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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)

DISCLOSEABLE TRANSACTIONS
IN RELATION TO THE UNDERTAKING OF
CONSTRUCTION WORKS AND THE PURCHASE OF
BUILDING MATERIALS

The Board announces that on 15 December 2022, Zhongshan TC (an indirect wholly-owned subsidiary of the Company) entered into: (a) the Construction Contract with the Contractor for the undertaking of certain part of the construction works of the New Phase Development for the estimated contract sum of not more than RMB30 million (HK\$33.33 million); and (b) the Supply Contract with the Supplier to purchase certain part of the building materials for use in the construction works of the New Phase Development for the estimated contract sum of approximately RMB28.56 million (HK\$31.73 million).

The Contractor and the Supplier are both Independent Third Parties unrelated to each others, and with whom the Group had not entered into any other transactions in the past. The Construction Contract and the Supply Contract involve the construction, development and refurbishment of an asset of the Group for its own use in its ordinary and usual course of business, and are not normally required to be aggregated pursuant to Rule 14.23A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Construction Contract and the Supply Contract, on a standalone rather than aggregated basis, exceed 5% but are less than 25%, each of the Construction Contract and the Supply Contract constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Company's announcement dated 2 February 2021 (the "Announcement") in relation to, among other things, the New Phase Development at the Development Site. As disclosed in the Announcement, the Development Site is a site of industrial use with total site area of 65,999.7 square meters situated at Gaoping Boulevard, Sanjiao Town, Zhongshan City, Guangdong Province, the PRC which is adjacent to the Group's existing production plant. The New Phase Development involves the construction of two buildings of factory and office uses on the Development Site, each not exceeding eleven floors above ground and one basement level with total gross floor area of 120,513.22 square meters. Due to COVID-19 lockdown measures and delays in the approval obtaining process, the construction of the New Phase Development has taken longer than expected and is still under way. In view of the recent relaxation of COVID-19 lockdown measures in the PRC, the Company has now instructed its constructors to pick up speed on the construction progress when the supplies of construction labor resume to normal.

The Board announces that on 15 December 2022, Zhongshan TC (an indirect wholly-owned subsidiary of the Company) entered into: (a) the Construction Contract with the Contractor for the undertaking of certain part of the construction works of the New Phase Development for the estimated contract sum of not more than RMB30 million (HK\$33.33 million); and (b) the Supply Contract with the Supplier to purchase certain part of the building materials for use in the construction works of the New Phase Development for the estimated contract sum of approximately RMB28.56 million (HK\$31.73 million).

THE CONSTRUCTION CONTRACT

The principal terms of the Construction Contract are summarized as below:

Date : 15 December 2022

Parties : (1) Zhongshan TC; and
(2) The Contractor.

Based on the information provided by the Contractor, it is a company established in the PRC with limited liability which is principally engaged in building construction works, holding first-grade general contractor qualification for house construction projects and other qualifications for renovation works, earth works, concrete works and crane installation engineering works and providing construction work services in Guangdong Province through its wholly-owned subsidiary, Shenzhen Huayi Xinda Construction Group Co., Ltd. (深圳華億信達建設集團有限公司). To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (a) the registered capital of the Contractor is owned as to 77.06% by Mr. Li Fuyuan (李伏元), 17.28% by Mr. Li Jianli (李建利) and 5.66% by Ms. Li Meili (李美利); and (b) each of the Contractor and its ultimate beneficial owners is an Independent Third Party and not related to other contractors or suppliers of the Company.

- Construction Works : The construction works (the “**Construction Works**”) undertaken by the Contractor to be carried out at the Development Site are as detailed in the Construction Contract, including but not limited to certain construction, concrete and greening works and the renovation of the New Phase Development.
- Contract sum : The estimated contract sum payable by Zhongshan TC under the Construction Contract is not more than RMB30 million (HK\$33.33 million), including the Contractor's own fees, labor costs, labor and safety insurance costs. The contract sum is estimated with reference to scope of the Construction Works and may be subject to adjustment in circumstances such as any significant change in labor costs or fine-tuning of construction plan.

Payment terms : The Construction Works are currently scheduled to complete by June 2024. The contract sum shall be paid by installment payments based on percentage of construction progress and on applications for payment submitted by the Contractor together with supporting documents.

THE SUPPLY CONTRACT

The principal terms of the Supply Contract are summarized as below:

Date : 15 December 2022

Parties : (1) Zhongshan TC; and
(2) The Supplier.

Based on the information provided by the Supplier, it is a company established in the PRC with limited liability which is principally engaged in the wholesale and retail of building materials, machineries, metallic and renovation products. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (a) the registered capital of the Supplier is owned as to 51% by Mr. Li Chunqiang (李春強) and 49% by Mr. Zhou Luoxing (周羅興); and (b) each of the Supplier and its ultimate beneficial owners is an Independent Third Party and not related to other contractors or suppliers of the Company.

Building materials supplied : The building materials (the "**Building Materials**") supplied by the Supplier include different quantities and specifications of reinforcing steel bar products which are to be used for undertaking the construction works as part of the New Phase Development carried out at the Development Site. The purchase of the Building Materials by the Group will be made in stages by the placing of purchase orders from time to time to meet the need of the construction progress.

