



**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)





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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 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Turnover	3	101,347	130,768
Cost of sales		(101,052)	(130,311)
<b>Gross profit/(loss)</b>		<b>295</b>	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)
<b>Loss before tax</b>		<b>(31,086)</b>	(43,668)
Income tax expense	4	(4)	(71)
<b>Loss for the period</b>	5	<b>(31,090)</b>	(43,739)
<b>Other comprehensive expense:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Deficit on revaluation of properties		(1,067)	(1,349)
Deferred tax assets arising from revaluation of properties		267	337
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		–	–
<b>Total comprehensive expense for the period</b>		<b>(31,890)</b>	(44,751)



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Loss for the period attributable to:</b>			
Owners of the Company		(30,300)	(41,660)
Non-controlling interests		(790)	(2,079)
		<b>(31,090)</b>	(43,739)
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		(31,100)	(42,672)
Non-controlling interests		(790)	(2,079)
		<b>(31,890)</b>	(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)
<b>Non-current assets</b>			
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
		<b>161,579</b>	166,804
<b>Current assets</b>			
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
		<b>351,808</b>	353,504
<b>Current liabilities</b>			
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	11	144,444	144,444
		<b>474,102</b>	448,145
<b>Net current liabilities</b>		<b>(122,294)</b>	(94,641)
<b>Total assets less current liabilities</b>		<b>39,285</b>	72,163



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 30 June 2020

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	Statutory reserve HK\$'000	Special reserve HK\$'000	Share option reserve HK\$'000	Capital contribution reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2020 (audited)	271,824	566,877	470	36,656	15,003	1,156	22,748	1,893	14,303	(816,784)	114,146	(56,656)	57,510
Loss for the period	-	-	-	-	-	-	-	-	-	(30,300)	(30,300)	(790)	(31,090)
Deficit on revaluation of properties	-	-	-	(1,067)	-	-	-	-	-	-	(1,067)	-	(1,067)
Deferred tax liabilities arising from revaluation of properties	-	-	-	267	-	-	-	-	-	-	267	-	267
Total comprehensive expense for the period	-	-	-	(800)	-	-	-	-	-	(30,300)	(31,100)	(790)	(31,890)
At 30 June 2020 (unaudited)	271,824	566,877	470	35,856	15,003	1,156	22,748	1,893	14,303	(847,084)	83,046	(57,456)	25,620

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2020

	The People's Republic of China (the "PRC")										
	Share capital	Share premium	Capital redemption reserve	Property revaluation reserve	Special statutory reserve	Share option reserve	Capital contribution reserve	Exchange reserve	Accumulated Losses	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019 (audited)	226,520	566,877	470	41,596	15,003	1,156	26,319	1,893	15,131	(39,316)	136,665
Loss for the period	-	-	-	-	-	-	-	-	(41,660)	(2,079)	(43,739)
Deficit on revaluation of properties	-	-	-	(1,349)	-	-	-	-	-	-	(1,349)
Deferred tax liabilities arising from revaluation of properties	-	-	-	337	-	-	-	-	-	-	337
Total comprehensive expense for the period	-	-	-	(1,012)	-	-	-	-	(41,660)	(2,079)	(44,751)
Issue of shares upon subscription of new shares	45,304	-	-	-	-	-	-	-	-	-	45,304
At 30 June 2019 (unaudited)	271,824	566,877	470	40,584	15,003	1,156	26,319	1,893	15,131	(41,395)	137,218





# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Net cash outflow from operating activities	<b>37,779</b>	(382)
Net cash used in investing activities:		
Withdrawal of pledged bank deposits	<b>31,164</b>	24,401
Placement of pledged bank deposits	<b>(60,380)</b>	(35,438)
Purchase of property, plant and equipment	<b>(3,016)</b>	(1,231)
Other investing cash flows	<b>861</b>	1,716
	<b>(31,371)</b>	(10,552)
Net cash generated from financing activities:		
Bank borrowings raised	–	8,736
Interest paid	<b>(7,530)</b>	(8,384)
Net proceeds from issue of shares upon subscriptions of new shares	–	45,304
Repayment of other Borrowings	<b>(12,770)</b>	(32,087)
Other borrowing raised	<b>20,222</b>	–
	<b>(78)</b>	13,569
Net increase/(decrease) in cash and cash equivalents	<b>6,330</b>	2,635
Cash and cash equivalents at 1 January	<b>23,785</b>	21,150
Effect of foreign exchange rate changes	–	–
Cash and cash equivalents at 30 June, represented by bank balances, deposits and cash	<b>30,115</b>	23,785



