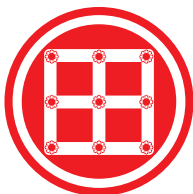


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CHINA SILVER TECHNOLOGY HOLDINGS LIMITED
中華銀科技控股有限公司

(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 2022

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 2022 together with the comparative amounts for the corresponding year in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Turnover	4	260,179	375,375
Cost of sales		(241,903)	(353,882)
Gross profit		18,276	21,493
Other income	5	3,988	24,777
Other gains and losses, net	6	3,292	14,083
Selling and distribution expenses		(14,488)	(16,681)
Administrative expenses		(38,940)	(38,396)
Finance costs	7	(15,843)	(11,925)
Loss before tax		(43,715)	(6,649)
Income tax expense	8	—	—
Loss for the year	9	(43,715)	(6,649)

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss</i>			
Surplus on revaluation of properties		1,072	1,777
Deferred taxation arising from revaluation of properties		<u>(268)</u>	<u>(444)</u>
		<u>804</u>	<u>1,333</u>
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation		<u>4,859</u>	<u>(1,743)</u>
Other comprehensive income/(expense) for the year		<u>5,663</u>	<u>(410)</u>
Total comprehensive expense for the year		<u>(38,052)</u>	<u>(7,059)</u>
Loss for the year attributable to:			
Owners of the Company		(41,053)	(3,936)
Non-controlling interests		<u>(2,662)</u>	<u>(2,713)</u>
		<u>(43,715)</u>	<u>(6,649)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(35,894)	(4,229)
Non-controlling interests		<u>(2,158)</u>	<u>(2,830)</u>
		<u>(38,052)</u>	<u>(7,059)</u>
(restated)			
Loss per share			
Basic and diluted (<i>in HK cents</i>)	<i>10</i>	<u>(6.41)</u>	<u>(0.71)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		431,900	235,030
Right-of-use assets		15,153	15,768
		447,053	250,798
Current assets			
Inventories		46,266	49,391
Trade and other receivables	<i>12</i>	136,898	181,054
Pledged bank deposits		46,700	50,775
Bank balances, deposits and cash		28,463	19,900
		258,327	301,120
Current liabilities			
Trade and other payables	<i>13(a)</i>	141,819	138,054
Contract liabilities		375	11,377
Bills payables	<i>13(b)</i>	146,748	159,076
Taxation payables		65,737	67,747
Lease liabilities		773	685
Bank borrowings		311,291	156,310
		666,743	533,249
Net current liabilities		(408,416)	(232,129)
Total assets less current liabilities		38,637	18,669

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		1,398	–
Deferred taxation		18,445	18,177
		19,843	18,177
Net assets		18,794	492
Capital and reserves			
Share capital	<i>14</i>	334,708	278,924
Reserves		(254,977)	(219,083)
Equity attributable to owners of the Company		79,731	59,841
Non-controlling interests		(60,937)	(59,349)
Total equity		18,794	492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
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 ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

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\$43,715,000 during the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$408,416,000. 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 2022, the Group classified bank borrowings amounting to HK\$156,861,000 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

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 2022.

(3) Alternative sources of external funding

On 3 March 2023, the Company issued convertible bonds raising net proceeds of HK\$15 million. These convertible bonds will mature in 3 years and cannot be redeemed by the bondholders before the maturity date. The Group is also actively considering to raise new capital by equity issues.

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.

	2022	2021
	HK\$'000	HK\$'000
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")	253,167	365,555
Light Emitting Diode ("LED") lighting	<u>7,012</u>	<u>9,820</u>
Total revenue recognised at a point in time	<u>260,179</u>	<u>375,375</u>
Time of revenue recognition		
At a point in time	<u>260,179</u>	<u>375,375</u>
Geographic market:		
The PRC	229,396	290,166
Hong Kong	9,483	25,872
Others	<u>21,300</u>	<u>59,337</u>
	<u>260,179</u>	<u>375,375</u>

