

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **Silver Tide Holdings Limited**

### **銀濤控股有限公司**

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

**(Stock Code: 1943)**

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Silver Tide Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2021, together with comparative figures for the previous year as follows:

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

*For the year ended 31 March*

	<i>Notes</i>	<b>2021 HK\$'000</b>	2020 HK\$'000
Revenue	6	<b>437,177</b>	437,778
Cost of sales		<u><b>(419,556)</b></u>	<u>(429,323)</u>
Gross profit		<b>17,621</b>	8,455
Other income and gains	6	<b>15,799</b>	1,836
Administrative expenses		<b>(18,259)</b>	(23,829)
Finance costs	7	<u><b>(248)</b></u>	<u>(1,104)</u>
PROFIT/(LOSS) BEFORE TAX	8	<b>14,913</b>	(14,642)
Income tax (expense)/credit	9	<u><b>(786)</b></u>	<u>986</u>
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u><b>14,127</b></u>	<u>(13,656)</u>
Profit/(loss) and total comprehensive income/(loss) attributable to owners of the parent		<u><b>14,127</b></u>	<u>(13,656)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	11	<u><b>HK1.4 cents</b></u>	<u>HK(1.5) cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>12</i>	<b>26,750</b>	21,866
Prepayments, other receivables and other assets		<b>4,210</b>	—
Deferred tax assets		—	456
		<hr/>	<hr/>
Total non-current assets		<b>30,960</b>	22,322
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Contract assets	<i>13</i>	<b>144,710</b>	107,310
Trade receivables	<i>14</i>	<b>27,917</b>	18,508
Amount due from the ultimate holding company		<b>31</b>	11
Prepayments, other receivables and other assets		<b>15,663</b>	7,990
Cash and cash equivalents		<b>77,270</b>	120,960
Tax recoverable		<b>368</b>	296
		<hr/>	<hr/>
Total current assets		<b>265,959</b>	255,075
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Contract liabilities	<i>13</i>	—	204
Trade and retention payables	<i>15</i>	<b>42,412</b>	26,552
Other payables and accruals		<b>4,949</b>	3,842
Interest-bearing bank loans		—	10,000
Lease liabilities		<b>1,975</b>	3,041
		<hr/>	<hr/>
Total current liabilities		<b>49,336</b>	43,639
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>216,623</b>	211,436
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>247,583</b>	233,758
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>2,267</b>	2,899
Deferred tax liabilities		<b>330</b>	—
		<hr/>	<hr/>
Total non-current liabilities		<b>2,597</b>	2,899
		<hr/>	<hr/>
Net assets		<b>244,986</b>	230,859
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	<i>16</i>	<b>10,000</b>	10,000
Reserves		<b>234,986</b>	220,859
		<hr/>	<hr/>
Total equity		<b>244,986</b>	230,859
		<hr/> <hr/>	<hr/> <hr/>

## NOTES

### 1. CORPORATE AND GROUP INFORMATION

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 Group are principally engaged in providing construction services, including traditional formwork using timber and plywood, system formwork using aluminium and steel, and ancillary works such as concrete works and reinforcement works for the public and private sectors in Hong Kong.

Pursuant to the reorganisation of the Company in connection with the listing of its shares on the Stock Exchange (the “**Reorganisation**”), the Company became the holding company of the companies now comprising the Group on 5 September 2018. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 18 June 2019 (the “**Prospectus**”).

The immediate and ultimate holding company of the Company is Silver Tide Enterprises Limited (“**Silver Tide Enterprises**”), which is incorporated in the British Virgin Islands (“**BVI**”). Silver Tide Enterprises is wholly-owned by Mr. Ip Chi Ming, who is an executive director of the Company.

#### 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
Titan Hwaks Limited	BVI	US\$1	100	—	Investment holding

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

### **Basis for consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	Definition of Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

### 4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 <sup>1</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>3</sup>
Amendments to HKAS 37	Onerous Contracts Cost of Fulfilling a Contract <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>5</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>3</sup>
Amendments to HKAS 1	Disclosure of Accounting Policies <sup>5</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>5</sup>
Amendments to HKFRS 16	COVID-19 — Related Rent Concession beyond 30 June 2021 <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>4</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023.

The above new or revised HKFRSs that have been issued but not yet effective are not likely to have material impact on the Group's consolidated results and consolidated financial statements upon application.

