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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The Board (the "**Board**") of directors (the "**Directors**") is pleased to announce the unaudited consolidated interim results of China Silver Technology Holdings Limited (formerly known as TC Orient Lighting Holdings Limited) (the "**Company**") and its subsidiaries (collectively known as the "**Group**") for the six months ended 30 June 2020. These interim condensed consolidated financial statements were not audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	**For the six months ended 30 June 2020**	2019
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**101,347**	130,768
Cost of sales		**(101,052)**	(130,311)
Gross profit/(loss)		**295**	457
Other income		**5,267**	5,809
Other losses		**(515)**	(2,733)
Selling and distribution expenses		**(8,236)**	(9,811)
Administrative expenses		**(20,367)**	(28,954)
Finance costs		**(7,530)**	(8,436)
Loss before tax		**(31,086)**	(43,668)
Income tax expense	*4*	**(4)**	(71)
Loss for the period	*5*	**(31,090)**	(43,739)
Other comprehensive expense:			
Items that will not be reclassified to profit or loss:			
Deficit on revaluation of properties		**(1,067)**	(1,349)
Deferred tax assets arising from revaluation of properties		**267**	337
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**–**	–
Total comprehensive expense for the period		**(31,890)**	(44,751)

		For the six months ended 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Loss for the period attributable to:			
Owners of the Company		**(30,300)**	(41,660)
Non-controlling interests		**(790)**	(2,079)
		(31,090)	(43,739)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(31,100)**	(42,672)
Non-controlling interests		**(790)**	(2,079)
		(31,890)	(44,751)
Loss per share *(HK cents)*			
– Basic and diluted	*7*	**(1.11)**	(1.61)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	**30 June 2020 HK$'000 (unaudited)**	31 December 2019 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*8*	**137,636**	141,211
Right-of-use asset		**19,001**	19,851
Trade receivables with extended credit terms	*9*	**4,942**	5,742
		161,579	166,804
Current assets			
Inventories		**27,631**	34,366
Trade and other receivables	*9*	**255,003**	281,937
Bills receivable	*9*	**871**	–
Pledged bank deposits		**38,188**	14,768
Bank balances, deposits and cash		**30,115**	22,433
		351,808	353,504
Current liabilities			
Trade and other payables	*10*	**191,367**	198,236
Contract liabilities		**11,182**	10,825
Bills payable	*10*	**62,409**	29,994
Lease liabilities		**1,250**	1,040
Taxation payable		**63,450**	63,606
Bank borrowings – due within one year		**144,444**	144,444
		474,102	448,145
Net current liabilities		**(122,294)**	(94,641)
Total assets less current liabilities		**39,285**	72,163

	Note	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Non-current liabilities			
Lease liabilities		**1,076**	1,797
Deferred taxation		**12,589**	12,856
		13,665	14,653
Net assets		**25,620**	57,510
Capital and reserves			
Share capital		**271,824**	271,824
Reserves		**(188,778)**	(157,678)
Equity attributable to owners of the Company		**83,046**	114,146
Non-controlling interests		**(57,426)**	(56,636)
Total equity		**25,620**	57,510

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements (the "**Interim Financial Statements**") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with Hong Kong Accounting Standard (the "**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The interim financial report has been prepared in accordance with same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

(b) Going concern basis

The Group incurred a loss of approximately HK$31,090,000 during the six months ended 30 June 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$122,294,000. In preparing the condensed 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 condensed 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) Necessary facilities

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

One of the shareholders has agreed to continuously provide financial support for the continuing operations of the Group so as to enable it to meet its liabilities when they fall due and to carry on its business without a significant curtailment of operations in the twelve months from 30 June 2020.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The amendment is effective for annual periods beginning on or after January 1, 2020.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before June 30, 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes were not a lease modification. Forgiveness or waiver of lease payment are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3. SEGMENT INFORMATION

