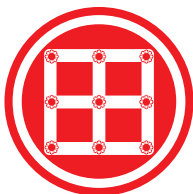


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CHINA SILVER TECHNOLOGY HOLDINGS LIMITED
中華銀科技控股有限公司

(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 2021

The board (the “**Board**”) of directors (the “**Directors**”) of China Silver Technology Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results (the “**Annual Results**”) of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 together with the comparative amounts for the corresponding year in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Turnover	4	375,375	237,572
Cost of sales		(353,882)	(232,531)
Gross profit		21,493	5,041
Other income	5	24,777	17,202
Other gains and losses, net	6	14,083	(23,869)
Selling and distribution expenses		(16,681)	(16,399)
Administrative expenses		(38,396)	(45,143)
Finance costs	7	(11,925)	(12,308)
Loss before tax		(6,649)	(75,476)
Income tax expense	8	—	—
Loss for the year	9	(6,649)	(75,476)

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss</i>			
Surplus on revaluation of properties		1,777	19,509
Deferred taxation arising from revaluation of properties		<u>(444)</u>	<u>(4,877)</u>
		<u>1,333</u>	<u>14,632</u>
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation		<u>(1,743)</u>	<u>2,720</u>
Other comprehensive (expense)/income for the year		<u>(410)</u>	<u>17,352</u>
Total comprehensive expense for the year		<u>(7,059)</u>	<u>(58,124)</u>
Loss for the year attributable to:			
Owners of the Company		(3,936)	(74,351)
Non-controlling interests		<u>(2,713)</u>	<u>(1,125)</u>
		<u>(6,649)</u>	<u>(75,476)</u>
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(4,229)	(58,241)
Non-controlling interests		<u>(2,830)</u>	<u>117</u>
		<u>(7,059)</u>	<u>(58,124)</u>
Loss per share			
Basic and diluted (<i>in HK cents</i>)	<i>10</i>	<u>(0.14)</u>	<u>(2.74)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		235,030	161,780
Right-of-use assets		15,768	16,383
Trade receivables with extended credit terms	<i>12</i>	<u>–</u>	<u>4,855</u>
		<u>250,798</u>	<u>183,018</u>
Current assets			
Inventories		49,391	37,564
Trade and other receivables	<i>12</i>	181,054	238,073
Pledged bank deposits		50,775	41,771
Bank balances, deposits and cash		<u>19,900</u>	<u>25,114</u>
		<u>301,120</u>	<u>342,522</u>
Current liabilities			
Trade and other payables	<i>13(a)</i>	138,054	152,520
Contract liabilities		11,377	13,938
Bills payables	<i>13(b)</i>	159,076	117,236
Taxation payables		67,747	67,102
Lease liabilities		685	1,113
Bank borrowings		<u>156,310</u>	<u>154,762</u>
		<u>533,249</u>	<u>506,671</u>
Net current liabilities		<u>(232,129)</u>	<u>(164,149)</u>
Total assets less current liabilities		<u>18,669</u>	<u>18,869</u>

		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		–	685
Deferred taxation		<u>18,177</u>	<u>17,733</u>
		<u>18,177</u>	<u>18,418</u>
Net assets		<u>492</u>	<u>451</u>
Capital and reserves			
Share capital	<i>14</i>	278,924	271,824
Reserves		<u>(219,083)</u>	<u>(214,854)</u>
Equity attributable to owners of the Company		59,841	56,970
Non-controlling interests		<u>(59,349)</u>	<u>(56,519)</u>
Total equity		<u>492</u>	<u>451</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 Ltd. is a shareholder of the Company who had reported its shareholding interest to the Company through the making of disclosure of interest filings during the year. 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 principal activities of its subsidiaries are the manufacture and trading of light emitting diode (“**LED**”) lighting, and single-sided, doubled-sided and multi-layered printed circuit boards (“**PCB**”).

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 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant (“**HKICPA**”) for the first time for their annual reporting period commencing 1 January 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the HKFRS Interpretations Committee (the “**Committee**”) of the HKICPA issued on June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.2 New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKFRS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
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 Improvement to HKFRSs 2018-2020 ²
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ²

¹ Effective for annual periods beginning on or after 1 April 2021.

