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## **Silver Tide Holdings Limited**

**銀濤控股有限公司**

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

**(Stock Code: 1943)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Silver Tide Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2021 together with the comparative figures in 2020, as follows:

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

*For the six months ended 30 September 2021*

|  | <i>Notes</i> | <b>2021<br/>(Unaudited)<br/>HK\$'000</b> | 2020<br>(Unaudited)<br>HK\$'000 |
|--|--------------|--|---------------------------------|
| <b>Revenue</b>   | 6            | <b>191,270</b>                           | 211,611                         |
| Cost of sales  |              | <u>(208,486)</u>                         | <u>(195,073)</u>                |
| <b>Gross (loss)/profit</b>   |              | <b>(17,216)</b>                          | 16,538                          |
| Other income and gains   | 6            | <b>1,435</b>                             | 6,556                           |
| Administrative expenses  |              | <b>(7,771)</b>                           | (7,507)                         |
| Finance costs  | 7            | <u><b>(64)</b></u>                       | <u>(145)</u>                    |
| <b>(Loss)/profit before income tax</b>   | 8            | <b>(23,616)</b>                          | 15,442                          |
| Income tax credit/(expense)  | 9            | <u><b>22</b></u>                         | <u>(2,546)</u>                  |
| <b>(LOSS)/PROFIT AND TOTAL COMPREHENSIVE<br/>(LOSS)/INCOME FOR THE PERIOD</b>                        |              | <u><b>(23,594)</b></u>                   | <u>12,896</u>                   |
| <b>(Loss)/profit and total comprehensive (loss)/income<br/>attributable to owners of the Company</b> |              | <u><b>(23,594)</b></u>                   | <u>12,896</u>                   |
| <b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO<br/>ORDINARY EQUITY HOLDERS OF THE COMPANY</b>          |              |  |                                 |
| Basic and diluted  | 11           | <u><b>(HK\$2.4 cents)</b></u>            | <u>HK\$1.7 cents</u>            |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2021*

|   | <i>Notes</i> | <b>30 September<br/>2021<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2021<br>(Audited)<br>HK\$'000 |
|---|--------------|---|---|
| <b>NON-CURRENT ASSETS</b>                       |              |   |   |
| Property, plant and equipment                   | 12           | 24,912  | 26,750                                    |
| Deposits and other receivables                  |              | 210   | 4,210                                     |
|   |              | <b>25,122</b>   | 30,096                                    |
| <b>TOTAL non-current assets</b>                 |              |   |   |
| <b>CURRENT ASSETS</b>                           |              |   |   |
| Contract assets                                 | 13           | 126,247   | 144,710                                   |
| Accounts receivable                             | 14           | 14,370  | 27,917                                    |
| Amount due from the ultimate holding company    |              | 46  | 31  |
| Prepayments, other receivables and other assets |              | 10,918  | 15,663                                    |
| Cash and cash equivalents                       |              | 151,016   | 77,270                                    |
| Tax recoverable                                 |              | 368   | 368                                       |
|   |              | <b>302,965</b>  | 265,959                                   |
| <b>TOTAL current assets</b>                     |              |   |   |
| <b>CURRENT LIABILITIES</b>                      |              |   |   |
| Accounts payable                                | 15           | 96,282  | 42,412                                    |
| Other payables and accruals                     |              | 3,283   | 4,949                                     |
| Lease liabilities                               |              | 2,413   | 1,975                                     |
|   |              | <b>101,978</b>  | 49,336                                    |
| <b>TOTAL current liabilities</b>                |              |   |   |
| <b>NET CURRENT ASSETS</b>                       |              | <b>200,987</b>  | 216,623                                   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>    |              | <b>226,109</b>  | 247,583                                   |
| <b>NON-CURRENT LIABILITIES</b>                  |              |   |   |
| Lease liabilities                               |              | 4,409   | 2,267                                     |
| Deferred tax liabilities                        |              | 308   | 330                                       |
|   |              | <b>4,717</b>  | 2,597                                     |
| <b>TOTAL non-current liabilities</b>            |              |   |   |
| <b>NET ASSETS</b>                               |              | <b>221,392</b>  | 244,986                                   |
| <b>EQUITY</b>                                   |              |   |   |
| Equity attributable to owners of the parent     |              |   |   |
| Share capital                                   |              | 10,000  | 10,000                                    |
| Reserves  |              | 211,392   | 234,986                                   |
|   |              | <b>221,392</b>  | 244,986                                   |
| <b>TOTAL EQUITY</b>                             |              | <b>221,392</b>  | 244,986                                   |

# 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 traditional formwork using timber and plywood, system formwork using aluminium and steel, ancillary works such as concrete works and reinforcement works for the public and private sectors in Hong Kong and business of securities dealing and broking.

