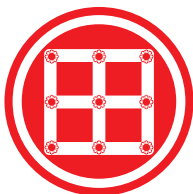


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CHINA SILVER TECHNOLOGY HOLDINGS LIMITED
中華銀科技控股有限公司

(formerly known as TC Orient Lighting Holdings Limited 達進東方照明控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 515)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors (the “**Board**”) of China Silver Technology Holdings Limited (the “**Company**”) is pleased to announce the consolidated annual results (the “**Annual Results**”) of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 together with the comparative amounts for the corresponding year in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Turnover	4	237,572	274,477
Cost of sales		(232,531)	(272,651)
Gross profit		5,041	1,826
Other income	5	17,202	11,327
Other gains and losses	6	(23,869)	(19,236)
Selling and distribution expenses		(16,399)	(18,830)
Administrative expenses		(45,143)	(71,495)
Finance costs	7	(12,308)	(24,114)
Loss before tax		(75,476)	(120,522)
Income tax expense	8	–	(50)
Loss for the year	9	(75,476)	(120,572)

	Notes	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss</i>			
Surplus/(deficit) on revaluation of properties		19,509	(6,587)
Deferred taxation arising from revaluation of properties		<u>(4,877)</u>	<u>1,647</u>
		<u>14,632</u>	<u>(4,940)</u>
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation		<u>2,720</u>	<u>(1,583)</u>
Other comprehensive income/(expense) for the year		<u>17,352</u>	<u>(6,523)</u>
Total comprehensive expense for the year		<u>(58,124)</u>	<u>(127,095)</u>
Loss for the year attributable to:			
Owners of the Company		(74,351)	(102,896)
Non-controlling interests		<u>(1,125)</u>	<u>(17,676)</u>
		<u>(75,476)</u>	<u>(120,572)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(58,241)	(108,664)
Non-controlling interests		<u>117</u>	<u>(18,431)</u>
		<u>(58,124)</u>	<u>(127,095)</u>
Loss per share			
Basic and diluted (<i>in HK cents</i>)	10	<u>(2.74)</u>	<u>(3.88)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	<i>Notes</i>	2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		161,780	141,211
Right-of-use assets		16,383	19,851
Trade receivables with extended credit terms	<i>12</i>	4,855	5,742
		183,018	166,804
Current assets			
Inventories		37,564	34,366
Trade and other receivables	<i>12</i>	238,073	281,937
Pledged bank deposits		41,771	14,768
Bank balances, deposits and cash		25,114	22,433
		342,522	353,504
Current liabilities			
Trade and other payables	<i>13(a)</i>	152,520	198,236
Contract liabilities		13,938	10,825
Bills payables	<i>13(b)</i>	117,236	29,994
Taxation payables		67,102	63,606
Lease liabilities		1,113	1,040
Bank borrowings		154,762	144,444
		506,671	448,145
Net current liabilities		(164,149)	(94,641)
Total assets less current liabilities		18,869	72,163

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		685	1,797
Deferred taxation		17,733	12,856
		<u>18,418</u>	<u>14,653</u>
Net assets		<u>451</u>	<u>57,510</u>
Capital and reserves			
Share capital		271,824	271,824
Reserves		(214,854)	(157,678)
Equity attributable to owners of the Company		56,970	114,146
Non-controlling interests		(56,519)	(56,636)
Total equity		<u>451</u>	<u>57,510</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 12 November 2004 and was registered as a non-Hong Kong Company under Part 16 of Hong Kong Companies Ordinance (Cap. 622) (“**new CO**”). Its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). China Silver Investments Development Limited is a shareholder of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The Company acts as an investment holding company.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company and all values are rounded to nearest thousand except otherwise indicated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

2.1 New and Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to Conceptual Framework in HKFRSs and the following amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountant (“**HKICPA**”) for the first time for their annual reporting period commencing 1 January 2020:

Amendments to HKAS 1 and HKAS 8	— Definition of Material
Amendments to HKFRS3	— Definition of a Business
Amendments to HKFRS9, HKAS 39 and HKFRS 7	— Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performances for the current and prior years and on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform– Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties on financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern basis

The Group incurred a loss approximately HK\$75,476,000 during the year ended 31 December 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$164,149,000. In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors adopted the going concern basis for the preparation of the consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

(1) Banking and necessary facilities

As at 31 December 2020, the Group classified bank borrowings amounting to HK\$154,762,000 with scheduled payment dates that were more than 12 months from the end of the respective reporting period but contained a repayment on demand clause as current liabilities. Based on the latest communication with the banks, the Directors are not aware of any intention of the bank to require early repayment of the borrowings. Moreover, the Group is in the process of negotiating with its bankers to secure necessary facilities to meet the Group's working capital and financial requirements in the near future.

(2) Financial support

Two shareholders of the Company have agreed to continuously provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the twelve months from 31 December 2020.