5. OTHER INCOME

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	658	608
Imputed interest on trade receivables with extended credit terms	292	430
Sales of scrap materials	2,247	20,888
Government grants (<i>Note</i>)	791	140
Others	–	2,711
	<u>3,988</u>	<u>24,777</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 2022, the Group recognised government grants of approximately HK\$266,000 (2021: HK\$Nil) 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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net foreign exchange gain/(loss)	1,890	(703)
Reversal of allowance for expected credit losses (“ECL”) recognised on other receivables	3,975	2,986
Reversal of allowance for ECL recognised on trade receivables with normal credit terms	199	836
Provision of allowance for ECL recognised on trade receivables with extended credit terms	(247)	(89)
(Loss)/gain on disposal of property, plant and equipment	(297)	11,053
Impairment loss on right-of-use assets	(2,127)	–
Others	(101)	–
	<u>3,292</u>	<u>14,083</u>

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on:		
– Bank and other borrowings wholly repayable within five years	15,727	11,838
– Lease liabilities	116	87
	<u>15,843</u>	<u>11,925</u>

8. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <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

	2022 <i>HK\$'000</i>	2021 <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>)	39,365	47,853
Retirement benefit schemes contributions (<i>Note</i>)	<u>3,222</u>	<u>5,037</u>
Total employee expenses	<u>42,587</u>	<u>52,890</u>
Auditors' remuneration – audit service	1,800	1,800
Cost of inventories recognised as an expense	241,903	353,882
Depreciation of property, plant and equipment	6,338	8,098
Research and development costs recognised as an expense	124	367
Depreciation of right-of-use assets	959	615
Expenses relating to short-term leases	<u>206</u>	<u>428</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\$21,520,000 (2021: HK\$32,161,000) and HK\$21,067,000 (2021: HK\$20,729,000) respectively.

10. LOSS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company	<u>(41,053)</u>	<u>(3,936)</u>
	2022 <i>'000</i>	2021 <i>'000</i> (Restated)
Number of shares		
Weighted average number of ordinary shares for calculating basic and diluted loss per share	<u>640,343</u>	<u>551,895</u>

Note: The weighted average number of ordinary shares for the year ended 31 December 2022 and 2021 has been adjusted for the five-to-one share consolidation of the Company which became effective on 24 May 2022.

The basic and diluted loss per share are the same for the years ended 31 December 2022 and 2021. 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 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

12. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables with normal credit terms	139,548	171,887
<i>Less: Allowance for ECL</i>	<u>(84,984)</u>	<u>(85,183)</u>
	<u>54,564</u>	<u>86,704</u>
Trade receivables with extended credit terms	44,692	52,320
<i>Less: Allowance for ECL</i>	<u>(6,148)</u>	<u>(5,901)</u>
	<u>38,544</u>	<u>46,419</u>
Total trade receivables, net of allowance for doubtful debts	93,108	133,123
<i>Less: Non-current portion of trade receivables with extended credit terms</i>	<u>—</u>	<u>—</u>
Current portion of trade receivables	<u>93,108</u>	<u>133,123</u>
Advances to suppliers	12,116	3,668
Value-added tax recoverable	<u>1,155</u>	<u>1,066</u>
	<u>13,271</u>	<u>4,734</u>
Other receivables	<u>30,519</u>	<u>43,197</u>
	<u>43,790</u>	<u>47,931</u>
Trade and other receivables shown under current assets	<u>136,898</u>	<u>181,054</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	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	–	–	19,317	26,520	19,317	26,520
31 – 60 days	–	–	10,161	18,317	10,161	18,317
61 – 90 days	–	–	7,614	12,652	7,614	12,652
91 – 180 days	–	–	13,654	20,908	13,654	20,908
Over 180 days	38,544	46,419	3,818	8,307	42,362	54,726
	<u>38,544</u>	<u>46,419</u>	<u>54,564</u>	<u>86,704</u>	<u>93,108</u>	<u>133,123</u>

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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	3,076	10,990
31 – 60 days	4,453	4,460
61 – 90 days	2,357	13,101
91 – 180 days	13,493	10,106
Over 180 days	<u>35,511</u>	<u>61,136</u>
Total trade payables	<u>58,890</u>	<u>99,793</u>
Other payables (<i>Note</i>)	70,289	23,900
Accrued salaries and other accrued charges	<u>12,640</u>	<u>14,361</u>
	<u>141,819</u>	<u>138,054</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 2022, the Group's other payables included unsecured loans from independent third parties in the amount of approximately HK\$4,651,000 (2021: HK\$3,571,000), carrying interest at the rate of 18% (2021: 18%) and repayable within one year. During the year ended 31 December 2022, HK\$1,647,000 (2021: HK\$324,000) 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	4,916	15,635
31 – 60 days	–	–
61 – 90 days	860	–
91 – 180 days	21,646	37,113
Over 180 days	119,326	106,328
	<u>146,748</u>	<u>159,076</u>