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

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Segment turnover – external sales		
Manufacturing and trading of single-sided printed circuit boards ("**PCB**") ("**Single-sided PCB**")	**37,874**	44,138
Manufacturing and trading of double-sided PCB ("**Double-sided PCB**")	**49,253**	70,563
Manufacturing and trading of multi-layered PCB ("**Multi-layered PCB**")	**14,220**	16,067
Total	**101,347**	130,768
Timing of revenue recognition		
At a point in time	**101,347**	130,768
Over time	**–**	–
Segment loss		
Single-sided PCB	**(7,063)**	(8,006)
Double-sided PCB	**(9,186)**	(12,798)
Multi-layered PCB	**(2,652)**	(2,914)
Lighting emitting diode ("**LED**") lighting ("**LED Lighting**")	**(2,518)**	(7,207)
Tradings of tower and electric cable	**(1,140)**	(3,461)
	(22,559)	(34,386)
Other income	**190**	61
Central administrative costs	**(1,187)**	(907)
Finance costs	**(7,530)**	(8,436)
Loss before tax	**(31,086)**	(43,668)

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

4. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profit Tax	**–**	–
PRC Enterprise Income Tax ("**EIT**")	**4**	71
	4	71

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

Under the Law of the People's Republic of China on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

5. LOSS FOR THE PERIOD

Loss for the period has been arrived after charging/(crediting) the following items:

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Directors' emoluments	**1,150**	1,098
Other staff costs	**25,676**	27,154
Total staff costs	**26,826**	28,252
Depreciation of right-of-use assets	**850**	308
Depreciation of property, plant and equipment	**5,001**	6,661
Imputed interest income on trade receivables with extended credit terms (included in other income)	**(395)**	(778)
Interest income on bank deposits and bank balances (included in other income)	**(861)**	(660)
Sales of scrap materials (included in other income)	**(871)**	(2,834)
Government grants (note)	**(975)**	–
Provision for compensation charges	**–**	2,299

Note: Government grants were granted to the Group as subsidies to support the Hong Kong and PRC subsidiaries. Part of the government grants were supported by HKSAR-Employment Support Scheme which were under conditions that the number of staff for the subsidiary from June 2020 to November 2020 should not be less than those in March 2020. Other government grants had no conditions or contingencies attached to them and they were non-recurring in nature.

6. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2019: nil).

The Directors of the Company have determined that no dividend will be paid in respect of the interim period.

7. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share:		
Loss for the period attributable to owners of the Company	**(30,300)**	(41,660)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,718,237**	2,589,879

The calculation of the diluted loss per share for the periods ended 30 June 2020 and 2019 did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group's buildings classified as property, plant and equipment were revalued by Roma Appraisals Limited, an independent qualified professional valuer not connected with the Group. The buildings were revalued at depreciated replacement cost approach. The resulting loss on revaluation of HK$1,067,000 was recognised to the property revaluation reserve during the six months ended 30 June 2020 (six months ended 30 June 2019: gain HK$1,349,000).

During the six months ended 30 June 2020, the Group paid HK$3,016,000 (six months ended 30 June 2019: HK$1,231,000) on acquisition of property, plant and equipment.

9. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

Included in trade and other receivables was trade receivables of approximately HK$144,526,000 (31 December 2019: HK$168,824,000) as follows:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables with normal credit terms	**177,686**	192,941
Less: Allowance for doubtful debts	**(87,187)**	(87,187)
	90,499	105,754
Trade receivables with extended credit terms	**65,383**	74,426
Less: Allowance for doubtful debts	**(11,356)**	(11,356)
	54,027	63,070
Total trade receivables, net of allowance for doubtful debts	**144,526**	168,824
Less: Non-current portion of trade receivables with extended credit terms	**(4,942)**	(5,742)
Current portion of trade receivables	**139,584**	163,082
Advances to suppliers and other receivables	**115,419**	118,855
Current portion of trade and other receivables	**255,003**	281,937

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 LED lighting customers with extended credit terms which is based on the contractual repayment schedule under certain "energy management contract" (EMC) arrangement with the Group's LED lighting customers, a significant portion of which being government entities in the PRC.

