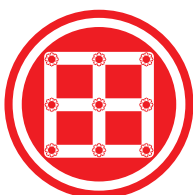


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CHINA SILVER TECHNOLOGY HOLDINGS LIMITED
中華銀科技控股有限公司

(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)

**SUBSCRIPTIONS OF NEW SHARES UNDER
SPECIFIC MANDATE**

On 9 June 2023 (after trading hours), 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 440,000,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share.

The Subscription Price of HK\$0.10 per Subscription Share represents: (i) a discount of approximately 4.76% to the closing price of HK\$0.105 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and (ii) a discount of approximately 5.66% to the average closing price of approximately HK\$0.106 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Subscription Agreements.

The 440,000,000 Subscription Shares represents approximately 65.73% of the issued share capital of the Company of 669,415,394 Shares as at the date of this announcement, and approximately 39.66% of the issued share capital of the Company as enlarged by the issue of 440,000,000 Subscription Shares.

The gross and net proceeds from the Subscriptions are expected to be approximately HK\$44 million and HK\$41.5 million, respectively. The Company intends to use such net proceeds as to HK\$35.5 million for the repayment of the Group's debts and liabilities when they fall due and as to HK\$6 million for the Group's working capital (such as salaries, rental expenses, professional fees and office overheads).

The Subscription Shares will be allotted and issued under the Specific Mandate, which is subject to the Shareholders' approval at the EGM. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Subscription Agreements and the transactions contemplated thereunder and no Shareholder should be required to abstain from voting at the EGM to approve the relevant resolution(s) regarding the Subscriptions and the Specific Mandate.

The circular containing, among other things, further information on the Subscriptions (including the Specific Mandate), other information prescribed by the Listing Rules and the notice of the EGM, will be dispatched to the Shareholders on or before 30 June 2023.

Shareholders and potential investors of the Shares should note that the Subscriptions are subject to the fulfillment of the conditions precedent to completion of the Subscriptions and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENTS

On 9 June 2023 (after trading hours), 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 440,000,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share.

The principal terms and conditions of the Subscription Agreements are set out below.

Date

9 June 2023 (after trading hours)

Parties

- (a) The Company (as issuer); and
- (b) Five Subscribers.

The Subscribers comprise Subscribers A, B, C, D and E who respectively agreed to subscribe 100,000,000, 100,000,000, 100,000,000, 40,000,000 and 100,000,000 Shares under the Subscriptions. If all the Subscription Agreements proceed to Completion, none of the Subscribers nor their respective associates will become a substantial shareholder of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries: (i) each of the Subscribers is a PRC national and merchant procured by the Company by way of private placement; (ii) none of the Subscribers hold any Shares prior to the entering into of the Subscription Agreements; and (iii) each of the Subscribers is a third party independent of and not connected with the Company and its connected persons. Further, each of the Subscribers has confirmed to the Company that he is not acting in concert with any connected persons of the Company, nor acting in concert or under any class of presumption of acting in concert under the Takeovers Code with other Subscribers.

Number of Subscription Shares

The 440,000,000 Subscription Shares represents approximately 65.73% of the issued share capital of the Company of 669,415,394 Shares as at the date of this announcement, and approximately 39.66% of the issued share capital of the Company as enlarged by the issue of 440,000,000 Subscription Shares.

The aggregate nominal value of the 440,000,000 Subscription Shares is HK\$440,000.

Subscription Price

The Subscription Price of HK\$0.10 per Subscription Share was agreed after arm's length negotiations between the Company and the Subscribers, with reference to, among other things, the recent trading price of the Shares. The Subscription Price represents:

- (i) a discount of approximately 4.76% to the closing price of HK\$0.105 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and

- (ii) a discount of approximately 5.66% to the average closing price of approximately HK\$0.106 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Subscription Agreements.

The net issue price of the Subscription Shares (after deducting costs expected to be incurred in the Subscriptions) is estimated to be approximately HK\$0.0943 per Subscription Share.

Conditions precedent to the Subscriptions

Completion of the Subscription Agreements is conditional upon the following conditions precedent being fulfilled:

- (a) the duly passing of the resolution(s) at the EGM by the Shareholders approving the Subscription Agreements and the transactions contemplated thereunder (including the Specific Mandate for the issue and allotment of the Subscription Shares); and
- (b) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares and such approval not being withdrawn prior to the Completion.

The conditions precedent to the Subscriptions may not be waived by the Company or the Subscribers in any event. As at the date of this announcement, none of the conditions precedent has been fulfilled.