# 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 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Segment turnover – external sales</b>		
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
<b>Total</b>	<b>101,347</b>	<b>130,768</b>
<b>Timing of revenue recognition</b>		
At a point in time	101,347	130,768
Over time	–	–
<b>Segment loss</b>		
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)
	<b>(22,559)</b>	<b>(34,386)</b>
Other income	190	61
Central administrative costs	(1,187)	(907)
Finance costs	(7,530)	(8,436)
<b>Loss before tax</b>	<b>(31,086)</b>	<b>(43,668)</b>

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 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profit Tax	–	–
PRC Enterprise Income Tax ("EIT")	4	71
	<b>4</b>	<b>71</b>

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 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Directors' emoluments	1,184	1,098
Other staff costs	25,676	27,154
Total staff costs	<b>26,826</b>	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
Share-based payment	530	–

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)
<b>Loss</b>		
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
<b>Number of shares</b>		
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 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (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



## 9. TRADE, BILLS AND OTHER RECEIVABLES (continued)

### (a) Trade and other receivables (continued)

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



9. **TRADE, BILLS AND OTHER RECEIVABLES** (continued)

(a) **Trade and other receivables** (continued)

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

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

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

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

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

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

## 10. TRADE, BILLS AND OTHER PAYABLES (continued)

### (b) Bills payable

The aging analysis of bills payable is as follows:

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (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	–	–
	<b>62,409</b>	<b>29,994</b>

## 11. BANK BORROWINGS

During the current interim period, the Group obtained new bank loans amounting to HK\$Nil (six months ended 30 June 2019: HK\$4,023,000). The bank borrowings as at 30 June 2020 were secured by the assets of the Group as disclosed in note 15.

## 12. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
<b>Ordinary shares of HK\$0.1 each</b>		
Authorised:		
At 31 December 2019 and 30 June 2020	12,000,000	1,200,000
Issued and fully paid:		
Ordinary shares at 1 January 2020 and at 30 June 2020	2,718,237	271,824

## 13. SHARE OPTION SCHEME

The Company's new share option scheme was adopted on 19 August 2016 for the purpose of providing incentives to directors, employees, consultants and advisers of the Company or the Group and to promote the success of the business of the Group.

No share options were granted or exercised during both interim periods.

During the current interim period, Nil (six months ended 30 June 2019: Nil) share options lapsed or were forfeited.



#### 14. CAPITAL COMMITMENTS

At 30 June 2020, the Group has no commitment (as at 31 December 2019: Nil) in respect of the acquisition of property, plant and equipment contracted for but not provided in the Interim Financial Statements.

#### 15. 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:

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

#### 16. RELATED PARTY DISCLOSURES

Save as disclosed elsewhere in this Interim Financial Statement, the Group entered into the following material related party transactions:

##### Compensation of key management personnel

The remuneration of key management for the Group (representing directors) during the period under review are set out as follows:

	<b>For the six months ended 30 June 2020 HK\$'000 (unaudited)</b>		2019 HK\$'000 (unaudited)
Short-term benefits	1,150		1,059
Post-employment benefits	34		39
	<b>1,184</b>		1,098

