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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)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
THE ACQUISITION OF THE ENTIRE ISSUED SHARE  
CAPITAL OF THE TARGET COMPANY**

**THE AGREEMENT**

The Board is pleased to announce that, on 12 October 2020 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, the Vendor and the Guarantor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company at the Consideration of HK\$11,000,000 (subject to downward adjustment), which will be satisfied by cash and the Guarantor agreed to guarantee the performance of the Vendor's obligations under the Agreement.

The Target Company is a corporation licensed by the SFC to conduct Type 1 (dealing in securities) regulated activities under the SFO and is principally engaged in the provision of securities brokerage, placing and underwriting services in Hong Kong.

**THE LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that, on 12 October 2020 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, the Vendor and the Guarantor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company at the Consideration of HK\$11,000,000 (subject to downward adjustment), which will be satisfied by cash and the Guarantor agreed to guarantee the performance of the Vendor's obligations under the Agreement.

The principal terms of the Agreement are summarized as follows:–

## THE AGREEMENT

### Date

12 October 2020

### Parties

- (i) Purchaser: Titan Hwaks Limited
- (ii) Vendor: Element Delight Limited
- (iii) Guarantor: Yau Wai Chung

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and the Guarantor is an Independent Third Party.

### Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company.

### Consideration

The Consideration is HK\$11,000,000, which is subjected to downward adjustment, shall be settled by the Group in cash in the following manner:

- (i) HK\$4,000,000 (“**Refundable Deposit**”), being refundable deposit payable by the Purchaser within five business days after signing of the Agreement; and
- (ii) HK\$7,000,000 (“**Balance of Consideration**”), being the balance of the Consideration payable by the Purchaser to the Escrow Agent on or before Completion.

After Completion, the Vendor shall arrange the accountant designated by the Purchaser (the cost of such accountant, if any, will be borne by the Purchaser), as soon as possible and not later than 30 days after the Completion Date (or any other date agreed by the Purchaser and the Vendor in writing) to prepare the Completion Accounts in order to determine the net asset value of the Target Company (“**Completion Date NAV**”). The Completion Date NAV shall be the value of all the asset of the Target Company set out in the Completion Accounts (including all account receivables and commission receivables or accounting items of similar nature in relation to all business activities engaged by the Target Company prior to Completion) minus all the liabilities set out in the Completion Accounts. The Completion Accounts shall be prepared on a going concern basis and in accordance with the generally accepted accounting principles and standards in Hong Kong. The preparation of the Completion Accounts shall also be consistent with the relevant financial return submitted to the SFC (if the date selected for determining the Completion Date NAV coincides with a month end date) or otherwise the financial return of the preceding month submitted to the SFC. The Completion Accounts shall be valid only after the same has been confirmed by the Purchaser in writing.

If the Completion Date NAV equals the Consideration, the Purchaser shall, within seven (7) days after the determination of the Completion Date NAV, instruct the Escrow Agent to release the Balance of Consideration to the Vendor.

If the Completion Date NAV falls below the amount of Consideration (“**Shortfall Amount**”), the Vendor irrevocably agrees that the Purchaser can instruct the Escrow Agent to deduct and return to the Purchaser the Shortfall Amount from the Balance of Consideration and release the balance thereafter to the Vendor.

If the Completion Date NAV exceeds the amount of Consideration, the Purchaser shall not be required to make any extra payment to the Vendor. The Purchaser shall, within seven (7) days after the determination of the Completion Date NAV, instruct the Escrow Agent to release the Balance of Consideration to the Vendor.

Each of the Vendor and the Purchaser agrees to instruct the Escrow Agent to release or pay the relevant amounts in accordance with the relevant terms of the Agreement.

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor after taking into account the audited net asset value of the Target Company as at 31 March 2020, which was HK\$10,966,147.

The Group intends to settle the Consideration by its internal resources without involving any proceeds from the Listing.