- Contract sum : The estimated contract sum payable by Zhongshan TC under the Supply Contract is approximately RMB28.56 million (HK\$31.73 million). The Building Materials will be sold by the Supplier to Zhongshan TC based on the volume ordered and the then-prevailing market unit price of the relevant building materials, subject to acceptance by both parties at the time of placing of purchase orders.
- Payment terms : The purchase price for the Building Materials shall be paid in accordance with the actual delivery of the relevant building materials and on applications for payment submitted by the Supplier together with delivery and inspection documents, normally conducted on monthly settlement basis, with certain proportion of the outstanding sum being payable by installments after the completion of the entire construction.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION CONTRACT AND THE SUPPLY CONTRACT

The Company is an investment holding company, whose major operating subsidiaries are principally engaged in the manufacturing and trading of light emitting diode (LED) lighting, and single-sided, double-sided and multi-layered printed circuit boards (PCBs). Zhongshan TC is an indirect wholly-owned subsidiary of the Company principally engaged in the manufacturing and trading of PCBs, and is the owner of the land use right of both the existing production plant of the Group in Zhongshan City and the Development Site.

As disclosed previously in the Company's financial reports and the Announcement, although the Group's business turnover for PCB business decreased in recent years due to severe competition and macro-economic downturn caused by China-US trade tension and COVID-19 outbreak, the New Phase Development is a suitable opportunity for the Group to build new infrastructure to cater for our future growth as featured by modernized and upgraded facilities, new units of research and development, and higher standard of environmental protection including a new water treatment plant. The Company is of the view that the New Phase Development can appropriately prepare the Group for its next stage of development, aligning our production facilities with our corporate strategy to focus on high-end products and high value-added processes with improved profit margins, higher competitiveness and better sustainability. The construction of the New Phase Development has commenced since the second quarter of 2021 and the Construction Contract and the Supply Contract are part of the ongoing construction project.

The selection of contractors and suppliers of the New Phase Development were conducted by Zhongshan TC through tender invitations and decided by Zhongshan TC by reference to the selection criteria including pricing terms, time schedule, payment terms and the background, experience and reputation of the contractors and suppliers. Both the Contractor and the Supplier operate from business centers near the Development Site, and were selected partly because of the service radius of labor and lower transportation cost. The contract sum and payment terms of the Construction Contract and the Supply Contract were determined after arm's length negotiations between Zhongshan TC and the Contractor or the Supplier (as the case may be) with reference to the market price of building materials and labor costs in Zhongshan City, the expected scope of work and the standard required for the New Phase Development.

The Group has obtained loan facilities of RMB136 million from commercial banks in the PRC to finance the New Phase Development. The Group intends to finance the contract sum for the Construction Contract and the Supply Contract from its internal resources and such bank borrowings.

For the reasons set out above, the Directors (including the independent non-executive Directors) consider that the Construction Contract and the Supply Contract (including the contract sum and payment terms) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Construction Contract and the Supply Contract are entered into in the ordinary and usual course of business of the Group. No Director has any material interest in the Construction Contract and the Supply Contractor is required to abstain from voting on the Board's decision regarding the entering into of the Construction Contract and the Supply Contract.

LISTING RULES IMPLICATIONS

The Contractor and the Supplier are both Independent Third Parties unrelated to each others, and with whom the Group had not entered into any other transactions in the past. The Construction Contract and the Supply Contract involve the construction, development and refurbishment of an asset of the Group for its own use in its ordinary and usual course of business, and are not normally required to be aggregated pursuant to Rule 14.23A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Construction Contract and the Supply Contract, on a standalone rather than aggregated basis, exceed 5% but are less than 25%, each of the Construction Contract and the Supply Contract constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following definitions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	China Silver Technology Holdings Limited (formerly known as TC Orient Lighting Holdings Limited), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 515)

“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
”Construction Contract”	the construction contract entered into between Zhongshan TC and the Contractor dated 15 December 2022 in relation to the undertaking of the Construction Works for the estimated contract sum of not more than RMB30 million (HK\$33.33 million)
”Contractor”	Yueyang Yilida Construction Engineering Co., Ltd. (岳陽億利達建設工程有限公司), a limited liability company established under the laws of the PRC and an Independent Third Party
“Development Site”	a site of industrial use with total site area of 65,999.7 square meters situated at Gaoping Boulevard, Sanjiao Town, Zhongshan City, Guangdong Province, the PRC which is adjacent to the Group’s existing production plant
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company, its connected persons and associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Phase Development”	the new phase development of production facilities being constructed on the Development Site, involving the construction of two buildings of factory and office uses, each not exceeding eleven floors above ground and one basement level with total gross floor area of 120,513.22 square meters

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of the Shares
“Shares”	the shares of HK\$0.50 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
”Supplier”	Zhongshan Xiongxing Building Materials Co., Ltd. (中山市雄興建材有限公司), a limited liability company established under the laws of the PRC and an Independent Third Party
”Supply Contract”	the supply contract entered into between Zhongshan TC and the Supplier dated 15 December 2022 in relation to the purchase of the Building Materials for use in the construction works of the New Phase Development for the estimated contract sum of approximately RMB28.56 million (HK\$31.73 million)
“Zhongshan TC”	Zhongshan Tat Chun Electronics Co., Ltd. (中山市達進電子有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

In this announcement, amounts denominated in RMB are translated into HK\$ at the exchange rate of HK\$1.00 = RMB0.90 for illustration purposes only. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

By order of the Board
China Silver Technology Holdings Limited
Lai Yubin
Chairman

Hong Kong, 15 December 2022

As at the date hereof, the Board comprises Mr. Kong Chan Fai (Vice-Chairman), Mr. Xu Ming (Chief Executive Officer), Mr. Zeng Yongguang, Mr. Guo Jun Hao and Ms. Liang Jiaxin 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.