## 5. OPERATING SEGMENT INFORMATION

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

The information reported to the Directors of the Group, 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 review 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 year is set out below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer I	279,847	135,091
Customer II	58,331	60,760
Customer III	37,368	117,562
Customer IV	44,124	—*

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

\* *Less than 10% 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
Construction services		
Private sector	367,051	343,844
Public sector	<u>70,126</u>	<u>93,934</u>
	<u>437,177</u>	<u>437,778</u>
<b>Other income and gains</b>		
Bank interest income	653	1,369
Rental income	600	250
Government grants	12,777	71
Exchange gains, net	1,769	131
Gain on disposal of items of property, plant and equipment	—	5
Others	<u>—</u>	<u>10</u>
	<u>15,799</u>	<u>1,836</u>

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank loans and overdrafts	97	939
Interest on lease liabilities	<u>151</u>	<u>165</u>
	<u>248</u>	<u>1,104</u>

## 8. PROFIT/(LOSS) BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Costs of inventories recognised as expenses	73,378	87,835
Contract costs	419,556	429,323
Provision for contract works*	779	772
Depreciation of owned assets	13,592	6,847
Depreciation of right-of-use assets	2,662	1,545
	<u>16,254</u>	<u>8,392</u>
Lease payments not included in the measurement of lease liabilities	274	306
Auditors' remuneration	1,000	1,500
Employee benefit expense (excluding Directors' and chief executive's remuneration)		
Wages and salaries*	12,608	11,223
Pension scheme contributions*	475	437
	<u>13,083</u>	<u>11,660</u>
Gain on disposal of items of property, plant and equipment	—	(5)
Gain on termination of lease	(55)	—
Written-off of items of property, plant and equipment*	2	364
Government grants**	<u>(12,777)</u>	<u>(71)</u>

\* During the year, wages and salaries of HK\$6,734,000 (2020: HK\$5,693,000), pension scheme contributions of HK\$301,000 (2020: HK\$244,000), provision for contract works of HK\$779,000 (2020: HK\$772,000) and written-off of items of property, plant and equipment of HK\$2,000 (2020: HK\$364,000), are included in contract costs disclosed above.

\*\* Grants have been received from the Construction Industry Council, an institution established by the Government of the Hong Kong Special Administrative Region, for strengthening hygienic control measures, providing on-the-job training for graduate engineers and trainees and the Government subsidies under Employee Support Scheme for the Covid-19 pandemic. There were no unfulfilled conditions or contingencies relating to these grants.

## 9. INCOME TAX

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.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/19. The first HK\$2 million of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	—	—
Deferred	786	(986)
	<u>786</u>	<u>(986)</u>
Total tax charge/(credit) for the year	<u>786</u>	<u>(986)</u>

## 10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 March 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

## 11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings/(loss) per share is based on:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) attributable to ordinary equity holders of the Company for the purpose of calculating earnings/(loss) per share	<u>14,127</u>	<u>(13,656)</u>
	<b>Number of shares</b>	
	2021	2020
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<u>1,000,000</u>	<u>939,891</u>

The weighted average number of ordinary shares used to calculate the basic loss per share amount for the year ended 31 March 2021 and 31 March 2020 includes 1 ordinary share of the Company issued on 24 July 2018 (note 16(a)), 99 ordinary shares issued pursuant to the Reorganisation (note 16(b)), and 749,999,900 ordinary shares issued pursuant to the capitalisation issue (note 16(c)), as if all these shares had been in issue throughout the year ended 31 March 2020, and the weighted average of 250,000,000 new shares issued pursuant to the Share Offer (note 16(d)).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2021 and 2020.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 March 2021, the Group acquired property, plant and equipment with a cost of HK\$20,097,000 (2020: HK\$18,347,000) and recognised additions to right-of-use assets of HK\$2,605,000 (2020: HK\$7,335,000).

## 13. CONTRACT ASSETS/(LIABILITIES)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract assets		
Unbilled revenue	60,050	35,592
Retention receivables	<u>84,660</u>	<u>71,718</u>
	<u>144,710</u>	<u>107,310</u>
Contract liabilities	<u>—</u>	<u>(204)</u>
	<u><u>144,710</u></u>	<u><u>107,106</u></u>

Movements in contract assets:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At the beginning of the year	107,310	105,902
Addition in contract assets	73,747	56,553
Transfer to trade receivables	<u>(36,347)</u>	<u>(55,145)</u>
Balance at end of the year	<u><u>144,710</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 work performed by the Group.