In the opinion of the directors, the immediate 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/<br>registration<br>and business | Issued ordinary<br>share capital | Percentage of<br>equity attributable<br>to the Company |          | Principal activities              |
|---|---|----------------------------------|--|----------|-----------------------------------|
|   |   |                                  | Direct   | Indirect |                                   |
| Forest Honour Limited                   | BVI   | US\$1                            | 100  | —        | Investment holding                |
| Hop Fat Yuk Ying<br>Engineering Limited | Hong Kong   | HK\$2,000,000                    | —  | 100      | Construction services             |
| Titan Hwaks Limited                     | BVI   | US\$1                            | 100  | —        | Investment holding                |
| Yellow River Securities<br>Limited (a)  | Hong Kong   | HK\$11,000,000                   | —  | 100      | Securities dealing and<br>broking |
| Sun Range International<br>Limited (b)  | BVI   | US\$1                            | 100  | —        | Inactive                          |

*Notes:*

- (a) During the period, the Group has acquired 100% equity interest of Yellow River Securities Limited.
- (b) During the period, Sun Range International Limited was incorporated and the Group held 100% equity interest.

## **2. BASIS OF PREPARATION**

These condensed consolidated interim 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 condensed consolidated interim financial statements were authorised for issue on 26 November 2021.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2021 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 2021. 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 condensed consolidated interim 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 condensed consolidated interim 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 2021.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars (“**HKS**”), unless otherwise stated. These condensed consolidated interim 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 condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of condensed consolidated interim financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2021 consolidated financial statements.

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

### 3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the same accounting policies in these condensed consolidated interim financial statements as in its 2021 annual consolidated financial statements, except that it has adopted the following amendments to HKFRSs:

|   |  |
|---|--|
| Amendments to HKFRS 7, HKFRS4,<br>HKFRS 9, HKAS 39, and HKFRS16 | Interest Rate Benchmark Reform — Phase 2                 |
| Amendment to HKFRS 16   | COVID-19-Related Rent Concessions beyond<br>30 June 2021 |

The new or amended HKFRSs that are effective from 1 January 2021 did not have any significant impact on the Group's accounting policies.

#### **Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16: Interest Rate Benchmark Reform — Phase 2**

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

#### **Amendment to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021**

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendment does not affect lessors.

### 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim 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 2021.

## 5. OPERATING SEGMENT INFORMATION

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 contain discrete operating segment financial information and the directors review the financial results of the of these components' performance.

During the six months ended 30 September 2021, the Group diversified its business to dealing and broking service. The Group has identified two (six months ended 30 September 2020: one) reportable segments. The Group's reportable segments are i) Construction services and ii) Dealing and broking. The segments are managed separately as each business offers different services and requires different business strategies.

### Segment revenues and results

#### For the six months ended 30 September 2021 (Unaudited)

|                           | Construction<br>services<br><i>HK\$'000</i> | Dealing and<br>broking<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---------------------------|---|---|--------------------------------|--------------------------|
| External revenue          | <u>191,214</u>                              | <u>56</u>                                 | <u>—</u>                       | <u>191,270</u>           |
| Segment (loss) before tax | <u>(22,141)</u>                             | <u>(456)</u>                              | <u>(997)</u>                   | <u>(23,594)</u>          |

#### For the six months ended 30 September 2020 (Unaudited)

|                           | Construction<br>services<br><i>HK\$'000</i> | Dealing and<br>broking<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---------------------------|---|---|--------------------------------|--------------------------|
| External revenue          | <u>211,611</u>                              | <u>—</u>                                  | <u>—</u>                       | <u>211,611</u>           |
| Segment profit before tax | <u>15,442</u>                               | <u>—</u>                                  | <u>—</u>                       | <u>15,442</u>            |