14. SHARE CAPITAL

	Number of shares		Amount	
	2022	2021	2022	2021
	Number	Number	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>'000</i>	<i>'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:				
Ordinary of 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
Issued and full paid:				
Ordinary shares of HK\$0.10 each				
At 1 January	2,789,237	2,718,237	278,924	271,824
Exercise of share option (<i>Note(i)</i>)	–	71,000	–	7,100
Issue of share under share subscription (<i>Note (ii)</i>)	557,840	–	55,784	–
Share consolidation (<i>Note (iii)</i>)	<u>(2,677,662)</u>	–	–	–
At 31 December	<u>669,415</u>	<u>2,789,237</u>	<u>334,708</u>	<u>278,924</u>

Note:

- (i) 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.
- (ii) On 3 March 2022, an aggregate of 286,000,000 subscription shares were allotted and issued to the share subscribers at the subscription price of HK\$0.10 per Subscription Share. The net proceeds from the subscriptions were used for repayment of the Group's debts and liabilities and general working capital purposes. On 12 May 2022, an aggregate of 271,840,000 subscription shares were allotted and issued to the share subscribers at the subscription price of HK\$0.10 per Subscription Share. The net proceeds from the subscriptions were used for the construction cost of the factory and the repayment of the Group's debts and liabilities and general working capital purposes.
- (iii) On 24 May 2022, the share consolidation became effective 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.

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 the information reported to the CODM was analysed based on the three types of PCB 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**”)

In addition to the above reportable segments, other operating segments include manufacturing and trading of LED lighting and trading of towers and electric cable which were being reported as separate segments in prior years. None of these segments met the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these were grouped in “Others”. Prior year segment disclosures have been represented to conform with the current year's presentation.

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.

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
TURNOVER – external sales		
Single-sided PCB	29,811	66,256
Double-sided PCB	205,746	229,513
Multi-layered PCB	17,610	69,786
Others	7,012	9,820
	<hr/>	<hr/>
Total	260,179	375,375
	<hr/> <hr/>	<hr/> <hr/>
RESULTS		
Segment (loss)/profit		
– Single-sided PCB	(2,566)	1,364
– Double-sided PCB	(17,712)	4,927
– Multi-layered PCB	(1,516)	1,436
– Others	(2,689)	(1,536)
	<hr/>	<hr/>
	(24,483)	6,191
Other income	3,339	3,459
Central administrative costs	(6,728)	(4,374)
Finance costs	(15,843)	(11,925)
	<hr/>	<hr/>
Loss before tax	(43,715)	(6,649)
	<hr/> <hr/>	<hr/> <hr/>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents the (loss)/profit 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation		
– Single-sided PCB	783	1,498
– Double-sided PCB	5,406	5,411
– Multi-layered PCB	463	1,577
– Others	–	–
	<u>6,652</u>	<u>8,486</u>
– Unallocated	645	227
	<u>7,297</u>	<u>8,713</u>
(Reversal of)/provision of allowance for ECL on trade and other receivables		
– Single-sided PCB	(438)	(699)
– Double-sided PCB	(3,021)	(2,492)
– Multi-layered PCB	(258)	(739)
– Others	(210)	197
	<u>(3,927)</u>	<u>(3,733)</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	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Asia:				
HK	9,483	25,872	1,512	907
The PRC (excluding HK)	229,396	290,166	445,541	249,891
Other Asian countries and areas	2,618	3,717	-	-
Europe:				
Hungary	4,894	10,212	-	-
Turkiye (formerly known as Turkey)	10,863	42,384	-	-
Germany	1,598	1,632	-	-
Other European countries	1,327	1,258	-	-
Others	-	134	-	-
	<u>260,179</u>	<u>375,375</u>	<u>447,053</u>	<u>250,798</u>

Information About Major Customers

No customer of the Group has individually contributed 10% or more of the Group during the year ended 31 December 2022 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 2022:

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 2022, 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\$43,715,000 during the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$408,416,000. 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\$43,715,000 during the year ended 31 December 2022 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$408,416,000. 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 2022, the Group classified bank borrowings amounting to HK\$156,861,000 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

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 2022.

