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## **Silver Tide Holdings Limited**

**銀濤控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1943)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Silver Tide Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2020 together with the comparative figures in 2019, as follows:

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 September 2020*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2020</b>	2019
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	6	<b>211,611</b>	248,034
Cost of sales		<b>(195,073)</b>	(228,448)
Gross profit		<b>16,538</b>	19,586
Other income and gains	6	<b>6,556</b>	460
Administrative expenses		<b>(7,507)</b>	(14,669)
Finance costs	7	<b>(145)</b>	(571)
Profit before tax	8	<b>15,442</b>	4,806
Income tax expense	9	<b>(2,546)</b>	(1,817)
Profit and total comprehensive income for the period		<b><u>12,896</u></b>	<u>2,989</u>
Profit and total comprehensive income for the period attributable to owners of the Company			
Earnings per share — Basic and diluted	11	<b><u>HK\$1.7 cents</u></b>	<u>HK\$0.6 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2020*

	<i>Notes</i>	<b>30 September 2020 (Unaudited) HK\$'000</b>	31 March 2020 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	31,053	21,866
Deferred tax assets		439	456
		<b>31,492</b>	22,322
<b>CURRENT ASSETS</b>			
Contract assets	13	120,859	107,310
Trade receivables	14	28,190	18,508
Amount due from ultimate holding company		20	11
Prepayments, other receivables and other assets		5,476	7,990
Cash and cash equivalents		121,153	120,960
Tax recoverable		—	296
		<b>275,698</b>	255,075
<b>CURRENT LIABILITIES</b>			
Contract liabilities	13	—	204
Trade and retention payables	15	30,512	26,552
Other payables and accruals		16,307	3,842
Lease liabilities		2,797	3,041
Interest-bearing bank loans		10,000	10,000
Tax payables		2,161	—
		<b>61,777</b>	43,639
<b>NET CURRENT ASSETS</b>		<b>213,921</b>	211,436
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>245,413</b>	233,758
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		1,658	2,899
		<b>1,658</b>	2,899
<b>Net assets</b>		<b>243,755</b>	230,859
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital		10,000	10,000
Reserves		233,755	220,859
		<b>243,755</b>	230,859
<b>Total equity</b>		<b>243,755</b>	230,859

# NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE AND GROUP INFORMATION

Silver Tide Holdings Limited (the “**Company**”) is an exempted company incorporated in the Cayman Islands on 24 July 2018 with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of operations of the Company is located at Room A–B, 14F, Skyline Tower, No. 18 Tong Mi Road, Mongkok, Hong Kong.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 June 2019 (the “**Listing Date**”).

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in providing construction services including timber works, aluminium formworks and ancillary works such as concrete works and reinforcement works for the public and private sectors in Hong Kong.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Silver Tide Enterprises Limited (“**Silver Tide Enterprises**”), which is incorporated in the British Virgin Islands (“**BVI**”).

### Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Forest Honour Limited	BVI	US\$1	100	—	Investment holding
Hop Fat Yuk Ying Engineering Limited	Hong Kong	HK\$2,000,000	—	100	Construction services

## 2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These interim condensed consolidated financial statements were authorised for issue on 27 November 2020.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2020 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2020. Details of any changes in accounting policies are set out in note 3. The adoption of the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) have no material effect on these interim condensed consolidated financial statements. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of these interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual financial statements for the year ended 31 March 2020.

These interim condensed consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of interim condensed consolidated financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2020 consolidated financial statements.

These interim condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Company.

## 3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the same accounting policies in these interim consolidated financial statements as in its 2020 annual consolidated financial statements, except that it has adopted the following amendments to HKFRSs:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting (Revised)	

The new or amended HKFRSs that are effective from 1 January 2020 did not have any significant impact on the Group’s accounting policies.

#### 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2020.

#### 5. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of construction services in Hong Kong.

The information reported to the Directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the Directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

##### Geographical information

No geographical information is presented as the Group's revenue was solely derived from customers and operations based in Hong Kong and the non-current assets of the Group were all located in Hong Kong.

##### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the six months ended 30 September 2020 is set out below:

	For six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Customer I	64,459	—
Customer II	53,741	62,278
Customer III	41,837	39,826
Customer IV	40,885	15,156
Customer V	3,909	86,547

Except for the aforesaid, no other single external customer accounted for 10% or more of the Group's revenue.

## 6. REVENUE, OTHER INCOME AND GAINS

All revenue is recognised over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

An analysis of revenue, other income and gains is as follows:

	For six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers</b>		
Construction services		
Private sector	158,676	232,859
Public sector	52,935	15,175
	<u>211,611</u>	<u>248,034</u>
<b>Other income and gains</b>		
Bank interest income	488	460
Rental income	300	—
Government subsidies	4,900	—
Exchange gain	868	—
	<u>6,556</u>	<u>460</u>

### Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 60 days from the date of issuance of payment certificate. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	For six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans	69	571
Interest expense on right-of-use asset	76	—
	<u>145</u>	<u>571</u>

## 8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Contract costs	195,073	228,448
Depreciation of property, plant and equipment*	5,734	2,478
Depreciation of right of use assets*	1,545	—
Rental expenses — Short term lease**	5,020	5,947
Employee benefit expense (excluding Directors' and chief executive officer's remuneration)	451	551
Wages and salaries***	5,040	4,987
Pension scheme contributions***	253	243
Government grants	(4,900)	—
	<u>195,073</u>	<u>228,448</u>

\* During the period, depreciation of HK\$6,706,000 (six months ended 30 September 2019: HK\$2,339,000) is included in contract costs as disclosed above.

\*\* During the period, rental expenses of HK\$4,882,000 (six months ended 30 September 2019: HK\$5,790,000) are included in contract costs as disclosed above.

\*\*\* During the period, wages and salaries of HK\$2,844,000 (six months ended 30 September 2019: HK\$2,596,000) and pension scheme contributions of HK\$131,000 (six months ended 30 September 2019: HK\$119,000), respectively, are included in contract costs disclosed above.

## 9. INCOME TAX

	For six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Charge for the period	2,529	1,012
Deferred tax	17	805
	<u>2,546</u>	<u>1,817</u>

For the six months ended 30 September 2020 and 2019, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime. Under two-tiered profit tax rates regime which was effective on 28 March 2019, the first HK\$2 million of assessable profits of the elected subsidiary will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

## 10. DIVIDENDS

The board of directors does not recommend the payment of any interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

## 11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of 531,421,000 ordinary shares in issue during the six months ended 30 September 2019.

The number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 September 2020 was based on 750,000,000 ordinary shares of the Company.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 September 2020 and 30 September 2019 as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired assets with a cost of HK\$16,466,000 (six months ended 30 September 2019: HK\$11,306,000).

## 13. CONTRACT ASSETS/(LIABILITIES)

	<b>30 September 2020 HK\$'000 (Unaudited)</b>	31 March 2020 HK\$'000 (Audited)
Contract assets		
Unbilled revenue	45,244	35,592
Retention receivables	75,615	71,718
	<u>120,859</u>	<u>107,310</u>
Contract liabilities	—	(204)
	<u>120,859</u>	<u>107,106</u>

**Movements in contract assets:**

	<b>30 September 2020 <i>HK\$'000</i> (Unaudited)</b>	31 March 2020 <i>HK\$'000</i> (Audited)
At the beginning of the year	107,310	105,902
Addition in contract assets	43,401	56,553
Transfer to trade receivables	<u>(29,852)</u>	<u>(55,145)</u>
Balance at end of the year	<u><u>120,859</u></u>	<u><u>107,310</u></u>

Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the quality and quantity check by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

Retention receivables included in contract assets represent the Group's right to consideration for work performed but not yet collectible because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction.