The following is an aging analysis of trade receivables with normal credit terms and trade receivables with extended credit terms, net of allowance for doubtful debts, 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	
	30 June 2020	31 December 2019	**30 June 2020**	31 December 2019	**30 June 2020**	31 December 2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)
0 – 30 days	**–**	–	**18,561**	20,622	**18,561**	20,622
31 – 60 days	**–**	–	**39,569**	27,240	**39,569**	27,240
61 – 90 days	**–**	–	**11,879**	14,489	**11,879**	14,489
91 – 180 days	**–**	–	**13,410**	32,372	**13,410**	32,372
Over 180 days	**54,027**	63,070	**7,080**	11,031	**61,107**	74,101
	54,027	63,070	**90,499**	105,754	**144,526**	168,824

Movement in the lifetime ECL for trade receivables with normal credit terms in accordance with the simplified approach set out in HKFRS 9:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Balance at beginning of the period	**87,187**	85,448
Allowance for expected credit losses	**–**	1,739
	87,187	87,187

Movement in the lifetime ECL for trade receivables with extended credit terms in accordance with the simplified approach set out in HKFRS 9:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Balance at beginning of the period	**11,356**	11,547
Reversal of allowance for expected credit losses	**–**	(191)
	11,356	11,356

(b) Bills Receivable

The following is an aging analysis of bills receivable based on issue date of the bills at the end of the reporting period:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**471**	–
31 – 60 days	**400**	–
61 – 90 days	**–**	–
91 – 180 days	**–**	–
Over 180 days	**–**	–
	871	–

(c) Movement in the ECL for other receivables in accordance with the general approach set out in HKFRS 9:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Balance at the beginning of the period	**25,808**	8,417
Allowance for expected credit losses	**–**	17,391
	25,808	25,808

10. TRADE, BILLS AND OTHER PAYABLES

(a) Trade and other payables

The aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**8,987**	12,930
31 – 60 days	**17,313**	11,894
61 – 90 days	**7,536**	12,933
91 – 180 days	**10,731**	20,850
Over 180 days	**80,970**	62,560
	125,537	121,167
Other payables *(note)*	**48,679**	56,922
Accrued salaries and other accrued charges	**17,151**	20,147
	191,367	198,236

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.

At the end of interim period, included in the Group's other payable is an amount of HK$24,444,000 (31 December 2019: HK$15,866,000) loan from other borrowers in interest rate range from 8% to 18% and repaid in accordance with the terms of the loan agreements. During the interim period ended 30 June 2020, HK$3,190,000 (six months ended 30 June 2019: HK$2,954,000) interest were recognised in the finance cost of consolidated statements of profit or loss.

(b) Bills payable

The aging analysis of bills payable is as follows:

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**28,711**	817
31 – 60 days	**13,400**	14,895
61 – 90 days	**9,074**	14,282
91 – 180 days	**11,224**	–
Over 180 days	**–**	–
	62,409	29,994

11. PLEDGE OF ASSETS

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Buildings	**109,489**	111,922
Pledged bank deposits	**38,188**	14,768
Right-of-use assets	**16,690**	16,998
	164,367	143,688

BUSINESS REVIEW

During the period under review, the Group is principally engaged in the 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). The breakdown of turnover based on products is summarised as follows:

	For the six months ended 30 June					
	2020		2019		Increase/ (decrease)	Change in
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Single-sided PCB	**37,874**	**37.4**	44,138	33.8	(6,264)	(14.2)
Double-sided PCB	**49,253**	**48.6**	70,563	54.0	(21,310)	(30.2)
Multi-layered PCB	**14,220**	**14.0**	16,067	12.2	(1,847)	(11.5)
Total	**101,347**	**100.0**	130,768	100.0	(29,421)	(22.5)

Revenue from LED lighting business for the six months ended 30 June 2020 was nil.