(3) Alternative sources of external funding

On 3 March 2023, the Company issued convertible bonds raising net proceeds of HK\$15 million. These convertible bonds will mature in 3 years and cannot be redeemed by the bondholders before the maturity date. The Group is also actively considering to raise new capital by equity issues.

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 2022, the Group's revenue decreased principally due to the decrease of purchase orders of PCB products, particularly in respect of single-sided and multi-layered PCBs. Geographically, the Group's revenue experienced significant decreases due to decreases of purchase orders from customers. The Group will continue to adopt cost-savings and quality improvement measures, and strategic pricing policy and proactive marketing approach to attract more sales orders from both existing and potential customers.

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 2022		Year 2021		Increase/ (decrease)	Change in
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Single-sided PCB	29,811	11.4%	66,256	17.7%	(36,445)	(55.0)%
Double-sided PCB	205,746	79.1%	229,513	61.1%	(23,767)	(10.4)%
Multi-layered PCB	17,610	6.8%	69,786	18.6%	(52,176)	(74.8)%
LED	7,012	2.7%	9,820	2.6%	(2,808)	(28.6)%
	<u>260,179</u>	<u>100.0%</u>	<u>375,375</u>	<u>100.0%</u>	<u>(115,196)</u>	<u>(30.7)%</u>

Revenue from LED lighting business for the year ended 31 December 2022 was HK\$7,012,000 (2021: 9,820,000).

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 double-sided PCB's used for consumer electronics accounted for approximately 90.5% (2021: 78.8%) of the Group's turnover. High-end multi-layered PCBs were also a core product of the Group, accounting for 6.8% (2021: 18.6%) of turnover.

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

	Year 2022		Year 2021		Increase/ (decrease)	Change in
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Hong Kong	9,483	3.6%	25,872	6.9%	(16,389)	(63.3)%
The PRC (excluding Hong Kong)	229,396	88.2%	290,166	77.3%	(60,770)	(20.9)%
Asia (excluding Hong Kong and the PRC)	2,618	1.0%	3,717	1.0%	(1,099)	(29.6)%
Europe	18,682	7.2%	55,486	14.8%	(36,804)	(66.3)%
Others	–	0%	134	0%	(134)	(100.0)%
	260,179	100.0%	375,375	100.0%	(115,196)	(30.7)%

During the year, the Group's revenue decreased mainly due to the decrease of purchase orders of PCB products and decrease in revenue of LED business, affected by the business disruption caused by COVID-19 epidemic and related lockdown measures.

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 environmentally 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\$260.2 million (2021: HK\$375.4 million), representing a decrease of 30.7% as compared to the last year. The gross profit margin for the year of 2022 was 7.0% (2021: 5.7%). Loss attributable to shareholders amounted to approximately HK\$41.1 million (2021: HK\$3.9 million), representing an increase of 1,053.8% as compared to last year, principally due to: (i) the non-recurrence of one-off gain from sales of scrap materials and gain on disposal of property, plant and equipment in FY2021, and (ii) the impairment loss on right-of-use assets.

Impairment loss in respect of property, plant and equipment

No impairment losses were recognised respectively for 2022 and 2021 in respect of plant and machinery and leasehold improvements.

Recognised share-based payments

During the year ended 31 December 2022, the Group recognised HK\$nil share-based payment (2021: HK\$nil). 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\$4.0 million (2021: Net amount reversal of HK\$3.7 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. Between January 2020 and November 2022, travel restrictions and other public health measures (the "Public Health Measures") were imposed in various areas in China in an attempt to contain the COVID-19 epidemic, affecting the human resources of the Group, the supply chains of raw materials and product shipments and the general economic atmosphere whether in China and globally.

The COVID-19 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, 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 has adopted high caution standard to protect the health and safety of our staff.