In the opinion of the Directors, in light of the various measures or arrangements implemented after the end of reporting period together with the expected results of the other measures, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

4. TURNOVER

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15 *Revenues from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Disaggregation of revenue from contracts with customers		
An analysis of the Group's turnover is by types of goods as follows:		
Sales of printed circuit boards ("PCB")	<u>237,572</u>	<u>274,477</u>
Total revenue recognised at a point in time	<u>237,572</u>	<u>274,477</u>
Time of revenue recognition		
At a point in time	237,572	274,477
Over time	<u>–</u>	<u>–</u>
	<u>237,572</u>	<u>274,477</u>
Geographic market:		
The PRC	145,168	168,235
Hong Kong	40,729	43,360
Others	<u>51,675</u>	<u>62,882</u>
	<u>237,572</u>	<u>274,477</u>

5. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	464	650
Waiver of interest expenses from other borrowings	7,279	–
Imputed interest on trade receivables with extended credit terms	789	1,542
Sales of scrap materials	6,349	6,948
Government grants (<i>Note</i>)	1,183	633
Others	1,138	1,554
	<u>17,202</u>	<u>11,327</u>

Note: Government grants were mainly granted to the Group as subsidies to support the operation of the Hong Kong and PRC subsidiaries. During the current year, the group recognised government grant of approximately HK\$633,000 in respect of COVID-19 related subsidies which is related to Employment Support Scheme provided by the Hong Kong Government. For other government grant, there are no special conditions or contingencies that are needed to be fulfilled and they were non-recurring in nature.

6. OTHER GAINS AND LOSSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Write-down of inventories	–	(866)
Net foreign exchange (loss)/gain	(767)	893
Net allowance for expected credit losses recognised on other receivables	(27,965)	(17,391)
Net allowance for expected credit losses recognised on trade receivables with normal credit terms	1,168	(1,739)
Net allowance for expected credit losses previously recognised on trade receivables with extended credit terms	5,544	191
Loss on disposal of property, plant and equipment	(18)	(242)
Impairment of right-of-use assets	(1,769)	–
Others	(62)	(82)
	<u>(23,869)</u>	<u>(19,236)</u>

7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on:		
– Bank and other borrowing wholly repayable within five years	12,147	24,027
– Lease liabilities	161	87
	<u>12,308</u>	<u>24,114</u>

8. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The charge comprises:		
Current tax:		
PRC Enterprise Income Tax (“EIT”)	–	50
Hong Kong Profits Tax	–	–
	<u>–</u>	<u>50</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years.

Under the Law of the People’s Republic of China on EIT (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

9. LOSS FOR THE YEAR

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year has been arrived at after charging:		
Employee expenses, including directors' and chief executive officer's remuneration (<i>Note</i>)	55,155	71,255
Retirement benefit schemes contributions (<i>Note</i>)	<u>1,584</u>	<u>6,199</u>
Total employee expenses	<u>56,739</u>	<u>77,454</u>
Auditors' remuneration:		
Audit service	1,800	1,800
Cost of inventories recognised as an expense	232,531	272,651
Depreciation of property, plant and equipment	9,717	10,629
Research and development costs recognised as an expense	465	575
Depreciation of right-of-use assets	1,699	2,712
Expenses relating to short-term leases	339	305
Share-based payment	<u>1,065</u>	<u>1,525</u>

Note: Employee expenses and retirement benefit schemes contributions were included the direct and indirect labour cost and share-based payment expenses. They have been recognised in the cost of inventories and administrative expenses.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the year is based on the following data:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company	<u>(74,351)</u>	<u>(102,896)</u>
	2020 <i>'000</i>	2019 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for calculating basic and diluted loss per share	<u>2,718,237</u>	<u>2,654,936</u>

The basic and diluted loss per share are the same for the years ended 31 December 2020 and 2019. The calculation of the diluted loss per share for both years did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

12. TRADE, BILLS AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables with normal credit terms	176,536	192,941
<i>Less: Allowance for expected credit losses</i>	<u>(86,019)</u>	<u>(87,187)</u>
	<u>90,517</u>	<u>105,754</u>
Trade receivables with extended credit terms	58,208	74,426
<i>Less: Allowance for expected credit losses</i>	<u>(5,812)</u>	<u>(11,356)</u>
	<u>52,396</u>	<u>63,070</u>
Total trade receivables, net of allowance for doubtful debts	142,913	168,824
<i>Less: Non-current portion of trade receivables with extended credit terms</i>	<u>(4,855)</u>	<u>(5,742)</u>
Current portion of trade receivables	<u>138,058</u>	<u>163,082</u>
Advances to suppliers	9,337	7,773
Value-added tax recoverable	<u>4,873</u>	<u>5,750</u>
	<u>14,210</u>	<u>13,523</u>
Other receivables	<u>85,805</u>	<u>105,332</u>
	<u>100,015</u>	<u>118,855</u>
Trade and other receivables shown under current assets	<u>238,073</u>	<u>281,937</u>

The Group generally allows an average credit period of 30 days to 180 days to its trade on PCB customers and tradings of towers and electric cable customers with normal credit terms and credit period ranging from one year to ten years to its trade on LED lighting customers with extended credit terms which is based on the contractual repayment schedule. The following is an aging analysis of trade receivables with normal credit terms and trade receivables with extended credit terms, net of allowance for expected credit losses respectively, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	Extended credit terms		Normal credit terms		Total	
	2020	2019	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	–	–	28,241	20,622	28,241	20,622
31 – 60 days	–	–	19,982	27,240	19,982	27,240
61 – 90 days	–	–	10,267	14,489	10,267	14,489
91 – 180 days	–	–	23,665	32,372	23,665	32,372
Over 180 days	52,396	63,070	8,362	11,031	60,758	74,101
	52,396	63,070	90,517	105,754	142,913	168,824