## 17. LITIGATION

- (a) The Company was informed by its legal advisers that a writ of summons dated 10 May 2016 under Hong Kong High Court Action No. 1228/2016 (the “**Legal Action**”) was filed by Mr. Li Jian Chao (“**Mr. Li**”) seeking to claim from the Company an alleged outstanding special bonus payment in the amount of HK\$1,640,000. Mr. Li was formerly the chief executive officer and executive director the Company before he resigned on 5 June 2015. On 12 July 2016, the Company filed a defence and counterclaim against Mr. Li (re-amended on 3 May 2018, the “**Counterclaim**”), whereby the Company denied (inter alia) that Mr. Li is entitled to the alleged amount and counterclaimed from Mr. Li (inter alia) a total sum of HK\$5,240,000, being wrongful receipts by Mr. Li based on certain invalid resolutions purportedly passed by the Board between 31 December 2014 and 4 June 2015, and/or damages for breach of fiduciary duties by Mr. Li when he was a director of the Company between 1 September 2014 and 5 June 2015. The Company will continue to uphold its rights in the Legal Action and the Counterclaim. In the meantime, the Board considers that the Legal Action and the Counterclaim are unlikely to result in any material adverse effect to the Company’s operations or financial position. Further details relating to the Legal Action and Counterclaim are more particularly set out in the Company’s announcements dated 13 May and 14 July 2016.
- (b) In January 2019, 吳川榮森貿易有限公司 (“**Wuchuan Rongsen**”), a subsidiary of the Company, applied to Wuchuan City District People’s Court (吳川市人民法院) (“**Wuchuan Court**”) to have 廣東威立電力器材有限公司 (“**Guangdong Weili**”) liquidated (the “**Liquidation Application**”) due to its failure to repay trade receivables of RMB48,944,917 on or before 30 May 2018, despite its previous undertaking to Wuchuan Rongsen to do so pursuant to a settlement agreement (the “**Settlement Agreement**”) entered into by the parties in December 2017. As a prudent measure, impairment loss on trade receivables for the year ended 31 December 2018 was made in respect of the entire sum of trade receivables of RMB48,944,917.
- (c) In 2019, 廣東達進電子科技有限公司(Guangdong Tat Chun Electronic Technology Co., Ltd.), a subsidiary of the Company, commenced legal actions against two customers for failing to repay their trade receivables. The expected credit losses on trade receivables was made in respect of these two customers for RMB7,848,569 for the year ended 31 December 2019.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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)
<b>Total</b>	<b>101,347</b>	<b>100.0</b>	<b>130,768</b>	<b>100.0</b>	<b>(29,421)</b>	<b>(22.5)</b>

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)
<b>Total</b>	<b>101,347</b>	<b>100.0</b>	<b>130,768</b>	<b>100.0</b>	<b>(29,421)</b>	<b>(22.5)</b>

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 15 to the financial statements.



## 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.csthld.com” with effect from 4 August 2020.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the interests or short positions of the directors and chief executives and their associates in the shares, underlying shares and debenture of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (“SFO”), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

### Interest in shares:

Name of Shareholders	Capacity	Number of shares held (long position)	Percentage of issued share capital
Xu Ming	Beneficial Owner (Note 1)	1,000,000	0.04%
Guo Jun Hao	Beneficial Owner (Note 1)	1,000,000	0.04%
Wong Kwok On	Beneficial Owner (Note 1)	1,000,000	0.04%
Bonathan Wai Ka Cheung	Beneficial Owner (Note 1)	1,000,000	0.04%
Dr. Loke Yu (alias Loke Hoi Lam)	Beneficial Owner (Note 1)	1,000,000	0.04%
Mai Huazhi	Beneficial Owner (Note 1)	5,000,000	0.18%
Zeng Yongguang	Interest of Spouse (Note 2)	1,000,000	0.04%

Note 1: These underlying shares were based on the DI filings made when share options were granted to the relevant directors on 8 October 2019, further details of which are set out in the section headed “Share Option Schemes”.

Note 2: Based on the DI filings, Mr. Zeng Yongguang is deemed to be interested in the 1,000,000 shares of the Company held by his spouse, Ms. Zeng Xiaoxian.

Other than disclosed above, none of the directors and chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2020.



## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the following person (other than a director or chief executive of the Company) had an interest or short position in the shares and underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

### Interest in shares:

Name of Shareholders	Capacity	Number of shares held (long position)	Percentage of issued share capital
Intelligent South Network Group Limited (Note 1)	Beneficial Owner	216,000,000	7.95%
Zhu Dechao (Note 1)	Interest in controlled corporation	216,000,000	7.95%

Note 1: Based on DI filing made by the relevant person(s), these 216,000,000 Shares were held by Intelligent South Network Group Limited, which is a company wholly owned by Mr. Zhu Dechao.

Other than disclosed above, as at 30 June 2020, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under the Provisions of Divisions 2 and 3 of Part XV of the SFO.

## SHARE OPTION SCHEMES

### Old Share Option Scheme

The share option scheme of the Company which was adopted on 5 June 2006 (the “**Old Share Option Scheme**”) had a life span of ten years and expired on 4 June 2016. Upon expiry of the Old Share Option Scheme, no further share option should be granted under the expired scheme but in all other respects the rules of the Old Share Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the rules of the Old Share Option Scheme, and share options which were granted prior to the termination or expiry of the Old Share Option Scheme will continue to be valid and exercisable in accordance with the rules of the Old Share Option Scheme and their terms of issue.

As disclosed by the Company on 22 July 2016 and 20 December 2017, as a result of the completion of the open offer and right issue on 25 July 2016 and 20 December 2017, respectively, the exercise price of the share options and the number of Shares to be allotted and issued upon the exercise of the share options granted under the Old Share Option Scheme were adjusted. Following the adjustment, the number of Shares issuable of the outstanding options under the Old Share Option Scheme became 30,992,575 Shares, representing 1.14% of the issued share capital of the Company on the date of this report. The number of outstanding options at the beginning and the end of the reporting period, and the number of options granted, exercised, forfeited or lapsed during the reporting period under the Old Share Option Scheme, if any, were summarized in the table on page 29 of this report.

### New Share Option Scheme

Following the expiry of the Old Share Option Scheme, the Company adopted a new share option scheme at its extraordinary general meeting held on 19 August 2016 (the “**New Share Option Scheme**”) with a life span of ten years. Under the terms of the New Share Option Scheme, the Board may, at its discretion, grant options to eligible participants to subscribe for Shares. Initially, the maximum number of shares which may be issued upon the exercise of all options to be granted under the New Share Option Scheme (the “**Scheme Mandate Limit**”) was 90,225,776 shares, being 10% of the shares in issue as at the date of approval of the New Share Options Scheme on 19 August 2016.

At the annual general meeting of the Company held on 6 June 2018, the refreshment of the Scheme Mandate Limit was approved by the Company’s shareholders to allow the Company grant up to the maximum of 226,519,747 Options, representing 10% of the shares in issue on the date of approval of the refreshment. On 8 October 2019, the Company granted 220,000,000 share options under the New Share Option Scheme (the “**2019 Options**”) to eligible participants at an exercise price of HKD0.10 per share. The closing price of shares immediately before the date of grant was HK\$0.045. As at the date of this report, the number of share issuable on exercise of the outstanding 2019 Options under the New Share Option Scheme were 220,000,000 shares, representing 8.09% of the existing issued share capital of the Company, leaving behind 6,519,747 Options being available for grant.

No option was granted under the New Share Option Scheme during the six months ended 30 June 2020. The number of outstanding options at the beginning and the end of the reporting period, and the number of options granted, exercised, forfeited or lapsed during the reporting period under the New Share Option Scheme, if any, were summarized in the table on page 29 of this report.