## Conditions Precedent

Completion is conditional upon satisfaction or if applicable, waiver, of the following Conditions:

- (A) the Vendor and the Purchaser having obtained all necessary and unconditional consent and approval relevant to the sale and purchase of the Sale Shares in Hong Kong and/or other relevant jurisdictions, including all authorization and approval of the Purchaser's controlling shareholders, the relevant government or regulatory authorities (including, but not limited to the SFC and Stock Exchange), authorities or organizations or any other third parties (including bank(s), other signatories to the contract(s) which the Purchaser or Vendor is a party);
- (B) all warranties remaining true and accurate in all material respects from the date of the Agreement up to the Completion Date (both dates inclusive) and no state of affairs, facts or circumstances constitute or may constitute a serious breach of any warranties or any of the Vendor's obligation(s) or responsibility(ies) in the Agreement;
- (C) the following approvals from the SFC having been obtained and remain in full force and effect:
  - (i) the Purchaser and/or its shareholder to become the substantial shareholder(s) of the Target Company (such approval from SFC being unconditional or only subject to usual conditions);
  - (ii) the Sale Shares to be transferred to the Purchaser or its nominee;
  - (iii) (If requested by the Purchaser) any person designated by the Purchaser to be appointed as the responsible officer ("**Responsible Officer**") (as defined and/or required by the SFO) of the Target Company; and
  - (iv) any such other consent or approval from the SFC as may be required for the acquisition of the Target Company;
- (D) there being no material adverse change in relation to the Target Company, and no event having a material adverse effect on the Target Company's business, prospects, operations conditions, financial conditions since the date of the Agreement;
- (E) the Purchaser being satisfied to its absolute discretion with the result of the due diligence review on the business, legal, operational and financial conditions of the Target Company;
- (F) the licence granted by the SFC to the Target Company remains valid and subsisting on the Completion Date; and

(G) each of the incumbent Responsible Officers and the market director of the Target Company (i.e. the Guarantor) having signed a new employment contract with the Target Company on or before the Completion Date. The terms of the new employment contracts are subject to the Purchaser's consent and approval and shall include the following terms: the term of employment must be at least twelve months from the Completion Date, and the notice period for resignation must be at least one month.

Each of the Purchaser and the Vendor shall use their respective best endeavours to procure the fulfilment of all the Conditions.

The Purchaser has absolute discretion to waive all or any of the Conditions (except for Conditions (A), (C) and (F)). If any of the abovementioned conditions precedent are not fulfilled within or waived on or before the Long Stop Date, the Agreement will lapse and be of no effect (save for certain provisions related to the refund of the Refundable Deposit, confidentiality, etc.). The Refundable Deposit shall then be refunded to the Purchaser without interest within three (3) business days after the lapse of the Agreement. No party shall be liable to any of the other parties of the Agreement, save in respect of any antecedent breaches.

### **Due Diligence Review**

The Vendor shall provide and procure the Target Company and its agents to provide the Purchaser, its consultants and agents with all such information and assistance as may be reasonably required for review, including but not limited to all documents, records, books and information related to the Vendor, the Target Company and its documents related to their business, legal, operational and financial conditions.

### **Guarantee and Indemnity**

The Guarantor unconditionally and irrevocably guarantees, as a continuing obligation in favour of the Purchaser, the due and punctual performance and observance by the Vendor its obligations to the Purchaser under the Agreement.

The Guarantor shall indemnify and hold the Purchaser harmless immediately on demand for any losses arising out of, in connection with or as an immediate consequence of (i) the default or failure of the Vendor to pay any sum, or perform, observe, satisfy or discharge any responsibilities and obligations under the Agreement owed or to be performed by the Vendor under the Agreement, (ii) any fraud, misrepresentation or breach of warranties on the part of the Vendor under the Agreement, or (iii) any responsibilities and obligations under the Agreement (or anything which would have been an obligation if not unenforceable, invalid or illegal) or term of any of the Agreement being or becoming unenforceable, invalid or illegal.

Except for (i) (a) the Vendor not having obtained the appropriate authorization and/or approval in relation to the Sale of Sale Shares, or (b) there being any encumbrance or title defects on the Sale Shares so that the transactions under the Agreement become void, or (ii) matters related to the responsibilities, representations, warranties and undertakings of the Vendor and/or the Guarantor in respect of tax liabilities in the Agreement, the Purchaser is required to give written notice to the Vendor and/or the Guarantor with respect to any claim under the Agreement within two years from the Completion Date, or else the Vendor and/or the Guarantor will not be liable. Other than in the circumstances described in (i)(a), (i)(b) and (ii) above, the Vendor and/or Guarantor's liability (joint or several) is capped at the sum of the Consideration.