13. TRADE, BILLS AND OTHER PAYABLES

(a) Trade and other payables

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	9,541	12,930
31 – 60 days	9,741	11,894
61 – 90 days	9,730	12,933
91 – 180 days	14,782	20,850
Over 180 days	<u>57,749</u>	<u>62,560</u>
Total trade payables	<u>101,543</u>	<u>121,167</u>
Other payables (<i>Note</i>)	33,364	56,922
Accrued salaries and other accrued charges	<u>17,613</u>	<u>20,147</u>
	<u>152,520</u>	<u>198,236</u>

The credit period on purchases of goods ranged from 90 days to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Note: At the end of the reporting period, including in the Group's other payables is an amount of HK\$1,786,000 (2019: HK\$15,866,000) loan from other borrowers at interest rate of 18% (2019: 8% to 18%) and repaid in accordance with the terms of the loan agreements. During the year ended 31 December 2020, HK\$521,000 (2019: HK\$13,330,000) interests were paid and recognised in the finance cost of consolidated statement of profit or loss.

(b) **Bills Payables**

The bills payable are non-interest-bearing and are normally settled on credit terms ranging from 180 to 365 days.

The aged analysis of bills payable based on issue date of the bill at the end of the reporting period is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	33,703	817
31 – 60 days	5,800	14,895
61 – 90 days	2,928	14,282
91 – 180 days	28,088	–
Over 180 days	46,717	–
	<u>117,236</u>	<u>29,994</u>

14. SEGMENTAL INFORMATION

The Group determines its operating segment based on the reports reviewed by the chief operating decision maker for making strategic decisions. The Group is engaged in the manufacturing and trading of PCB and LED lighting and trading of towers and electric cable and the information reported to the chief operating decision maker was analysed based on the three types of PCB, LED lighting and trading of towers and electric cable which represent the operating segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- Manufacturing and trading of Single-sided PCB (“**Single-sided PCB**”)
- Manufacturing and trading of Double-sided PCB (“**Double-sided PCB**”)
- Manufacturing and trading of Multi-layered PCB (“**Multi-layered PCB**”)
- Manufacturing and trading of LED lighting
- Trading of tower and electric cable

No information of segment assets and liabilities is available for the assessment of performance of different operating segments. Therefore, only segment turnover and segment results are presented.

Segment Turnover and Results

The following is an analysis of the Group's turnover and results by reportable and operating segment.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
TURNOVER – external sales		
Single-sided PCB	59,420	83,113
Double-sided PCB	143,794	145,745
Multi-layered PCB	34,358	45,619
LED lighting	–	–
Tradings of tower and electric cable	–	–
	<u>–</u>	<u>–</u>
Total	<u>237,572</u>	<u>274,477</u>
RESULTS		
Segment losses		
– Single-sided PCB	(10,431)	(25,664)
– Double-sided PCB	(25,243)	(37,615)
– Multi-layered PCB	(6,032)	(8,566)
– LED lighting	(3,856)	(6,303)
– Trading of tower and electric cable	(21,938)	(18,675)
	<u>(67,500)</u>	<u>(96,823)</u>
Other income	10,064	4,962
Central administrative costs	(5,732)	(4,547)
Finance costs	(12,308)	(24,114)
	<u>(12,308)</u>	<u>(24,114)</u>
Loss before tax	<u>(75,476)</u>	<u>(120,522)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss incurred by each segment after allocation of selling and administrative staff cost with reference to turnover and without allocation of certain other income, central administrative costs (mainly including audit fee, exchange loss and depreciation of property, plant and equipment for administrative purpose) and finance costs. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment.

Other Segment Information

Amounts included in the measure of segment results:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Depreciation		
– Single-sided PCB	2,562	4,008
– Double-sided PCB	6,199	5,875
– Multi-layered PCB	1,481	1,338
– LED lighting	–	–
– Trading of tower and electric cable	–	–
	<u>10,242</u>	<u>11,221</u>
– Unallocated	1,174	2,120
	<u>11,416</u>	<u>13,341</u>
Impairment loss recognised/(reversal) in respect of trade and other receivables		
– Single-sided PCB	1,239	187
– Double-sided PCB	2,999	274
– Multi-layered PCB	717	62
– LED lighting	(5,524)	(191)
– Trading of tower and electric cable	21,822	18,607
	<u>21,253</u>	<u>18,939</u>
Write-down of inventories		
– Single-sided PCB	–	203
– Double-sided PCB	–	555
– Multi-layered PCB	–	108
– LED lighting	–	–
– Trading of tower and electric cable	–	–
	<u>–</u>	<u>866</u>

Geographical Information

Detailed below is information about the Group's turnover from external customers and information about its non-current assets (excluding trade receivables with extended credit terms), analysed by their geographical location: Group's operations are located in HK and the PRC.

	Turnover from external customers		Non-current assets	
	For the year ended 31 December		As at 31 December	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Asia:				
HK	40,729	43,360	1,199	2,904
Taiwan	5,056	8,148	–	–
The PRC (other than HK and Taiwan)	145,168	168,235	176,964	158,158
Other Asian countries	–	1,710	–	–
Europe:				
Austria	3,831	5,496	–	–
Hungary	12,391	14,367	–	–
Turkey	26,687	26,360	–	–
France	964	1,766	–	–
Germany	1,235	1,477	–	–
Other European countries	1,109	3,558	–	–
Others	402	–	–	–
	237,572	274,477	178,163	161,062

The non-current assets excluded trade receivables with extended credit terms.

