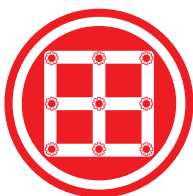


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CHINA SILVER TECHNOLOGY HOLDINGS LIMITED
中華銀科技控股有限公司

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 515)

SECOND INTERIM RESULTS ANNOUNCEMENT
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2024

The Board (the “**Board**”) of directors (the “**Directors**”) is pleased to announce the unaudited consolidated second 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 twelve months ended 31 December 2024. These second interim condensed consolidated financial statements were not audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the twelve months ended 31 December 2024

		For the twelve months ended 31 December 2024 <i>HK\$'000</i> (unaudited)	For the year ended 31 December 2023 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
Turnover	3	40,340	262,134
Cost of sales		<u>(38,032)</u>	<u>(242,178)</u>
Gross profit		2,308	19,956
Other income		5,580	9,188
Other gains and losses, net		(1,798)	6,695
Selling and distribution expenses		(2,746)	(15,119)
Administrative expenses		(32,034)	(36,878)
Finance costs		<u>(25,315)</u>	<u>(17,638)</u>
Loss before tax		(54,005)	(33,796)
Income tax credit	4	<u>394</u>	<u>402</u>
Loss for the period	5	<u>(53,611)</u>	<u>(33,394)</u>
Other comprehensive expense:			
<i>Items that will not be reclassified to profit or loss:</i>			
Surplus on revaluation of properties		632	2,361
Deferred taxation arising from revaluation of properties		<u>(158)</u>	<u>(590)</u>
		<u>474</u>	<u>1,771</u>
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation		<u>1,067</u>	<u>8,342</u>
Other comprehensive income for the period		<u>1,541</u>	<u>10,113</u>
Total comprehensive expense for the period		<u>(52,070)</u>	<u>(23,281)</u>

	For the twelve months ended 31 December 2024	For the year ended 31 December 2023
<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Loss for the period attributable to:		
Owners of the Company	(52,879)	(31,043)
Non-controlling interests	(732)	(2,351)
	(53,611)	(33,394)
Total comprehensive expense for the period attributable to:		
Owners of the Company	(51,382)	(21,890)
Non-controlling interests	(688)	(1,391)
	(52,070)	(23,281)
Loss per share (<i>HK cents</i>)		
– Basic and diluted	7 (5.55)	(4.64)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	31 December 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	8	558,371	515,322
Right-of-use asset		<u>13,923</u>	<u>14,538</u>
		<u>572,294</u>	<u>529,860</u>
Current assets			
Inventories		27,463	33,693
Trade and other receivables	9	73,793	86,834
Pledged bank deposits		–	40,714
Bank balances, deposits and cash		<u>4,627</u>	<u>8,994</u>
		<u>105,883</u>	<u>170,235</u>
Current liabilities			
Trade and other payables	10	197,128	177,314
Contract liabilities		2,909	2,565
Bills payable	10	83,384	119,444
Lease liabilities		542	856
Taxation payable		68,016	67,344
Bank borrowings – due within one year	11	<u>296,035</u>	<u>299,282</u>
		<u>648,014</u>	<u>666,805</u>
Net current liabilities		<u>(542,131)</u>	<u>(496,570)</u>
Total assets less current liabilities		<u>30,163</u>	<u>33,290</u>

		31 December	31 December
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Non-current liabilities			
Lease Liabilities		–	542
Deferred taxation		19,699	19,935
Convertible bonds		12,207	9,820
		<u>31,906</u>	<u>30,297</u>
Net (liabilities)/assets		<u>(1,743)</u>	<u>2,993</u>
Capital and reserves			
Share capital	<i>12</i>	1,133	669
Reserves		60,140	64,652
		<u>61,273</u>	<u>65,321</u>
Equity attributable to owners of the Company		61,273	65,321
Non-controlling interests		(63,016)	(62,328)
		<u>(1,743)</u>	<u>2,993</u>
Total equity		<u>(1,743)</u>	<u>2,993</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended 31 December 2024

1. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited condensed consolidated second interim financial statements (the “**Second Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 second interim financial report has been prepared in accordance with same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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\$53,611,000 during the twelve months ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$542,131,000. The current liabilities of the Group as at 31 December 2024 amounted to approximately HK\$648,014,000 and included outstanding loans and borrowings that were repayable in the next twelve month after 31 December 2024 or were repayable on demand because they contain a repayment on demand clause. As at 31 December 2024, the current liabilities of the Group included: (i) construction costs payables of approximately HK\$101,738,000 (the "**Construction Payables**"); (ii) secured loan included in other payables of approximately HK\$21,978,000 (the "**Other Borrowing**"); (iii) bill payables of approximately HK\$83,384,000 which has been defaulted; and (iv) bank borrowings of approximately HK\$296,035,000, in which approximately HK\$293,037,000 has been defaulted; while the Group's total bank balances, deposits and cash amounted to approximately HK\$4,627,000. 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 after taking into consideration the implementation by the Group of the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

1) Existing business

The management is endeavoring to improve the Group's operating results and cash flows through cost control measures and will focus on the existing business of the Group.

2) New rental business

The Group is currently engaged in negotiations with prospective long-term tenants in the People's Republic of China (PRC) for the rental of the Group's properties.

3) Negotiating with creditors' new terms of Construction Payables

The Group is negotiating with its construction payables creditors to extend the repayment dates for the Construction Payables.

4) Negotiating with creditors' new terms of Other Borrowing

The Group is negotiating with its lenders for repayment of the Other Borrowing.

5) *Banking and necessary facilities*

The Group has classified bank borrowings amounting to approximately HK\$296,035,000 as current liabilities at 31 December 2024, in which approximately HK\$293,037,000 has been defaulted. A bank creditor of the Group (the “**Creditor**”) has filed civil claims for the total amount of around RMB336.0 million against the Company and certain of its subsidiaries, comprising loan principal, bills payables, interest, penalty and damages. First instance judgments were handed down against the Group, but the Group has filed applications to the Court for appeal. The Company is still in the course of exploring the possibility of loan restructuring.

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

2. **APPLICATION OF AMENDMENTS TO HKFRSs**

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ 2020 Amendments ”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

3. TURNOVER AND SEGMENT INFORMATION

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

	For the twelve months ended 31 December 2024 HK\$'000 (unaudited)	For the year ended 31 December 2023 HK\$'000 (audited)
Segment turnover – external sales		
Manufacturing and trading of single-sided printed circuit boards (“PCB”) (“ Single-sided PCB ”)	106	48,431
Manufacturing and trading of double-sided PCB (“ Double-sided PCB ”)	33,093	207,350
Manufacturing and trading of multi-layered PCB (“ Multi-layered PCB ”)	7,141	6,353
Others	—	—
Total	40,340	262,134
Timing of revenue recognition		
At a point in time	40,340	262,134
Over time	—	—
Segment loss		
Single-sided PCB	(36)	(3,191)
Double-sided PCB	(11,247)	(13,661)
Multi-layered PCB	(2,427)	(419)
Others	(3,967)	(4,965)
	(17,677)	(22,236)
Other income	2,887	14,706
Central administrative costs	(13,900)	(8,628)
Finance costs	(25,315)	(17,638)
Loss before tax	(54,005)	(33,796)

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 CREDIT

	For the twelve months ended 31 December 2024 HK\$'000 (unaudited)	For the year ended 31 December 2023 HK\$'000 (audited)
Current tax:		
Hong Kong Profit Tax	–	–
PRC Enterprise Income Tax (“EIT”)	–	–
Deferred tax	<u>394</u>	<u>402</u>
	<u>394</u>	<u>402</u>

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 (the “PRC”) 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 twelve months ended 31 December 2024 HK\$'000 (unaudited)	For the year ended 31 December 2023 HK\$'000 (audited)
Directors' emoluments	1,248	3,778
Other staff costs	<u>15,780</u>	<u>25,452</u>
Total staff costs	17,028	29,230
Depreciation of right-of-use assets	615	615
Depreciation of property, plant and equipment	11,247	10,367
Interest income on bank deposits and bank balances (included in other income)	(1,547)	(1,067)
Sales of scrap materials (included in other income)	(2,693)	(4,005)
Government grants (<i>note</i>)	(542)	(4,108)
Share-based payments	<u>1,023</u>	<u>1,162</u>

Note:

Government grants were mainly granted to the Group as subsidies to support the operation of the Hong Kong and PRC subsidiaries. During the twelve months ended 31 December 2024, the Group recognised government grants of approximately HK\$542,000 in respect of subsidies for operations in PRC. There are no special conditions or contingencies that are needed to be fulfilled and they were non-recurring in nature.