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

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company (the “**Directors**”) anticipate that the application of all 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 that are measured at revalued amount 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\$6,649,000 during the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$232,129,000. 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 2021, the Group had bank borrowings amounting to HK\$156,310,000 which were due within 12 months. Based on the latest communication with the banks, the Directors are not aware of any reason of the bank not to extend 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

A substantial shareholder of the Company has 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 2021.

(3) Alternative sources of external funding

On 17 February 2022, the Company and the subscribers entered into the subscription agreements pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribe for, an aggregate of 286,000,000 subscription shares at the subscription price of HK\$0.10 per share. The net proceeds from the subscriptions amount to approximately HK\$28,400,000. The subscription was completed on 3 March 2022. For details of the subscriptions, please refer to the Company's announcements dated 17 February 2022 and 3 March 2022.

After the completion of the subscriptions, the Company will continue to explore any possibility of conducting further equity fund raising to satisfy its funding needs if suitable opportunities arise. 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 *Revenue from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2021 <i>HK\$'000</i>	2020 <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")	365,555	237,572
Light Emitting Diode ("LED") lighting	<u>9,820</u>	<u>–</u>
Total revenue recognised at a point in time	<u><u>375,375</u></u>	<u><u>237,572</u></u>
Time of revenue recognition		
At a point in time	<u><u>375,375</u></u>	<u><u>237,572</u></u>
Geographic market:		
The PRC	290,166	145,168
Hong Kong	25,872	40,729
Others	<u>59,337</u>	<u>51,675</u>
	<u><u>375,375</u></u>	<u><u>237,572</u></u>

5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	608	464
Waiver of interest expenses from other borrowings	–	7,279
Imputed interest on trade receivables with extended credit terms	430	789
Sales of scrap materials	20,888	6,349
Government grants (<i>Note</i>)	140	1,183
Others	2,711	1,138
	<u>24,777</u>	<u>17,202</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 year ended 31 December 2020, the Group recognised government grants 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 grants, 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, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net foreign exchange loss	(703)	(767)
Reversal of/(provision of) allowance for expected credit losses (“ECL”) recognised on other receivables	2,986	(27,965)
Reversal of allowance for ECL recognised on trade receivables with normal credit terms	836	1,168
(Provision of)/reversal of allowance for ECL recognised on trade receivables with extended credit terms	(89)	5,544
Gain/(loss) on disposal of property, plant and equipment	11,053	(18)
Impairment loss on right-of-use assets	–	(1,769)
Others	–	(62)
	<u>14,083</u>	<u>(23,869)</u>

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on:		
– Bank and other borrowings wholly repayable within five years	11,838	12,147
– Lease liabilities	87	161
	<u>11,925</u>	<u>12,308</u>

8. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The charge comprises:		
Current tax:		
PRC Enterprise Income Tax (“EIT”)	–	–
Hong Kong Profits Tax	–	–
	<u>–</u>	<u>–</u>

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

	2021 <i>HK\$'000</i>	2020 <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>)	47,853	55,155
Retirement benefit schemes contributions (<i>Note</i>)	<u>5,037</u>	<u>1,584</u>
Total employee expenses	<u>52,890</u>	<u>56,739</u>
Auditors' remuneration:		
Audit service	1,800	1,800
Cost of inventories recognised as an expense	353,882	232,531
Depreciation of property, plant and equipment	8,098	9,717
Research and development costs recognised as an expense	367	465
Depreciation of right-of-use assets	615	1,699
Expenses relating to short-term leases	428	339
Share-based payment	<u>–</u>	<u>1,065</u>

Note: Employee expenses and retirement benefit schemes contributions included the direct and indirect labour cost and share-based payment expenses. The employee expenses were charged to cost of sales and administrative expenses with amount of HK\$32,161,000 (2020: HK\$31,235,000) and HK\$20,729,000 (2020: HK\$25,504,000) respectively.

