost and reserve more valuable landfill space.

1.2 Noise pollution control

Since most of our construction sites are located near residential areas, noise pollution control has always been our major concern. Under the Noise Control Ordinance, construction works at place within a designated area specified in this Ordinance and the use of powered mechanical equipment for the purpose of carrying out any construction work other than percussive piling at any place are not allowed between 7 p.m. and 7 a.m. or at any time on general holidays, unless prior approval has been granted by the Noise Control Authority through the construction noise permit system. Certain equipment is also subject to restrictions, e.g. air compressors, which must comply with noise emissions standards and be issued with a noise emission label from the Noise Control Authority. Each of the air compressors owned by our Group complied with the noise emissions standards and was issued with noise emission labels by the Noise Control Authority.

1.3 Air pollution control

The Air Pollution Control Ordinance is the principal legislation in Hong Kong for controlling emission of air pollutants and noxious odour from construction, industrial and commercial activities and other polluting sources. As a main contractor, we have devised, arranged methods of working and carrying out the works in such a manner so as to minimise dust impacts on the surrounding environment, and have provided experienced personnel with suitable training to ensure that these methods are implemented. Also, the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation regulates the emissions of non-road mobile machinery (the "NRMMS"), including non-road vehicles and regulated machines such as crawler cranes, excavators and air compressors. Unless exempted, NRMMS which are regulated under this provision are required to comply with the emission standards prescribed under this regulation. Each of our Group's regulated machines (mainly including air compressors) was exempted with a proper label in a prescribed format issued under the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. Use of Resources

We have introduced a series of green policy to enhance the awareness of environmental protection among staff. Our aims are to lower the energy consumption, fully utilise resources and recycle wastes in our business operations.

We have established energy-efficient practices in the head office and site offices, which include the following:

- LED lighting has been installed in the head office and site offices.
- Lighting and air-conditioning must be switched off after office hour. Notices are in place to remind our employees to switch off electrical appliances when not in use.
- The temperature of air-conditioning in our offices and other indoor areas are set at an environmental-friendly level (around 25 degrees Celsius) during summer months.
- Electricity meters have been used to monitor the energy consumption by separated areas at one of our site offices.
- Motion sensors of lighting have been installed at designated area in one of our site offices, which enabled the lighting to be automatically switched off when not in use for a preset period.
- Solar hot water system has been introduced in one of our site offices to converting sunlight into renewable energy for water heating using solar thermal collector.
- Reducing the use of paper through encourage double-sided printing and reusing recycled papers for printing informal documents.
- Company encourage increasing usage of digital devices for all our business communications if possible.

III. Environmental and Natural Resources

We are making our best effort in monitoring our business operations to comply with the environmental laws and regulations. The actions that we have implemented include (1) reducing noise level, (2) resources recycling and (3) using natural resources.

III.1 Reducing noise level

We have strictly followed the requirements of Noise Control Ordinance Cap.400 ("NCO") - Noise from Construction Sites (sections 6 to 8 and 8A) during our construction works. Only mechanical equipment will be used and operated within restricted hours. As such, noise would not be generated between 7 p.m. and 7 a.m. or at any time on a general holiday (including Sunday).

According to the Environmental Impact Assessment Ordinance, the maximum of acceptable noise level is 75 decibels. We conducted noise assessment to monitor the noise situation, where applicable, we use soundproof type machinery or equipment in the sites or covering sound insulation fabrics on the noise making machinery or equipment to mitigate the noise at an acceptable level.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III.2 Resources recycling

Where applicable, we adopt the use of recycled resources and materials in our site operations. For instance, we reuse the usable items like hoarding materials, decorative panel and water filled barrier where appropriate in our construction works.

III.3 Natural resources

We adopt the use of natural lighting and skylight at one of our site offices. Skylight roof has been installed to bring in natural light so as to reduce consumption of energy.

To make good use of energy, green roof has also been introduced in one of our site offices to keep out of direct heat from sunlight causing increase temperature in site office. Subsequently, energy conservation is enhanced

SOCIAL

I. Employment and Labour Practices

I.1 Employment and Labour Standards

Employees are regarded as one of the key aspects of success and core competitive advantage, which also provide driving force for the continuous innovation.

Employees' remuneration is commensurate with their job nature, qualifications and experience. Salaries and wage rates are usually subjected to an annual review that based on performance appraisals and other relevant factors. We strongly encourage internal promotion and offer a variety of job opportunities and trainings to existing staff when they are best suited. To attract, develop and retain qualified employees, the Group is committed to offering professional development opportunities and a healthy working environment for all employees and on-site staff.

We advocate a community spirit that thrives on mutual respect and equal opportunities. We firmly comply with equal opportunities legislation. To ensure diversity and equality, our selection process is non-discriminatory and is solely based on the employees' performance, experience and skills. Employees are also encouraged to discuss their targets in job progression and career development with their senior management. Additionally, we are fully committed to complying with any laws and regulations that are relevant to the equal opportunities legislation above.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our Staff Conduct Code are enclosed in our Human Resources Policies and Staff Handbook, which are readily accessible to all employees.

There were no non-compliance cases noted in relation to employment and labour standards laws and regulations for the year ended 30 April 2017.

1.2 Employee health and safety

One of our business objective is providing safety work. We strive to maintain a safe, effective and congenial work environment and policies to our employees. Hence, we have put various occupational health and safety measures in place and regularly perform check on the work environment and safety measures. Our occupational health and safety management system was certified to be in compliance with the requirements of OHSAS18001:2007 occupational health and safety management systems specification.

Safety training has always been provided to our employees to increase their awareness on work safety. We provide full sets of safety equipment to employees at construction sites where applicable. Our safety officers on site carry out site inspection regularly and are responsible to oversee the site safety at all times. Furthermore, safety awards, named "Safety Star of the Month", are introduced to encourage workers to work safely. The project manager, site agent and safety officer opt for the best suited candidate with consideration of daily observations and nominations from their direct supervisors. Semi-annually, the monthly award winners get the opportunities to contend for the final award. Rewards may include stationery, school bags and textbook allowance.

Working outdoor under extreme hot weather may bring rapid impact to human health and lead to hyperthermia. To prevent workers from getting hyperthermia, we provide them with water and refreshment constantly during summertime.