### **Completion**

Completion shall take place within 5 business days after all the Conditions have been fulfilled or, as the case may be, waived, or (ii) such other date as may be agreed by the Purchaser and Vendor in writing.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statement.

### **INFORMATION ON THE PURCHASER**

The Purchaser is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company.

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 the Group mainly include (i) traditional formwork using timber and plywood; and (ii) system formwork using aluminium and steel.

One of our executive Directors, Ms. Hui Nok Yi ("**Ms. Hui**"), who was appointed with effect from 1 September 2020, has ample experience in the securities industry. Ms. Hui was a licensed person from 2015 to 2019, and she was a responsible officer of a licensed corporation from March 2019 to November 2019. For further details of Ms. Hui's biographical particulars, please refer to the announcement of the Company dated 1 September 2020.

Upon Completion, the Company intends the incumbent Responsible Officers of the Target Company to remain to be the key management of the Target Company and the Guarantor shall continue to provide marketing services to and to explore business opportunities for the Target Company. Given that Ms. Hui has experience in being the Responsible Officer of a licensed corporation and was required to supervise the business of regulated activities in that licensed corporation, the Board is of the view that Ms. Hui is fit to supervise the operation of the Target Company. The Company intends to continue monitoring the business operations of the Target Company and performance of the Responsible Officers and the Guarantor with the assistance of Ms. Hui. Should need arises, the Company will consider recruiting persons with appropriate qualification to oversee the business of the Target Company and/or assist in the development of the Company's financial and securities business (as the case may be).

At this stage, the Company has no intention to appoint Ms. Hui as a Licensed Representative or Responsible Officer of the Target Company.

#### **INFORMATION ON THE VENDOR**

The Vendor is a company incorporated in the British Virgin Islands and is owned as to 100% by the Guarantor.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is an investment holding company and the Guarantor is the market director of the Target Company, and that each of the Vendor and the Guarantor is an Independent Third Party.

#### **INFORMATION ON THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong with limited liability. The Target Company is a corporation licensed by the SFC to conduct Type 1 (Dealing in Securities) regulated activities under the SFO and is principally engaged in the provision of securities brokerage, placing and underwriting services in Hong Kong.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Target Company was one of the sub-underwriters in relation to the Company's initial public offering back in June 2019.

Set out below are financial information of the Target Company for the financial years ended 31 March 2019 and 2020 as prepared in accordance with the HKFRS:

	<b>For the financial year ended</b>	
	<b>31 March</b>	
	<b>2020</b>	2019
	<b>(audited)</b>	(audited)
Net profit/(loss) before tax	<b>HK\$3,884,644</b>	HK\$(2,635,510)
Net profit/(loss) and total comprehensive income/(expense) for the year	<b>HK\$3,884,644</b>	HK\$(2,635,510)

*Note:* No tax is payable on the loss for the years ended 31 March 2019 and 2020 since the Target Company incurred loss. Therefore, net profit/(loss) before tax and net profit/(loss) and total comprehensive income/(expense) for the year are the same, respectively for the year ended 31 March 2019 and for the year ended 31 March 2020.

As at 31 March 2020, the audited net asset value of the Target Company was HK\$10,966,147.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

As disclosed in the Company's latest annual report, the Company takes the view that the formwork industry may face increasing challenges and competition under the impact of the continuous social unrest and the outbreak of the novel coronavirus (COVID-19) epidemic in Hong Kong since January 2020, and it is expected that Hong Kong's construction developers may adopt conservative pricing strategies and development plans in the near future. In this circumstances, the Group is considering diversifying its business and sources of income, including without limitation, to step into the financial and securities market in Hong Kong. The chairman of the Company has experience in investment in securities in Hong Kong. He often pays close attention to the status of the financial and securities market and the idea of leading the Group to step into the financial and securities market in Hong Kong sprouted, and he wishes to diversify the Group's business and sources of income through exploration of relevant business opportunity in such sector. The Acquisition, if materialized, represents the Group's formal entry into Hong Kong's financial and securities market. In view of the current market environment, the Directors believe that more and more PRC enterprises will come to Hong Kong for financing and fund-raising and are optimistic about the future of Hong Kong stock market. Recently, the Target Company has actively participated in placement and sub-underwriting activities. Therefore, it is expected that the Acquisition can bring a stable income to the Group.