Information About Major Customers

No customer of Group has individually contributed 10% or more of the Group during the year 2020 and no information about major customer is presented accordingly.

EXTRACT OF THE AUDITORS' REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2020:

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty related to Going Concern

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a loss of approximately HK\$75,476,000 during the year ended 31 December 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$164,149,000. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

GOING CONCERN BASIS

The Group incurred a loss approximately HK\$75,476,000 during the year ended 31 December 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$164,149,000. In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors adopted the going concern basis for the preparation of the consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

1. As at 31 December 2020, the Group classified bank borrowings amounting to HK\$154,762,000 with scheduled payment dates that were more than 12 months from the end of the respective reporting period but contained a repayment on demand clause as current liabilities. Based on the latest communication with the banks, the Directors are not aware of any intention of the bank to require early repayment of the borrowings. Moreover, the Group is in the process of negotiating with its bankers to secure necessary facilities to meet the Group's working capital and financial requirements in the near future.
2. Two shareholders of the Company have agreed to continuously provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the twelve months from 31 December 2020.

In the opinion of the Directors, in light of the various measures or arrangements implemented after the end of reporting period together with the expected results of the other measures, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the year of 2020 (“Year”), the Company’s PCB business decreased in revenue due to impact of COVID-19 outbreak during the first half of 2020. The Group has taken various measures to tackle the challenge of market competition. On one hand, the Group has taken various cost-savings and quality improvement measures. The Group also adopted strategic pricing policy and proactive marketing approach to attract more sales orders from both existing and potential customers.

Regarding the LED segment, during the Year, the Group has focused on credit management and optimisation of the trade receivable collection. The Group was also in negotiations with business partners with the view to pursuing projects and business opportunities.

BUSINESS REVIEW

The Group is principally engaged in manufacturing and trading of a broad range of LED lighting and PCBs including single-sided PCBs, double-sided PCBs and multi-layered PCBs (for up to 12 layers), and the trading of tower and electric cable. The breakdown of turnover based on products is summarised as follows:

	Year 2020		Year 2019		Increase/ (decrease)	Change in
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Single-sided PCB	59,420	25.0%	83,113	30.3%	(23,693)	(28.5)%
Double-sided PCB	143,794	60.5%	145,745	53.1%	(1,951)	(1.3)%
Multi-layered PCB	34,358	14.5%	45,619	16.6%	(11,261)	(24.7)%
LED	—	—	—	0%	—	—
	<u>237,572</u>	<u>100%</u>	<u>274,477</u>	<u>100%</u>	<u>(36,905)</u>	<u>(13.4)%</u>

Revenue from LED lighting business for the year ended 31 December 2020 was nil.

The three categories of PCB products are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the Year, single-sided PCB and doubled-sided PCB's used for consumer electronics accounted for approximately 85.5% (2019: 83.4%) of the Group's turnover. High-end multi-layered PCBs were also a core product of the Group, accounting for 14.5% (2019: 16.6%) of turnover.

The Group's turnover by geographical regions is summarised as follows:

	Year 2020		Year 2019		Increase/ (decrease) HK\$'000	Change in %
	HK\$'000	%	HK\$'000	%		
Hong Kong	40,729	17.1%	43,360	15.8%	(2,631)	(6.1)%
The PRC	145,168	61.1%	168,235	61.3%	(23,067)	(13.7)%
Asia (excluding Hong Kong and the PRC)	5,056	2.1%	9,858	3.6%	(4,802)	(48.7)%
Europe	46,217	19.5%	53,024	19.3%	(6,807)	(12.8)%
Others	402	0.2%	–	–	402	N/A
	237,572	100%	274,477	100%	(36,905)	(13.4)%

During the year, the Group's revenue decreased mainly due to the decrease of revenue from the segments of single-sided and multi-layered PCB.

The Group has two PCB manufacturing plants both located at Zhongshan, Guangdong, the PRC, details of which are summarised as follows:

Production plant	Location	Area	Products	Production capacity	Commencement of operations
Plant 1	Zhongshan, Guangdong, the PRC	58,000 sq. m.	Single-sided PCBs	530,000 sq. ft. per month	May 2003
Plant 2	Zhongshan, Guangdong, the PRC	52,000 sq. m.	Double-sided and multi-layered PCBs	420,000 sq. ft. per month	October 2007

As disclosed in the Company's announcement dated 2 February 2021, the Company is developing a new phase of production facilities to be constructed on the development site which is adjacent to the Group's existing plant, involving the construction of two buildings of factory and office uses, each not exceeding eleven floors above ground and one basement level with total gross floor area of 120,513.22 square meters.

OUTLOOK

The Board considers that it is vital and necessary for the Group to dedicate more efforts on the research and development with the view to achieving product upgrade. The Group has paid high attention to develop high value-added PCB products, particularly the copper-based PCB engaged in clean and environmental friendly applications.

Regarding the LED segment, the Group intends to focus on credit management and to optimize the trade receivable collection. The Group intends to pursue only after profitable projects with shorter receivable cycle.