6. DIVIDENDS

No dividends were paid, declared or proposed during the twelve months ended 31 December 2024 (year ended 31 December 2023: nil).

The Directors of the Company have determined that no dividend will be paid in respect of the twelve months ended 31 December 2024.

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 twelve months ended 31 December 2024 HK\$'000 (unaudited)	For the year ended 31 December 2023 HK\$'000 (audited)
Loss		
Loss for the purposes of basic and diluted loss per share:		
Loss for the period attributable to owners of the Company	<u><u>(52,879)</u></u>	<u><u>(31,043)</u></u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u><u>952,389</u></u>	<u><u>669,415</u></u>

The calculation of the diluted loss per share for the periods ended 31 December 2024 and 2023 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 Valtech Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group. The buildings were revalued at depreciated replacement cost approach. The resulting gain on revaluation of HK\$632,000 was recognised to the property revaluation reserve during the twelve months ended 31 December 2024 (year ended 31 December 2023: gain on revaluation of HK\$2,361,000).

During the twelve months ended 31 December 2024, the Group paid HK\$54,124,000 (year ended 31 December 2023: HK\$91,428,000) on addition of property, plant and equipment.

9. TRADE, BILLS AND OTHER RECEIVABLES

(a) Trade and other receivables

	31 December	31 December
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade receivables with normal credit terms	109,058	114,739
<i>Less:</i> Allowance for expected credit losses	(84,521)	(84,521)
	<u>24,537</u>	<u>30,218</u>
Trade receivables with extended credit terms	38,189	40,212
<i>Less:</i> Allowance for expected credit losses	(9,439)	(9,439)
	<u>28,750</u>	<u>30,773</u>
Total trade receivables, net of allowance for expected credit losses	53,287	60,991
Advances to suppliers and other receivables	20,506	25,843
Current portion of trade and other receivables	<u>73,793</u>	<u>86,834</u>

The Group generally allows an average credit period of 30 days to 180 days to its trade on PCB customers and tradings of towers and electric cable customers with normal credit terms and credit period ranging from one year to ten years to its trade 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	
	31 December 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)	31 December 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)	31 December 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
0 – 30 days	-	-	1,072	10,249	1,072	10,249
31 – 60 days	-	-	4,096	5,639	4,096	5,639
61 – 90 days	-	-	2,079	5,562	2,079	5,562
91 – 180 days	-	-	4,176	8,768	4,176	8,768
Over 180 days	24,537	30,773	17,327	-	41,864	30,773
	<u>24,537</u>	<u>30,773</u>	<u>28,750</u>	<u>30,218</u>	<u>53,287</u>	<u>60,991</u>

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

	31 December 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Balance at beginning of the period	84,521	84,984
Allowance for expected credit losses	-	(463)
	<u>84,521</u>	<u>84,521</u>

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

	31 December 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Balance at beginning of the period	9,439	6,148
Provision for expected credit losses	—	3,291
	<u>9,439</u>	<u>9,439</u>

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

	31 December 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Balance at the beginning of the period	41,025	46,812
Reversal of allowance for expected credit losses	—	(5,787)
	<u>41,025</u>	<u>41,025</u>

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:

	31 December 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
0-30 days	1,300	4,486
31-60 days	1,219	9,392
61-90 days	1,200	3,694
91-180 days	1,953	7,229
Over 180 days	<u>29,076</u>	<u>20,721</u>
	<u>34,748</u>	<u>45,522</u>
Other payables (<i>note</i>)	154,218	122,621
Accrued salaries and other accrued charges	<u>8,162</u>	<u>9,171</u>
	<u>197,128</u>	<u>177,314</u>

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

Note: At the end of the twelve months ended 31 December 2024, the Group's other payable included an amount of HK\$21,978,000 (31 December 2023: HK\$22,222,000), being loan from other lenders carrying an interest rate of 24% p.a. and repayable in accordance with the terms of the loan agreements. During the period ended 31 December 2024, interest in the amount of HK\$5,317,000 (year ended 31 December 2023: HK\$315,000) was recognised as the finance cost in the consolidated statements of profit or loss.