The three categories of PCB products are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the period, single and doubled-sided PCB's used for consumer electronics accounted for approximately 86.0% of the Group's turnover. High-end multi-layered PCBs accounting for 14.0% of turnover.

During the period under review, the breakdown of turnover based on geographical locations is summarised as follows:

	For the six months ended 30 June					
	2020		2019		Increase/ (decrease)	Change in
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Hong Kong	**14,437**	**14.2**	30,427	23.3	(15,990)	(52.6)
The PRC	**71,534**	**70.6**	77,807	59.5	(6,273)	(8.1)
Asia (excluding Hong Kong and the PRC)	**598**	**0.6**	4,554	3.5	(3,956)	(86.9)
Europe	**14,778**	**14.6**	14,068	10.8	710	5.0
Others	**–**	**–**	3,912	2.9	(3,912)	(100.0)
Total	**101,347**	**100.0**	130,768	100.0	(29,421)	(22.5)

During the period under review, the Group's revenue decreased mainly due to the decrease of revenue of all segments of PCB.

FINANCIAL REVIEW

The PCB business has been the Group's main source of income for many years. During the period under review, the Group's turnover amounted to approximately HK$101.3 million, representing a decrease of 22.5% as compared to approximately HK$130.8 million for the corresponding period last year, principally resulted from the decrease of PCB purchase orders due to the disruption in supply-chain caused by COVID-19 outbreak since January 2020 and the escalation of China-US tension, resulting in weakened consumer demand and decrease in orders by the Group's customers. Loss attributable to shareholders was approximately HK$30.3 million (2019: HK$41.7 million). The gross profit margin for the six months ended 30 June 2020 was 0.3%.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2020, the Group had total assets of approximately HK$513.4 million (31 December 2019: HK$520.3 million) and interest-bearing borrowings of approximately HK$168.9 million (31 December 2019: HK$160.3 million), representing a gearing ratio (defined as interest-bearing borrowings over total assets) of approximately 32.9% (31 December 2019: 30.8%).

The Group had net current liabilities of approximately HK$122.3 million (31 December 2019: HK$94.6 million) consisted of current assets of approximately HK$351.8 million (31 December 2019: HK$353.50 million) and current liabilities of approximately HK$474.1 million (31 December 2019: HK$448.1 million), representing a current ratio of approximately 0.74 (31 December 2019: 0.79).

As at 30 June 2020, the Group had cash and bank balances (including pledged bank deposits) of approximately HK$68.3 million (31 December 2019: HK$37.2 million). As at 30 June 2020, the Group had bank balances, deposit and cash of approximately HK$30.1 million (31 December 2019: HK$22.4 million).

FOREIGN CURRENCY EXPOSURE

The Group operates in Hong Kong and the PRC with most of the transactions denominated and settled in Hong Kong dollars ("**HK$**") and Renminbi ("**RMB**"). However, foreign currencies, mainly United States Dollars ("**US$**") is 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 consider using forward contracts to hedge its foreign currency exposure if it considers the risk to be significant.

DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

HUMAN RESOURCES

As at 30 June 2020, the Group employed a total of approximately 612 employees (31 December 2019: 716), including approximately 577 employees in its Zhongshan production site, 20 employees in its PRC LED business units and 15 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 intends to hold 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 total 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.

FUND RAISING ACTIVITIES

On 28 April 2020, 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 543,600,000 subscription shares at the subscription price of HK$0.10 per subscription share. If the subscriptions proceed to completion, it would have raised net proceeds of approximately HK$54,100,000 to ease the net current liabilities position of the Group. However, the subscriptions were not completed before the long stop date of 28 July 2020. For the background of the subscriptions, please refer to the Company's announcement dated 28 April 2020. The Company will continue to explore debt and equity fundings from bankers and investors to improve the working capital and liquidity and cash flow position of the Group.

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.