**Movements in contract liabilities:**

	<b>30 September 2020 <i>HK\$'000</i> (Unaudited)</b>	31 March 2020 <i>HK\$'000</i> (Audited)
At the beginning of the year	204	—
Receipts from customers	—	204
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	<u>(204)</u>	<u>—</u>
Balance at end of the year	<u><u>—</u></u>	<u><u>204</u></u>

The contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received consideration from the customers.

#### 14. TRADE RECEIVABLES

Trade receivables represented receivables for contract works. Management generally submit interim payment applications to customers on a monthly basis containing a statement setting out management's estimation of the valuation of the works completed in the preceding month. Upon receiving the interim payment application, the architect or the consultant of the customer will verify such valuation of works completed and issue an interim payment certificate within 60 days. Within 60 days after the issuance of the interim payment certificate, the customer will make payment to the Group based on the certified amount stipulated in such certificate, deducting any retention money in accordance with the contract. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables based on the progress payment certificate date is as follows:

	<b>30 September 2020 HK\$'000 (Unaudited)</b>	31 March 2020 HK\$'000 (Audited)
Within 30 days	25,860	18,508
31 to 60 days	2,138	—
61 to 90 days	—	—
Over 90 days	192	—
	<u>28,190</u>	<u>18,508</u>
Impaired	<u>—</u>	<u>—</u>

#### 15. TRADE AND RETENTION PAYABLES

An ageing analysis of the trade and retention payables as at the end of the reporting period, based on the invoice date or the progress payment certificate date, is as follows:

	<b>30 September 2020 HK\$'000 (Unaudited)</b>	31 March 2020 HK\$'000 (Audited)
Within 30 days	30,507	26,288
31 to 60 days	5	22
	<u>30,512</u>	<u>26,310</u>
Retention payables	<u>—</u>	<u>242</u>
	<u>30,512</u>	<u>26,552</u>

At 30 September 2020, all retention payables were fully settled. At 31 March 2020, all retention payables were expected to be settled within one year.

Trade and retention payables are non-interest-bearing. The payment terms of trade payables are stipulated in the relevant contracts with credit periods of 30 days in general.

## **16. IMPACTS OF CORONAVIRUS DISEASE 2019 (“COVID-19”) PANDEMIC**

Since the outbreak of COVID-19 in early 2020, the pandemic has continued to spread and impacted global business and economic activities. The Group has implemented certain cost control measures to maintain the efficiency of construction process. As at the date of this interim results announcement, the Group was not aware of any material adverse effects on the consolidated financial statements as a result of the COVID-19 outbreak.

## **17. EVENTS AFTER THE REPORTING PERIOD**

On 12 October 2020, Titan Hwaks Limited (“**Titan Hwaks**”), a wholly owned subsidiary of the Group as purchaser entered into a sales and purchase agreement with Element Delight Limited, pursuant to which Titan Hwaks conditionally agreed to acquire the entire issued share capital of Yellow River Securities Limited at the consideration of approximately HK\$11.0 million by cash.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

Our revenue decreased from approximately HK\$248.0 million for the six months ended 30 September 2019 to approximately HK\$211.6 million for the six months ended 30 September 2020, representing a decrease of approximately 14.7%. Such decrease was mainly due to:

- (i) a decrease in revenue derived from two projects which contributed revenue of approximately HK\$6.2 million for the six months ended 30 September 2020 (for the six months ended 30 September 2019: HK\$96.3 million) with an initial contract sum of approximately HK\$103.4 million and HK\$82.4 million that commenced in December 2018 and November 2018 and completed in March 2020 and September 2020 respectively; and
- (ii) partially offset by an increase in revenue derived from a project with an initial contract sum of approximately HK\$217.7 million which contributed revenue of approximately HK\$64.5 million for the six months ended 30 September 2020 that commenced in October 2019.

#### Gross profit and gross profit margin

During the six months ended 30 September 2020, the Group's gross profit decreased by approximately HK\$3.0 million or 15.6% from approximately HK\$19.6 million for the six months ended 30 September 2019 to approximately HK\$16.5 million for the six months ended 30 September 2020. The decrease in gross profit was mainly resulted from the increase in depreciation expenses during the six months ended 30 September 2020 mainly due to the addition of metal scaffold equipment.