There were no non-compliance cases noted in relation to health and safety laws and regulations during the year ended 30 April 2017.

1.3 Development and Training

Training is an important way to improve overall quality and provide comprehensive development of employees. The Group continuously provides employee trainings in order to enhance their competence, knowledge and performance. We nominate our employees to attend both internal and external training programmes. One of our internal trainings is safety training, which include but not limited to safety working cycle training, safety induction training and safety tool box training.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group also provides some internal training sessions to our employees to get them familiarised with the basic principles of ISO 9001:2015 Quality Management Systems, ISO 14001:2015 Environmental Management Systems and OHSAS 18001:2007 Occupational Health and Safety Management Systems, as well as the scope of certification and implementation of the Company's Integrated Management System.

We are continuously reviewing and refining our health and safety training programmes to ensure complying with any new regulations or policies. The Group also updates our employees the latest information of the industry, relevant laws and regulations from time to time.

On the other hand, the Company have been sponsoring our employees to attend external training programmes such as first-aid course and book-keeping & accounting course during the year.

II. Operating Practices

II.1 *Supply Chain Management*

To comply with the laws and regulations, we have established stringent internal control systems to procure goods and materials through fair tender process. We select our suppliers and sub-contractors according to the approved suppliers and contractors list, as well as their previous performance evaluation forms, which is performed to review suppliers annually, on their services, quality and their compliance on environmental, health, safety and employment aspects.

II.2 *Product Responsibility*

Our major customers are Housing Authority and other government departments. We receive quarterly report on our working performance issued by our major customer in order to get understanding of the customer's concern and we can have a regularly assessment on our work. Importantly, customer complaints are thoroughly investigated and root causes are identified and acted upon accordingly. During the year, we did not receive any complaints from our customers regarding our health and safety systems.

II.3 *Anti-Corruption*

We abide by the stringent anti-corruption policies and procurement practices as stated in our Staff Handbook and Internal Control Manual that outlines conflicts of interest, intellectual property rights, privacy and confidentiality of information, bribery and corruption and equal opportunities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is fully committed to complying with local and national legislation on standards of conduct, such as the Prevention of Bribery Ordinance. We are actively aware of the ever-changing landscape of corruption and fraud, and constantly searching for more efficient methods to tackle against them. Hence, we will regularly update our internal policies to match with the ordinances from Independent Commission Against Corruption (“ICAC”). During the year, we have arranged ICAC corruption prevention services to our employees for increasing their awareness of anti-corruption.

There were no non-compliance cases noted in relation to corruption related laws and regulations during the year ended 30 April 2017.

III. Community Involvement

The Group has dedicated itself to take up its corporate social responsibility for the communities. We actively seek opportunities to repay society and in hope of creating a better living environment for the local community by participating in community services.

We have organised two Blood Donation Day to encourage our employees to have blood donation regularly. We have also sent moon cakes to elder residents who are affected by our construction works during Mid-Autumn Festival to show our caring towards and maintain a good relationship with them.

FUTURE APPROACH TOWARDS SUSTAINABLE DEVELOPMENT

In the future, we will:

- Search for energy-saving and environmentally-friendly equipment and materials for our daily operations;
- Formulate policy to promote awareness and practices on resource usage reduction, waste reduction and energy conservation; and
- Proactively participate in various community programs and contributing to society.

DIRECTORS' REPORT

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 30 April 2017.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in the Cayman Islands on 1 April 2016. In preparing for the Listing, the Group underwent a reorganisation ("Reorganisation") to rationalise the structure of the Group in preparation for the initial public offering of the shares of HK\$0.01 each of the Company on GEM. Pursuant to the Reorganisation, the Company became the holding company of the companies comprising the Group upon the completion of the Reorganisation on 17 June 2016. Further details of the Reorganisation are set out in the paragraph headed "A. Further information about our Company — 4. Corporation reorganisation" in Appendix IV and in note 1.2 of the Accountants' Report in Appendix I to the prospectus. The shares of the Company were listed on GEM of the Stock Exchange with effect from 28 October 2016.

PRINCIPAL PLACE OF BUSINESS

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.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The Group is principally engaged in undertaking slope works in Hong Kong as main contractor and investments holding. The principal activities of the Company's subsidiaries are set out in note 14 to the consolidated financial statements in this report.

Further discussion and analysis of these activities, including a business review of the Group for the period under review and an indication of likely future developments in the Group's business, can be found in the Chairman's statement and Management Discussion and Analysis as set out on pages 4 to 12 of this annual report. These discussions form part of this directors' report.

DIRECTORS' REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposures are summarised as follows:

- i. a significant portion of the Group's revenue was generated from slope work contracts awarded by the CEDD, which are non-recurrent in nature, and any significant reduction in the level of Government's spending on construction projects particularly for slope works may materially affect the Group's financial performance;
- ii. the Group is dependent on key personnel, inability to retain its staff and it may adversely affect the Group's business operations;
- iii. retention on List of Approved Specialist Contractors for Public Works in order to tender for Government contracts and any failure in doing so could significantly hinder the Group's business and affect the Group's financial performance; and
- iv. any difficulty in collecting substantial portion of the Group's trade and other receivables could materially affect the Group's cash flows and financial positions.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

An analysis of the Group's financial risk management (including interest rate risk, credit risk, and liquidity risk) objectives and policies are provided in note 28 to the consolidated financial statements.

There may be other risks and uncertainties in addition to those shown above which are not known to our Group or which may not be material now but could turn out to be material in the future.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of environmental policies, performance and compliance with laws and regulations are set out in the "Environmental, Social and Governance Report" in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong while the Company itself is listed on the Stock Exchange. Our establishment and operations shall therefore comply with the relevant laws and regulations in Hong Kong. External compliance and legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable law framework.

Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. During the period under review and up to the date of this report, there is no material non-compliance with the relevant prevailing laws and regulations in Hong Kong by the Group.

DIRECTORS' REPORT

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

The Group's customers mainly include (a) for public sector projects, Government departments such as the CEDD, as well as other statutory bodies including the Housing Authority; and (b) for private sector projects, private corporations and other entities in the private sector.