For the six months ended 30 September 2021 (Unaudited)

|  | Construction<br>services<br><i>HK\$'000</i> | Dealing and<br>broking<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|---|---|--------------------------------|--------------------------|
| Interest income                                  | (5)   | —   | (244)                          | (249)                    |
| Government grants                                | (415)                                       | —   | —                              | (415)                    |
| Finance costs                                    | 61  | —   | 3                              | 64                       |
| Income tax credit                                | (22)  | —   | —                              | (22)                     |
| Addition in property, plant and<br>equipment     | 687   | —   | —                              | 687                      |
| Depreciation of right-of-use-assets              | 1,193                                       | —   | —                              | 1,193                    |
| Depreciation of property, plant and<br>equipment | 5,198                                       | 6   | —                              | 5,204                    |
| Donation   | 480   | —   | —                              | 480                      |
| Gain on early termination of lease               | (118)                                       | —   | —                              | (118)                    |
|  | <u>          </u>                           | <u>          </u>                         | <u>          </u>              | <u>          </u>        |

For the six months ended 30 September 2020 (Unaudited)

|  | Construction<br>services<br><i>HK\$'000</i> | Dealing and<br>broking<br><i>HK\$'000</i> | Unallocated<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|---|---|--------------------------------|--------------------------|
| Interest income                                  | (488)                                       | —   | —                              | (488)                    |
| Government grants                                | (4,900)                                     | —   | —                              | (4,900)                  |
| Finance costs                                    | 145   | —   | —                              | 145                      |
| Income tax expense                               | 2,546                                       | —   | —                              | 2,546                    |
| Addition in property, plant and<br>equipment     | 16,466                                      | —   | —                              | 16,466                   |
| Depreciation of right-of-use-assets              | 1,545                                       | —   | —                              | 1,545                    |
| Depreciation of property, plant and<br>equipment | 5,734                                       | —   | —                              | 5,734                    |
|  | <u>          </u>                           | <u>          </u>                         | <u>          </u>              | <u>          </u>        |

Segment assets and liabilities

|                       | As at<br>30 September<br>2021<br>(Unaudited)<br><i>HK\$'000</i> | As at<br>31 March<br>2021<br>(Audited)<br><i>HK\$'000</i> |
|-----------------------|---|---|
| <b>Segment assets</b> |   |   |
| Construction services | 209,588   | 296,919   |
| Dealing and broking   | 82,268  | —   |
| Unallocated           | 36,231  | —   |
|                       | <u>          </u>   | <u>          </u>   |
| Total assets          | <u>328,087</u>  | <u>296,919</u>  |

|                            | As at<br>30 September<br>2021<br>(Unaudited)<br><i>HK\$'000</i> | As at<br>31 March<br>2021<br>(Audited)<br><i>HK\$'000</i> |
|----------------------------|---|---|
| <b>Segment liabilities</b> |   |   |
| Construction services      | 31,228  | 51,933  |
| Dealing and broking        | 75,367  | —   |
| Unallocated                | 100   | —   |
|                            | <u>106,695</u>  | <u>51,933</u>   |
| Total liabilities          | <u>106,695</u>  | <u>51,933</u>   |

### Geographical information

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

### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the six months ended 30 September 2021 is set out below:

|              | For six months ended<br>30 September   |  |
|--------------|--|--|
|              | 2021<br><i>HK\$'000</i><br>(Unaudited) | 2020<br><i>HK\$'000</i><br>(Unaudited) |
| Customer I   | 80,575                                 | *                                      |
| Customer II  | 63,586                                 | 53,741                                 |
| Customer III | 37,075                                 | 64,459                                 |
| Customer IV  | *                                      | 41,837                                 |
| Customer V   | *                                      | 40,885                                 |
|              | <u>181,111</u>                         | <u>200,862</u>                         |

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

Revenue represents the net invoiced value of goods sold or services rendered and earned by the Group. All the Group's revenue is derived from contracts with customers. The geographical regions of the sales to external customers are based on the locations where the services are rendered. All the Group's services are rendered in Hong Kong.