FINANCIAL REVIEW

For the Year, the Group's turnover amounted to approximately HK\$237.6 million (2019: HK\$274.5 million), representing a decrease of 13.4% as compared to the last year. The gross profit margin for the year of 2020 was 2.1% (2019: 0.7%).

The decrease in the turnover for PCB business was mainly attributable to the supply chain disruption caused by COVID-19 outbreak in the first half of 2020. In addition, as the Group's manufacturing facilities are operated in China, our business is also adversely affected by the China-US trade tension. Loss attributable to shareholders was approximately HK\$74.4 million (2019: HK\$102.9 million).

THE IMPACT OF NOVEL CORONAVIRUS EPIDEMIC

The Group's production facilities are principally situated in Zhongshan city and Shenzhen city, both in Guangdong Province. Since late January 2020, travel restrictions and other public health measures (the "**Public Health Measures**") including the extension of Chinese new year holiday and quarantine requirements of travelers were imposed in various areas in China in an attempt to contain the novel Coronavirus epidemic (the "**Epidemic**"), as a result of which some staff of the Group were restricted from traveling or otherwise returning to work after holiday. The prolonged effect of the Epidemic and the Public Health Measures affected not only the human resources of the Group, but also the supply chains of raw materials and product shipments and the general economic atmosphere whether in China and globally.

The Epidemic has resulted in adverse impact on the business performance of the Group. The Group has taken all practicable measures to cope with the challenges ahead, including the implementation of cost-control measures and the exploration of opportunities to further develop its business and enhance its growth potential. In the meantime, the Group is striving for the highest caution standard to protect the health and safety of our staff.

Pending the rollout of vaccination and the putting under control of the Epidemic on a worldwide basis, further changes in economic conditions may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial statements. The Group will continue to monitor the development of the Epidemic and global economy and react actively to any impact on the financial position and operating results of the Group.

FUND RAISING ACTIVITIES

The Company has not successfully completed any equity fund-raising activities during the year 2020. The Company will continue to explore debt and equity fundings from bankers and investors to improve the working capital and liquidity and cash flow position of the Group.

Impairment loss in respect of property, plant and equipment

No impairment losses were recognised respectively for 2020 and 2019 in respect of plant and machinery and leasehold improvements.

Written off in respect of inventories

During the Year, HK\$Nil (2019: HK\$0.9 million) has been recognised as written off in respect of inventories.

Recognised share-based payments

During the year ended 31 December 2020, the Group recognised HK\$1.1 million share-based payment (2019: HK\$1.5 million). No negative cash flow effect is made to the Group as a result of these share-based payments.

Impairment loss and amount recovered recognised on trade receivables and other receivables

During the Year, the management performed an impairment assessment and recover amount on trade receivables and other receivables, resulting in net amount impaired of HK\$21.3 million (2019: Net impairment impaired of HK\$18.9 million) being recognised for the Group's LED lighting and PCB businesses.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2020, the Group had total assets of approximately HK\$525.5 million (2019: HK\$520.3 million) and interest-bearing borrowings of approximately HK\$158.3 million (2019: HK\$152.2 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 30.1% (2019: 29.3%).

The Group had net current liabilities of approximately HK\$164.1 million (2019: net current liabilities of HK\$94.6 million) consisted of current assets of approximately HK\$342.5 million (2019: HK\$353.5 million) and current liabilities of approximately HK\$506.7 million (2019: HK\$448.1million), representing a current ratio of approximately 0.68 (2019: 0.79).

As at 31 December 2020, the Group had cash and bank balances (including pledged bank deposits) of approximately HK\$66.9 million (2019: HK\$37.2 million). As at 31 December 2020, the Group had cash and bank balances (excluding pledged bank deposits) of approximately HK\$25.1 million (2019: HK\$22.4 million).

FOREIGN CURRENCY EXPOSURE

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in Hong Kong dollars (“**HK\$**”) and Renminbi (“**RMB**”). However, foreign currencies, mainly United States Dollars (“**US\$**”) are required to settle the Group's expenses and additions on property, plant and equipment. There are also sales transactions denominated in US\$ and RMB. The Group will use forward contracts to hedge its foreign currency exposure if it considers the risk to be significant.

HUMAN RESOURCES

As at 31 December 2020, the Group employed a total of approximately 537 employees (2019: 716), including approximately 495 employees in its Zhongshan production site, 19 employees in its LED division in China and other business units and approximately 23 employees in its Hong Kong office.

The Group's remuneration policy is reviewed regularly with reference to the legal framework, market conditions and the performance of the Group and individual staff. The remuneration policy and remuneration packages of the executive directors and members of the senior management are also reviewed by the remuneration committee. The Group may grant share options and discretionary bonuses to eligible employees based on the performance of the Group and individuals. Under the Group's remuneration policy, employees are rewarded in line with the market rate in compliance with statutory requirements of all jurisdictions where it operates. The Group holds regular training programmes and encourages staffs to attend training courses and seminars that are related directly or indirectly to the Group's business.

CORPORATE STRATEGY

The primary objective of the Company is to enhance long-term return for our shareholders. To achieve this objective, the Group's strategy is to place equal emphasis on achieving sustainable recurring earnings growth and maintaining the Group's strong financial profile. The Management Discussion and Analysis contain discussions and analysis of the Group's performance and the basis on which the Group generates or preserves value over the longer term and the basis on which the Group will execute its strategy for delivering the Group's objective.

