

Silver Tide Holdings Limited

銀濤控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1943

2020

Interim Report



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CORPORATE INFORMATION

Directors

Executive Directors:

Mr. Ip Chi Ming

(Chairman and Chief Executive Officer)

Mr. Wong Kin Wah

Ms. Hui Nok Yi

Independent Non-executive Directors:

Mr. Law Chi Hung

Mr. Shum Hau Tak

Mr. Pau Chi Hoi

Registered office in the Cayman Islands

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Headquarters, head office and principal
place of business in Hong Kong

Flat A-B, 14th Floor

Skyline Tower

No. 18 Tong Mi Road

Mongkok

Kowloon

Hong Kong

Company's website

www.silvertide.hk

Company secretary

Ms. Chow Hoi Fei

(Certified Public Accountant)

Authorised representatives

Mr. Ip Chi Ming

Ms. Chow Hoi Fei

(Certified Public Accountant)

Audit committee

Mr. Law Chi Hung *(Chairman)*

Mr. Shum Hau Tak

Mr. Pau Chi Hoi

Nomination committee

Mr. Pau Chi Hoi *(Chairman)*

Mr. Law Chi Hung

Mr. Wong Kin Wah

Remuneration committee

Mr. Shum Hau Tak *(Chairman)*

Mr. Pau Chi Hoi

Mr. Ip Chi Ming

Principal share registrar and transfer office
in the Cayman Islands

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Island

CORPORATE INFORMATION

Hong Kong branch share registrar and transfer office

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point
Hong Kong

Principal banker

Bank of China (Hong Kong) Limited
24th Floor, Bank of China Tower
1 Garden Road
Hong Kong

Auditor

BDO Limited
(Certified Public Accountants)

Compliance adviser

Grande Capital Limited

Legal adviser

D. S. Cheung & Co.

Stock code

1943

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Charges on assets

As at 30 September 2020, the Group did not have any charges on assets (as at 31 March 2020: nil).

Contingent liabilities

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

Capital commitments

As at 30 September 2020, the Group had capital commitments of approximately HK\$7.0 million (as at 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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% (as at 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 report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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	Actual use of	Unutilised	Expected
		net proceeds as stated in the Prospectus	net proceeds up to 30 September 2020	balance up to 30 September 2020	timeframe for remaining unused net proceeds ^(Note)
		HK\$ million	HK\$ million	HK\$ million	
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	—	—
Total	100.0	86.8	86.8	— ^(Note)	

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

OTHER INFORMATION

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 interim report.

OTHER INFORMATION

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 report 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 requirements under the Listing Rules and that adequate disclosures have been made.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the date of this interim report, the interests and short positions of the Directors and the chief executives 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 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 the Model Code contained in Appendix 10 of the Listing Rules, were as follows:

Name of Director	Capacity/Nature	Number of shares held/interested	Percentage of interest
Mr. Ip Chi Ming	Interest in a controlled Corporation (<i>Note</i>)	750,000,000	75.0%

Note: The Shares are held by Silver Tide Enterprises Limited, the equity interest of which is owned as to 100% by Mr. Ip Chi Ming. Mr. Ip Chi Ming is deemed to be interested in all the Shares held by Silver Tide Enterprises Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as at the date of this interim report, none of the Directors nor chief executive of the Company has registered an interests and 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 the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

So far as the Directors are aware, as at the date of this interim report, the following persons (not being Directors or chief executive of the Company) have or are deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under section 336 of the SFO:

The Company

Name	Capacity/Nature	Number of shares held/interested	Percentage of interest
Silver Tide Enterprises Limited	Beneficial owner	750,000,000	75.0%
Ms. Wong Fong Choi	Interest of spouse (<i>Note</i>)	750,000,000	75.0%

Note: Ms. Wong Fong Choi is Mr. Ip Chi Ming's spouse and is deemed to be interested in the 750,000,000 Shares in which Mr. Ip Chi Ming is interested for the purpose of the SFO.

Save as disclosed above, as at the date of this interim report, none of the substantial shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

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.