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

|  | <b>For six months ended</b> |                    |
|--|-----------------------------|--------------------|
|  | <b>30 September</b>         |                    |
|  | <b>2021</b>                 | <b>2020</b>        |
|  | <b>HK\$'000</b>             | <b>HK\$'000</b>    |
|  | <b>(Unaudited)</b>          | <b>(Unaudited)</b> |
| <b>Revenue from contracts with customers</b> |                             |                    |
| Construction services                        |                             |                    |
| Private sector                               | 179,729                     | 158,676            |
| Public sector                                | 11,485                      | 52,935             |
|  | <u>191,214</u>              | <u>211,611</u>     |
| Dealing and broking                          |                             |                    |
| Brokerage commission                         | 42                          | —                  |
| Interest income                              | 14                          | —                  |
|  | <u>56</u>                   | <u>—</u>           |
|  | <u>191,270</u>              | <u>211,611</u>     |
| <b>Timing of revenue recognition</b>         |                             |                    |
| Over time                                    |                             |                    |
| Construction services                        | 191,214                     | 211,611            |
| Point in time                                |                             |                    |
| Dealing and broking                          | 56                          | —                  |
|  | <u>191,270</u>              | <u>211,611</u>     |
| <b>Other income and gains</b>                |                             |                    |
| Bank interest income                         | 249                         | 488                |
| Rental income                                | 304                         | 300                |
| Government grants                            | 415                         | 4,900              |
| Exchange gains, net                          | 373                         | 868                |
| Sundry                                       | 94                          | —                  |
|  | <u>1,435</u>                | <u>6,556</u>       |

## 7. FINANCE COSTS

|   | For six months ended |             |
|---|----------------------|-------------|
|   | 30 September         |             |
|   | 2021                 | 2020        |
|   | HK\$'000             | HK\$'000    |
|   | (Unaudited)          | (Unaudited) |
| An analysis of finance costs is as follows: |                      |             |
| Interest on bank loans                      | 3                    | 69          |
| Interest on lease liabilities               | 61                   | 76          |
|   | <u>64</u>            | <u>145</u>  |

## 8. (LOSS)/PROFIT BEFORE TAX

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

|  | For six months ended |             |
|--|----------------------|-------------|
|  | 30 September         |             |
|  | 2021                 | 2020        |
|  | HK\$'000             | HK\$'000    |
|  | (Unaudited)          | (Unaudited) |
| Contract costs   | 208,486              | 195,073     |
| Depreciation of property, plant and equipment <sup>1</sup>                         | 5,204                | 5,734       |
| Depreciation of right of use assets <sup>1</sup>                                   | 1,193                | 1,545       |
| Donation <sup>2</sup>  | 480                  | —           |
| Gain on early termination of lease   | (118)                | —           |
| Rental expenses — Short term lease <sup>3</sup>                                    | 1,764                | 5,020       |
| Employee benefit expense (excluding directors' and chief executive's remuneration) |                      |             |
| Wages and salaries <sup>4</sup>  | 5,538                | 5,040       |
| Pension scheme contributions <sup>4</sup>  | 288                  | 253         |
| Other benefit  | 690                  | 451         |
| Government grants <sup>5</sup>   | (415)                | (4,900)     |

<sup>1</sup> During the period, depreciation of HK\$5,985,000 (six months ended 30 September 2020: HK\$6,706,000) is included in contract costs as disclosed above.

<sup>2</sup> During the period, the Group made donations to Hong Kong Formwork Contractors Association Limited amounting to approximately HK\$480,000 (six months ended 30 September 2020: HK\$nil).

<sup>3</sup> During the period, rental expenses of HK\$1,654,000 (six months ended 30 September 2020: HK\$4,882,000) are included in contract costs as disclosed above.

<sup>4</sup> During the period, wages and salaries of HK\$3,329,000 (six months ended 30 September 2020: HK\$2,844,000) and pension scheme contributions of HK\$147,000 (six months ended 30 September 2020: HK\$131,000), respectively, are included in contract costs disclosed above.

- <sup>5</sup> 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 during both six months ended 30 September 2021 and 2020. Grants have been received from the Government subsidies under Employee Support Scheme for the Covid-19 pandemic during six months ended 30 September 2020. There were no unfulfilled conditions or contingencies relating to these grants.