(b) **Bills payable**

The aging analysis of bills payable is as follows:

	31 December 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
0 – 30 days	–	63,910
31 – 60 days	–	35,071
61 – 90 days	–	20,463
91 – 180 days	–	–
Over 180 days	<u>83,384</u>	<u>–</u>
	<u>83,384</u>	<u>119,444</u>

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:

	31 December 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Buildings	125,890	126,512
Pledged bank deposits	–	40,714
Right-of-use assets	13,923	14,538
Construction in progress	<u>314,113</u>	<u>259,989</u>
	<u>453,926</u>	<u>441,753</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the twelve months ended 31 December 2024 (the “**Period**”), 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:

	2024		2023		Increase/ (decrease)	Change in
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Single-sided PCB	106	0.3	48,431	18.5	(48,325)	(99.8)
Double-sided PCB	33,093	82.0	207,350	79.1	(174,257)	(84.0)
Multi-layered PCB	7,141	17.7	6,353	2.4	788	12.4
LED Business	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>40,340</u>	<u>100.0</u>	<u>262,134</u>	<u>100.0</u>	<u>(221,794)</u>	<u>(84.6)</u>

The three categories of PCB products are mainly applied in consumer electronics, computers and computer peripherals, and communications equipment. During the Period under review, single and doubled-sided PCBs used for consumer electronics accounted for approximately 82.3% of the Group’s turnover, while high-end multi-layered PCBs accounted for approximately 17.7% of the Group’s turnover.

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

	For the twelve months ended 31 December					
	2024		2023		Increase/ (decrease)	Change in
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Hong Kong	3,167	7.9	5,457	2.1	(2,290)	(42.0)
The PRC	25,266	62.6	244,879	93.4	(219,613)	(89.7)
Asia (excluding Hong Kong and the PRC)	346	0.9	483	0.2	(137)	(28.4)
Europe	11,561	28.6	11,315	4.3	246	2.2
Others	–	–	–	–	–	–
Total	<u>40,340</u>	<u>100.0</u>	<u>262,134</u>	<u>100.0</u>	<u>(211,794)</u>	<u>(84.6)</u>

During the Period under review, the Group's revenue decreased mainly due to the decrease in sales quantity of PCB products, caused by the uncertain outlook of global economy and the dampened demand of electronic products as affected by various factors including the Russian-Ukraine war, the lower-than-expected economic recovery after COVID-19 and the China-US trade tension.

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\$40.3 million, representing a decrease of 84.6% as compared to approximately HK\$262.1 million for the corresponding period last year, principally resulted from the decrease in sales quantity of PCB products. Loss attributable to shareholders was increased to approximately HK\$52.9 million (2023: HK\$31.0 million), principally due to the decreases in turnover and gross profit and increases in finance costs, partly offset by the decrease in selling and distribution expenses and administrative expenses. The gross profit margin for the twelve months ended 31 December 2024 was approximately 5.7% (2023: 7.6%).

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2024, the Group had total assets of approximately HK\$678.2 million (31 December 2023: HK\$700.1 million) and interest-bearing borrowings of approximately HK\$318.0 million (31 December 2023: HK\$321.5 million), representing a gearing ratio (defined as interest-bearing borrowings over total assets) of approximately 46.89% (31 December 2023: 45.92%).

The Group had net current liabilities of approximately HK\$542.1 million (31 December 2023: HK\$496.6 million) consisted of current assets of approximately HK\$105.9 million (31 December 2023: HK\$170.2 million) and current liabilities of approximately HK\$648.0 million (31 December 2023: HK\$666.8 million), representing a current ratio of approximately 0.16 (31 December 2023: 0.26).

As at 31 December 2024, the Group had cash and bank balances (including pledged bank deposits) of approximately HK\$4.6 million (31 December 2023: HK\$49.7 million). As at 31 December 2024, the Group had bank balances, deposit and cash of approximately HK\$4.6 million (31 December 2023: HK\$9.0 million).