During the period under review, the Group served customers from both of public and private sector in Hong Kong. For the year ended 30 April 2016 and 30 April 2017, the revenue generated from contracts awarded by the CEDD represented approximately 81.9% and 91.8% of the Group's total revenue respectively. The Directors consider that customer concentration is not uncommon for construction companies in Hong Kong which mainly undertake public works and particularly slope works. The business model is sustainable despite the customer concentration mainly due to our competitive strengths (in particular, our high performance ratings under the Contractor's Performance Index System) through open tendering for Government projects and the launch of the Landslip Prevention and Mitigation Program by the CEDD. The Group has business relationship with most of the top customers ranging from 5 years to over 10 years.

Suppliers and Subcontractors

During the period under review, the suppliers of goods and services which were specific to the business of the Group and were required on a regular basis to enable the Group to continue to carry on its business included (i) subcontractors engaged by the Group to perform the slope works; and (ii) suppliers of construction materials and consumables such as steel, bars and concretes.

The Group maintains an internal list of approved subcontractors. While engaging subcontractors, the Group generally selects the most suitable subcontractor from the approved list based on their relevant experience as well as their availability and fee quotations.

The Group did not experience any material difficulties in sourcing materials from suppliers or assigning subcontractors during the period under review. Also, there is no significant dispute with our top five suppliers and subcontractors during the period under review.

Employees

The Group believes that employees are important assets and their contribution and support are valued at all times. The Group provides competitive remuneration packages to attract and retain employees with the aim to form a professional staff and management team that can bring the Group to new levels of success. The Group regularly reviews compensation according to industry benchmark, financial results as well as the individual performance of employees. Furthermore, the Group places great emphasis on the training and development of employees and regards excellent employees as a key factor in its competitiveness.

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 decision about resources allocation. Accordingly, no segment analysis information is presented.

DIRECTORS' REPORT

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.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three years is set out on page 92 of this report.

RESULTS AND DIVIDENDS

The financial performance of the Group for the year ended 30 April 2017 and the financial position of the Group as at that date are set out in the financial statements on pages 52 to 53 of this report.

No interim or final dividend was declared and paid during the year ended 30 April 2017 (2016: interim dividend amounted to HK\$9,595,000). No shareholder has agreed to waive dividends.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 5 October 2017 (Thursday) to 11 October 2017 (Wednesday) (both days inclusive) or any adjournment thereof. All transfer of the Company's shares together with the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office no later than 4:30 p.m. on 4 October 2017 (Wednesday). The share registrar and transfer office is at:

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

PLANT AND EQUIPMENT

Details of movements of the plant and equipment of the Group during the year ended 30 April 2017 are set out in note 13 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 April 2017 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARE PREMIUM

The Company's total issued share capital as at 30 April 2017 was 800,000,000 ordinary shares of HK\$0.01 each.

Details of movements of the share capital and share premium of the Company during the year ended 30 April 2017 are set out in note 20 and note 22 to the consolidated financial statements, respectively.

DIRECTORS' REPORT

EMOLUMENT POLICY FOR DIRECTORS

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group. The Remuneration Committee determines Directors' remuneration by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 12 to the consolidated financial statements in this report.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 54 of this report and note 22 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As of 30 April 2017, the reserves of the Company available for distribution as calculated under the provision of section 79B of the Companies Ordinance, and the Companies Law Cap. 22 of Cayman Islands, was approximately HK\$40.6 million (2016: nil) inclusive of share premium and retained earnings.

DIRECTORS

The Directors during the year ended 30 April 2017 and up to the date of this report were:

Executive Directors

Mr. Lau King Shun (Chairman and Chief Executive Officer) (appointed on 26 September 2016)

Mr. Lau Kan Sui Sanny (appointed on 26 September 2016)

Mr. Lau Mei Chai (appointed on 26 September 2016)

Independent Non-executive Directors

Mr. Yim Kin Ping (appointed on 25 September 2016)

Ms. Wong Yuk King (appointed on 25 September 2016)

Mr. Ho Cheuk Wai (appointed on 25 September 2016)

Confirmation of Independence

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

DIRECTORS' REPORT

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Company are set out in pages 13 to 17 under the section headed "Biographical Details of Directors and Senior Management" in this report.

DIRECTORS' SERVICE CONTRACT

All executive Directors have entered into service agreements with the Company for a term commencing from 28 October 2016 (the Listing Date) and shall continue unless terminated in accordance with the terms therein. All of these service agreements may be terminated earlier by no less than three months' written notice served by either party on the other. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

Each of the INEDs has entered into a letter of appointment with the Company for a term commencing from 28 October 2016 (the Listing Date) and shall continue unless terminated in accordance with the terms therein. The letter of appointment may be terminated earlier by no less than three months' written notice served by either party on the other. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

No director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Each of the executive Directors shall also be entitled to discretionary bonus to be determined by the Board based on, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group, and is subject to the recommendation of the Remuneration Committee.

DISCLOSURE OF INTERESTS

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 30 April 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:

DIRECTORS' REPORT

(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 (Notes 1 and 2)	600,000,000	75%
Mr. Lau Kan Sui Sanny	Interest held jointly with other persons; Interest in a controlled corporation (Notes 1 and 2)	600,000,000	75%

Notes:

- (1) These shares are registered in the name of 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 a Concert Party Deed dated 6 May 2016 entered into by Mr. KS Lau and Mr. Sanny Lau. 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 share option scheme adopted by the Company on 26 September 2016, 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%

Notes:

- (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 30 April 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.

DIRECTORS' REPORT

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 30 April 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 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 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 30 April 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.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 April 2017, the aggregate amount of turnover attributed to the Group's largest and the five largest customers accounted for approximately 91.8% and 100% (2016: approximately 81.9% and 100%) of the total revenue of the Group, respectively.

For the year ended 30 April 2017, the Group's purchases from the largest and the five largest suppliers accounted for approximately 63.5% and approximately 90.6% (2016: approximately 39.4% and approximately 72.0%) of the total purchases of the Group respectively.