Grantee	Date of grant	Exercise price per share HK\$	Outstanding as at 1 January 2020 '000	Granted during the period '000	Reclassification during the period '000	Exercised during the period '000	Lapsed/ Forfeited during the period '000	Outstanding as at date of this report '000
<b>Directors:</b>								
Mai Huazhi	8 October 2019	0.100	5,000	-	-	-	-	5,000 (Note 4)
Xu Ming	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Guo Jun Hao	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Li Hongxiang	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Wong Kwok On	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Bonathan Wai Ka Cheung	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Loke Hoi Lam	8 October 2019	0.100	1,000	-	-	-	-	1,000 (Note 4)
Subtotal			11,000	-	-	-	-	11,000
<b>Consultants:</b>								
	29 November 2010	2.316	1,903	-	-	-	-	1,903 (Note 1)
	22 October 2014	0.854	15,870	-	-	-	-	15,870 (Note 3)
	8 October 2019	0.100	22,000	-	-	-	-	22,000 (Note 4)
Subtotal			39,773	-	-	-	-	39,773
<b>Employees:</b>								
	2 September 2011	1.440	6,295	-	-	-	-	6,295 (Note 2)
	22 October 2014	0.854	6,924	-	-	-	-	6,924 (Note 3)
	8 October 2019	0.100	187,000	-	-	-	-	187,000 (Note 4)
Subtotal			200,219	-	-	-	-	200,219
Total			250,992	-	-	-	-	250,992

Note 1: These options have vested (i) as to 30% on the date of grant of 29 November 2010; (ii) as to further 30% one year after the date of grant; and (iii) as to the remaining 40% two years after the date of grant. These options will expire on the 10th anniversary after the date of grant. As disclosed in the Company's announcement dated 20 December 2017, the exercise price of this series of options were adjusted from HK\$2.807 (before 20 December 2017) to HK\$2.316 (after 20 December 2017) as a result of the Company's one-for-one rights issue in 2017.

Note 2: These options have vested (i) as to 25% on 2 March 2012 (i.e. six months after the date of grant); (ii) as to further 25% on 2 March 2013; (iii) as to further 25% on 2 March 2014; and (iv) as to the remaining 25% on 2 March 2015. These options will expire on the 10th anniversary after the date of grant, i.e. on 2 September 2021. As disclosed in the Company's announcement dated 20 December 2017, the exercise price of this series of options were adjusted from HK\$1.747 (before 20 December 2017) to HK\$1.440 (after 20 December 2017) as a result of the Company's one-for-one rights issue in 2017.

Note 3: Options are exercisable on or after the date of grant of 22 October 2014. These options will expire on the 10th anniversary after the date of grant. As disclosed in the Company's announcement dated 20 December 2017, the exercise price of this series of options were adjusted from HK\$1.035 (before 20 December 2017) to HK\$0.854 (after 20 December 2017) as a result of the Company's one-for-one rights issue in 2017.

Note 4: The date of grant of these options was 8 October 2019, and the closing price of shares immediately before the date of grant was HK\$0.045. These options are vesting (i) as to 50% from 8 October 2019; and (ii) as to further 50% from 1 January 2021. These options will expire on 31 December 2021. The fair value of these options was assessed on the date of grant of 8 October 2019 at HK\$2,590,000, of which HK\$129,500, HK\$259,000 and HK\$2,201,500 were attributable to grantees who are Directors, consultants and other employees, respectively. The fair value of the options was measured on the date of grant based on the binomial option pricing model using the following key inputs and assumptions: (a) an expected volatility of 85% based on historical annualized volatility over a period of time based on the expected lifespan of the share options, which is over one year; (b) no annual dividends being made based on historical dividend pattern in the most recent five years; and (c) a risk-free interest rate of 1.61% based on the yields of HKMA Exchange Fund Notes and government bonds. For the purpose of the calculation of fair value, no adjustment was made for options expected to be forfeited due to the expected insignificant staff turnover and the lack of historical data. While the binomial option pricing model is regarded as a generally accepted methodology to calculate the fair value of options, it requires the input of subjective assumptions (including share price volatility) and any changes in subjective input assumptions could materially affect the fair value estimate. Therefore, the Directors are of the view that the model does have limitations and does not necessarily provide a reliable single measurement of the fair value of the share options.

## **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

Other than the Company's Old Share Option Scheme and New Share Option Scheme disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Other than as disclosed in note 16 to the consolidated financial statements, no contracts of significance, to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as at 30 June 2020 or at any time during the period.

## **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 DIRECTORS' INFORMATION

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.