Regarding the default of bank borrowings and bill payables and the going concern basis of the Group, please refer to the section headed “Going concern basis” in Note 1(b) to the condensed consolidated financial statements.

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\$**”), may be required to settle the Group’s expenses and additions on property, plant and equipment. There are also sales transactions denominated in US\$ and RMB. The Group will use forward contracts to hedge its foreign currency exposure if it considers the risk to be significant.

DIVIDENDS

The Board has resolved not to declare any interim dividend for the twelve months ended 31 December 2024 (31 December 2023: Nil).

HUMAN RESOURCES

As at 31 December 2024, the Group employed a total of approximately 154 employees (31 December 2023: 328), including approximately 123 employees in its PCB production site, 8 employees in its PRC LED business units and 23 employees in its Hong Kong office.

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

CORPORATE STRATEGY

The primary objective of the Company is to enhance long-term 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

Issue of New Shares under General Mandate

As disclosed in the Company's announcement dated 31 January 2024, the Company entered into subscription agreements (the "**First Subscription Agreements**") with 4 subscribers, namely Mr. Huang Jianhui, Mr. Chen Fubing, Mr. Zhao Zhengchun and Mr. Chen Hui, pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribe for, an aggregate of 133,883,000 subscription shares (the "**First Subscription Shares**") at the subscription price of HK\$0.10 per First Subscription Share (the "**First Subscription**"), with the view to strengthening the Group's financial position. The 133,883,000 First Subscription Shares represents (i) approximately 20.00% of the issued share capital of the Company immediately before completion of the First Subscription, and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of 133,883,000 First Subscription Shares. The aggregate nominal value of the First Subscription Shares is HK\$133,883 based on the nominal value of HK\$0.001 per share of the Company. The net issue price of the First Subscription Shares (after deducting costs incurred in the First Subscription) was approximately HK\$0.0986 per First Subscription Share. The subscription price of HK\$0.10 per First Subscription Share represents: (i) a premium of approximately 42.86% over the closing price of HK\$0.070 per share as quoted on the Stock Exchange on the date of the First Subscription Agreements; and (ii) a premium of approximately 37.36% over the average closing price of approximately HK\$0.0728 per share as quoted on the Stock Exchange for the last five full trading days of the shares immediately prior to the date of the First Subscription Agreements. The gross and net proceeds from the First Subscription amounted to approximately HK\$13.4 million and HK\$13.2 million, respectively. The Company intended to use such net proceeds as to HK\$11.2 million for the repayment of the Group's debts and liabilities when they fall due, and as to the remaining HK\$2 million for the Group's working capital (such as salaries, rental expenses, professional fees and office overheads). The First Subscription was carried out under the general mandate which was approved by the Company's shareholders at the annual general meeting of the Company held on 30 June 2023. The issue of the First Subscription Shares was completed on 22 February 2024. Up to 31 December 2024, all the proceeds from the First Subscription were fully utilised as intended. Further details of the First Subscription were set out in the Company's announcements dated 31 January 2024 and 22 February 2024.

Issue of New Shares under Specific Mandate

As disclosed in the Company's announcement dated 19 April 2024, the Company entered into subscription agreements (the "**Second Subscription Agreements**") with 4 subscribers, namely Mr. Yu Yuliang, Mr. Zeng Siyuan, Mr. Li Jianli and Mr. Chen Hui, pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have agreed to subscribe for, an aggregate of 330,000,000 subscription shares (the "**Second Subscription Shares**") at the subscription price of HK\$0.108 per Second Subscription Share (the "**Second Subscription**") with the view to improving the working capital, liquidity and cash flow position of the Group. The 330,000,000 Second Subscription Shares represents (i) approximately 41.08% of the issued share capital of the Company immediately before completion of the Second Subscription, and (ii) approximately 29.12% of the issued share capital of the Company as enlarged by the issue of 330,000,000 Second Subscription Shares. The aggregate nominal value of the Second Subscription Shares is HK\$330,000 based on the nominal value of HK\$0.001 per share of the Company. The net issue price of the Second Subscription Shares (after deducting costs incurred in the Second Subscription) was approximately HK\$0.100 per Second Subscription Share. The subscription price of HK\$0.108 per Second Subscription Share represents: (i) a discount of approximately 16.28% over the closing price of HK\$0.129 per share as quoted on the Stock Exchange on the date of the Second Subscription Agreements; and (ii) a discount of approximately 16.15% over the average closing price of approximately HK\$0.1288 per share as quoted on the Stock Exchange for the last five trading days of the shares immediately prior to the date of the Second Subscription Agreements. The gross and net proceeds from the Second Subscription amounted to approximately HK\$35.64 million and HK\$33.14 million, respectively. The Company intended to use such net proceeds as to HK\$27.14 million for the partial repayment of the Group's outstanding construction payables, and as to the remaining HK\$6 million for the Group's working capital (such as salaries, rental expenses, professional fees and office overheads). The Second Subscription Shares were allotted and issued under specific mandate which was approved by the Company's shareholders at the extraordinary general meeting of the Company held on 14 June 2024. The issue of the Second Subscription Shares was completed on 28 June 2024. As at the date of this announcement, all the proceeds from the Second Subscription were fully utilised as intended. Further details of the Second Subscription were set out in the Company's announcements dated 19 April 2024, 24 May 2024, 14 June 2024 and 28 June 2024.

