



2021
Interim Report

Silver Tide
Holdings Limited
銀濤控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1943

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CORPORATE INFORMATION

Directors

Executive Directors:

Mr. Ip Chi Ming

(Chairman and Chief Executive Officer)

Mr. Wong Kin Wah

Ms. Hui Nok Yi

Independent Non-executive Directors:

Mr. Law Chi Hung

Mr. Shum Hau Tak *(resigned on 30 April 2021)*

Mr. Pau Chi Hoi

Mr. Tang Chi Wang *(appointed on 30 April 2021)*

Registered office in the Cayman Islands

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

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

Flat A-B, 14th Floor

Skyline Tower

No. 18 Tong Mi Road

Mongkok

Kowloon

Hong Kong

Company's website

www.silvertide.hk

Company secretary

Ms. Chow Hoi Fei

(Certified Public Accountant)

Authorised representatives

Mr. Ip Chi Ming

Ms. Chow Hoi Fei

(Certified Public Accountant)

Audit committee

Mr. Law Chi Hung *(Chairman)*

Mr. Shum Hau Tak *(resigned on 30 April 2021)*

Mr. Pau Chi Hoi

Mr. Tang Chi Wang *(appointed on 30 April 2021)*

Nomination committee

Mr. Pau Chi Hoi *(Chairman)*

Mr. Law Chi Hung

Mr. Wong Kin Wah

Remuneration committee

Mr. Shum Hau Tak *(Chairman)*

(resigned on 30 April 2021)

Mr. Pau Chi Hoi

Mr. Ip Chi Ming

Mr. Tang Chi Wang *(Chairman)*

(appointed on 30 April 2021)

Principal share registrar and transfer office in the Cayman Islands

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Island

CORPORATE INFORMATION

Hong Kong branch share registrar and transfer office

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

Principal banker

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

Auditor

BDO Limited
(Certified Public Accountants)

Compliance adviser

Grande Capital Limited
(appointment ended on 27 July 2021)

Legal adviser

D. S. Cheung & Co.

Stock code

1943

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of Silver Tide Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) 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 9.0%, 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\$0.4 million for the six months ended 30 September 2021 (for the six months ended 30 September 2020: HK\$4.9 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 (the "Board") of directors of the Company (the "Directors") 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).

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

Our primary uses of capital are to satisfy our working capital needs and to fund our construction projects. We financed our working capital primarily from (i) cash generated from operating activities, which primarily comprised cash payments we received from our revenue from the provision of formwork works and other construction works; (ii) bank borrowings; and (iii) proceeds from issuance of new shares. In managing our liquidity, our management monitors and maintains a reasonable level of cash and cash equivalents which are deemed adequate by our management to finance our operations and to mitigate the impacts of fluctuations in cash flows. We rely on cash and cash equivalents on hand and the cash generated from operating activities as the main sources of liquidity. As at 30 September 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 report, the Group's business was regarded as two operating segments after the Group diversified the business to dealing and broking service 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 month ended 30 September 2021 which was relatively stable as compared with our revenue of approximately HK\$211.6 million for the six month 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

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

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

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

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

OTHER INFORMATION

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 Main Board Listing Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (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 interim report.

OTHER INFORMATION

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

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

CHANGES IN DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B OF THE LISTING RULES

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors during the reporting period are as follows:

1. Mr. Shum Hau Tak was resigned as an independent non-executive Director and the member of the audit committee of the Company (the "Audit Committee") with effect from 30 April 2021; and
2. Mr. Tang Chi Wang was appointed as an independent non-executive Director and the member of the Audit Committee with effect from 30 April 2021.

AUDIT COMMITTEE

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.

OTHER INFORMATION

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 report and is of the opinion that the relevant unaudited condensed consolidated financial statements have been prepared in compliance with the applicable accounting standards and the requirements under the Listing Rules and that adequate disclosures have been made.

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

As at the date of this interim report, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 of the Listing Rules, were as follows:

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

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

Save as disclosed above, as at the date of this interim report, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and

OTHER INFORMATION

the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

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

The Company

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

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

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

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

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

OTHER INFORMATION

SHARE OPTION SCHEME

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

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

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

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

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer is made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the

OTHER INFORMATION

Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his associates abstaining from voting.

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

During the six months period ended 30 September 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

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

SUBSEQUENT EVENTS AFTER THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The event that has a significant impact on the Group and occurred since 30 September 2021 and up to the date of this report has been stated in the paragraphs of the section headed "Management Discussion and Analysis — Business Review and Future Prospect" above.