CHARGE OF ASSETS

At the respective end of the reporting periods, the following assets were pledged to banks to secure general banking facilities granted to the Group:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Buildings	129,143	111,922
Pledged bank deposits	41,771	14,768
Right-of-use assets	16,383	16,998
	<u>187,297</u>	<u>143,688</u>

LITIGATIONS

- (a) The Company was informed by its legal advisers that a writ of summons dated 10 May 2016 under Hong Kong High Court Action No. 1228/2016 (the “**Legal Action**”) was filed by Mr. Li Jian Chao (“**Mr. Li**”) seeking to claim from the Company an alleged outstanding special bonus payment in the amount of HK\$1,640,000. Mr. Li was formerly the chief executive officer and executive director the Company before he resigned on 5 June 2015. On 12 July 2016, the Company filed a defence and counterclaim against Mr. Li (re-amended on 3 May 2018, the “**Counterclaim**”), whereby the Company denied (inter alia) that Mr. Li is entitled to the alleged amount and counterclaimed from Mr. Li (inter alia) a total sum of HK\$5,240,000 being wrongful receipts by Mr. Li based on certain invalid resolutions purportedly passed by the Board between 31 December 2014 and 4 June 2015, and/or damages for breach of fiduciary duties by Mr. Li when he was a director of the Company between 1 September 2014 and 5 June 2015. The Company will continue to uphold its rights in the Legal Action and the Counterclaim. In the meantime, the Board considers that the Legal Action and the Counterclaim are unlikely to result in any material adverse effect to the Company’s operations or financial position. Further details relating to the Legal Action and Counterclaim are more particularly set out in the Company’s announcements dated 13 May and 14 July 2016.

(b) During the Year, the Company's operating subsidiaries in the PRC were involved in various litigations as defendants due to disputes in ordinary businesses with suppliers, contractors and ex-employees, including: (a) claims in the total amounts of approximately RMB8,514,000 which were already settled and the full amount of approximately RMB8,514,000 were recognised as trade and other payable in the consolidated statement of financial position as at 31 December 2020; and (b) claims in the total amounts of RMB4,477,000 which were still undergoing legal processes. As a prudent measure, full amount of RMB4,477,000 were recognised as trade and other payables as at 31 December 2020 in the consolidated statement of the financial position. The claims have been accompanied by asset-preservation orders imposed on bank accounts of our PRC subsidiaries for the total amounts of approximately RMB7,499,000 as at 31 December 2020. These litigations were drawn to the attention of the Directors who, after considering the banking and other borrowing facilities available to the Group and the cashflow projection prepared by the group finance department, are of the view that the Group should have sufficient funding to meet these liabilities if the claims are successful. The Directors also discussed with its subsidiary management to explore ways to expedite internal payment approval processes and payable settlement cycles.

OTHER INFORMATION

Dividends

The Board has resolved not to recommend the payment of a final dividend (2019: Nil).

CHANGE OF COMPANY NAME, STOCK SHORT NAMES, LOGO AND WEBSITE

On 5 March 2020, The Company proposed to change the English name of the Company from “TC Orient Lighting Holdings Limited” to “China Silver Technology Holdings Limited” and adopt the Chinese name of “中華銀科技控股有限公司” as the dual foreign name of the Company in place of its previous Chinese name of “達進東方照明控股有限公司” (the “**Change of Company Name**”). The Board was of the view that the Change of Company Name will help to refresh the Company’s corporate image and identity and better reflect the Company’s business plans and development, and considered that the Change of Company Name was in the best interests of the Company and the Shareholders as a whole.

Subsequent to the passing of the special resolution regarding the Change of Company Name at the EGM held on 22 June 2020, the Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 24 June 2020 certifying the change of English name and the dual foreign name of the Company, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 28 July 2020 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

To reflect the Change of Company Name, the stock short names for trading in the shares of the Company on the Stock Exchange has been changed from “TC ORI LIGHT” to “CHINASILVER TEC” in English and from “達進東方照明” to “中華銀科技” in Chinese with effect from 9:00 a.m. on Tuesday, 4 August 2020. The logo of the Company has been changed with effect from 30 July 2020 to reflect the Change of Company Name. The website of the Company changed from “www.tatchun.com” to “www.csthld.com” with effect from 4 August 2020.

BUSINESS UPDATES AND DEVELOPMENT DURING THE YEAR

Appointment of Deputy Chief Executive Officer

On 9 September 2020, Mr. Wang Menglei (“**Mr. Wang**”) was appointed as the Deputy Chief Executive Officer of the Company. Mr. Wang, aged 41, occupied a senior management position in a lighting engineering company in China prior to joining the Group. Mr. Wang is a committee member of the Outdoor and Street Lighting Professional Committee of the 6th Executive Committee of Henan Illuminating Engineering Society (河南省照明學會六屆理事會室外與道路照明專業委員會委員).