Issue of Convertible Bonds under General Mandate

On 27 December 2024, the Company entered into two subscription agreements with two subscribers, namely Mr. Lin Xiaowu and Mr. Cheng Lin (the “**Third Subscription Agreements**”), pursuant to which the Company has conditionally agreed to issue, and the subscribers have agreed to subscribe for 3-year, 8% per annum convertible bonds (the “**Convertible Bonds**”) in the aggregate principal amount of HK\$16,065,967.80 (the “**Third Subscription**”), with the view to improving the working capital, liquidity and cash flow position of the Group. Based on the initial conversion price of HK\$0.10, an aggregate of 160,659,678 ordinary Shares (the “**Conversion Shares**”) will be allotted and issued by the Company upon the full exercise of the Convertible Bonds. The initial conversion price of HK\$0.10 represents: (i) a premium of approximately 132.56% over the closing price of HK\$0.043 per Share as quoted on the Stock Exchange on the date of signing of the Third Subscription Agreements; and (ii) a premium of approximately 140.38% over the average closing price of HK\$0.0416 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the Third Subscription Agreements.

The aggregate nominal value of 160,659,678 Conversion Shares is approximately HK\$160,660. The net issue price of the Conversion Shares (after deducting costs incurred in the Third Subscription) was approximately HK\$0.0983 per Conversion Share. The net proceeds of approximately HK\$15.80 million from the issue of the Convertible Bonds have been fully utilized as intended, as to approximately HK\$14.00 million for the repayment of the Group’s borrowings and payables when they fall due, and as to the remaining HK\$1.80 million for the Group’s working capital to satisfy general uses such as salaries, rental payments, professional fees and office overheads. The Third Subscription was carried out under the general mandate which was approved by the Company’s shareholders at the annual general meeting of the Company held on 26 June 2024. The issue of the Convertible Bonds was completed on 27 January 2025. Further details of the Third Subscription were set out in the Company’s announcements dated 27 December 2024 and 27 January 2025.

OUTLOOK

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

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

LITIGATION

During the Period, the Company's operating subsidiaries in the PRC were involved in various litigations as defendants due to disputes in ordinary businesses with suppliers, contractors and ex-employees, including claims which were already settled during or subsequent to the Period. Certain outstanding claims as at 31 December 2024 were accompanied by asset-preservation orders imposed on bank accounts of our PRC subsidiaries for the total amounts of approximately HK\$1,490,000 (RMB1,392,000) as at 31 December 2024. The Group has instructed its PRC legal advisers to uphold its rights in any outstanding litigations.

As disclosed in the Company's announcement dated 6 December 2024, a bank creditor of the Group (the "**Creditor**") has filed civil claims with the Courts in Zhongshan, Guangdong against the Company and certain of its subsidiaries (collectively, the "**Defendants**") alleging loan default and demanding the Defendants to repay the total amount of approximately RMB336 million comprising loan principal, interest, penalty and other damages. In December 2024, the Group received first instance judgments from the Court ordering the Defendants to pay to the Creditor. The Group has filed application to the Court to appeal the first instance judgments.