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

Hong Kong, 26 November 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

		Six months ended 30 September	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
	Notes		
Revenue	6	191,270	211,611
Cost of sales		<u>(208,486)</u>	<u>(195,073)</u>
Gross (loss)/profit		(17,216)	16,538
Other income and gains	6	1,435	6,556
Administrative expenses		(7,771)	(7,507)
Finance costs	7	<u>(64)</u>	<u>(145)</u>
(Loss)/profit before tax	8	(23,616)	15,442
Income tax credit/(expense)	9	<u>22</u>	<u>(2,546)</u>
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		<u>(23,594)</u>	<u>12,896</u>
(Loss)/profit and total comprehensive (loss)/ income attributable to owners of the Company		<u>(23,594)</u>	<u>12,896</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted		<u>(HK\$2.4 cents)</u>	<u>HK\$1.7 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

		30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	12	24,912	26,750
Deposits and other receivables		210	4,210
Total non-current assets		<u>25,122</u>	<u>30,960</u>
CURRENT ASSETS			
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	15	151,016	77,270
Tax recoverable		368	368
Total current assets		<u>302,965</u>	<u>265,959</u>
CURRENT LIABILITIES			
Accounts payable	16	96,282	42,412
Other payables and accruals		3,283	4,949
Lease liabilities		2,413	1,975
Total current liabilities		<u>101,978</u>	<u>49,336</u>
NET CURRENT ASSETS		<u>200,987</u>	<u>216,623</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>226,109</u>	<u>247,583</u>
NON-CURRENT LIABILITIES			
Lease liabilities		4,409	2,267
Deferred tax liabilities		308	330
Total non-current liabilities		<u>4,717</u>	<u>2,597</u>
NET ASSETS		<u><u>221,392</u></u>	<u><u>244,986</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

		30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
	Notes		
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	10,000	10,000
Reserves	20	<u>211,392</u>	<u>234,986</u>
TOTAL EQUITY		<u><u>221,392</u></u>	<u><u>244,986</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Attributable to owners of the Company

	Share capital HK\$'000 Note 18	Share premium HK\$'000	Merger reserve HK\$'000 Note 20(b)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2020	10,000	99,157	2,000	119,702	230,859
Profit and total comprehensive income for the period	—	—	—	12,896	12,896
At 30 September 2020	<u>10,000</u>	<u>99,157</u>	<u>2,000</u>	<u>132,598</u>	<u>243,755</u>
At 1 April 2021	10,000	99,157	2,000	133,829	244,986
Loss and total comprehensive loss for the period	—	—	—	(23,594)	(23,594)
At 30 September 2021	<u>10,000</u>	<u>99,157*</u>	<u>2,000*</u>	<u>110,235*</u>	<u>221,392</u>

* These reserve accounts comprise the consolidated reserves of HK\$211,392,000 (31 March 2021: HK\$234,986,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

		Unaudited six months ended 30 September	
	Notes	2021 HK\$'000	2020 HK\$'000
Net cash (used in)/from operating activities		(3,023)	11,414
Cash flows from investing activities			
Purchases of items of property, plant and equipment		(687)	(9,826)
Increase in amount due from ultimate holding company		(15)	(9)
Acquisition of subsidiary, net of cash acquired	17	2,690	—
Net cash flows from/(used in) investing activities		<u>1,988</u>	<u>(9,835)</u>
Cash flows from financing activities			
New bank loans		—	20,000
Principal portion of lease payments		(1,121)	(1,241)
Interest paid for lease payments		(61)	(76)
Interest paid for bank loans		(3)	(69)
Repayment of bank loans		—	(20,000)
Net cash used in financing activities		<u>(1,185)</u>	<u>(1,386)</u>
Net (decrease)/increase in cash and cash equivalents		(2,220)	193
Cash and cash equivalents at beginning of period		<u>77,270</u>	<u>120,960</u>
Cash equivalents at the end of period		<u>75,050</u>	<u>121,153</u>

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 i) 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 ii) 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/ registration/ 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
Yellow River Securities Limited (a)	Hong Kong	HK\$11,000,000	—	100	Securities dealing and broking
Sun Range International Limited (b)	BVI	US\$1	100	—	Inactive

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

These condensed consolidated interim financial statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated interim 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, HKFRS 9, HKAS 39, and HKFRS16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 services HK\$'000	Dealing and broking HK\$'000	Unallocated HK\$'000	Total HK\$'000
External revenue	191,214	56	—	191,270
Segment (loss) before tax	(22,141)	(456)	(997)	(23,594)