The Group's gross profit margin decreased slightly from approximately 7.9% for the six months ended 30 September 2019 to approximately 7.8% for the six months ended 30 September 2020.

## **Other income and gains**

Other income and gains increased by approximately HK\$6.1 million from approximately HK\$0.5 million for the six months ended 30 September 2019 to approximately HK\$6.6 million for the six months ended 30 September 2020, representing an increase of approximately 1,325.2%. Such increase was mainly attributable to the increase in exchange gain of approximately HK\$0.9 million (for the six months ended 30 September 2019: nil) and government subsidies of approximately HK\$4.9 million (for the six months ended 30 September 2019: nil).

## **Administrative expenses**

Administrative expenses decreased from approximately HK\$14.7 million for the six months ended 30 September 2019 to approximately HK\$7.5 million for the six months ended 30 September 2020, representing a decrease of approximately 48.8%. Such decrease was mainly attributable to the fact that there is a non-recurring listing expenses of HK\$7.4 million for the six months ended 30 September 2019 (for the six months ended 30 September 2020: nil).

## **Finance costs**

Finance costs decreased from approximately HK\$0.6 million for the six months ended 30 September 2019 to approximately HK\$0.1 million for the six months ended 30 September 2020, representing a decrease of approximately 74.6%. Such decrease was mainly attributable to the decrease in interest expense on existing bank loans during the six months ended 30 September 2020.

## **Income tax**

Income tax expenses increased to approximately HK\$2.5 million for the six months ended 30 September 2020 compared to approximately HK\$1.8 million for the six months ended 30 September 2019, representing an increase of approximately 40.1%. Such increase was mainly due to the increase in assessable profits of the Group during the six months ended 30 September 2020.

## **Profit attributable to the equity shareholders of the Company**

As a result of the foregoing, the profit attributable to the equity shareholders of the Company amounted to approximately HK\$12.9 million for the six months ended 30 September 2020 as compared to approximately HK\$3.0 million for the six months ended 30 September 2019, representing an increase of approximately 331.4%.

## **Interim dividend**

The Board has resolved not to recommend the declaration of any interim dividend for the six months ended 30 September 2020 (for the six months ended 30 September 2019: nil).

## **Liquidity and financial resources**

Our primary uses of capital are to satisfy our working capital needs and to fund our construction projects. We financed our working capital primarily from (i) cash generated from operating activities, which primarily comprised cash payments we received from our revenue from the provision of formwork works and other construction works; (ii) bank borrowings; and (iii) proceeds from issuance of new shares. In managing our liquidity, our management monitors and maintains a reasonable level of cash and cash equivalents which are deemed adequate by our management to finance our operations and to mitigate the impacts of fluctuations in cash flows. We rely on cash and cash equivalents on hand and the cash generated from operating activities as the main sources of liquidity. As at 30 September 2020, the cash and cash equivalents, net current assets and total assets less current liabilities were HK\$121.2 million (as at 31 March 2020: HK\$121.0 million), HK\$213.9 million (as at 31 March 2020: HK\$211.4 million) and HK\$245.4 million (as at 31 March 2020: HK\$233.8 million), respectively.

## **Contingent liabilities**

As at 30 September 2020, the Group did not have any material contingent liabilities (31 March 2020: nil).

## **Capital commitments**

As at 30 September 2020, the Group had capital commitments of approximately HK\$7.0 million (31 March 2020: approximately HK\$8.7 million) contracted but not provided for the acquisition of property, plant and equipment.

## **Funding and treasury policy**

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the Board of Directors 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 currency risk**

The Group has no significant exposure to foreign currency risk because almost all of the Group's transactions are denominated in Hong Kong dollars. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should and when appropriate.