10. LOSS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company	<u>(3,936)</u>	<u>(74,351)</u>
	2021 <i>'000</i>	2020 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for calculating basic and diluted loss per share	<u>2,759,475</u>	<u>2,718,237</u>

The basic and diluted loss per share are the same for the years ended 31 December 2021 and 2020. 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 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

12. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables with normal credit terms	171,887	176,536
<i>Less: Allowance for ECL</i>	<u>(85,183)</u>	<u>(86,019)</u>
	<u>86,704</u>	<u>90,517</u>
Trade receivables with extended credit terms	52,320	58,208
<i>Less: Allowance for ECL</i>	<u>(5,901)</u>	<u>(5,812)</u>
	<u>46,419</u>	<u>52,396</u>
Total trade receivables, net of allowance for doubtful debts	133,123	142,913
<i>Less: Non-current portion of trade receivables with extended credit terms</i>	<u>–</u>	<u>(4,855)</u>
Current portion of trade receivables	<u><u>133,123</u></u>	<u><u>138,058</u></u>
Advances to suppliers	3,668	9,337
Value-added tax recoverable	<u>1,066</u>	<u>4,873</u>
	<u>4,734</u>	<u>14,210</u>
Other receivables	<u>43,197</u>	<u>85,805</u>
	<u><u>47,931</u></u>	<u><u>100,015</u></u>
Trade and other receivables shown under current assets	<u><u>181,054</u></u>	<u><u>238,073</u></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 ECL 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	
	2021	2020	2021	2020	2021	2020
	<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	–	–	26,520	28,241	26,520	28,241
31 – 60 days	–	–	18,317	19,982	18,317	19,982
61 – 90 days	–	–	12,652	10,267	12,652	10,267
91 – 180 days	–	–	20,908	23,665	20,908	23,665
Over 180 days	46,419	52,396	8,307	8,362	54,726	60,758
	46,419	52,396	86,704	90,517	133,123	142,913

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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	10,990	9,541
31 – 60 days	4,460	9,741
61 – 90 days	13,101	9,730
91 – 180 days	10,106	14,782
Over 180 days	<u>61,136</u>	<u>57,749</u>
Total trade payables	<u>99,793</u>	<u>101,543</u>
Other payables (<i>Note</i>)	23,900	33,364
Accrued salaries and other accrued charges	<u>14,361</u>	<u>17,613</u>
	<u>138,054</u>	<u>152,520</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: As at 31 December 2021, the Group's other payables included unsecured loans from independent third parties in the amount of approximately HK\$3,571,000 (2020: HK\$1,786,000), carrying interest at the rate of 18% (2020: 18%) and repayable within one year. During the year ended 31 December 2021, HK\$324,000 (2020: HK\$521,000) interests were paid and recognised in the finance cost of consolidated statement of profit or loss.

(b) **Bills Payables**

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	15,635	33,703
31 – 60 days	–	5,800
61 – 90 days	–	2,928
91 – 180 days	37,113	28,088
Over 180 days	<u>106,328</u>	<u>46,717</u>
	<u><u>159,076</u></u>	<u><u>117,236</u></u>

14. SHARE CAPITAL

	Number of shares		Amount	
	2021	2020	2021	2020
	Number	Number	HK\$'000	HK\$'000
	<i>'000</i>	<i>'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Authorised:</i>				
Ordinary shares of HK\$0.10 each				
At 1 January and 31 December	<u>12,000,000</u>	12,000,000	<u>1,200,000</u>	1,200,000
<i>Issued and full paid:</i>				
Ordinary shares of HK\$0.10 each				
At 1 January	2,718,237	2,718,237	271,824	271,824
Exercise of share option (<i>Note</i>)	<u>71,000</u>	–	<u>7,100</u>	–
At 31 December	<u><u>2,789,237</u></u>	<u><u>2,718,237</u></u>	<u><u>278,924</u></u>	<u><u>271,824</u></u>

Note: During the year ended 31 December 2021, 71,000,000 share options were exercised and as a result of which 71,000,000 ordinary shares were issued. Approximately HK\$7,100,000 and HK\$834,000 were recorded as share capital and share premium, respectively.