THE IMPACT OF NOVEL CORONAVIRUS EPIDEMIC

The Group's production facilities are principally situated in Zhongshan city and Shenzhen city, both in Guangdong Province. Between January 2020 and November 2022, travel restrictions and other public health measures (the "**Public Health Measures**") were imposed in various areas in China in an attempt to contain the novel Coronavirus epidemic (the "**Epidemic**"), affecting the human resources of the Group, the supply chains of raw materials and product shipments and the general economic atmosphere whether in China and globally. The Epidemic has resulted in adverse impact on the business performance of the market.

Notwithstanding the lifting of COVID-19 related restrictions in China in December 2022, the economy did not rebound as quickly as originally expected, and the global economy, particularly the manufacturing sector, continued to be overshadowed by geopolitical tensions, new protectionism and technology war in semi-conductors. The Group will continue to adapt itself to overcome the challenges ahead, by the adoption of cost-control and quality improvement measures, and strategic pricing policy and proactive marketing approach to attract more sales orders from both existing and potential customers. The Group will also continue to explore opportunities to further develop its business and enhance its growth potential.

CAPITAL COMMITMENT

As at 31 December 2024, the Group had capital commitment of approximately HK\$12,041,000 (as at 31 December 2023: HK\$5,667,000) in respect of addition of property, plant and equipment contracted for but not provided in the consolidated financial statements.

CHARGE OF ASSETS

Details of the charge of assets are set out in note 11 to the financial statements.

OTHER INFORMATION

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

During the twelve months ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of its own listed securities.

Change of Directors

Ms. Po In San was appointed as an independent non-executive Director, the chairman of the audit committee and the compliance committee, and a member of the remuneration committee and the nomination committee of the Company with effect from 28 February 2024. Ms. Po In San resigned from all the positions in the Company with effect from 31 August 2024.

Mr. Kong Chan Fai resigned as an executive Director and the Vice-chairman of the Company with effect from 31 May 2024.

Mr. Xu Ming retired as an executive Director at the conclusion of the annual general meeting of the Company held on 26 June 2024.

Mr. Chu Pui Ki Dickson was appointed as an independent non-executive Director, the chairman of the audit committee and the compliance committee, and a member of the remuneration committee and the nomination committee of the Company with effect from 6 September 2024.

Mr. Zeng Yongguang resigned as an executive Director of the Company with effect from 15 November 2024.

Mr. Wang Bing was appointed as an executive Director of the Company with effect from 15 November 2024.

Subsequent to the end of the Period under review: (1) Mr. Cheung Wai Ka Bonathan resigned as an independent non-executive Director, a member of the audit committee, the compliance committee, the remuneration committee and the nomination committee of the Company with effect from 13 January 2025; (2) Ms. He Xiumei was appointed as an executive Director and the Chief Executive Officer of the Company with effect from 16 January 2025; and (3) Mr. Lai Yubin resigned as a non-executive Director and the Chairman of the Company, with effect from 17 January 2025.

Changes of Directors' Information

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

On 25 July 2024, Mr. Wong Kwok On was appointed as an independent non-executive Director of FEG Holdings Corporation Limited (formerly known as Kwong Luen Engineering Holdings Limited), a company listed on the Main Board of the Stock Exchange with stock code 1413.

Change of Authorised Representative

Upon the resignation of Mr. Zeng Yongguang as an executive Director with effect from 15 November 2024, Mr. Guo Jun Hao, an executive Director, replaced Mr. Zeng Yongguang as (i) an authorised representative of the Company under Rule 3.05 of the Listing Rules; and (ii) an authorised representative of the Company for the service of any process and notice in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Change of Financial Year End Date

On 16 January 2025, the Board resolved to change the financial year end date of the Company from 31 December to 30 June 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 Part 2 of Appendix C1 of the Listing Rules during the twelve months from 1 January 2024 to 31 December 2024, except the deviations disclosed as follows:

Under Code Provision D.1.2, management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer’s performance, position and prospects, which may include monthly management accounts and material variance between projections and actual results. During the Period under review, 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 under Rule 3.08 and Chapter 13 of the Listing Rules.