OTHER INFORMATION

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 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

OTHER INFORMATION

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

The interim results announcement of the Company has been published on the website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.silvertide.hk). This interim report will be despatched to the Shareholders of the Company and is available on the above websites 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 report 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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	31,053	21,866
Deferred tax assets		439	456
Total non-current assets		31,492	22,322
CURRENT ASSETS			
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	15	121,153	120,960
Tax recoverable		—	296
Total current assets		275,698	255,075
CURRENT LIABILITIES			
Contract liabilities	13	—	204
Trade and retention payables	16	30,512	26,552
Other payables and accruals		16,307	3,842
Lease liabilities		2,797	3,041
Interest-bearing bank loans	17	10,000	10,000
Tax payables		2,161	—
Total current liabilities		61,777	43,639
NET CURRENT ASSETS		213,921	211,436
TOTAL ASSETS LESS CURRENT LIABILITIES		245,413	233,758
NON-CURRENT LIABILITIES			
Lease liabilities		1,658	2,899
Total non-current liabilities		1,658	2,899
Net assets		243,755	230,859

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

		30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
	Notes		
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	10,000	10,000
Reserves	20	<u>233,755</u>	<u>220,859</u>
Total equity		<u><u>243,755</u></u>	<u><u>230,859</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Attributable to owners of the Company

	Share capital HK\$'000 Note 18	Share Premium HK\$'000	Merger reserve HK\$'000 Note 20(b)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2019	—	—	2,000	133,358	135,358
Profit and total comprehensive income for the period	—	—	—	2,989	2,989
Capitalisation issue (note 18)	7,500	(7,500)	—	—	—
Issue of new shares pursuant to the Share offer (note 18)	2,500	122,500	—	—	125,000
Share issue expenses	—	(15,843)	—	—	(15,843)
At 30 September 2019	<u>10,000</u>	<u>99,157</u>	<u>2,000</u>	<u>136,347</u>	<u>247,504</u>
At 1 April 2020	10,000	99,157	2,000	119,702	230,859
Profit and total comprehensive income for the period	—	—	—	12,896	12,896
At 30 September 2020	<u>10,000</u>	<u>99,157*</u>	<u>2,000*</u>	<u>132,598*</u>	<u>243,755</u>

* These reserve accounts comprise the consolidated reserves of HK\$233,755,000 (31 March 2020: HK\$220,859,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Unaudited six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Net cash from/(used in) operating activities	11,414	(17,415)
Cash flows from investing activities		
Purchases of items of property, plant and equipment	(9,826)	(11,305)
(Increase)/decrease in amount due from ultimate holding company	(9)	50
Net cash flows used in investing activities	(9,835)	(11,255)
Cash flows from financing activities		
New bank loans	20,000	—
Principal portion of lease payments	(1,241)	—
Interest paid for bank loans	(145)	(809)
Repayment of bank loans	(20,000)	(10,613)
Increase in amount due to a director	—	10,000
Proceeds from issue of new shares	—	125,000
Share issue expenses	—	(15,843)
Net cash (used in)/from financing activities	(1,386)	107,735
Net increase in cash and cash equivalents	193	79,065
Cash and cash equivalents at beginning of period	120,960	36,126
Cash and cash equivalents at the end of period	121,153	115,191

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM 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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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	<i>Definition of a Business</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
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.

Amendments to HKFRS 3: Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process". Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions. An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8: Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRSs and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7: Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Conceptual Framework for Financial Reporting (Revised)

The revised Framework is not a Standard nor an Accounting Guideline. It does not override any Standard, any requirement in a Standard or Accounting Guideline. The revised Framework includes: new chapters on measurement and reporting financial performance; new guidance on derecognition of assets and liabilities; updated definitions of asset and liability; and clarifications in the roles of stewardship, prudence and measurement uncertainty in financial reporting.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. OPERATING SEGMENT INFORMATION (CONTINUED)

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 HK\$'000 (Unaudited)	2019 HK\$'000 (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	<u>3,909</u>	<u>86,547</u>

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue from contracts with customers		
Construction services		
Private sector	158,676	232,859
Public sector	52,935	15,175
	<u>211,611</u>	<u>248,034</u>
Other income and gains		
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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (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 HK\$'000 (Unaudited)	2019 HK\$'000 (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>(4,900)</u>	<u>—</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. PROFIT BEFORE TAX (CONTINUED)

- * 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 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current — Hong Kong		
— Charge for the period	2,529	1,012
Deferred tax	17	805
	<hr/>	<hr/>
Total tax charge for the period	<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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. CONTRACT ASSETS/(LIABILITIES)

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

Movements in contract assets:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

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 work performed by the Group.