## 9. INCOME TAX

|  | <b>For six months ended</b> |                     |
|--|-----------------------------|---------------------|
|  | <b>30 September</b>         |                     |
|  | <b>2021</b>                 | <b>2020</b>         |
|  | <b>HK\$'000</b>             | <b>HK\$'000</b>     |
|  | <b>(Unaudited)</b>          | <b>(Unaudited)</b>  |
| Current — Hong Kong                      |                             |                     |
| Charge for the period                    | —                           | 2,529               |
| Deferred tax                             | <u>(22)</u>                 | <u>17</u>           |
| Total tax (credit)/charge for the period | <u><u>(22)</u></u>          | <u><u>2,546</u></u> |

For the six months ended 30 September 2021 and 2020, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime. Under two-tiered profit tax rates regime which was effective on 28 March 2019, the first HK\$2 million of assessable profits of the elected subsidiary will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%.

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

## 10. DIVIDENDS

The board of directors does not recommend the payment of any interim dividend for the six months ended 30 September 2021 and 2020.

## 11. (LOSS)/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 750,000,000 ordinary shares in issue during the six months ended 30 September 2020.

The number of ordinary shares used to calculate the basic earnings per share for the six months ended 30 September 2021 was based on 1,000,000,000 ordinary shares of the Company.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 September 2021 and 30 September 2020 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 2021, the Group acquired assets with a cost of HK\$687,000 (six months ended 30 September 2020: HK\$16,466,000).

On 6 August 2021, property, plant and equipment with a net book value HK\$53,000 were combined through acquisition of subsidiary.

During the six months ended 30 September 2021, right-of-use assets amounted to approximately HK\$7,414,000 has been recognised (six months ended 30 September 2020: HK\$nil). In addition, there are right-of-use assets with carrying amount of HK\$3,595,000 were disposed during the six months ended 30 September 2021, resulting in a gain on early termination of lease of HK\$118,000 (six months ended 30 September 2020: HK\$nil).

## 13. CONTRACT ASSETS

|                       | <b>30 September<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 31 March<br>2021<br>HK\$'000<br>(Audited) |
|-----------------------|---|---|
| Contract assets       |   |   |
| Unbilled revenue      | 47,197  | 60,050                                    |
| Retention receivables | 79,050  | 84,660                                    |
|                       | <u>126,247</u>  | <u>144,710</u>                            |

### Movements in contract assets:

|                                     | <b>30 September<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 31 March<br>2021<br>HK\$'000<br>(Audited) |
|-------------------------------------|---|---|
| At the beginning of the period/year | 144,710   | 107,310                                   |
| Addition in contract assets         | 45,235  | 73,747                                    |
| Transfer to accounts receivables    | (63,698)  | (36,347)                                  |
|                                     | <u>126,247</u>  | <u>144,710</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 accounts receivable 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 accounts receivable 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. ACCOUNTS RECEIVABLE

Accounts receivable 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 to 60 days. Within 30 to 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. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable based on the progress payment certificate date is as follows:

|                | <b>30 September<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 31 March<br>2021<br>HK\$'000<br>(Audited) |
|----------------|---|---|
| Within 30 days | 13,683  | 23,755                                    |
| 31 to 60 days  | —   | 596                                       |
| 61 to 90 days  | —   | —   |
| Over 90 days   | <u>687</u>  | <u>3,566</u>                              |
|                | <u><b>14,370</b></u>                                      | <u><b>27,917</b></u>                      |
| Impaired       | <u>—</u>  | <u>—</u>                                  |

#### 15. ACCOUNTS PAYABLE

|  | <b>30 September<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 31 March<br>2021<br>HK\$'000<br>(Audited) |
|--|---|---|
| Accounts payable arising from the business of: |   |   |
| Construction services                          | 21,737  | 42,412                                    |
| Dealing and broking                            | <u>74,545</u>   | <u>—</u>                                  |
|  | <u><b>96,282</b></u>                                      | <u><b>42,412</b></u>                      |

The settlement terms of accounts payable, except for margin clients, arising from the business of dealing in securities are two days after trade date and accounts payable arising from the business of dealing in futures contracts are one day after trade date. No ageing analysis is disclosed as in the opinion of the executive directors of the Group, the ageing analysis does not give additional value in view of the nature of this business.