DIRECTORS' REPORT

To the best of the Directors' knowledge, none of the Directors, their close associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the issued shares of the Company) has an interest in the Group's five largest customers and suppliers.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Apart from the contracts relating to the Reorganisation of the Group in relation to the Listing and save for the related party transactions disclosed in note 26 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries, or its holding company was a party and in which a Director or an entity connected with a Director had a material interests directly or indirectly subsisted at the end of the year or at any time during the year ended 30 April 2017.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 April 2017.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders' of the Company had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 30 April 2017.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than those disclosed under the paragraph headed "Share Option Scheme" and "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", at no time during the year ended 30 April 2017 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective close associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONNECTED/RELATED PARTY TRANSACTIONS

The Company had not entered into any connected transaction during the year ended 30 April 2017 which is required to be disclosed under the GEM Listing Rules. Related party transactions entered into by the Group during the year ended 30 April 2017, which constitute fully exempt connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules are disclosed in note 26 to the consolidated financial statements.

DIRECTORS' REPORT

COMPETING INTEREST

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

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

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

COMPLIANCE ADVISOR'S INTERESTS

As at 30 April 2017, as notified by the Company's compliance advisor, Dakin Capital Limited (the "Compliance Advisor"), except for the compliance adviser agreement entered into between the Company and the Compliance Advisor dated 15 June 2016 (the "Compliance Advisor Agreement"), neither the Compliance Advisor nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the securities to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules. Pursuant to the Compliance Advisor Agreement, the Compliance Advisor has received and will receive fees for acting as the Company's compliance advisor.

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

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

CORPORATE GOVERNANCE CODE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 18 to 28 of this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct ("Code of Conduct") regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct throughout the Period.

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.

DIRECTORS' REPORT

SHARE OPTION SCHEME

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

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 report, 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 report, the Company has maintained sufficient public float required under the GEM Listing Rules.

AUDITOR

Grant Thornton Hong Kong Limited ("GT") shall retire in the AGM and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of GT as auditor of the Company will be proposed at the AGM. The Company has not changed its external auditor during the year ended 30 April 2017 and up to the date of this report.

By order of the Board

Tai Kam Holdings Limited

Lau King Shun

Chairman and Executive Director

Hong Kong, 25 July 2017

INDEPENDENT AUDITOR'S REPORT



To the members of Tai Kam Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tai Kam Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 52 to 91, which comprise the consolidated statement of financial position as at 30 April 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance ("CO").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter

How our audit addressed the Key Audit Matter

Accounting for construction contracts

Refer to notes 2.8, 2.14, 4(a) and 5 and 16 to the consolidated financial statements.

The Group recognised revenue and cost from construction contracts amounted to approximately HK\$123,502,000 and HK\$105,953,000 respectively for the year ended 30 April 2017, and had amounts due from customers for contract work of approximately HK\$12,731,000 and amounts due to customers for contract works of approximately HK\$1,946,000 as at 30 April 2017.

The Group's revenue and cost of construction contracts are recognised by reference to the stage of completion of the construction contracts at the end of the reporting period with reference to the progress certificates issued by the customers or their agents. The stage of completion requires the management's estimation of the total outcome of the construction contracts. In addition, significant judgement is required in estimating the contract revenue, the contract costs and variation works which may have an impact on percentage of completion of the construction contracts and the corresponding profit taken.

Our procedures in relation to the construction contracts included the following:

- understood the basis of estimation of the budgets through discussion with the management who are responsible for reviewing budgeted costs and budgeted revenue of the construction contracts, and evaluated the reasonableness of the estimated profit margins by taking into account of the profit margins of historical similar projects;
- inspected the terms and conditions of construction contracts such as contract sum, construction period, performance obligations, payment schedule, retention and warranty clauses, etc.;
- assessed and checked the accuracy of the budgeted construction revenue by agreeing to contracts sum or variation orders as set out in the construction contracts, the agreements entered with customers;
- validated the percentage of completion adopted by the management to the position set out in the progress certificates issued by the customers or their agents, including the certified contract work and variation orders, if any, and examined, on a sample basis, the progress certificates issued by the customers or their agents and the actual costs incurred on construction works during the reporting period;
- tested, on a sample basis, the contract costs incurred to date to supporting documents including the subcontractor payment certificates and suppliers' invoices, etc.; and
- assessed the appropriateness of the amounts due from/(to) customers for contract work and performed recalculation on percentage of completion, budgeted costs and gross profit.

We found management's judgements and estimates used in accounting for construction contracts were supported by available evidence.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the CO, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

25 July 2017

Chan Tze Kit

Practising Certificate No.: P05707

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Revenue	5	123,502	97,194
Direct costs		(105,953)	(77,561)
Gross profit		17,549	19,633
Other income	7	200	53
Administrative expenses		(17,287)	(3,842)
Profit before income tax	8	462	15,844
Income tax expense	9	(3,010)	(2,942)
(Loss)/Profit and total comprehensive (expense)/income for the year attributable to equity holders of the Company		(2,548)	12,902
		HK cents	HK cents
(Loss)/Earnings per share attributable to equity holders of the Company			
Basic and diluted	11	(0.36)	2.15

The notes on pages 56 to 91 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2017

	Notes	2017 HK\$'000	2016 HK\$'000
ASSETS AND LIABILITIES			
Non-current asset			
Plant and equipment	13	2,215	2,862
Current assets			
Trade and other receivables	15	11,226	23,301
Amounts due from customers for contract work	16	12,731	3,013
Cash and bank balances	17	80,695	16,918
		104,652	43,232
Current liabilities			
Trade and other payables	18	12,660	8,415
Amounts due to customers for contract work	16	1,946	3,086
Tax payable		2,537	4,986
		17,143	16,487
Net current assets		87,509	26,745
Total assets less current liabilities		89,724	29,607
Non-current liability			
Deferred tax liabilities	19	269	323
Net assets		89,455	29,284
EQUITY			
Share capital	20	8,000	—
Reserves	21	81,455	29,284
Total equity attributable to equity holders of the Company		89,455	29,284

Lau King Shun

Director

Lau Kan Sui Sanny

Director

The notes on pages 56 to 91 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2017