For the year of 2022, the Group's revenue decreased principally due to the decrease of purchase orders of PCB products, particularly in respect of single-sided and multi-layered PCBs. Geographically, the Group's revenue experienced significant decreases due to decreases of purchase orders from customers in Hong Kong and Europe. The Group will continue to adopt cost-savings and quality improvement measures, and strategic pricing policy and proactive marketing approach to attract more sales orders from both existing and potential customers.

With the lifting of COVID-19 related restrictions in China in December 2022, the economy of China is expected to return to faster growth. However, the global economy, particularly the manufacturing sector, will continue to be overshadowed by US federal rate hike, geopolitical tensions, new protectionism and technology war in semiconductors.

FUND RAISING ACTIVITIES

The Company has conducted equity fund-raising activities during 2022.

- (i) 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, which are intended to be used as to approximately HK\$24.4 million for the repayment of the Group's debts and liabilities when they fall due, and as to the remaining HK\$4 million for the Group's working capital (such as salaries, rental payments, professional fees and office overheads). Up to 31 December 2022, all the proceeds were fully utilised as intended. Details of these subscriptions were disclosed in the Company's announcements dated 17 February 2022 and 3 March 2022.

- (ii) On 25 April 2022, the Company and the Subscribers entered into the Subscription Agreements under which the Subscribers agreed to subscribe for an aggregate of 271,840,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share. The Subscriptions were completed on 12 May 2022, raising net proceeds of approximately HK\$27 million, which were intended to be used as to approximately HK\$23 million for the construction cost of the factory and the repayment of the Group's debts and liabilities when they fall due, and as to the remaining HK\$4 million for the Group's working capital (such as salaries, rental payments, professional fees and office overheads). Up to 31 December 2022, all the proceeds were fully utilised as intended. Details of these subscriptions were disclosed in the Company's announcements dated 25 April 2022 and 12 May 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.

SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

On 24 February 2022, the Board proposed to implement: (a) a share consolidation on the basis that every five issued and unissued 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 pre-consolidated Shares to 10,000 Consolidated Shares upon the share consolidation becoming effective. The Share Consolidation was approved by the Shareholders at the extraordinary general meeting of the Company held on 20 May 2022, and became effective on 24 May 2022.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2022, the Group had total assets of approximately HK\$705.4 million (2021: HK\$551.9 million) and interest-bearing borrowings of approximately HK\$315.9 million (2021: HK\$159.9 million), representing a gearing ratio, defined as interest-bearing borrowings over total assets, of approximately 44.8% (2021: 29.0%).

The Group had net current liabilities of approximately HK\$408.4 million (2021: HK\$232.1 million) consisted of current assets of approximately HK\$258.30 million (2021: HK\$301.1 million) and current liabilities of approximately HK\$666.7 million (2021: HK\$533.2 million), representing a current ratio of approximately 0.39 (2021: 0.56).

As at 31 December 2022, the Group had cash and bank balances (including pledged bank deposits) of approximately HK\$75.2 million (2021: HK\$70.7 million). As at 31 December 2022, the Group had cash and bank balances (excluding pledged bank deposits) of approximately HK\$28.5 million (2021: HK\$19.9 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 (2021: Nil).

HUMAN RESOURCES

As at 31 December 2022, the Group employed a total of 372 employees (2021: 448), including 331 employees in its Zhongshan production site, 17 employees in its LED division in China and other business units and 24 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:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Buildings	126,705	128,262
Construction in progress	239,365	–
Pledged bank deposits	46,700	50,775
Right-of-use assets	15,153	15,768
	<u>427,923</u>	<u>194,805</u>

CAPITAL COMMITMENT

As at 31 December 2022, the Group had capital commitment of approximately HK\$32,085,000 (2021: HK\$28,907,000) in respect of addition of property, plant and equipment contracted for but not provided in the consolidated financial statements.