THE IMPACT OF NOVEL CORONAVIRUS EPIDEMIC

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

The Epidemic is expected to adversely impact on the business performance of the Group but the actual impact has yet to be quantified. The Group will take all practicable measures to cope with the challenges ahead, including the implementation of cost-control measures and the exploration of opportunities to further develop its business and enhance its growth potential. In the meantime, the Group is striving for the highest caution standard to protect the health and safety of our staff.

Pending the development and spread 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.

CHARGE OF ASSETS

Details of the charge of assets are set out in note 11 to this announcement.

OTHER INFORMATION

Change of Company Name

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

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

Change of Stock Short Names

The stock short names for trading in the shares of the Company on the Stock Exchange has been changed from "TC ORI LIGHT" to "CHINASILVER TEC" in English and from "達進東方照明" to "中華銀科技" in Chinese with effect from 9:00 a.m. on Tuesday, 4 August 2020.

Change of Company Logo

The logo of the Company has been changed with effect from 30 July 2020 to reflect the Change of Company Name.

Change of Company Website

The website of the Company changed from "www.tatchun.com" to "www.csthltd.com" with effect from 4 August 2020.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of its own listed securities.

Changes of Directorship and Composition of Board Committees

On 22 June 2020, Mr. Li Hongxiang retired as an independent non-executive Director and ceased to be a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Compliance Committee.

On 14 July 2020, the composition of the Board of Director has been changed as below:

(a) Mr. Lai Yubin was appointed as a non-executive Director and the Chairman of the Company with immediate effect;

(b) Mr. Wei Xiaomin was appointed as a non-executive Director with immediate effect;

(c) Mr. Lin Wanan was appointed as an executive Director with immediate effect; and

(d) Ms. Qiu Yumei was appointed as an independent non-executive Director, the chairman of the Remuneration Committee, the chairman of the Nomination Committee, and a member of the Compliance Committee and the Audit Committee of the Company with immediate effect.

Compliance with the Corporate Governance Code

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**") during the six months from 1 January 2020 to 30 June 2020, except the deviations disclosed as follows:

(i) Under Code Provision A.2.1, the roles of Chairman and chief executive officer ("**CEO**") should be separated and not be performed by the same individual. The Chairman and CEO were at one stage vacant but with the appointment of Mr. Xu Ming as the CEO on 9 April 2020 and the appointment of Mr. Lai Yubin as the Chairman on 14 July 2020, the Company is now in compliance of Code Provision A.2.1.

(ii) Under Code Provision C.1.2, management should provide all members of the Board with monthly updates on the issuer's performance, position and prospects, which may include monthly management accounts and material variance between projections and actual results. During the period, although management accounts were not circulated to Board members on monthly basis, regular verbal updates were given by management to Directors on working level meetings from time to time, which the management and the Board consider to be sufficient and appropriate in the circumstances in giving a balanced and understandable assessment of the Group's performance and enabling Directors to discharge their duties.

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

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

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. All existing directors have confirmed to the Company that they have complied with the Model Code during the six months ended 30 June 2020.

Audit Committee

As at 30 June 2020, the Audit Committee of the Company ("**AC**") comprised of three independent non-executive Directors, namely, Dr. Loke Yu (alias Loke Hoi Lam), Mr. Wong Kwok On and Mr. Bonathan Wai Ka Cheung. One out of three AC members, Dr. Loke Yu possesses recognised professional qualifications in accounting and has wide experience in audit and accounting. As at 30 June 2020, Dr. Loke Yu is the chairman of AC.

No former partner of the Company's existing auditing firm acted as a member of the AC within one year 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.csthltd.com and the website of the Stock Exchange: www.hkexnews.hk.

The Group's unaudited financial statements for the six months ended 30 June 2020 have been reviewed by the Audit Committee, 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.

By order of the Board
China Silver Technology Holdings Limited
Zeng Yongguang
Executive Director

Hong Kong, 21 August 2020

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