#### 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 30 days. Within 30 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	23,755	18,508
31 to 60 days	596	—
61 to 90 days	—	—
Over 90 days	3,566	—
	<u>27,917</u>	<u>18,508</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	42,196	26,288
31 to 60 days	208	22
61 to 90 days	1	—
Over 90 days	7	—
	<u>42,412</u>	<u>26,310</u>
Retention payables	—	242
	<u>42,412</u>	<u>26,552</u>

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. SHARE CAPITAL

The movements in the Company's share capital during the period from 24 July 2018 (date of incorporation) to 31 March 2021 were as follows:

	<i>Notes</i>	<b>Number of ordinary shares of HK\$0.01 each</b>	<b>Nominal value of ordinary shares HK\$'000</b>
Authorised:			
At 24 July 2018 (date of incorporation),			
31 March 2019 and 1 April 2019	<i>(a)</i>	38,000,000	380
Increase in authorised share capital on 8 June 2019	<i>(c)</i>	<u>1,962,000,000</u>	<u>19,620</u>
At 31 March 2020, 1 April 2020 and 31 March 2021		<u><u>2,000,000,000</u></u>	<u><u>20,000</u></u>
Issued and fully paid:			
At 24 July 2018 (date of incorporation)	<i>(a)</i>	1	—
Issue of new shares pursuant to the Reorganisation	<i>(b)</i>	<u>99</u>	<u>—</u>
At 31 March 2019 and 1 April 2019		100	—
Capitalisation issue	<i>(c)</i>	749,999,900	7,500
Issue of new shares pursuant to the Share Offer	<i>(d)</i>	<u>250,000,000</u>	<u>2,500</u>
At 31 March 2020, 1 April 2020 and 31 March 2021		<u><u>1,000,000,000</u></u>	<u><u>10,000</u></u>

*Notes:*

- (a) The Company was incorporated in the Cayman Islands on 24 July 2018 with initial authorised share capital of 38,000,000 shares at a par value of HK\$0.01. On the date of incorporation, 1 ordinary share of HK\$0.01 was allotted and issued by the Company.
- (b) On 5 September 2018, 99 shares with a par value of HK\$0.01 each was allotted and issued by the Company pursuant to the Reorganisation.
- (c) On 8 June 2019, an ordinary resolution of the Company was passed and pursuant to which the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of 1,962,000,000 additional shares of HK\$0.01 each.

Pursuant to the resolutions of the shareholder passed on 25 June 2019, the Company allotted and issued a total of 749,999,900 ordinary shares, credited as fully paid at par, to Silver Tide Enterprises on 28 June 2019 by way of capitalisation of the sum of HK\$7,499,999 standing to the credit of the share premium account of the Company.

- (d) In connection with the listing of the shares of the Company on the Stock Exchange, 250,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$0.50 per share for a total cash consideration, before expenses, of HK\$125,000,000. Dealings in the shares of the Company on the Stock Exchange commenced on the Listing Date.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

- Revenue was approximately HK\$437.2 million for the year ended 31 March 2021, which was relatively stable as compared with the revenue of approximately HK\$437.8 million for the year ended 31 March 2020.
- Gross profit was approximately HK\$17.6 million for the year ended 31 March 2021 representing an increase of approximately 108.4% as compared with the same for the year ended 31 March 2020.
- Profit attributable to owners of the parent was approximately HK\$14.1 million for the year ended 31 March 2021, whereas loss attributable to owners of the parent was approximately HK\$13.7 million for the year ended 31 March 2020.
- Basic earnings per share was approximately HK1.4 cents for the year ended 31 March 2021, and basic loss per share was approximately HK1.5 cents for the year ended 31 March 2020.
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2021.

### BUSINESS REVIEW

The Group is principally engaged in the provision of formwork works services to both the public and private sectors in the construction industry in Hong Kong. The formwork business undertaken by our Group mainly include (i) traditional formwork using timber and plywood; and (ii) system formwork using aluminium and steel. The Group started its formwork works since 1998 and has more than 22 years of experience in the provision of its services in Hong Kong.

Our revenue was approximately HK\$437.2 million for the year ended 31 March 2021 which was relatively stable as compared with our revenue of approximately HK\$437.8 million for the year ended 31 March 2020.

During the year ended 31 March 2021, the Group has purchased approximately HK\$19.2 million metal scaffolding equipment and rented two warehouses for storing metal scaffolding equipment. The Group kept on pushing forward with own equipment so as to reduce our reliance on external metal scaffolding equipment suppliers.