15. SEGMENTAL INFORMATION

The Group determines its operating segment based on the reports reviewed by directors of the Company who are the chief operating decision maker (“**CODM**”) 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 CODM 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

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
TURNOVER – external sales		
Single-sided PCB	66,256	59,420
Double-sided PCB	229,513	143,794
Multi-layered PCB	69,786	34,358
LED lighting	9,820	–
Tradings of tower and electric cable	–	–
	<u>–</u>	<u>–</u>
Total	<u>375,375</u>	<u>237,572</u>
RESULTS		
Segment profit/(loss)		
– Single-sided PCB	1,364	(10,431)
– Double-sided PCB	4,927	(25,243)
– Multi-layered PCB	1,436	(6,032)
– LED lighting	(379)	(3,856)
– Trading of tower and electric cable	(1,157)	(21,938)
	<u>(1,157)</u>	<u>(21,938)</u>
	6,191	(67,500)
Other income	3,459	10,064
Central administrative costs	(4,374)	(5,732)
Finance costs	(11,925)	(12,308)
	<u>(11,925)</u>	<u>(12,308)</u>
Loss before tax	<u>(6,649)</u>	<u>(75,476)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(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 CODM for the purposes of resource allocation and performance assessment.

Other Segment Information

Amounts included in the measure of segment results:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation		
– Single-sided PCB	1,498	2,562
– Double-sided PCB	5,411	6,199
– Multi-layered PCB	1,577	1,481
– LED lighting	–	–
– Trading of tower and electric cable	–	–
	<hr/>	<hr/>
	8,486	10,242
– Unallocated	227	1,174
	<hr/>	<hr/>
	8,713	11,416
	<hr/> <hr/>	<hr/> <hr/>
(Reverl of)/provision of allowance for ECL on trade and other receivables		
– Single-sided PCB	(699)	1,239
– Double-sided PCB	(2,492)	2,999
– Multi-layered PCB	(739)	717
– LED lighting	(167)	(5,524)
– Trading of tower and electric cable	364	21,822
	<hr/>	<hr/>
	(3,733)	21,253
	<hr/> <hr/>	<hr/> <hr/>

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		As at 31 December	
	31 December			
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Asia:				
HK	25,872	40,729	907	1,199
Taiwan	211	5,056	–	–
The PRC (other than HK and Taiwan)	290,166	145,168	249,891	176,964
Other Asian countries	3,506	–	–	–
Europe:				
Austria	–	3,831	–	–
Hungary	10,212	12,391	–	–
Turkiye (formerly known as Turkey)	42,384	26,687	–	–
France	136	964	–	–
Germany	1,632	1,235	–	–
Other European countries	1,122	1,109	–	–
Others	134	402	–	–
	375,375	237,572	250,798	178,163

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

Information About Major Customers

No customer of the Group has individually contributed 10% or more of the Group during the year ended 31 December 2021 and no 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 consolidated financial statements for the year ended 31 December 2021:

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 2021, 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\$6,649,000 during the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$232,129,000. 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\$6,649,000 during the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$232,129,000. 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 2021, the Group had bank borrowings amounting to HK\$156,310,000 which were due within 12 months. Based on the latest communication with the banks, the Directors are not aware of any reason of the bank not to extend 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

A substantial shareholder of the Company has 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 2021.

(3) Alternative sources of external funding

On 17 February 2022, the Company and the subscribers entered into the subscription agreements pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribe for, an aggregate of 286,000,000 subscription shares at the subscription price of HK\$0.10 per subscription share. The net proceeds from the subscriptions amount to approximately HK\$28,400,000. The subscription was completed on 3 March 2022. For details of the subscriptions, please refer to the Company's announcements dated 17 February 2022 and 3 March 2022.

After the completion of the subscriptions, the Company will continue to explore any possibility of conducting further equity fund raising to satisfy its funding needs if suitable opportunities arise. 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 2021, the Group's revenue increased mainly due to: (i) the alleviation of COVID-19 epidemic, resulting in increased orders from customers and general improvements in supply chain environment; and (ii) the increased unit price for the sales of our PCB products. 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 recognised revenue of HK\$9,820,000 during 2021.

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 2021		Year 2020		Increase/ (decrease)	Change in
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Single-sided PCB	66,256	17.7%	59,420	25.0%	6,836	11.5%
Double-sided PCB	229,513	61.1%	143,794	60.5%	85,719	59.6%
Multi-layered PCB	69,786	18.6%	34,358	14.5%	35,428	103.1%
LED	9,820	2.6%	–	–%	9,820	–%
	<u>375,375</u>	<u>100.0%</u>	<u>237,572</u>	<u>100.0%</u>	<u>137,803</u>	<u>58.0%</u>

Revenue from LED lighting business for the year ended 31 December 2021 was HK\$9,820,000 (2020: 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 78.8% (2020: 85.5%) of the Group's turnover. High-end multi-layered PCBs were also a core product of the Group, accounting for 18.6% (2020: 14.5%) of turnover.