## Gearing ratio

As at 30 September 2020, the Group's gearing ratio was approximately 4.1% (31 March 2020: approximately 4.3%), representing total bank and other borrowings as a percentage of total equity. The decrease in gearing ratio was attributed to the increase in total equity from approximately HK\$230.9 million as at 31 March 2020 to approximately HK\$243.8 million as at 30 September 2020.

## Segment information

Save as disclosed in note 5 to the unaudited condensed consolidated interim financial statements in this announcement, the Group's business was regarded as a single operating segment and the Group had no geographical segment information presented as at 30 September 2020.

## BUSINESS REVIEW AND FUTURE PROSPECT

During the reporting period, the Group was principally engaged in the provision of formwork work services in Hong Kong. Looking ahead, the formwork industry will face challenges and competition due to the uncertainties of construction industry in Hong Kong brought by the outbreak of novel coronavirus (COVID-19) epidemic in Hong Kong since January 2020 and the expected economic downturn. Hong Kong construction developers may adopt pricing strategies and conservative development plans in the near future. In light of such challenges and competition, the Group will implement the following strategies to strengthen its competitiveness and operational efficiency:

1. The Group will continue to try its best to implement tight cost control measures on existing projects, improve the efficiency of work-flow throughout the construction process, and strengthen the effectiveness of project management.
2. The Group is planning to diversify its business and sources of income, including without limitation, stepping into the financial and securities market in Hong Kong. On 12 October 2020, Titan Hwaks Limited (the "**Purchaser**"), a wholly owned subsidiary of the Company, Element Delight Limited (the "**Vendor**") and Yau Wai Chung (the "**Guarantor**") entered into a sale and purchase agreement (the "**Agreement**"), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the entire issued share capital of Yellow River Securities Limited at the consideration of HK\$11,000,000 (subject to downward adjustment), which will be satisfied by cash and the Guarantor agreed to guarantee the performance of the Vendor's obligations under the Agreement. For further details, please refer to the announcement of the Company dated 12 October 2020.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

During the reporting period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

## **SIGNIFICANT INVESTMENT HELD**

During the reporting period, the Group had no significant investment held.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

During the reporting period, save as disclosed in the Prospectus, the Group does not have other plans for material investments and capital assets.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2020, the Group employed 32 employees in Hong Kong (as at 31 March 2020: 35 employees). The remuneration package that our Group offers to employees includes salary, bonuses and other cash subsidies. In general, our Group determines employee salaries based on each employee's qualifications, position and seniority. As required by Hong Kong laws, we have enrolled all of our fulltime staff in the Mandatory Provident Fund Scheme. We intend to maintain our remuneration package competitive in order to attract and retain talented labour, and we regularly carry out staff evaluation to assess their performance.

## **USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING**

The shares of the Company (the “**Shares**”) have been listed and traded on the Main Board of the Stock Exchange since 28 June 2019 (the “**Listing**”). The net proceeds from the Listing amounted to approximately HK\$86.8 million as disclosed in the “**Announcement of Offer Price and Allocation Results**” (the “**Announcement**”) dated 27 June 2019.

The utilisation of net proceeds raised by the Group from the Listing Date up to 30 September 2020 is as below.

Business strategies as stated in the Prospectus	%	Planned use of net proceeds as stated in the Prospectus <i>HK\$ million</i>	Actual use of net proceeds up to 30 September 2020 <i>HK\$ million</i>	Unutilised balance up to 30 September 2020 <i>HK\$ million</i>	Expected timeframe for remaining unused net proceeds <sup>(Note)</sup>
Financing the startup costs for projects commencing from the calendar year 2019	89.9	78.0	78.0	—	—
Purchasing metal scaffold equipment and related expenses	10.1	8.8	8.8	—	—
<b>Total</b>	<u>100.0</u>	<u>86.8</u>	<u>86.8</u>	<u>— (Note)</u>	

*Note:* The amount of the net proceeds of approximately HK\$86.8 million was fully utilized as at 30 September 2020.