Memorandum of Understanding on the proposed investment in an environmental protection project in China

On 24 September 2020, the Company entered into a non-legally binding memorandum of understanding with 東莞市金印再生資源回收有限公司 (Dongguan Jinyin Renewable Resources Recycling Co., Ltd.) (the “**Target Company**”) pursuant to which the Company proposed to invest in not less than 51% equity interest in the Target Company by way of subscription of new equity or acquisition of equity from existing shareholders of the Target Company. The Target Company is a limited liability company established under the laws of the PRC with a scope of business including recycling of raw material and production of construction material. If the memorandum of understanding proceeds to signing of a formal binding agreement, it is expected that the proposed investment may constitute a discloseable transaction or major acquisition for the Company under Chapter 14 of the Listing Rules. Further announcement(s) relating to the proposed investment may be made by the Company as and when necessary.

Memorandum of Understanding on the proposed acquisition of equity interest in retail chain stores in China

On 15 December 2020, the Company entered into a non-legally binding memorandum of understanding with China Food and Beverage Group Limited (“**Vendor A**”) and 深圳市華銀老行尊投資有限公司 (Shenzhen Huayin Expert Investment Development Co., Ltd.) (“**Vendor B**”, collectively, the “**Vendors**”) and 廣州酒類專賣店連鎖有限公司 (Guangzhou Wine & Liquor Franchised Chain Stores Co., Ltd.) (the “**Wine Company**”), pursuant to which the Company proposed to acquire not more than 49% equity interest in the Wine Company from the Vendors. The Wine Company is a limited liability company established under the laws of the PRC which is principally engaged in the operation of retail chain stores in China. According to the information provided by the Wine Company, as at the date of this announcement, (a) the registered capital of the Wine Company is registered as to 70% and 30% in the names of Vendor A and Vendor B, respectively. If the memorandum of understanding proceeds to signing of a formal binding agreement, it is expected that the proposed acquisition may constitute a discloseable transaction or major acquisition for the Company under Chapter 14 of the Listing Rules. Further announcement(s) relating to the proposed acquisition may be made by the Company as and when necessary.

ACQUISITIONS DURING THE YEAR

Discloseable Transaction in relation to the Possible Purchase of Properties in China

On 23 December 2020 (after trading hours), 連雲港市達進東方智能科技有限公司 (Lianyungang TC Orient Intelligence Technology Co., Ltd.) (a wholly-owned subsidiary of the Company) and 連雲港市華金華鴻實業有限公司 (Lianyungang Huajin Huahong Industrial Co., Ltd.) (“**Huajin Huahong**”) entered into the Subscription Memorandum, pursuant to which the Group indicated its intention to acquire the Properties for the aggregate consideration of RMB17,561,520 (HK\$20,780,000).

The properties proposed to be acquired by the Purchaser under the Subscription Memorandum comprise eighteen units in three blocks of three-storey commercial buildings situated near Xufu East Road (徐福東路), Ganyu District (贛榆區), Lianyungang City, Jiangsu Province, China with a total gross floor area of approximately 2,195.19 square meters (the “**Properties**”). According to the information provided by Huajin Huahong, (a) the Properties form part of a property development with land use of commercial and services; (b) the Properties are in the final stage of construction which is expected to complete by or around the first half of 2021; (c) Huajin Huahong has already obtained the approval from the relevant government authorities permitting the pre-sale of the Properties; and (d) subject to payment of the remaining balance of consideration, the title deeds for the Properties are expected to be issued and registered in the name of the Group by or around the end of 2021.

The use of self-owned premises will give the Group a higher flexibility in the interior layout and design. In addition, the Group would be able to save rental expenses and be free from the risk of rental increases in future. In the light of the above factors, the Directors (including the independent non-executive Directors) consider that the Subscription Memorandum (including the consideration and payment terms for the purchase of the Properties) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. No Director has any material interest in the purchase of the Properties or is required to abstain from voting on the Board’s decision regarding the purchase of the Properties.

SUBSEQUENT EVENTS

Proposed Development of the New Phase of Development Site in Zhongshan

As disclosed in the Company’s announcement dated 2 February 2021, the Company is implementing the construction of the new phase of production facilities, involving two buildings of factory and office uses at the development site at Gaoping Boulevard, Sanjiao Town, Zhongshan City, Guangdong Province, the PRC which is adjacent to the Group’s existing production plant. Subject to the successful selection of contractors and the entering into of construction contracts with them, the Company expects the construction of the new phase will commence in or before the second quarter of 2021 and be scheduled for completion in stages commencing in or around the second quarter of 2022.

The development site is a transferred land of industrial use with total site area of 65,999.7 square meters, with land use right of 50 years running from 1998 to 2048 being granted to the Company's indirect wholly-owned subsidiary, 中山市達進電子有限公司 (Zhongshan Tat Chun Electronics Co., Ltd.) (“**Zhongshan TC**”). Due to the changes in the town planning and in support of the development of the Group as a quality industrial enterprise above designated size in accordance with the Government policy of delegation and streamlining of administrative functions, the maximum plot ratio permitted for the construction of buildings on the Development Site was increased from 1.5 times to 3.5 times (the “**Plot Ratio Relaxation**”). In response to that, the Group submitted building plans on the proposed development to the Government containing its proposal to construct the New Phase with total gross floor area of 120,513.22 square meters and comprising two buildings of factory and office uses, each not exceeding eleven floors above ground and one basement level. The building plans regarding the proposed development has now been approved by the Government. The Company now plans to engage several contractors (in each case being an independent third party) to implement the proposed development in stages. It is contemplated that selection of contractors will be conducted through tender, which shall be decided by the Company by reference to the selection criteria including pricing terms, time schedule, payment terms and the building experience of the contractors. Subject to the successful selection of contractors and the entering into of construction contracts with them, the Company expects the construction of the new phase will commence in or before the second quarter of 2021 and be scheduled for completion in stages commencing in or around the second quarter of 2022. Based on the current design of building plans, the total construction cost for the proposed development is estimated to be RMB270 million, which is expected to be financed by the Group's internal resources, external borrowings and equity fundraisings. The Company is currently in negotiations with financial institutions and potential investors to explore different fund-raising alternatives, but no binding agreement has been entered into yet. Further announcement(s) will be made by the Company if and when any of these fund-raising plans materialize.