## **BUSINESS PROSPECT**

During the year, the Group was principally engaged in the provision of formwork work services in Hong Kong. Looking forward, the Directors are of the view that the coming year will remain challenging for the Group's business due to the intensified competition, shortage of skilled labour and increasing cost of labour, while the Hong Kong economy is still in recovery after the outbreak of COVID-19.

Having said that, the Directors believe that the increase in land supply in the medium to long term and the continuous effort in developing land resources (as supported by the Government's 2020 Policy Address) offers emerging opportunities of business development of the Group. The Directors are confident that the Group is well-positioned to grasp such emerging opportunities by taking up new projects and, hence, to overcome the multitudes of challenges and adversities brought by the outbreak of the COVID-19 epidemic. In this regard, the Group will continue to closely monitor the market, 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.

As at 31 March 2021, the Group had 8 projects on hand that have been awarded to us but not completed, and the original contract value of such projects amounted to approximately HK\$765.3 million.

On top of the above, 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, which has been 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.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue was approximately HK\$437.2 million for the year ended 31 March 2021, which was relatively stable as compared with the revenue of approximately HK\$437.8 million for the year ended 31 March 2020.

## **Gross profit and gross profit margin**

The Group's gross profit increased by approximately HK\$9.2 million or 108.4% from approximately HK\$8.5 million for the year ended 31 March 2020 to approximately HK\$17.6 million for the year ended 31 March 2021. Such increase was mainly because we recorded a lower gross profit during the year ended 31 March 2020 for reasons such as (i) an increase in the subcontracting charges during the year ended 31 March 2020 due to the unexpected delay in certain formwork works projects as a result of the then social unrest in Hong Kong and unexpected circumstances arise in a certain project; (ii) an increase in material and consumables costs during the year ended 31 March 2020 as we have procured substantial amount of construction materials and consumables upfront before the commencement of major stage for certain projects as requested by the customers during the year ended 31 March 2020; (iii) certain main contractors of the Group postponed the resumption of work at work sites after the Chinese New Year in 2020; and (iv) the disruption in supply of materials coming from the People's Republic of China which resulted in delay in site progress and increase in cost during the year ended 31 March 2020 due to the prolonged need for maintaining the required site workforce.

## **Other income and gains**

Other income and gains increased by approximately HK\$14.0 million from approximately HK\$1.8 million for the year ended 31 March 2020 to approximately HK\$15.8 million for the year ended 31 March 2021, representing an increase of approximately 760.5%. Such increase was mainly attributable to the increase in government subsidies of approximately HK\$12.8 million (for the year ended 31 March 2020: approximately HK\$0.1 million) and exchange gain of approximately HK\$1.8 million (for the year ended 31 March 2020: HK\$0.1 million).

## **Administrative expenses**

Administrative expenses decreased from approximately HK\$23.8 million for the year ended 31 March 2020 to approximately HK\$18.3 million for the year ended 31 March 2021, representing a decrease of approximately 23.4%. Such decrease was mainly because we did not record any listing expense during the year ended 31 March 2021 (31 March 2020: approximately HK\$7.4 million).

## **Finance costs**

Finance costs decreased from approximately HK\$1.1 million for the year ended 31 March 2020 to approximately HK\$0.2 million for the year ended 31 March 2021, representing a decrease of approximately 77.5%. Such decrease was mainly attributable to the decrease in interest expense on existing bank loans and lease liabilities during the year ended 31 March 2021.

## **Income tax**

For the year ended 31 March 2021, the Group's income tax on expense amounted to approximately HK\$0.8 million, as compared with approximately HK\$1.0 million of income tax credit amount for the year ended 31 March 2020. Such change was mainly due to the increase in assessable profits of the Group during the year ended 31 March 2021.

## **Profit/(Loss) attributable to owners of the parent**

As a result of the foregoing, the profit attributable to owners of the parent amounted to approximately HK\$14.1 million for the year ended 31 March 2021 as compared to the loss attributable to owners of the parent of approximately HK\$13.7 million for the year ended 31 March 2020. If we exclude one-off other income and gains amounting to approximately HK\$12.8 million, the Group recorded minimal net profit from operation for the year ended 31 March 2021 of approximately HK\$1.3 million, which was primarily attributable to substantial cost of sales the Group incurred for one of the Group's project during the year ended 31 March 2021 and the delay of certification of the Group's certain work done by the relevant main contractor as the work done involved several variation orders which the main contractor require additional time for certification and after discussion with the relevant main contractor, such variation orders are expected to be certified before 30 September 2021.