	Total equity attributable to equity holders of the Company				
	Share capital	Share Premium*	Capital reserve*	Retained earnings*	Total
	HK\$'000 (Note 20)	HK\$'000 (Note 21)	HK\$'000 (Note 21)	HK\$'000	HK\$'000
Balance as at 1 May 2015	—	—	4,000	15,877	19,877
Profit and total comprehensive income for the year	—	—	—	12,902	12,902
Dividend paid (Note 10)	—	—	—	(9,595)	(9,595)
Capital injection into a subsidiary (Note 21)	—	—	6,100	—	6,100
Balance as at 30 April 2016 and 1 May 2016	—	—	10,100	19,184	29,284
Effect of reorganisation	—	—	1	—	1
Issue of ordinary shares pursuant to the Capitalisation Issue (Note 20(iii))	6,000	(6,000)	—	—	—
Issue of ordinary shares pursuant to the Placing (Note 20(iv))	2,000	68,000	—	—	70,000
Expenses incurred in connection with the issue of ordinary shares (Note 20(iv))	—	(7,282)	—	—	(7,282)
Loss and total comprehensive expense for the year	—	—	—	(2,548)	(2,548)
Balance as at 30 April 2017	8,000	54,718	10,101	16,636	89,455

* The reserves accounts comprise the Group's reserves of HK\$81,455,000 (2016: HK\$29,284,000) in the consolidated statement of financial position.

The notes on pages 56 to 91 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Cash flows from operating activities			
Profit before income tax		462	15,844
Adjustments for:			
Depreciation		1,038	831
Gain on disposal of plant and equipment		—	(52)
Interest income		(200)	(1)
Operating profit before working capital changes		1,300	16,622
Changes in working capital:			
Decrease/(increase) in trade and other receivables		12,075	(11,231)
Increase in amounts due from customers for contract work		(9,718)	(360)
Increase in trade and other payables		4,245	341
Decrease in amount due to a director		—	(4,022)
(Decrease)/Increase in amounts due to customers for contract work		(1,140)	2,887
Cash generated from operations		6,762	4,237
Tax (paid)/refund		(5,513)	321
<i>Net cash generated from operating activities</i>		1,249	4,558
Cash flows from investing activities			
Purchases of plant and equipment		(391)	(1,150)
Proceeds from disposal of plant and equipment		—	52
Interest received		200	1
<i>Net cash used in investing activities</i>		(191)	(1,097)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares of a subsidiary		1	—
Proceeds from issuance of ordinary shares pursuant to the Placing	20(iv)	70,000	—
Payment for share issuance expenses	20(iv)	(7,282)	—
Capital injection into a subsidiary	21,23	—	1,525
Dividend paid	10	—	(9,595)
<i>Net cash generated from/(used in) financing activities</i>		62,719	(8,070)
Net increase/(decrease) in cash and cash equivalents		63,777	(4,609)
Cash and cash equivalents at beginning of year		16,918	21,527
Cash and cash equivalents at end of year, represented by cash and bank balances	17	80,695	16,918

The notes on pages 56 to 91 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

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

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

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

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

The consolidated financial statements for the year ended 30 April 2017 were approved for issue by the board of directors on 25 July 2017.

1.2 Basis of presentation

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements on pages 47 to 91 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance (“CO”) 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 significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group’s financial statements, if any, are disclosed in note 3.

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.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to respective year end dates.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to the profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiary is carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The result of subsidiary is accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.3 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for common control combinations

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling parties.

The net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

2.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on other assets is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvement	Over the term of lease or 20%, whichever is shorter
Furniture and fixtures	20%
Machinery and equipment	20%
Motor vehicles	20%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial assets

The Group's accounting policies for financial assets are set out below.

Financial assets are classified into loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is determined and recognised based on the classification of the financial asset.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each reporting date, financial assets are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- The disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Financial assets (Continued)

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Impairment losses on financial assets other than trade and retention receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade and retention receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade and retention receivables is remote, the amount considered irrecoverable is written off against trade and retention receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2.7 Impairment of non-financial assets

Plant and equipment and the Company's investment in a subsidiary are subject to impairment testing. They are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets (Continued)

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.8 Construction contracts

Construction contracts are contracts specifically negotiated for the construction of an asset or a combination of assets where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in Note 2.14.

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the reporting date are recorded in the consolidated statement of financial position at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented as "amounts due from customers for contract work" (as an asset) or "amounts due to customers for contract work" (as a liability). Progress billings not yet paid by customers are included in the consolidated statement of financial position under "trade and other receivables". Amounts received before the related work is performed are included under "trade and other payables".

2.9 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are expensed when incurred. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial liabilities (Continued)

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.11 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

2.12 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(i) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is generally established according to the progress certificate (by reference to amount of completed works confirmed by customers or their agents) issued by the customers or their agents.

In practice, the Group makes application to the customer for progress payment normally on a monthly basis or upon the completion of the project. After examination by the customer or its agent, a payment certificate will be issued to the Group certifying the portion of works completed during the period for which progress payment is applied, which normally takes around one to three weeks from the date of application, and therefore the stage of completion for the period is established by reference to the payment certificate issued to the Group.

However, progress certifications might not necessarily take place as at the financial year-end. In case where progress certifications do not take place as at the financial year-end or where the last progress certificate for a works contract during a financial year does not cover a period up to the financial year-end, the revenue for the period from the last progress certification up to the financial year-end is estimated based on the estimated stage of completion with reference to the actual amounts of works performed during such period as indicated by the relevant site records (including site diaries) as well as the rates for the relevant works items as agreed between the customer and the Group.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer or the outcome of which can be estimated reliably by management and are capable of being reliably measured.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.16 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Accounting for income taxes (Continued)

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.17 Dividend distribution

Dividend distribution to the equity holders of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the equity holders or the board of directors, where applicable.

2.18 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker ("CODM") for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Related parties

For the purposes of the consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
 - (i) has control or joint control over of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group.
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Group are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

3. ADOPTION OF NEW AND AMENDED HKFRSS

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

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

Amendments to HKAS 1 HKFRSs (Amendments)	Disclosure Initiative Annual Improvements to HKFRSs 2012-2014 Cycle
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The adoption of these new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the following new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the financial year beginning on 1 May 2016, and have not been early adopted by the Group:

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

¹ Effective for annual periods beginning on or after 1 January 2017

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

3. ADOPTION OF NEW AND AMENDED HKFRSS (CONTINUED)

Amendments to HKAS 7 Disclosure Initiative

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

An entity applies its judgement when determining the exact form and content of the disclosures needed. The amendments suggest a number of specific disclosures in order to satisfy the above requirement, including:

- changes in liabilities arising from financing activities caused by changes from financing cash flows, foreign exchange rates or fair value, or obtaining or losing control of subsidiaries or other businesses.
- a reconciliation of the opening and closing balances of liabilities arising from financing activities in the consolidated statement of financial position including those changes identified immediately above.