## COMPETITION AND CONFLICT OF INTERESTS

During the six months ended 30 September 2020, none of the Directors or the controlling shareholders of the Company and their respective associates (as defined under the Listing Rules) had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code during the six months ended 30 September 2020.

## CORPORATE GOVERNANCE PRACTICE

The Company and the Board are devoted to achieve and maintain high standards of corporate governance, as the Board believes that good and effective corporate governance practices are fundamental to obtain and maintain the trust and safeguarding interest of the shareholders and other stakeholders of the Company. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules.

To the best knowledge of the Board, except for the deviation from the code provision A.2.1 of the CG Code, the Company has complied with the code provisions in the CG Code during the six months ended 30 September 2020 and up to the date of this announcement.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. However, having considered (i) the nature and extent of the Group's operations; (ii) Mr. Ip Chi Ming's in-depth knowledge and experience in the construction industry and familiarity with the operations of the Group; (iii) that all major decisions are made in consultation with members of the Board and relevant Board committees; and (iv) that there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers and authorities between the Board and management of the Company and that it is in the best interest of the Group to have Mr. Ip Chi Ming taking up both roles. As such, the roles of chairman and chief executive officer of the Group are not being separated pursuant to code provision A.2.1 of the CG Code.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

#### **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") was established on 6 June 2019. The Company have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three members, namely Mr. Pau Chi Hoi, Mr. Shum Hau Tak together with Mr. Law Chi Hung, our independent non-executive Director who possesses the appropriate accounting or related financial management expertise, being the chairman of the committee.

The primary duties of the Audit Committee are to review, supervise, and assist our Board in providing an independent view of, our financial reporting processes, and internal control and risk management systems, as well as to oversee the audit process, review our annual and interim financial statements, provide advice and comments to the Board on matters related to corporate governance, and perform other duties and responsibilities as assigned by our Board from time to time.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2020 and this announcement and is of the opinion that the relevant unaudited condensed consolidated financial statements have been prepared in compliance with the applicable accounting standards and the requirement under the Listing Rule and that adequate disclosure have been made.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

### **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme on 8 June 2019 (“**Share Option Scheme**”) in which certain participants, including any employee (full-time or part-time), director, consultant, adviser or substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, may be granted options to subscribe for the Shares. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to above parties and to promote the success of the business of the Group. The Share Option Scheme shall expire at the close of business on 7 June 2029 unless terminated earlier by the shareholders of the Company (the “**Shareholders**”) in general meeting. The Directors believe that the Share Option Scheme is important for the recruitment and retention of quality executives and employees.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and
- (iii) the nominal value of a Share on the date of grant of the option.

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of this Company (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the Shares in issue as at the Listing Date. Therefore, the Company may grant options in respect of up to 100,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 100,000,000 Shares from time to time) to the participants under the Share Option Scheme.

An offer for the grant of options must be accepted within seven days from and inclusive of the day on which such offer is made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1. The total

number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his associates abstaining from voting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

During the six months period ended 30 September 2020, no share option was granted, exercised, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme.

#### **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement will be published on the respective websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.silvertide.hk](http://www.silvertide.hk)). The interim report for the six months ended 30 September 2020 containing all the information required by the Listing Rules will be published on the websites of the Company and the Hong Kong Exchanges and Clearing Limited and despatched to the shareholders in due course.

#### **SUBSEQUENT EVENTS AFTER THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The event that has a significant impact on the Group and occurred since 30 September 2020 and up to the date of this announcement has been stated in the paragraphs of the section headed "Management Discussion and Analysis — Business Review and Future Prospect" above.

By order of the Board  
**Silver Tide Holdings Limited**  
**Ip Chi Ming**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 27 November 2020

*As at the date of this announcement, the Board of the Company comprises Mr. Ip Chi Ming (Chairman and Chief Executive Officer), Mr. Wong Kin Wah and Ms. Hui Nok Yi as executive Directors, and Mr. Shum Hau Tak, Mr. Pau Chi Hoi and Mr. Law Chi Hung as independent non-executive Directors.*