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Tailam Tech Construction Holdings Limited

泰林科建控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6193)

POSITIVE PROFIT ALERT

This announcement is made by Tailam Tech Construction Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Director**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that based on the information currently available to the Board and its preliminary review and assessment of the Group’s latest unaudited consolidated management accounts (the “**Management Accounts**”) for the year ended 31 December 2022 (the “**FY2022**”), the Company is expected to record a consolidated profit of approximately RMB8.9 million for the FY2022 as compared to approximately RMB1.7 million for the year ended 31 December 2021 (the “**FY2021**”).

The aforesaid change is mainly due to (i) the increase in gross profit margin from 10.6% in the FY2021 to 13.3% in the FY2022; (ii) the significant decrease in cost of sales and administrative expenses under the Group’s proactive efforts in improving overall efficiency and effectiveness, and continued cost control at all levels; and (iii) a reversal of impairment losses on financial assets of approximately RMB3.1 million was recorded in the FY2022, whereas an impairment losses of approximately RMB6.7 million was recorded in the FY2021.

During the FY2022, due to the implementation of strict COVID-19 control measures, the level of infrastructural and related economic activities was low, which weakened the demand for products of the Group. The Group was particularly prudent and focused on risk control in both the collection of trade receivables and in accepting orders by screening out projects with high risk and low profit margins. As a result, the gross profit margin increased from 10.6% in the FY2021 to 13.3% in the FY2022 and the allowance for impairment of trade receivables is expected to decrease from approximately RMB11.1 million for the FY2021 to approximately RMB8.0 million for the FY2022. The increase in gross profit margin partially mitigates the effect of the financial year's revenue decline from approximately RMB488.4 million for the FY2021 to approximately RMB326.2 million for the FY2022.

The Company is in the process of finalising the Group's consolidated annual results for the FY2022. The information contained in this announcement is only a preliminary assessment by the Board based on the Management Accounts and the latest information currently available, which have not been audited or reviewed by the auditors or the audit committee of the Company. The finalised annual results of the Group for the FY2022 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the FY2022, which is expected to be published by the end of March 2023.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Tailam Tech Construction Holdings Limited
Wong Han Yu Alice
*Chairperson, executive Director and
chief executive officer*

Hong Kong, 15 March 2023

As at the date of this announcement, the executive Directors are Ms. Wong Han Yu Alice (the chairperson and chief executive officer), Mr. Wong Chiu Wai and Ms. Jiang Yin Juan; the non-executive Director is Mr. Wong Leung Yau; and the independent non-executive Directors are Ms. Wong Siu Yin Rosella, Mr. Lai Chun Yu and Mr. Cui Yu Shu.