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

	Year 2021		Year 2020		Increase/ (decrease)	Change in
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Hong Kong	25,872	6.9%	40,729	17.1%	(14,857)	(36.5)%
The PRC	290,166	77.3%	145,168	61.1%	144,998	99.9%
Asia (excluding Hong Kong and the PRC)	3,717	1.0%	5,056	2.1%	(1,339)	(26.5)%
Europe	55,486	14.8%	46,217	19.5%	9,269	20.1%
Others	134	0%	402	0.2%	(268)	(66.7)%
	375,375	100.0%	237,572	100.0%	137,803	58.0%

During the year, the Group's revenue increased mainly due to: (i) the alleviation of COVID-19 epidemic, resulting in increased orders from customers and general improvements in supply chain environment; and (ii) the increased unit price for the sales of our PCB products.

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\$375.4 million (2020: HK\$237.6 million), representing an increase of 58.0% as compared to the last year. The gross profit margin for the year of 2021 was 5.7% (2020: 2.1%). Loss attributable to shareholders was reduced to approximately HK\$3.9 million (2020: HK\$74.4 million), principally due to: (i) the alleviation of COVID-19 epidemic, resulting in increased orders from customers and general improvements in supply chain environment; (ii) the increased unit price for the sales of our PCB products during 2021; (iii) the implementation of cost-control measures; and (iv) the sales of materials and depreciated machineries as part of an upgrade exercise of production facilities.

Impairment loss in respect of property, plant and equipment

No impairment losses were recognised respectively for 2021 and 2020 in respect of plant and machinery and leasehold improvements.

Recognised share-based payments

During the year ended 31 December 2021, the Group recognised HK\$ Nil share-based payment (2020: HK\$1.1 million). No negative cash flow effect is made to the Group as a result of these share-based payments.

Expected credit loss on trade receivables and other receivables

During the Year, the management performed an expected credit loss assessment on the trade receivables and other receivables, resulting in net amount reversal of HK\$3.7 million (2020: Net impaired of HK\$21.3 million) being recognised for the Group's LED lighting and PCB businesses.

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 quarantine requirements of travelers were imposed in various areas in China in an attempt to contain the novel Coronavirus epidemic (the “**Epidemic**”).

The Epidemic has resulted in adverse impact on the business performance of the market. The Group has taken all practicable measures to cope with the challenges, 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.

During 2021, the Company's PCB business increased in revenue, principally due to: (i) the alleviation of COVID-19 epidemic, resulting in increased orders from customers and general improvements in supply chain environment; and (ii) the increased unit price for the sales of our PCB products. Regarding the LED segment, revenue of HK\$9,820,000 is recognised during 2021. The Group has taken various cost-savings and quality improvement measures, and adopted strategic pricing policy and proactive marketing approach to attract more sales orders from both existing and potential customers.

Pending the development of the Epidemic subsequent to the date of the financial statements, further changes in economic conditions for the Group arising thereof 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 react actively to its impact on the financial position and operating results of the Group.

FUND RAISING ACTIVITIES

The Company has not conducted any equity fund-raising activities during 2021. Subsequent to the end of 2021, the Company conducted share subscriptions with not less than six subscribers in February 2022 which was completed in March 2022, involving the issuance of 286,000,000 Shares at the issue price of HK\$0.10 per Share raising net proceeds of HK\$28.4 million. Details of these subscriptions were disclosed in the Company's announcements dated 17 February 2022 and 3 March 2022.

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.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2021, the Group had total assets of approximately HK\$551.9 million (2020: HK\$525.5 million) and interest-bearing borrowings of approximately HK\$159.9 million (2020: HK\$158.3 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 29.0% (2020: 30.1%).

The Group had net current liabilities of approximately HK\$232.1 million (2020: HK\$164.1 million) consisted of current assets of approximately HK\$301.1 million (2020: HK\$342.5 million) and current liabilities of approximately HK\$533.2 million (2020: HK\$506.7 million), representing a current ratio of approximately 0.56 (2020: 0.68).