If the conditions precedent to a Subscription Agreement are not fulfilled at or before 5:00 p.m. on 18 August 2023 (or such later date as may be agreed between the Company and the relevant Subscriber) (the “**Long Stop Date**”), then unless the Long Stop Date is extended by mutual consent, the relevant Subscription will lapse and all rights, obligations and liabilities of the Company and the relevant Subscriber shall cease and determine, save in respect of any accrued rights or obligations under the relevant Subscription Agreement or antecedent breach.

Completion of the Subscription Agreements is not inter-conditional with each other. If any Subscription Agreement does not complete for any reason, the other Subscription Agreements may still proceed to completion.

Completion of the Subscriptions

Completion of the Subscription Agreements shall take place within five business days following the fulfillment of the conditions precedent to the Subscription Agreements (or such other date as the Company and the Subscribers may agree in writing). Under the terms of the Subscription Agreements, each of the Subscribers may either nominate himself or a company wholly-owned by him to take up the Subscription Shares subscribed by him on completion of the Subscriptions.

Termination of the Subscription Agreements

If it is found before completion of the Subscription Agreements that any matter or thing has occurred which constituted a material breach of, or is materially inconsistent with, any of the representations, warranties and undertakings set out in the Subscription Agreements, a Subscriber shall be entitled by notice in writing to the Company to terminate the relevant Subscription Agreement without liability on his part and without prejudice to any rights which he may have in respect of the breach by the Company.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with all other fully paid Shares in issue.

Application for listing

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Subscription Shares.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

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).

As disclosed in the Company's annual report for the year ended 31 December 2022, (the "**Annual Report 2022**"), the Company had net current liabilities of approximately HK\$408,416,000, net assets of approximately HK\$18,794,000 and bank balances, deposits and cash (excluding pledged bank deposits) of approximately HK\$28,463,000. For the year ended 31 December 2022, the Company recorded loss for the year of approximately HK\$43,715,000. The Group's revenue decreased from HK\$375,375,000 for the year ended 31 December 2021 to HK\$260,179,000 for the year ended 31 December 2022, principally due to the decrease of purchase orders of PCB products, particularly in respect of single-sided and multi-layered PCBs, affected by the business disruption caused by COVID-19 epidemic and related lockdown measures. To alleviate the material uncertainty on going concern, the Company has indicated that it will continue to explore external funding to improve the working capital, liquidity and cash flow position of the Group.

Prior to entering into the Subscription Agreements, the Company has considered other fund-raising alternatives. As disclosed in the Annual Report 2022, as at 31 December 2022, the Company had bank borrowings in the amount of HK\$156,861,000 with scheduled payment dates that are more than 12 months from the year end date but contained a repayable-on-demand clause in the loan contracts. As at 31 December 2022, the Company already pledged assets in the amount of HK\$427,923,000 to banks to secure general banking facilities granted to the Group, rendering it impractical to raise additional bank borrowings without improving the Group's financial position and/or cash flow, and/or providing additional assets which can be pledged to banks. In February and March 2023, the Company had raised approximately HK\$15 million through the issue of convertible bonds. In comparison to debt raising and bond issue, the issue of the Subscription Shares under the Subscriptions will not incur any finance costs. In comparison to placing, the Subscriptions will not incur any placing commission. As compared to rights issue which involves the issue of a prospectus, the timetable for the Subscription should be shorter. In the circumstances, the Board considers that the Subscriptions appear to be an appropriate opportunity of fund raising currently available to the Company.

The gross and net proceeds from the Subscriptions are expected to be approximately HK\$44 million and HK\$41.5 million, respectively. The Company intends to use such net proceeds as to HK\$35.5 million for the repayment of the Group's debts and liabilities when they fall due and as to HK\$6 million for the Group's working capital (such as salaries, rental expenses, professional fees and office overheads).