The manner of payment of the Consideration (with a downward adjustment mechanism) ensures that the Group only needs to pay no more than the net asset value of the Target Company on the Completion Date (which shall be capped at HK\$11,000,000), thus to a certain extent protecting the interests of the Company and its shareholders. Based on the above, the Directors believe that the terms of the Agreement are fair and reasonable and that the proposed Acquisition is conducted on normal commercial terms and is in the interests of the company and its shareholders as a whole.

## THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Completion is subject to the fulfilment or waiver (as the case may be) of the Conditions under the Agreement. As the Acquisition may or may not materialise, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	purchase of the Sale Shares by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 12 October 2020 and entered into among the Vendor, the Purchaser and the Guarantor in respect of the Acquisition
“Balance of Consideration”	HK\$7,000,000, being the balance of the Consideration payable by the Purchaser to the Escrow Agent on or before Completion
“Board”	the board of Directors
“business day(s)”	a day (excluding Saturday and Sunday) on which licensed banks in Hong Kong are generally open for business
“Company”	Silver Tide Holdings Limited (銀濤控股有限公司), a company incorporated in Cayman Islands whose shares are listed on the Stock Exchange

“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Agreement
“Completion Accounts”	management accounts (including balance sheet and profit and loss account together with all notes, reports, statements and other documents annexed to those accounts) made up to the Completion Date or any other date as may be agreed between the Purchaser and the Vendor
“Completion Date”	the date which falls on the fifth (5) business day upon all Conditions are satisfied or waived (as the case may be), or such other date as may be agreed by the Purchaser and the Vendor in writing
“Completion Date NAV”	The net asset value of the Target Company as at the date of the Completion, which equals to all the asset value of the Target Company reflected in the Completion Accounts
“Condition(s)”	conditions precedent to Completion, details of which are set out under the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$11,000,000 (subject to downward adjustment) being the consideration for the Acquisition
“Director(s)”	director(s) of the Company
“Escrow Agent”	The Purchaser’s lawyers or such other escrow agent appointed by the Parties
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Yau Wai Chung, a Hong Kong resident and the beneficial owner of 100% shareholding in the Vendor
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administration Region of The People’s Republic of China

“Independent Third Party(ies)”	a party(ies) independent of and not connected with the Company and its connected persons
“Licensed Representative”	individual who is approved by the SFC under section 120 of the SFO as a licensed representative of a licensed corporation
“Listing”	the listing of Shares on the Main Board of the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	12 months from the date of signing of the Agreement, or any other later day as may be agreed by the Vendor and Purchaser
“Parties”	collectively the Purchaser, the Vendor and the Guarantor
“Purchaser”	Titan Hwaks Limited, a wholly owned subsidiary of the Company
“Refundable Deposit”	HK\$4,000,000, being refundable deposit paid by the Purchaser and kept in the bank account designated by the vendor within five days after signing of the Agreement
“Responsible officer(s)”	individual(s) who is/are approved by the SFC under section 126(1) of the SFO as a responsible officer of a licensed corporation
“Sale Shares”	the entire issued share capital of the Target Company
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any subsidiary legislation made thereunder amended, consolidated or substituted from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shortfall Amount”	If the Completion Date NAV falls below the amount of Consideration, the difference between the Completion Date NAV and the amount of Consideration

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the SFO
“Target Company”	Yellow River Securities Limited (黃河證券有限公司), a company incorporated in Hong Kong with limited liability and licensed by the SFC to conduct Type 1 (dealing in securities) regulated activities under the SFO and is a participant of the Stock Exchange
“Vendor”	Element Delight Limited (元悅有限公司), a company incorporated in the British Virgin Islands, the registered and beneficial owner of the Sale Shares
“%”	percentage

By Order of the Board  
**Silver Tide Holdings Limited**  
**Ip Chi Ming**  
*Chairman, Chief Executive Officer and  
Executive Director*

Hong Kong, 12 October 2020

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