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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)

SUPPLEMENTAL ANNOUNCEMENT ON THE 2019 ANNUAL REPORT

Reference is made to the announcement (the "**Results Announcement**") of China Silver Technology Holdings Limited (formerly known as TC Orient Lighting Holdings Limited) (the "**Company**") dated 27 March 2020 in relation to the annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 ("**FY2019**") and the annual report of the Company for FY2019 (the "**Annual Report**"). Unless otherwise defined or the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the Results Announcement and the Annual Report.

The share based payment expenses of the Group for FY2019 resulted from the grant of options are disclosed on pages 15 and 29 of the Results Announcement and pages 70 to 71 and 105 of the Annual Report. The details of the Company's Old Share Option Scheme (which already expired in June 2016) and New Share Option Scheme (which came into effect in August 2016) (collectively, the "**Share Option Schemes**") are disclosed on pages 51 to 54 and 127 to 128 of the Annual Report. The Company would like to provide additional information under Rules 17.07 and 17.08 of the Listing Rules regarding the value of the options granted by the Company during FY2019.

During FY2019, the Company granted 220,000,000 share options under the New Share Option Scheme to eligible participants at the exercise price of HK$0.10 per Share. The date of grant of these options was 8 October 2019 (the "**Date of Grant**"). The closing price immediately before the Date of Grant was HK$0.045.

As at 31 December 2019 and the date of the Annual Report, the number of Shares issuable on the exercise of the outstanding options under the New Share Option Scheme was 220,000,000 Shares, representing 8.09% of the existing issued share capital of the Company. The number and fair value of the options granted during FY2019 to different classes of grantees (together with the fair value of the vested options) are summarized as follows:

Classes of grantees	**Number of options granted**	**Fair value**	**Already vested and recognized**
		(HK$)	*(HK$)*
Directors	11,000,000	129,500	76,250
Consultants	22,000,000	259,000	152,500
Other employees	187,000,000	2,201,500	1,296,250
Total:	220,000,000	2,590,000	1,525,000

The fair value of the options granted in FY2019 amounted to HK$2,590,000, of which HK$1,525,000 represented the value of options which already vested and was already recognized in the Company's financial statements as share based payment expenses for FY2019. The fair value of the options is measured on the date of grant of 8 October 2019 based on 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.

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

Hong Kong, 14 August 2020

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