The Directors consider that the Subscriptions represent a straightforward and cost-effective means of financing to the Group. Upon Completion, the aggregate shareholding interest of the existing public Shareholders will be diluted from approximately 99.97% to approximately 60.32%, assuming that there is no other change in the issued share capital of the Company between the date of this announcement and the Completion. Notwithstanding the potential dilution effect which will arise from the Subscriptions, having considered other benefits of the Subscriptions (including the ability to raise proceeds which matches its capital needs without incurring additional finance costs), the Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreements (which were arrived at after arm's length negotiations between the Company and the Subscribers) are on normal commercial terms and fair and reasonable, and the entering into of the Subscription Agreements is in the interests of the Company and the Shareholders as a whole. No Director considers himself/herself to have any material interest in the transactions contemplated by the Subscriptions calling for the need for him/her to abstain from voting on the Board's decision on the signing of the Subscription Agreements.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
15 February 2023	Issue of convertible bonds in the aggregate principal amount of HK\$15,262,320 to two subscribers under the general mandate, which was completed on 3 March 2023	HK\$15 million	(i) as to over 60% for financing the ongoing construction of the New Phase Development of the Group's existing production plant in Zhongshan; and (ii) as to the remaining sum for meeting the Group's liabilities and accruals when they fall due.	Fully utilized as intended

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 7.27B of the Listing Rules) for the Subscriptions under the Specific Mandate are HK\$0.104 per Share, HK\$0.106 per Share and 2.2%, respectively. During the 12 month period immediately preceding the date of this announcement, the Company has not undertaken (whether by reference to the date of announcement or the date of share issue) any other rights issue, open offer or specific mandate placing. As such, the theoretical dilution impact of the Subscriptions is under 25% in compliance with Rule 7.27B of the Listing Rules.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Subscriptions, assuming there is no other change in the issued share capital of the Company between the date of this announcement and the date of completion of the Subscriptions:

	As at the date of this announcement		Immediately upon completion of the Subscriptions	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Connected persons				
Mr. Zeng Yongguang (<i>Note 3</i>)	200,000	0.03	200,000	0.02
Public Shareholders				
Subscriber A	–	–	100,000,000	9.01
Subscriber B	–	–	100,000,000	9.01
Subscriber C	–	–	100,000,000	9.01
Subscriber D	–	–	40,000,000	3.61
Subscriber E	–	–	100,000,000	9.01
Other public Shareholders	669,215,394	99.97	669,215,394	60.32
Total	<u>669,415,394</u>	<u>100.00</u>	<u>1,109,415,394</u>	<u>100.00</u>

Notes:

- Based on the disclosure of interest filings, Mr. Zeng Yongguang, an executive Director of the Company, is deemed to be interested in 200,000 Shares held by his spouse, Ms. Zeng Xiaoxian.
- The percentage shareholdings are rounded to the nearest 2 decimal places, and the total sum of the percentages shareholdings may not add up to 100% due to rounding.

LISTING RULES IMPLICATIONS

The Subscription Shares will be allotted and issued under the Specific Mandate, which is subject to the Shareholders' approval at the EGM. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Subscription Agreements and the transactions contemplated thereunder and no Shareholder should be required to abstain from voting at the EGM to approve the relevant resolution(s) regarding the Subscriptions and the Specific Mandate.

The circular containing, among other things, further information on the Subscriptions (including the Specific Mandate), other information prescribed by the Listing Rules and the notice of the EGM, will be dispatched to the Shareholders on or before 30 June 2023.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

Shareholders and potential investors of the Shares should note that the Subscriptions are subject to the fulfillment of the conditions precedent to completion of the Subscriptions and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“acting in concert”	having the meaning ascribed thereto under the Takeovers Code
“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 Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange with stock code 515
“Completion”	the completion of the Subscriptions
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreements and the transactions contemplated thereunder (including the Specific Mandate for the issue and allotment of the Subscription Shares)
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Share(s)”	the share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to allot, issue and deal with the Subscription Shares to be proposed for approval as an ordinary resolution of the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Mr. Chen Jiayi (陳嘉宜), a PRC national and merchant
“Subscriber B”	Mr. Sun Taizhong (孫太忠), a PRC national and merchant
“Subscriber C”	Mr. Huang Jianhui (黃劍輝), a PRC national and merchant
“Subscriber D”	Mr. Zhuang Qinle (莊勤樂), a PRC national and merchant
“Subscriber E”	Mr. Wu Zeqiang (伍澤強), a PRC national and merchant
“Subscribers”	the subscribers subscribing for the Subscription Shares under the Subscriptions, that is, Subscribers A, B, C, D and E
“Subscription Agreements”	the subscription agreements entered into between the Company and the Subscribers dated 9 June 2023 in relation to the Subscriptions
“Subscription Price”	HK\$0.10 per Subscription Share

“Subscription Shares”	440,000,000 Shares subscribed for by the Subscribers under the Subscriptions
“Subscriptions”	the subscriptions of the Subscription Shares by the Subscribers on the terms and subject to the conditions of the Subscription Agreements
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

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

Hong Kong, 9 June 2023

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 Jiabin 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.