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

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

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

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

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

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

HKFRS 9 (2014) – Financial Instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

3. ADOPTION OF NEW AND AMENDED HKFRSS (CONTINUED)

HKFRS 9 (2014) – Financial Instruments (continued)

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

HKFRS 15 - Revenue from Contracts with Customers

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

3. ADOPTION OF NEW AND AMENDED HKFRSS (CONTINUED)

HKFRS 16 – Leases

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

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

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

The operating lease commitments of the Group in respect of leased premises as at 30 April 2017 and 2016 are set out in Note 24. The management of the Group expects that certain lease commitments will be required to be recognised in the consolidated financial statements as right-of-use assets and lease liabilities. The application of HKFRS 16 will have no significant impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Construction contracts

As explained in Notes 2.8 and 2.14, revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts, with reference to the progress certificate issued by the customers or their agents. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and other direct costs to be incurred with reference to their past experience. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs by comparing the budgeted amounts to the actual costs incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Sources of estimation uncertainty (continued)

(a) Construction contracts (continued)

Significant judgement is required in estimating the contract revenue, contract costs and variation work which may have an impact on percentage of completion of the construction contracts and the corresponding profit taken.

Management exercised their judgements in the estimation of the total outcome of the construction contracts with reference to the latest available information such as progress certificates, and relevant site records and diaries, which includes detailed contract sum and works performed. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of payments and the age and recoverability of any unagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.

The carrying amount of amount due from/(to) customers for contract work as at 30 April 2017 is HK\$12,731,000 (2016: HK\$3,013,000) and HK\$1,946,000 (2016: HK\$3,086,000) respectively.

Details of the amounts due from/(to) customers for contract work are disclosed in Note 16.

(b) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the plant and equipment regularly in order to determine the amount of depreciation charge to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets taking into account anticipated technological changes. The depreciation charge for future periods is adjusted if there are significant changes from previous estimates.

As at 30 April 2017, the carrying amounts of the Group's plant and equipment was approximately HK\$2,215,000 (2016: HK\$2,862,000). Details of plant and equipment are disclosed in note 13.

(c) Impairment of trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and estimates allowances for doubtful debts as a result of the inability of the debtors to make required payments. The Group based on the estimates on the ageing of the trade receivables balance, credit-worthiness of the customer and historical write-off experience to assess the financial conditions of the debtors. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

As at 30 April 2017, the carrying amounts of trade receivables was approximately HK\$3,782,000 (2016: HK\$9,338,000). During the years ended 30 April 2017 and 2016, no provision for impairment of trade receivables was recognised. Details of trade receivables are disclosed in note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

5. REVENUE

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

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

	2017 HK\$'000	2016 HK\$'000
Contract revenue	<u>123,502</u>	<u>97,194</u>

6. SEGMENT INFORMATION

The CODM has been identified as the executive directors of the Company. The CODM regards the Group's business of undertaking slope works in Hong Kong as main contractor as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

(a) Geographical information

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

(b) Major customers

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

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

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

7. OTHER INCOME

	2017 HK\$'000	2016 HK\$'000
Bank interest income	200	1
Gain on disposal of plant and equipment	—	52
	<u>200</u>	<u>53</u>

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

8. PROFIT BEFORE INCOME TAX

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

9. INCOME TAX EXPENSE

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

	2017	2016
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax		
– Current year	2,505	2,903
– Under-provision in respect of prior years	559	—
	3,064	2,903
Deferred tax		
– Current year (Note 19)	(54)	39
Income tax expense	3,010	2,942

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

9. INCOME TAX EXPENSE (CONTINUED)

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

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

10. DIVIDENDS

	2017 HK\$'000	2016 HK\$'000
Interim dividends	<u>—</u>	<u>9,595</u>

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

11. (LOSS)/EARNINGS PER SHARE

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

11. (LOSS)/EARNINGS PER SHARE (CONTINUED)

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 20(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 20(iv)).

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 30 April 2016 representing the number of ordinary shares of the company immediately after the Capitalisation Issue (note 20(iii)), as if all these shares had been in issue throughout the year ended 30 April 2016.

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

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the GEM Listing Rules, section 383(1) of the CO and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 30 April 2017					
Executive directors:					
Mr. Lau King Shun (chief executive officer) (notes i, iii)	—	480	140	18	638
Mr. Lau Kan Sui Sanny (notes i, iii)	—	384	—	18	402
Mr. Lau Mei Chai (notes i, iii)	—	384	—	18	402
	—	1,248	140	54	1,442
Independent non-executive directors:					
Mr. Yim Kin Ping (note ii)	77	—	—	—	77
Ms. Wong Yuk King (note ii)	77	—	—	—	77
Mr. Ho Cheuk Wai (note ii)	77	—	—	—	77
	231	—	—	—	231
	231	1,248	140	54	1,673

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

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS
(CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 30 April 2016					
Executive directors:					
Mr. Lau King Shun (notes i, iii)	—	480	—	18	498
Mr. Lau Kan Sui Sanny (notes i, iii)	—	384	—	18	402
Mr. Lau Mei Chai (notes i, iii)	—	384	—	18	402
	—	1,248	—	54	1,302

Note:

- (i) Appointed as directors of the Company on 1 April 2016 and re-designated as executive directors on 26 September 2016.
- (ii) Appointed on 25 September 2016.
- (iii) The emoluments above presented remuneration received by the directors in the capacity of employees and/or directors of the companies comprising the Group.

(b) Five highest paid individuals

The five highest paid individuals of the Group include one (2016: one) director for the year ended 30 April 2017 whose emoluments are disclosed above. Details of the emoluments of the remaining four (2016: four) highest paid individuals are as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries, wages and allowances	2,207	1,951
Discretionary bonuses	215	—
Retirement scheme contributions	70	70
	2,492	2,021

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

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS
(CONTINUED)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
Nil - HK\$1,000,000	<u>4</u>	<u>4</u>

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director or management of any members of the Group during the years ended 30 April 2017 and 2016. No directors or the five highest paid individuals has waived or agreed to waive any emoluments during the years ended 30 April 2017 and 2016.