An ageing analysis of the accounts payable for construction service as at the end of the reporting period, based on the invoice date or the progress payment certificate date, is as follows:

|                | <b>30 September<br/>2021<br/><i>HK\$'000</i><br/>(Unaudited)</b> | 31 March<br>2021<br><i>HK\$'000</i><br>(Audited) |
|----------------|--|--|
| Within 30 days | <b>21,704</b>  | 42,196   |
| 31 to 60 days  | <b>3</b>   | 208  |
| 61 to 90 days  | <b>30</b>  | 1  |
| Over 90 days   | <b>—</b>   | 7  |
|                | <hr/> <b>21,737</b> <hr/>  | <hr/> 42,412 <hr/>                               |

Accounts payable are non-interest-bearing. The payment terms of accounts payable are stipulated in the relevant contracts with credit periods of 30 days in general.

## 16. BUSINESS ACQUISITION

On 6 August 2021, the Group acquired 100% of the equity interest of Yellow River Securities Limited (“**Yellow River**”) which is principally engaged in dealing and broking in Hong Kong at the consideration of approximately HK\$7,357,000 by cash.

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition was:

|   | <i>HK\$'000</i>   |
|---|-------------------|
| Property, plant and equipment                             | 53                |
| Deposit and other receivables                             | 986               |
| Cash and cash equivalents — trust and segregated accounts | 78,715            |
| Cash and cash equivalents                                 | 6,047             |
| Accounts payable  | (77,938)          |
| Accruals and other payables                               | (506)             |
|   | <hr/> 7,357 <hr/> |

An analysis of the cash flows in respect of the acquisition of Yellow River is as follows:

|  | <i>HK\$'000</i>     |
|--|---------------------|
| Cash consideration paid  | (7,357)             |
| Deposit paid in 2020   | 4,000               |
| Cash and cash equivalents acquired   | <u>6,047</u>        |
| Net inflow of cash and cash equivalents included in cash flows from investing activities | <u><u>2,690</u></u> |

The transaction cost of the acquisition is immaterial.

Since the acquisition date, Yellow River has contributed approximately HK\$56,000 to the Group's revenue and loss of approximately HK\$456,000 to the consolidated loss for the six months ended 30 September 2021 upon the completion of the acquisition.

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

There is no significant event after the end of the reporting period of the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Revenue**

Our revenue decreased from approximately HK\$211.6 million for the six months ended 30 September 2020 to approximately HK\$191.3 million for the six months ended 30 September 2021, representing a decrease of approximately 10%. The decrease in revenue was mainly driven by competitive project pricing arising from intense market competition and the delay of certification of the Group's certain work done by the relevant main contractor as the relevant main contractor required additional time for certification of the work done involved in several variation orders of the relevant project.

#### **Gross (loss)/profit and gross (loss)/profit margin**

The gross loss of the Group for the six months ended 30 September 2021 amounted to approximately HK\$17.2 million, representing a decrease of approximately 204% as compared to approximately HK\$16.5 million gross profit for the six months ended 30 September 2020. The Group's gross loss margin for the six months ended 30 September 2021 was approximately 9%, as compared to gross profit margin approximately 7.8% for the six months ended 30 September 2020. The decrease in gross profit and gross profit margin was primarily attributable to the unexpected additional subcontracting costs incurred to deal with unexpected delay of work progress and changes to the on-site arrangements of a project undertaken by the Group during the six months ended 30 September 2021.

#### **Other income and gains**

Other income and gains decreased by approximately HK\$5.2 million from approximately HK\$6.6 million for the six months ended 30 September 2020 to approximately HK\$1.4 million for the six months ended 30 September 2021, representing a decrease of approximately 78%. Such decrease was mainly attributable to the decrease in government subsidies of approximately HK\$4.9 million for the six months ended 30 September 2021 (for the six months ended 30 September 2020: HK\$0.3 million).

#### **Administrative expenses**

Administrative expenses was approximately HK\$7.7 million for the six months ended 30 September 2021, which was relatively stable as compared with the administrative expense of approximately HK\$7.5 million for the six months ended 30 September 2020.

## **Finance costs**

Finance costs decreased from approximately HK\$145,000 for the six months ended 30 September 2020 to approximately HK\$64,000 for the six months ended 30 September 2021, representing a decrease of approximately 56%. Such decrease was mainly attributable to the decrease in interest expense on existing bank loans during the six months ended 30 September 2021.