LITIGATIONS

- (a) Under Hong Kong High Court Action No. 1228/2016 (the “**Legal Action**”), Mr. Li Jian Chao (“**Mr. Li**”), ex-director and ex-officer of the Company, sought to claim from the Company an alleged outstanding special bonus payment in the amount of HK\$1,640,000. The Company denied the alleged entitlement claimed by Mr. Li and counterclaimed (the “**Counterclaim**”) against Mr. Li for HK\$5,240,000 being wrongful receipts by Mr. Li on the ground of the Company’s view that the purported resolutions regarding alleged bonus payment were invalid, and/or damages for breach of fiduciary duties by Mr. Li. 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, and the judgment dated 3 August 2022 was handed down. The Court ordered that Mr. Li’s action be dismissed, the resolutions be declared invalid on the Company’s counterclaim, and Mr. Li shall pay back to the Company HK\$5,240,000 plus interest and costs on the claim and counterclaim. The Company has instructed its legal adviser to enforce the judgment.
- (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 claims which were already settled during or subsequent to the year but some claims, in the amounts of RMB3,806,000, were still undergoing legal processes up to the date hereof for which full recognition of trade and other payables was already made by way of prudent measure. The outstanding claims as at 31 December 2022 were accompanied by asset-preservation orders imposed on bank accounts of our PRC subsidiaries for the total amounts of approximately RMB30,660,000 as at 31 December 2022. The Group has instructed its PRC legal advisers to uphold its rights in any outstanding litigations.

OTHER INFORMATION

Capital Reorganisation

On 3 August 2022, the Board proposed to implement the Capital Reorganisation, which comprises: (i) the Capital Reduction, involving the reduction of the issued share capital of the Company by cancelling the paid up capital to the extent of HK\$0.499 on each of the issued Existing Shares such that the par value of each issued Existing Share will be reduced from HK\$0.50 to HK\$0.001; (ii) the Share Premium Reduction, involving the reduction of the entire amount standing to the credit of the Share Premium Account, simultaneously with the Capital Reduction becoming effective; (iii) the Share Sub-division, involving the sub-division of each of the authorised but unissued Existing Shares with par value of HK\$0.50 each into 500 unissued New Shares with par value of HK\$0.001 each, immediately following the Capital Reduction becoming effective; and (iv) the credits arising from the Capital Reduction and the Share Premium Reduction be applied towards offsetting the Accumulated Losses of the Company as at the Effective Date and the balance of any such credit remaining after offsetting the Accumulated Losses be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted under the applicable laws and the Memorandum and Articles of Association of the Company. The resolutions regarding the Capital Reorganisation were approved at an extraordinary general meeting held on 30 September 2022. Following the satisfaction of all the conditions precedent to the Capital Reorganization, the Capital Reorganisation became effective on 17 January 2023. Details of the Capital Reorganisation were disclosed in the Company's announcements dated 3 August 2022, 2 September 2022, 30 September 2022 and 11 November 2022 and the Company's circular dated 5 September 2022.

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.

On 9 January 2023, Zhongshan TC entered into two Project Agreements with the People's Government of Sanjiao Town (the "**Town Government**") in relation to Project A and Project B, i.e. the possible investment by the Group of Phase 3 Development at the Group's development site in Sanjiao Town, Zhongshan City. The Company emphasizes that given we are still in the process of Phase 2 Development, Phase 3 Development is only at early planning stage and would only be commenced if it is in the best interests of the Group to do so, say, when the then-existing production facilities are close to full utilization, and there is sufficient funding available to the Group to complete the Projects. Further announcement(s) will be made by the Company if and when there is any significant development of the Projects which may trigger any disclosure obligations under the Listing Rules.

Project A

Project A involves the possible investment by the Group to construct new factory and ancillary premises with gross floor area of approximately 151,875.44 sq.m. Development Site A is situated at No. 98, Gaoping Boulevard, Sanjiao Town, Zhongshan City, Guangdong Province, the PRC, having a total site area of 65,999.7 square meters, with its land use right running until July and August 2048. Subject to the obtaining of Building Permit, the Group is expected to invest, or procure the investment of, RMB349,320,000 on the construction of Project A within specified time limit. Project A is expected to achieve an annual tax payment level of RMB26.68 million for at least one year during the performance supervision period of approximately 8 years commencing on the date of Building Permit.

Project B

Project B involves the possible investment by the Group to construct new factory and ancillary premises with gross floor area of approximately 248,333.45 sq.m. Development Site B is situated at No. 91, Gaoping Boulevard, Sanjiao Town, Zhongshan City, Guangdong Province, the PRC, having a total site area of 66,666.7 square meters, with its land use right running until September 2048. Subject to the obtaining of Building Permit, the Group is expected to invest, or procure the investment of, RMB571,170,000 on the construction of Project B within specified time limit. Project B is expected to achieve an annual tax payment level of RMB40 million for at least one year during the performance supervision period of approximately 8 years commencing on the date of Building Permit.