As at 31 December 2021, the Group had cash and bank balances (including pledged bank deposits) of approximately HK\$70.7 million (2020: HK\$66.9 million). As at 31 December 2021, the Group had cash and bank balances (excluding pledged bank deposits) of approximately HK\$19.9 million (2021: HK\$25.1 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.

DIVIDENDS

The Board has resolved not to recommend the payment of a final dividend (2020: Nil).

HUMAN RESOURCES

As at 31 December 2021, the Group employed a total of 448 employees (2020: 537), including 395 employees in its Zhongshan production site, 34 employees in its LED division in China and other business units and 19 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:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Buildings	128,262	129,143
Pledged bank deposits	50,775	41,771
Right-of-use assets	15,768	16,383
	<u>194,805</u>	<u>187,297</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.

The trial was heard by the Court in October 2021. The Company is waiting for the judgment to be handed down by the Court.

(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 RMB828,000 which were already settled and the full amount of approximately RMB828,000 were recognised as trade and other payable in the consolidated statement of financial position as at 31 December 2021; and (b) claims in the total amounts of RMB4,024,000 which were still undergoing legal processes. As a prudent measure, full amount of RMB4,024,000 were recognised as trade and other payables as at 31 December 2021 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 RMB3,767,000 as at 31 December 2021. The Group has instructed its PRC legal advisers to uphold its rights.

OTHER INFORMATION

Information About Major Customers

During the year, the five largest suppliers accounted for less than 30% of the Group's total purchases, and the five largest customers account for less than 30% of the Group's total revenue from sales.

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.

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. 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.

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.

Memorandum of Understanding on Data Center, Cloud and Blockchain Platform

On 10 February 2021, the Company entered into a non-legally binding Memorandum of Understanding with Ancent Group Limited (安訊集團有限公司) (“**Ancent**”) and its shareholder (as vendor), both being independent third parties, pursuant to which the Company proposed to invest in not less than 51% issued share capital in Ancent through the subscription of new shares and/or the purchase of existing shares from the vendor (the “**Proposed Investment**”). Ancent is principally engaged in data center operation and a solution provider of cloud computing, remote working, big data, network security and blockchain platform. On 15 October 2021, the Company entered into a supplemental memorandum of understanding, inter alia, extending the exclusivity period and placing a cap on the possible consideration at HK\$30.6 million (of which approximately 60% being settled by the issuance of consideration shares by the Company which are subject to two-years’ lock-up undertaking). If the Memorandum of Understanding proceeds to signing of a formal binding agreement, it is currently 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 in Relation to a Technology Company in Jiangxi Province

On 9 July 2021, the Company entered into a non-legally binding Memorandum of Understanding with 崇仁縣中元電子科技有限公司 (Chongren County Zhongyuan Electronics Technology Co., Ltd.*), an independent third party pursuant to which the Company proposed to invest in not more than 45% 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 scope of business of the Target Company includes the technology development and sales of integrated circuits, electronic components, communication products and industrial automation equipment, investment in industrial park projects, and enterprise management consultancy. If the Memorandum of Understanding proceeds to signing of a formal binding agreement, it is currently expected that the Proposed Investment may constitute a discloseable transaction 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.

Cooperative Agreement on Distribution of Smart Mobile Communication Devices

On 5 August 2021, the Company entered into the Cooperative Agreement with Dayu Industry (HK) Co., Ltd. (大宇實業(香港)有限公司) (“**Dayu**”), an independent third party, in relation to the Proposed Cooperation involving the supply of smart mobile communication devices (the “**Goods**”) by the Group to Dayu. Subject to the signing of binding agreement(s) and the placing of purchase orders, the Cooperative Agreement contemplates annual sales in Hong Kong of not less than HK\$300 million in the first year of cooperation. If the Proposed Cooperation materialized by way of binding agreement(s) and purchase orders, the sale of the Goods will be conducted in the ordinary and usual course of business of the Group.

Investment in the New Production Lines in Jiangxi Province

On 13 August 2021, the Company entered into a project agreement with the People’s Government of Chongren County, Jiangxi Province, the PRC in relation to the proposed investment by the Group of the new production lines at the new factory (the “**New Factory**”) situated at the Electronics Technology Industrial Park, Chongren Hi-Tech Zone, Chongren County, Jiangxi Province, the PRC (the “**Project**”).