## **Income tax**

For the reporting period, the Group's income tax credit amount to approximately HK\$22,000 as compared with approximately HK\$2.5 million of income tax expense for the six months ended 30 September 2020, representing a decrease of approximately 101%. Such income tax credit was primarily attributable to the recognition of deferred income tax of unused tax loss recorded in the current period.

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

As a result of the foregoing, the loss attributable to owners of the parent amounted to approximately HK\$23.6 million for the six months ended 30 September 2021 as compared to profit attributable to owners of the parent of approximately HK\$12.9 million for the six months ended 30 September 2020.

## **Interim dividend**

The Board has resolved not to recommend the declaration of any interim dividend for the six months ended 30 September 2021 (for the six months ended 30 September 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 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 2021, the cash and cash equivalents, net current assets and total assets less current liabilities were HK\$151.0 million (as at 31 March 2021: HK\$77.3 million), HK\$201.0 million (as at 31 March 2021: HK\$216.6 million) and HK\$226.1 million (as at 31 March 2021: HK\$247.6 million), respectively.

### **Contingent liabilities**

As at 30 September 2021, the Group did not have any material contingent liabilities (31 March 2021: nil).

### **Capital commitments**

As at 30 September 2021, the Group had capital commitments of approximately HK\$1.1 million (31 March 2021: approximately HK\$2.0 million) contracted but not provided for the acquisition of property, plant and equipment.

### **Funding and treasury policy**

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the Board of Directors closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### **Foreign currency risk**

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

### **Gearing ratio**

As at 30 September 2021, the Group's gearing ratio was nil (31 March 2021: nil), representing total bank and other borrowings as a percentage of total equity.

### **Segment information**

Save as disclosed in note 5 to the unaudited condensed consolidated interim financial statements in this announcement, the Group's business was regarded as a single operating segment and the Group had no geographical segment information presented as at 30 September 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 23 years of experience in the provision of its services in Hong Kong. Our revenue was approximately HK\$191.3 million for the six months ended 30 September 2021 which was relatively stable as compared with our revenue of approximately HK\$211.6 million for the six months ended 30 September 2020.

## **FUTURE 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 in late 2021 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 improve its competitiveness in the construction market by continuing to provide quality works to its customers. The Group will continue to closely monitor the market and respond to changes on market conditions. In addition, 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 30 September 2021, the Group had nine projects on hand that have been awarded to us but not completed, and the original contract value of such projects amounted to approximately HK\$745.4 million.

## **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 2021, the Group employed 42 employees in Hong Kong (as at 31 March 2021: 45 employees). The remuneration package that our Group offers to employees includes salary, bonuses and other cash subsidies. In general, our Group determines employee salaries based on each employee's qualifications, position and seniority. As required by Hong Kong laws, we have enrolled all of our fulltime staff in the Mandatory Provident Fund Scheme. We intend to maintain our remuneration package competitive in order to attract and retain talented labour, and we regularly carry out staff evaluation to assess their performance.

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

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

The utilisation of net proceeds raised by the Group from the Listing Date up to 30 September 2021 is as below.

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

*Note:* The amount of the net proceeds of approximately HK\$86.8 million was fully utilized as at 30 September 2021.

## **COMPETITION AND CONFLICT OF INTERESTS**

During the six months ended 30 September 2021, 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 2021.

## **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 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 6 June 2019. The Company has 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. Tang Chi Wang 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 2021 and this announcement and is of the opinion that the relevant unaudited condensed consolidated financial statements have been prepared in compliance with the applicable accounting standards and the requirement under the Listing Rule and that adequate disclosure have been made.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2021.

## **SHARE OPTION SCHEME**

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

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

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

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

An offer for the grant of options must be accepted within seven days from and inclusive of the day on which such offer is made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his associates abstaining from voting.

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

During the six months period ended 30 September 2021, no share option was granted, exercised, cancelled or lapsed and there is no outstanding share option under the Share Option Scheme.

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

This announcement will be published on the respective websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.silvertide.hk](http://www.silvertide.hk)). The interim report for the six months ended 30 September 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.

## **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 2021 and up to the date of this announcement has been stated in the paragraphs of the section headed "Management Discussion and Analysis — Business Review and Future Prospect" above.

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

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 26 November 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.*