Strategic Alliance on Industrial Automation

On 30 May 2022, the Company entered into a non-legally binding Memorandum of Understanding with Hong Kong Bodili Holding Group Limited (香港寶帝來控股集團有限公司) (“**Bodili Holding**”) an independent third party with the view to forming a strategic alliance on the co-development of artificial intelligence, robotics and industrial automation (the “**Proposed Cooperation**”). As more time is needed for the negotiation of the terms of the binding agreement, on 21 September 2022, the parties entered into a supplemental memorandum of understanding (the “**Supplemental MOU**”) to extend the Exclusivity Period to 30 October 2022 (or such longer period as extended by mutual agreement between the parties). In the meantime, the parties have taken steps to prepare for the materialisation of the Proposed Cooperation under the MOU, including the establishment of a joint working committee to execute projects of industrial automation on the operation level, and the engagement of professional parties, pending the finalization of the binding terms of the Proposed Cooperation. Further announcement(s) relating to the Proposed Cooperation may be made by the Company as and when necessary.

Discloseable Transactions on 19 December 2022

On 19 December 2022, Zhongshan TC entered into: (a) a construction contract (the “**Construction Contract C**”) with Tairen Construction (Shenzhen) Co., Ltd. (泰仁建設(深圳)有限公司) (“the “**Contractor C**”) for the provision of construction labor outsourcing services in the New Phase Development for the estimated contract sum of not more than RMB28 million (HK\$31.11 million); and (b) a supply contract (the “**Supply Contract D**”) with Derun Concrete (Zhongshan) Co., Ltd. (德潤混凝土(中山)有限公司) (“the “**Supplier D**”) to purchase certain part of the building materials for use in the construction works of the New Phase Development for the estimated contract sum of approximately RMB27.19 million (HK\$30.21 million). The Contractor C and the Supplier D are both Independent Third Parties unrelated to each others, and with whom the Group had not entered into any other transactions in the past. The Construction Contract C and the Supply Contract D involve the construction, development and refurbishment of an asset of the Group for its own use in its ordinary and usual course of business, and are not normally required to be aggregated pursuant to Rule 14.23A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Construction Contract C and the Supply Contract D, on a standalone rather than aggregated basis, exceed 5% but are less than 25%, each of the Construction Contract C and the Supply Contract D constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Further details of the transactions were set out in the Company’s announcement dated 19 December 2022.

Discloseable Transactions on 15 December 2022

On 15 December 2022, Zhongshan TC entered into: (a) a construction contract (the “**Construction Contract A**”) with Yueyang Yilida Construction Engineering Co., Ltd. (岳陽億利達建設工程有限公司) (“the “**Contractor A**”) for the provision of construction labor outsourcing services in the New Phase Development for the estimated contract sum of not more than RMB30 million (HK\$33.33 million); and (b) a supply contract (the “**Supply Contract B**”) with Zhongshan Xiongxing Building Materials Co., Ltd. (中山市雄興建材有限公司) (“the “**Supplier B**”) to purchase certain part of the building materials for use in the construction works of the New Phase Development for the estimated contract sum of approximately RMB28.56 million (HK\$31.73 million). The Contractor A and the Supplier B are both Independent Third Parties unrelated to each others, and with whom the Group had not entered into any other transactions in the past. The Construction Contract A and the Supply Contract B involve the construction, development and refurbishment of an asset of the Group for its own use in its ordinary and usual course of business, and are not normally required to be aggregated pursuant to Rule 14.23A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Construction Contract A and the Supply Contract B, on a standalone rather than aggregated basis, exceed 5% but are less than 25%, each of the Construction Contract A and the Supply Contract B constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Further details of the transactions were set out in the Company’s announcement dated 15 December 2022.