Strategic Cooperation on Coworking Project

On 2 February 2021, Zhongshan TC entered into the strategic cooperative agreement with 深圳市穩毅實業有限公司 (Shenzhen Wenyi Industrial Co., Ltd.) (the “**Strategic Partner**”), pursuant to which the Strategic Partner expresses its intention to utilize the capacity of the new phase of the development site in Zhongshan to the extent not used by the Group for the purpose of operating the coworking project. Under the terms of the strategic cooperative agreement, the formal agreement is expected to provide for, among other things: (a) the cooperation period of ten years from the date of commencement of operation of the new phase; (b) the service income to be received by Zhongshan TC from the Strategic Partner under the strategic cooperation, being measured by a revenue sharing model with a guaranteed return based on the area of premises occupied by the Strategic Partner in the new phase; and (c) other customary terms and conditions applicable to similar business arrangements. Further announcement(s) will be made by the Company when appropriate if there is further development on the Strategic Cooperation.

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

During the Year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of its own listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company recognises the importance of corporate governance practice of a listed company and is committed to adopting the standards of corporate governance. It is in the interest of the stakeholders and shareholders for a listed company to operate in a transparent manner with the adoptions of various self-regulatory policies, procedures and monitoring mechanisms with a clear definition of accountability of directors and management.

The Company and the Directors confirm, to the best of their knowledge, that the Company complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as stated in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the Year except for the following:

- (i) Under Code Provision A.6.7, independent non-executive directors should attend the annual general meeting of the Company. Certain Directors did not attend the annual general meeting of the Company held on 22 June 2020 due to other commitments and/or public health concerns caused by the Epidemic. The Company intends to arrange for video/audio conferencing facilities to facilitate Directors’ attendance.
- (ii) Under Code Provision C.1.2, management should provide all members of the Board with monthly updates on the issuer’s performance, position and prospects, which may include monthly management accounts and material variance between projections and actual results. During the period, although management accounts were not circulated to Board members on monthly basis, regular verbal updates were given by management to Directors on working level meetings from time to time, which the management and the Board consider to be sufficient and appropriate in the circumstances in giving a balanced and understandable assessment of the Group’s performance and enabling Directors to discharge their duties.

The Board and the compliance committee shall continue to monitor and review the Company’s corporate governance practices to ensure compliance of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of conduct for Directors in their dealings in the Company’s securities and each of the incumbent directors confirmed that he/she has complied with the Model Code during the year ended 31 December 2020.

AUDIT COMMITTEE

The Audit Committee of the Company (“**AC**”) comprises of four independent non-executive Directors, namely, Dr. Loke Yu (alias Loke Hoi Lam), Ms. Qiu Yumei, Mr. Wong Kwok On and Mr. Bonathan Wai Ka Cheung. Dr. Loke Yu (alias Loke Hoi Lam) is the chairman of the AC. One out of four AC members, Dr. Loke Yu (alias Loke Hoi Lam) possesses recognised professional qualifications in accounting and has wide experience in audit and accounting.

No former partner of the Company’s existing auditing firm acted as a member of the AC within two years from ceasing to be a partner or having any financial interest in the auditing firm.

The AC was delegated with the authority of the Board of the Company to investigate any activity within its terms of reference. The primary function of the AC is to review and supervise the Group’s financial reporting process and internal controls. The AC has also reviewed arrangements to enable employees of the Group to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure proper arrangements that in place for fair and independent investigation and follow up actions. The full terms of reference of the AC are available on the Company’s website: www.csthld.com and the website of the Stock Exchange: www.hkexnews.hk.

The Group’s audited financial statements for the year ended 31 December 2020 has been reviewed by the AC, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited (“**HLB**”), to the amounts set out in the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on the preliminary results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This Audited Annual Results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company. The 2020 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company on or before 30 April 2021. The Company will give further notice on the proposed date of the forthcoming annual general meeting of the Company (the “**2020 AGM**”) and the book closure period for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2020 AGM.

By order of the Board

China Silver Technology Holdings Limited

Zeng Yongguang

Executive Director

Hong Kong, 26 March 2021

As at the date hereof, the Board comprises Mr. Xu Ming (Chief Executive Officer), Mr. Zeng Yongguang, Mr. Guo Jun Hao, Mr. Mai Huazhi and Mr. Lin Wanan as executive Directors; Mr. Lai Yubin (Chairman) and Mr. Wei Xiaomin as non-executive Directors; and Mr. Wong Kwok On, Mr. Bonathan Wai Ka Cheung, Dr. Loke Yu (alias Loke Hoi Lam) and Ms. Qiu Yumei as independent non-executive Directors.