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

- (a) On 31 May 2020, Dr. Loke Yu (also known as Lok Hoi Lam) ("**Dr. Loke**") resigned as an independent non-executive director of Tianhe Chemicals Group Limited (Stock Code: 1619), a company then listed on the Stock Exchange; and
- (b) On 1 September 2020, Dr. Loke was appointed as a non-executive Director and a member of the Corporate Governance Committee of Scud Group Limited (Stock Code: 1399), a company listed on the Stock Exchange.

## 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 two years from ceasing to be a partner or having any financial interest in the auditing firm.

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

The Group's unaudited financial statements for the six months ended 30 June 2020 have 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.



## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Xu Ming (*appointed as Chief Executive Officer since 9 April 2020*)  
Mr. Zeng Yongguang  
Mr. Guo Jun Hao  
Mr. Mai Huazhi  
Mr. Lin Wanan (*appointed on 14 July 2020*)

### NON-EXECUTIVE DIRECTORS

Mr. Lai Yubin (*appointed as Director and Chairman on 14 July 2020*)  
Mr. Wei Xiaomin (*appointed on 14 July 2020*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kwok On  
Mr. Bonathan Wai Ka Cheung  
Dr. Loke Yu (alias Loke Hoi Lam)  
Ms. Qiu Yumei (*appointed on 14 July 2020*)  
Mr. Li Hongxiang (*retired on 22 June 2020*)

### AUDIT COMMITTEE

Dr. Loke Yu (alias Loke Hoi Lam)  
(*chairman of committee*)  
Mr. Wong Kwok On  
Mr. Bonathan Wai Ka Cheung  
Ms. Qiu Yumei (*appointed on 14 July 2020*)

### REMUNERATION COMMITTEE

Ms. Qiu Yumei (*joined the committee as committee chairman on 14 July 2020*)  
Dr. Loke Yu (alias Loke Hoi Lam)  
Mr. Bonathan Wai Ka Cheung  
Mr. Li Hongxiang (*ceased to be committee member on 22 June 2020*)

### NOMINATION COMMITTEE

Ms. Qiu Yumei (*joined the committee as committee chairman on 14 July 2020*)  
Dr. Loke Yu (alias Loke Hoi Lam)  
Mr. Bonathan Wai Ka Cheung  
Mr. Li Hongxiang (*ceased to be committee member on 22 June 2020*)

### COMPLIANCE COMMITTEE

Dr. Loke Yu (alias Loke Hoi Lam)  
(*chairman of committee*)  
Mr. Bonathan Wai Ka Cheung  
Ms. Qiu Yumei (*appointed on 14 July 2020*)  
Mr. Li Hongxiang (*ceased to be committee member on 22 June 2020*)

## COMPANY SECRETARY

Mr. Chan Chun Kau

## AUTHORISED REPRESENTATIVES

Mr. Zeng Yongguang  
Mr. Chan Chun Kau

## HEAD OFFICE

Unit E, 30/F., Tower B, Billion Centre  
1 Wang Kwong Road  
Kowloon Bay, Kowloon  
Hong Kong

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## AUDITOR

HLB Hodgson Impey Cheng Limited

## PRINCIPAL BANKERS

China Construction Bank Corporation,  
Zhongshan Branch  
Agricultural Bank of China,  
Zhongshan Branch  
Hang Seng Bank Limited  
China Trust Commercial Bank, Ltd.

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P. O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE


Union Registrars Limited  
Suites 3301-04, 33/F.  
Two Chinachem Exchange Square  
338 King's Road, North Point  
Hong Kong

## STOCK CODE

00515

## WEB-SITE

[www.tatchun.com](http://www.tatchun.com) (*before 4 August 2020*)  
[www.csthld.com](http://www.csthld.com) (*since 4 August 2020*)



On behalf of the Board, I would like to extend our sincere appreciation to all management and staff members of their diligence and dedication, the continuing support of our business partners and the Company's shareholders.

On behalf of the Board

**Zeng Yongguang**

*Executive Director*

Hong Kong, 21 August 2020