SUBSEQUENT EVENTS

Grant of Share Option

On 19 January 2023, the Board resolved to grant 54,300,000 share options to 60 Grantees, of which 17,400,000 Options were granted to 11 directors and 36,900,000 Options were granted to 49 employees of the Group. The exercise price of the Options is HK\$0.14 per Share. The Options granted shall vest as to 50% on 19 January 2024, being the first anniversary of the Date of Grant, and as to the remaining 50% on 19 January 2025, being the second anniversary of the Date of Grant. Subject to vesting, the Options are exercisable until 19 January 2026. For details of the option grant, please referred to the Company’s announcement dated 19 January 2023.

Issue of Convertible Bonds under General Mandate

On 15 February 2023, the Company and two independent subscribers, Union Insurance Limited and Ms. Wang Shuang, entered into two subscription agreements to subscribe for 3-year, 8% per annum Convertible Bonds in the aggregate principal amount of HK\$15,262,320. Based on the initial conversion price of HK\$0.114, an aggregate of 133,880,000 conversion shares will be allotted and issued by the Company upon the full exercise of the Convertible Bonds. The gross and net proceeds from the issue of the Convertible Bonds are expected to be approximately HK\$15.26 million and HK\$15 million, respectively. The Company intends to use the net proceeds as to over 60% for financing the ongoing construction of the Group's manufacturing facilities and as to the remaining sum for meeting the Group's liabilities and accruals when they fall due. The issue of the Convertible Bonds was completed on 3 March 2023. Further details of the subscriptions were set out in the Company's announcements dated 15 February 2023 and 3 March 2023.

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 year 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 26 May 2022, Dr. Loke Yu (alias Loke Hoi Lam) retired as an independent non-executive director of Crazy Sports Group Limited (formerly known as V1 Group Limited), a company listed on the Stock Exchange with stock code: 82. On 1 September 2022, Dr. Loke Yu (alias Loke Hoi Lam) resigned as an independent non-executive director of Times Universal Group Holdings Limited (formerly known as Forebase International Holdings Limited), a company listed on the Stock Exchange with stock code: 2310. On 8 February 2023, Dr. Loke Yu (alias Loke Hoi Lam) resigned as an independent non-executive director of Tradego FinTech Limited, a company listed on the Stock Exchange with stock code: 8017.

On 20 June 2022, Mr. Bonathan Wai Ka Cheung became a non-executive director of International Genius Company (formerly known as Amber Hill Financial Holdings Limited), a company listed on the Stock Exchange with stock code: 33.

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 D.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.
- (ii) Under Code Provision C.1.6, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Although certain independent non-executive director was unable to attend the AGM and EGMs during the Year due to other business commitments, the majority of independent non-executive directors and non-executive directors, including the chairpersons of all the Board committees, were available to respond to questions and enquiries of the Shareholders at general meetings. In addition, minutes have been taken by the Company in respect of the general meetings to include the questions and enquiries raised by the Shareholders, if any, for circulation to all Directors to enable them to develop a balanced understanding of the views of the Shareholders.

(iii) Under Code Provision C.5.1, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Under Code Provision C.5.3, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend and for all other board meeting, reasonable notice should be given. Under Code Provision C.5.8, agenda and board papers should be sent to all directors at least 3 days before the intended date of board or committee meetings. The Board does not distinguish between regular or special board meetings and normally meet more than 4 times a year and more frequently than once per quarter. The Board will normally hold board meetings during the 1st and 3rd quarter of a calendar year to consider the Company's annual and interim results, and there are normally other corporate actions or matters occurring in the 2nd and 4th quarter calling for the need of holding board meetings. All Board meetings are chaired by the Chairman, being a non-executive Directors, who provides an open atmosphere encouraging free discussions and asking of questions, including an "any other business" session during which directors are invited to add new agenda. In addition, all directors are invited to have separate and independent access to the Chairman or the management at any time outside board meetings, during which business updates are provided, questions asked and answers promptly provided. The Company uses electronic communication methods to call and hold board meetings and to circulate meeting agenda and board papers, and can achieve a high attendance rate by, and quick responses from, directors, especially non-executive directors, by reasonable notice shorter than those specified in the relevant provisions of the CG Code.

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 2022.

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 compliance procedures and review the internal control system with the external auditors. 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 2022 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 Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary 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 2022 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 2023. 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, 24 March 2023

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 Ms. Liang Jiabin 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.