Movements in contract liabilities:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (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	(204)	—
	<hr/>	<hr/>
Balance at end of the year	<u>—</u>	<u>204</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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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:

	30 September 2020 HK\$'000 (Unaudited)	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>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. CASH AND CASH EQUIVALENTS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Cash and bank balances	70,732	56,197
Time deposit	50,421	64,763
	<hr/>	<hr/>
Cash and cash equivalents	<u>121,153</u>	<u>120,960</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

16. 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:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. TRADE AND RETENTION PAYABLES (CONTINUED)

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.

17. INTEREST-BEARING BANK LOANS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Bank loans — unsecured	<u>10,000</u>	<u>10,000</u>
	<u>10,000</u>	<u>10,000</u>
Analysed based on scheduled repayment terms set out in the loan agreements, into:		
Bank loans repayable: Within one year or on demand	<u>10,000</u>	<u>10,000</u>
	<u>10,000</u>	<u>10,000</u>

At 30 September 2020, the above bank borrowings bear interest at effective interest rates ranging HIBOR plus 2.75% (31 March 2020: HIBOR plus 2.75%) for the period.

Notes:

- (a) As at 30 September 2020 and 31 March 2020, the Group's bank loans and banking facilities are guaranteed by corporate guarantee provided by the Company.
- (b) The carrying amounts of the bank loans of the Group approximate to their fair values.
- (c) The Group's bank loans are all denominated in Hong Kong dollars.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. SHARE OPTION SCHEME (CONTINUED)

The maximum number of unexercised shares in respect of which options may be granted under the Scheme is such a number of shares representing 10% of the issued share capital of the Company as at the Listing Date, i.e. 100,000,000 shares. The 10% limit may be refreshed at any time by approval of the shareholders in the general meeting. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to directors, chief executive or substantial shareholders of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options must be accepted within 7 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange daily quotations sheet on the date of grant of the share options; (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange daily quotations sheet for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No option has been granted from the date of adoption of the Scheme up to the date of approval of these consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the condensed consolidated statement of changes in equity on page 19.

(b) Merger reserve

The merger reserve represents the aggregate of the paid-up share capital of the subsidiaries now comprising the Group before the completion of the Reorganisation.

21. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Details of bank loans secured or guaranteed by related parties are disclosed in note 17 to the financial statements.

(b) Outstanding balances with related parties

As disclosed in the consolidated statement of financial position, the Group had an outstanding balance due from the ultimate holding company at 30 September 2020 and 31 March 2020. The amounts due from ultimate holding company was non-trade, unsecured, interest-free and repayable on demand.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

The remuneration of key management personnel were as follows:

	Unaudited Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Salaries, allowances and benefits	2,214	1,139
Pension scheme contributions	54	27
	<u>2,268</u>	<u>1,166</u>

22. FINANCIAL INSTRUMENTS

The following table shows the carrying amount of financial assets and liabilities:

	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 HK\$'000
Financial assets		
At amortised cost		
– Trade receivables	28,190	18,508
– Contract assets	120,859	107,310
– Financial assets included in prepayments, other receivables and other assets	5,322	4,806
– Amount due from ultimate holding company	20	11
Cash and cash equivalents	<u>121,153</u>	<u>120,960</u>
Financial liabilities		
At amortised cost		
– Trade and retention payables	30,512	26,552
– Financial liabilities included in other payables and accruals	8,181	2,620
– Lease liabilities	4,455	5,940
– Interest-bearing bank loans	<u>10,000</u>	<u>10,000</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement

The fair value measurement of the Group's financial and non-financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "Fair Value Hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, contract assets, an amount due from the ultimate holding company, prepayments, other receivables, trade and retention payables, other payables and accruals and interest-bearing bank loans.

Due to their short term nature, the carrying value of cash and cash equivalents, trade receivables, contract assets, an amount due from the ultimate holding company, prepayments, other receivables, trade and retention payables, other payables and accruals and interest-bearing bank loans approximates fair value.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23. 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 report, the Group was not aware of any material adverse effects on the consolidated financial statements as a result of the COVID-19 outbreak.

24. 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.