13. PLANT AND EQUIPMENT

	Leasehold improvement HK\$'000	Furniture and fixtures HK\$'000	Machinery and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 May 2015					
Cost	—	—	1,716	3,252	4,968
Accumulated depreciation	—	—	(766)	(1,659)	(2,425)
Net book amount	<u>—</u>	<u>—</u>	<u>950</u>	<u>1,593</u>	<u>2,543</u>
Year ended 30 April 2016					
Opening net book amount	—	—	950	1,593	2,543
Additions	87	415	37	611	1,150
Depreciation	(6)	(23)	(255)	(547)	(831)
Closing net book amount	<u>81</u>	<u>392</u>	<u>732</u>	<u>1,657</u>	<u>2,862</u>
At 30 April 2016 and 1 May 2016					
Cost	87	415	1,753	3,498	5,753
Accumulated depreciation	(6)	(23)	(1,021)	(1,841)	(2,891)
Net book amount	<u>81</u>	<u>392</u>	<u>732</u>	<u>1,657</u>	<u>2,862</u>

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

13. PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvement HK\$'000	Furniture and fixtures HK\$'000	Machinery and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Year ended 30 April 2017					
Opening net book amount	81	392	732	1,657	2,862
Additions	47	8	336	—	391
Depreciation	(27)	(84)	(310)	(617)	(1,038)
Closing net book amount	101	316	758	1,040	2,215
At 30 April 2017					
Cost	134	423	2,089	3,498	6,144
Accumulated depreciation	(33)	(107)	(1,331)	(2,458)	(3,929)
Net book amount	101	316	758	1,040	2,215

14. INTERESTS IN SUBSIDIARIES

Particulars of the Company's subsidiaries as at 30 April 2017 and 2016 are as follows:

Name of company	Place of incorporation and operation	Type of legal entity	Particulars of issued and paid up capital	Equity interest held by the Company	Principal activities
Sunsy Global	BVI	Limited liability	200 ordinary shares of US\$ 1 each	100%# (2016:100%#)	Investment holding
Solar Red	BVI	Limited liability	1 ordinary share of US\$1 each	100% (2016:100%)	Intellectual properties holding and provision of administrative service to its group companies
Ease Geotechnical	Hong Kong	Limited liability	10,100,000 ordinary shares of HK\$1 each	100% (2016:100%)	Investment holding and undertaking slope works
Tai Kam Construction Engineering Company Limited	Hong Kong	Limited liability	10,100,000 ordinary shares of HK\$1 each	100% (2016:100%)	Undertaking slope works

The issued capital of Sunsy Global was held by the Company directly.

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

15. TRADE AND OTHER RECEIVABLES

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

Notes:

- (i) Retention receivables are interest-free and repayable approximately one year after the expiry of the defect liability period of construction projects.
- (ii) Other receivables and deposits do not contain impaired assets nor items past due date.
- (iii) The amount due is unsecured, interest free and repayable on demand.

(a) Ageing analysis

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

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

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

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

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Impairment of trade receivables

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

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

(c) Trade receivables that are not impaired

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

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

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

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

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

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

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

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

17. CASH AND BANK BALANCES

	2017	2016
	HK\$'000	HK\$'000
Cash at banks and in hand	80,695	16,918

Notes:

- (i) Cash at banks earns interest at floating rates based on daily bank deposit rates.
- (ii) During the year ended 30 April 2017, the Group had an aggregate combined limited 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, which was released on 15 November 2016.

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

18. TRADE AND OTHER PAYABLES

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

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

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

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

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

19. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using taxation rate of 16.5% (2016: 16.5%) in Hong Kong.

The movements in deferred tax liabilities and recognised in the consolidated statement of the financial position during the year are as follows:

	Accelerated tax depreciation
	HK\$'000
As at 1 May 2015	284
Charged to profit or loss (Note 9)	39
As at 30 April and 1 May 2016	323
Credited to profit or loss (Note 9)	(54)
As at 30 April 2017	269

As at 30 April 2017 and 2016, the Group did not have any material unrecognised deferred taxation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

20. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 1 April 2016 (date of incorporation)		
(note i)/As at 30 April 2016 and 1 May 2016	10,000,000	100
Increase in authorised share capital (note ii)	1,990,000,000	19,900
	<u>2,000,000,000</u>	<u>20,000</u>
As at 30 April 2017	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 April 2016 (date of incorporation)		
(note i)/As at 30 April 2016 and 1 May 2016	1	—
Issuance of ordinary shares (note i)	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
	<u>800,000,000</u>	<u>8,000</u>
As at 30 April 2017	<u>800,000,000</u>	<u>8,000</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

21. RESERVES

The amounts of the Group's reserves and the movements during the year are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Share premium

The share premium represents the difference between the par value of the shares of the Company and net proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Capital reserve

Capital reserve of the Group as at 30 April 2017 represents the difference between the nominal values of the share capital of subsidiaries acquired by the Group and the nominal value of the Company's shares issued for the acquisition under the Reorganisation.

Capital reserve of the Group as at 30 April 2016 represents the share capital of Ease Geotechnical. During the year ended 30 April 2016, the share capital of Ease Geotechnical was increased by HK\$6,100,000 by allotment of 6,100,000 ordinary shares which ranked *pari passu* in all respects with the existing ordinary shares of Ease Geotechnical.

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

22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017	2016
	HK\$'000	HK\$'000
ASSETS AND LIABILITIES		
Non-current asset		
Investment in a subsidiary	10,183	—
Current assets		
Amount due from a subsidiary	48,485	—
Bank balance	120	—*
	48,605	—
Current liability		
Other payables	10	—
Net current assets	48,595	—
Net assets	58,778	—*
EQUITY		
Share capital	8,000	—*
Reserves (Note)	50,778	—*
Total equity	58,778	—*

* Amount due from the ultimate holding company represents share capital of HK\$0.01. As there was no profits or losses incurred from the date of incorporation to 30 April 2016, the total equity equals to share capital of HK\$0.01.