The timetable of the implementation of the Project is subject to the development of events, such as the selection of premises for the New Factory, the negotiation of terms of lease, the signing of tenancy agreement and the delivery of vacant possession of the New Factory by the landlord. The Company will comply with the Listing Rules when the terms of the lease regarding the New Factory are finalised in due course.

SUBSEQUENT EVENTS

Subscriptions of New Shares Under General Mandate

On 17 February 2022, the Company and the Subscribers entered into the Subscription Agreements pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have agreed to subscribe for, an aggregate of 286,000,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share. The 286,000,000 Subscription Shares represent: (i) approximately 10.25% of the existing issued share capital of the Company; and (ii) approximately 9.30% of the issued share capital of the Company as enlarged by the issue of 286,000,000 Subscription Shares. The gross and net proceeds from the Subscriptions are expected to be approximately HK\$28.6 million and HK\$28.4 million, respectively. It is intended that the net proceeds from the Subscriptions will be used by the Company as to HK\$24.4 million for the repayment of the Group's debts and liabilities when they fall due and as to HK\$4 million for the Group's working capital (such as salaries, rental payments, professional fees and office overheads). The Subscriptions were completed on 3 March 2022.

Proposed Share Consolidation and Change of Board Lot Size

On 9 July 2021, the Board proposed to implement: (a) a share consolidation on the basis that every five issued and unissued Existing Shares of HK\$0.10 each will be consolidated into one Consolidated Share of HK\$0.50 each; and (b) the change of the board lot size from 2,000 Existing Shares to 10,000 Consolidated Shares upon the share consolidation becoming effective. The share consolidation was voted down by the shareholders of the Company at an EGM held on 6 August 2021 and so the share consolidation and the change of board lot size did not proceed further.

On 24 February 2022, the Board proposed to implement: (a) a share consolidation on the basis that every five issued and unissued Existing Shares of HK\$0.10 each will be consolidated into one Consolidated Share of HK\$0.50 each; and (b) the change of the board lot size from 2,000 Existing Shares to 10,000 Consolidated Shares upon the share consolidation becoming effective. The share consolidation has yet to be proposed for the consideration and, if thought fit, approval by the shareholders of the Company at an EGM to be convened in due course.

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.

CHANGES OF DIRECTORS’ INFORMATION

During the period under review and up to the date of this announcement, the following changes in Directors’ information are disclosed pursuant to Rule 13.51B of the Listing Rules:

On 25 January 2021, Dr. Loke Yu (also known as Loke Hoi Lam) (“**Dr. Loke**”) resigned as an independent non-executive director of CIMC-TianDa Holdings Company Limited, a company formerly listed on the Stock Exchange. On 10 June 2021, Dr. Loke resigned as an independent non-executive director of Zhong An Group Ltd (Stock Code: 672), a company listed on the Stock Exchange. On 6 December 2021, Dr. Loke resigned as an independent non-executive director of Chiho Environmental group Limited (Stock Code: 976), a company listed on the Stock Exchange.

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 C.1.2 (subsequently rearranged and renumbered as D.1.2) of the CG Code, 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 year, 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 2021.

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 2021 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 2021 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 2021. 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 2021 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 2022. The Company will give further notice on the proposed date of the forthcoming annual general meeting of the Company (the “AGM”) and the book closure period for the purpose of ascertaining shareholders’ eligibility to attend and vote at the AGM.

APPRECIATION

Looking into the future, the Board and the management team will continue to adopt measures to improve the Group’s existing business and explore opportunities to create value for the Company and its shareholders. On behalf of the Board, I would like to express our sincere thanks to our colleagues for their efforts and commitment and to our shareholders and investors for their continual support.

By order of the Board
China Silver Technology Holdings Limited
Lai Yubin
Chairman

Hong Kong, 25 March 2022

As at the date hereof, the Board comprises Mr. Kong Chan Fai (Vice-Chairman), Mr. Xu Ming (Chief Executive Officer), Mr. Zeng Yongguang, Mr. Guo Jun Hao and Mr. Mai Huazhi 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.