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

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

Non-compliance and re-compliance of the Listing Rules

On 30 November 2023, Dr. Loke Yu (alias Loke Hoi Lam) (“**Dr. Loke**”), an independent non-executive Director (“**INED**”), resigned as an INED, the chairman of the audit committee and the compliance committee, and a member of the remuneration committee and nomination committee of the Company. As a result of Dr. Loke’s resignation, (i) the Board does not have at least one INED having appropriate professional qualifications or accounting or related financial management expertise (the “**INED with Financial Qualification**”) as required under Rule 3.10(2) of the Listing Rules; (ii) the ratio of the number of INEDs has fallen short of the minimum one-third of the Board as required under Rule 3.10A of the Listing Rules; and (iii) the audit committee of the Company does not have at least one INED with Financial Qualification as required under Rule 3.21 of the Listing Rules. On 28 February 2024, Ms. Po In San was appointed as an INED, the chairman of the audit committee and the compliance committee, and a member of the remuneration committee and the nomination committee of the Company. Ms. Po In San has appropriate professional qualifications or accounting or related financial management expertise. Following the appointment of Ms. Po In San as an INED and the chairman of the audit committee of the Company, the Company has met the minimum one-third requirement for INEDs and recompiled with Rules 3.10(2), 3.10A and 3.21 of the Listing Rules.

On 31 August 2024, Ms. Po In San resigned as an INED, the chairman of the audit committee and the compliance committee, and a member of the remuneration committee and nomination committee of the Company. As a result of Ms. Po In San’s resignation, (i) the Board does not have the INED with Financial Qualification as required under Rule 3.10(2) of the Listing Rules; and (ii) the audit committee of the Company does not have at least one INED with Financial Qualification as required under Rule 3.21 of the Listing Rules. On 6 September 2024, Mr. Chu Pui Ki Dickson was appointed as an INED, the chairman of the audit committee and the compliance committee, and a member of the remuneration committee and the nomination committee of the Company. Mr. Chu Pui Ki Dickson has appropriate professional qualifications or accounting or related financial management expertise. Following the appointment of Mr. Chu Pui Ki Dickson as an INED and the chairman of the audit committee of the Company, the Company has met the requirement for INEDs and recompiled with Rules 3.10(2) and 3.21 of the Listing Rules.

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 C3 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 twelve months ended 31 December 2024.

Audit Committee

As at 31 December 2024, the Audit Committee of the Company (“AC”) comprised of four independent non-executive Directors, namely, Ms. Qiu Yumei, Mr. Wong Kwok On, Mr. Bonathan Wai Ka Cheung and Mr. Chu Pui Ki Dickson. Prior to 30 November 2023, the AC comprised of four INEDs, namely, Ms. Qiu Yumei, Mr. Wong Kwok On, Mr. Bonathan Wai Ka Cheung and Dr. Loke Yu (alias Loke Hoi Lam), but only three INEDs after that day. Dr. Loke was the chairman of the AC before his resignation on 30 November 2023. From the date of her appointment of 28 February 2024 to the date of her resignation of 31 August 2024, Ms. Po In San, the AC member and INED with Financial Qualification as required by the Listing Rules, served as an INED and the chairman of the AC. On 6 September 2024, Mr. Chu Pui Ki Dickson, the AC member and INED with Financial Qualification as required by the Listing Rules, was appointed as an INED and the chairman of the 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 and the website of the Stock Exchange: www.hkexnews.hk.

The Group’s unaudited financial statements for the twelve months ended 31 December 2024 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.

PUBLICATION OF SECOND INTERIM RESULTS ANNOUNCEMENT AND SECOND INTERIM REPORT

This second interim results announcement has been published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (<http://www.csthld.com>). The 2024 second interim report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company (if requested) and published on the websites of Hong Kong Exchanges and Clearing Limited and the Company on or before 31 March 2025.

By order of the Board
China Silver Technology Holdings Limited
Guo Jun Hao
Executive Director

Hong Kong, 28 February 2025

As at the date hereof, the Board comprises Ms. He Xiumei (Chief Executive Officer), Mr. Guo Jun Hao, Ms. Liang Jiabin and Mr. Wang Bing as executive Directors; Mr. Wei Xiaomin as non-executive Director; and Mr. Wong Kwok On, Ms. Qiu Yumei and Mr. Chu Pui Ki Dickson as independent non-executive Directors.