Lau King Shun
Director

Lau Kan Sui Sanny
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

22. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: The movements of the Company's reserves are as follows:

	Share premium HK\$'000 (Note 21)	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total reserves HK\$'000
Balance as at 1 April 2016 (date of incorporation), 30 April 2016 and 1 May 2016	—	—	—	—
Effect of reorganisation	—	10,183	—	10,183
Issuance of ordinary shares pursuant to the Capitalisation Issue (Note 20(iii))	(6,000)	—	—	(6,000)
Issuance of ordinary shares pursuant to the Placing (Note 20(iv))	68,000	—	—	68,000
Expenses incurred in connection with the issuance of ordinary shares (Note 20(iv))	(7,282)	—	—	(7,282)
Loss and total comprehensive expense for the year	—	—	(14,123)	(14,123)
Balance as at 30 April 2017	54,718	10,183	(14,123)	50,778

Capital reserve

Capital reserve of the Company represents the difference between the total equity of Sunsky Global acquired by the Company pursuant to the Reorganisation over the nominal value of the Company's shares issued in exchange therefore.

23. MAJOR NON-CASH TRANSACTIONS

During the year ended 30 April 2016, among the capital injection of HK\$6,100,000 to Ease Geotechnical, HK\$4,575,000 was injected by capitalising HK\$4,575,000 of amount due to a director.

24. OPERATING LEASE COMMITMENTS

At 30 April 2017 and 2016, the total future minimum lease payments payable by the Group under non-cancellable operating leases in respect of premises are as follows:

	2017 HK\$'000	2016 HK\$'000
Within one year	254	434
In the second to fifth years	—	254
	254	688

The leases typically run for an initial period of one year (2016: one to two years). The lease does not include contingent rentals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

25. CAPITAL COMMITMENTS

At 30 April 2017 and 2016, capital commitments of the Group are as follows:

	2017 HK\$'000	2016 HK\$'000
Contracted but not provided for		
– Plant and equipment	<u>610</u>	<u>320</u>

26. RELATED PARTY TRANSACTIONS

(a) During the years ended 30 April 2017, the following parties are identified as related parties of the Group:

Name	Relationship with the Group
Mr. Lau King Shun	One of the Controlling Shareholders and an executive director of the Company
Mr. Lau Kan Sui Sanny	One of the Controlling Shareholders and an executive director of the Company
Mr. Lau Mei Chai	An executive director of the Company
Classy Gear	Ultimate holding company beneficially owned by Mr. Lau King Shun and Mr. Lau Kan Sui Sanny

(b) Key management personnel remuneration

The emoluments of the directors and senior management of the Company, who represent the key management personnel during the years ended 30 April 2017 and 2016 are as follows:

	2017 HK\$'000	2016 HK\$'000
Salaries, fee and allowances	2,914	2,056
Discretionary bonuses	355	—
Retirement scheme contributions	103	87
	<u>3,372</u>	<u>2,143</u>

(c) Balance with related party

The detail of the balance with ultimate holding company is disclosed in Note 15(iii) to the consolidated financial statements. The maximum outstanding balance during the year ended 30 April 2017 is approximately HK\$19,000 (2016: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Material related party transactions

- (i) Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions during the year:

Name of related party	Nature	2017 HK\$'000	2016 HK\$'000
Mr. Lau Kan Sui Sanny and Mr. Lau Mei Chai	Rental expenses	—	88

- (ii) During the year ended 30 April 2016, the Group had an overdraft facility of HK\$4,000,000, which was secured by the personal guarantee of HK\$4,000,000 and the charges over deposit and securities of Mr. Lau King Shun. The Group did not utilise this facility, which was released on 22 April 2016.

27. CONTINGENT LIABILITIES

As at 30 April 2017 and 2016, the Group has been involved in a number of claims, litigations and potential claims against the Group regarding the employees' compensation and common law personal injury claim. The directors are of the opinion that the claims and litigations are not expected to have a material impact on the Group's financial statements, and the outcome for potential claims is uncertain. Accordingly, no provision has been made to the consolidated financial statements.

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the Board of Directors.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

28.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and liability:

	2017 HK\$'000	2016 HK\$'000
Financial assets		
Loans and receivables:		
– Trade and other receivables	8,878	14,432
– Cash and bank balances	80,695	16,918
	<u>89,573</u>	<u>31,350</u>
Financial liability		
At amortised costs:		
– Trade and other payables	12,660	8,415

28.2 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The exposure to interest rate risk for the Group's bank balances is considered immaterial.

28.3 Credit risk

Credit risk arises mainly from trade and other receivables and cash and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances is limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 30 April 2017, trade and retention receivables from an individual customer accounted for 63% (2016: 61%) of the total trade and retention receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

28.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Management monitors the cash flow forecasts of the Group in meeting its liabilities.

As at 30 April 2017 and 2016, the Group's remaining contractual maturities for its financial liabilities will be either on demand or within one year. The carrying amounts of its financial liabilities approximate their contractual undiscounted cash flows.

28.5 Fair value measurement

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values as at 30 April 2017 and 2016 due to their short maturities.

29. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to maintain capital structure in order to minimise the costs of capital, support its business and maximise shareholders' value.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the debt to equity ratio. For this purpose, debt is defined as borrowings net of cash and bank balances. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, share buyback, issue new shares and raise new debts.

As at 30 April 2017 and 2016, the debt to equity ratio was not presented as the Group had no borrowing.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years, extracted from the audited financial statements in this annual report and the Prospectus of the Company dated 20 October 2016, is as follows:

RESULTS

	For the year ended 30 April		
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	123,502	97,194	77,683
Direct costs	(105,953)	(77,561)	(64,075)
Gross profit	17,549	19,633	13,608
Other income	200	53	249
Administrative expenses	(17,287)	(3,842)	(1,280)
Profit before income tax	462	15,844	12,577
Income tax expense	(3,010)	(2,942)	(2,029)
(Loss)/Profit and total comprehensive (expense)/income for the year attributable to equity holders of the Company	(2,548)	12,902	10,548

ASSET AND LIABILITIES

	As at 30 April		
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000
Total assets	106,867	46,094	38,793
Total liabilities	(17,412)	(16,810)	(18,916)
Total equity	89,455	29,284	19,877