## **Final Dividend**

The Board has resolved not to recommend the declaration of any final dividend for the year ended 31 March 2021 (31 March 2020: 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 stock. 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 31 March 2021, the cash and cash equivalents, net current assets and total assets less current liabilities were approximately HK\$77.3 million (as at 31 March 2020: approximately HK\$121.0 million), approximately HK\$216.6 million (as at 31 March 2020: approximately HK\$211.4 million) and approximately HK\$247.6 million (as at 31 March 2020: approximately HK\$233.8 million), respectively.

## **Contingent Liabilities**

As at 31 March 2021, the Group did not have any material contingent liabilities (as at 31 March 2020: nil).

## **Capital Commitments**

As at 31 March 2021, the Group had capital commitments of approximately HK\$2.0 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.

## **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 31 March 2021, the Group's gearing ratio was nil (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 decrease in interest-bearing bank loans from approximately HK\$10.0 million as at 31 March 2020 to nil as at 31 March 2021.

## **Segment Information**

Save as disclosed in note 5 to the consolidated 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 31 March 2021 and 2020.

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

During the year ended 31 March 2021, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

## SIGNIFICANT INVESTMENT HELD

During the year ended 31 March 2021, the Group had no significant investment held.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended 31 March 2021, the Group does not have other plans for material investments and capital assets.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed 45 employees in Hong Kong (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 full-time 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 "Share") have been listed and traded on the Main Board of the Stock Exchange since 28 June 2019. The net proceeds from the Listing amounted to approximately HK\$86.8 million as disclosed in the "Announcement of Offer Price and Allocation Results" dated 27 June 2019 and the section headed "Future Plans and Use of Proceed" in the Prospectus.

The utilisation of net proceeds raised by the Group from the Listing up to 31 March 2021 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 31 March 2021	balance up to 31 March 2021	time frame for remaining unused net proceeds
		HK\$ million	HK\$ million	HK\$ million	(Note) 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)

*Note:* The amount of net proceeds of approximately HK\$86.8 million was fully utilized as at 31 March 2021.

## **COMPETITION AND CONFLICT OF INTERESTS**

During the year ended 31 March 2021, none of the Directors nor the controlling shareholders of the Company and their respective associates (as defined under Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong (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 year ended 31 March 2021.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float at 25% as required under the Listing Rules as at the date of this Announcement.

## **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 throughout for the year ended 31 March 2021 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 8 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, and all of the members are our independent non-executive Directors namely Mr. Pau Chi Hoi, Mr. Shum Hau Tak (resigned on 30 April 2021) and Mr. Tang Chi Wang (appointed on 30 April 2021) together with Mr. Law Chi Hung, who is the chairman of the Audit Committee, possessing the appropriate accounting or related financial management expertise.

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 approved and reviewed with the management of the Group the accounting principles and policies adopted by the Group, and the consolidated financial information of the Group and the annual results announcement of the Company for the year ended 31 March 2021.

## **SCOPE OF WORK OF BDO LIMITED (“BDO”)**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2021 as set out in this announcement have been agreed by BDO to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on this announcement.

## **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 period from the Listing Date to 31 March 2021.

### **SHARE OPTION SCHEME**

The Company operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Eligible participants of the Scheme include the Company's Directors, full-time or part-time employees of the Group, consultant, adviser, substantial shareholder, distributor, contractor, supplier, agent, customer, business partner and service provider of the Group. The Scheme became effective on 8 June 2019 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

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, exercised, cancelled or lapsed from the date of adoption of the Scheme up to the date of approval of these consolidated financial statements.

### **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on Friday, 27 August 2021. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 24 August 2021 to Friday, 27 August 2021 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Monday, 23 August 2021.

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

This announcement will be published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.silvertide.hk](http://www.silvertide.hk)). The annual report for the year ended 31 March 2021 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.

### **EVENTS AFTER THE REPORTING PERIOD**

There is no material subsequent event, including events related to the Epidemic, undertaken by the Group after 31 March 2021 and up to the date of this announcement.

### **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our management and staff members for their commitment and contribution, and to all our Shareholders, customers, subcontractors, suppliers and business partners for their endless support, and to the growth of the Group.

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

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 30 June 2021

*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. Tang Chi Wang, Mr. Pau Chi Hoi and Mr. Law Chi Hung as independent non-executive Directors.*