For the six months ended 30 September 2020 (Unaudited)

	Construction services HK\$'000	Dealing and broking HK\$'000	Unallocated HK\$'000	Total HK\$'000
External revenue	211,611	—	—	211,611
Segment profit before tax	15,442	—	—	15,442

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the six months ended 30 September 2021 (Unaudited)

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

For the six months ended 30 September 2020 (Unaudited)

	Construction services HK\$'000	Dealing and broking HK\$'000	Unallocated HK\$'000	Total HK\$'000
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 equipment	16,466	—	—	16,466
Depreciation of right-of- use-assets	1,545	—	—	1,545
Depreciation of property, plant and equipment	5,734	—	—	5,734
	<u>(488)</u>	<u>—</u>	<u>—</u>	<u>(488)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Segment liabilities		
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>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. OPERATING SEGMENT INFORMATION (CONTINUED)

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 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (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> </u>	<u> </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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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:

	For six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customers		
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>
Timing of revenue recognition		
Over time		
Construction services	191,214	211,611
Point in time		
Dealing and broking	56	—
	<u>191,270</u>	<u>211,611</u>
Other income and gains		
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>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. FINANCE COSTS

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

- ¹ 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.
- ² 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).
- ³ 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.
- ⁴ 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.
- ⁵ 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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. INCOME TAX (CONTINUED)

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 of HK\$53,000 were combined through acquisition of subsidiary (note 17).

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (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:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. CONTRACT ASSETS (CONTINUED)

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. ACCOUNTS RECEIVABLE (CONTINUED)

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

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

15. CASH AND CASH EQUIVALENTS

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Cash and bank balances ¹	54,159	56,946
Cash and bank balances — trust and segregated accounts ²	75,966	—
Time deposit ³	20,891	20,324
	<u>151,016</u>	<u>77,270</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. CASH AND CASH EQUIVALENTS (CONTINUED)

Note:

1. Cash at banks earns interest at floating rates based on daily bank deposit rates.
2. Trust and segregated accounts holds money deposited by clients in the course of the conduct of the regulated activities of securities trading business. The Group has recognised the corresponding accounts payable to respective clients as the Group does not have a currently enforceable right to offset those payables with the deposits placed.
3. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

16. ACCOUNTS PAYABLE

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. ACCOUNTS PAYABLE (CONTINUED)

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:

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

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. 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:

	HK\$'000
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/> <hr/>

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

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

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. SHARE CAPITAL

Details of the share capital of the Company are as follows:

	Unaudited 30 September 2021		Audited 31 March 2021	
	Number	HK\$	Number	HK\$
Issued and fully paid				
At 31 March 2021, 1 April 2021 and 30 September 2021	<u>1,000,000,000</u>	<u>10,000</u>	<u>1,000,000,000</u>	<u>10,000</u>

19. 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. SHARE OPTION SCHEME (CONTINUED)

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

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

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20. RESERVES

(a) Group

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

(b) Merger reserve

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

21. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

No transactions with related parties for both 30 September 2021 and 31 March 2021.

(b) Outstanding balances with related parties

As disclosed in the consolidated statement of financial position, the Group had an outstanding balance due from the ultimate holding company at 30 September 2021 and 31 March 2021.

The amount due from the ultimate holding company was non-trade, unsecured, interest-free and repayable on demand.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel of the Group

	Unaudited Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Salaries, allowances and benefits in kind	1,973	2,214
Pension scheme contributions	45	54
	<u>2,018</u>	<u>2,268</u>

22. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
At amortised cost		
Accounts receivable	14,370	27,917
Financial assets included in prepayments, other receivables and other assets	7,186	9,873
Due from the ultimate holding company	46	31
Cash and cash equivalents	151,016	77,270
	<u>172,618</u>	<u>115,091</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
At amortised cost		
Accounts payable	96,282	42,412
Other payables and accruals	3,234	3,815
Lease liabilities	6,822	4,242
	<hr/>	<hr/>
	106,338	50,469
	<hr/> <hr/>	<hr/> <hr/>

Fair value measurement

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Fair value measurement (Continued)

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, accounts receivable, contract assets, an amount due from the ultimate holding company, prepayments, other receivables, accounts payable, other payables and accruals.

Due to their short term nature, the carrying value of cash and cash equivalents, accounts receivable, contract assets, an amount due from the ultimate holding company, prepayments, other receivables, accounts payable and other payables and accruals approximates fair value.

23. EVENTS AFTER THE REPORTING PERIOD

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