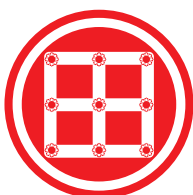


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CHINA SILVER TECHNOLOGY HOLDINGS LIMITED
中華銀科技控股有限公司

(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)

**ISSUE OF CONVERTIBLE BONDS UNDER
GENERAL MANDATE**

On 27 December 2024 (after trading hours), the Company and the Subscribers entered into the Subscription Agreements, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have agreed to subscribe for, the Convertible Bonds in the aggregate principal amount of HK\$16,065,967.80.

Based on the initial Conversion Price of HK\$0.10 per Conversion Share, an aggregate of 160,659,678 Conversion Shares will be allotted and issued by the Company upon the exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 14.18% of the existing issued share capital of the Company; and (b) approximately 12.42% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion 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 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 Subscription Agreements.

The gross and net proceeds from the issue of the Convertible Bonds are expected to be approximately HK\$16.07 million and HK\$15.80 million, respectively. The Company intends to use such net proceeds 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 being set aside for the Group's working capital to satisfy general uses such as salaries, rental payments, professional fees and office overheads.

The Conversion Shares will be issued and allotted under the General Mandate granted to the Directors at the AGM. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Completion of the Subscription Agreements is subject to the satisfaction and/or waiver of the conditions precedent contained in the Subscription Agreements. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION AGREEMENTS

On 27 December 2024 (after trading hours), the Company and the Subscribers entered into the Subscription Agreements, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have agreed to subscribe for, the Convertible Bonds in the aggregate principal amount of HK\$16,065,967.80.

The principal terms of the Subscription Agreements and the Convertible Bonds are set out as follows:

Date

27 December 2024 (after trading hours)

Parties

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

The Subscribers comprise Subscriber A and Subscriber B, subscribing for Convertible Bonds in the principal amount of HK\$12,613,555.30 and HK\$3,452,412.50, respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement: (i) the Subscribers are business acquaintances known by the management of the Group through business networks in the PRC and procured by the Company by way of private placement; (ii) Subscriber A is PRC national and investor having experience in property and stock investment, presently occupying key management position in a PRC company which is engaged in property development and had leased a small premises from the Group for rent which is insignificant in value; (iii) Subscriber B is a PRC national and investor, owning equity and/or holding management position in PRC companies which are engaged in supply chain management, service industry and healthcare consultation. Each of the Subscribers has confirmed to the Company that: (1) he and his associates do not own any Shares; (2) save as disclosed above, he does not have any other past or existing relationships (including financial, business or otherwise) or transactions with the Company; (3) he is an Independent Third Party; and (4) 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.

None of the Subscribers will become a substantial shareholder of the Company as a result of the subscription of the Convertible Bonds. As to whether any of the Subscribers may potentially become a substantial shareholder of the Company as a result of the exercise of the Convertible Bonds Due, please see the sub-paragraph headed "Conversion rights and restrictions" in the section headed "Principal terms of the Convertible Bonds" of this announcement.

Principal terms of the Convertible Bonds

Issuer : The Company

Principal amount : HK\$16,065,967.80

Interest : 8% per annum on the outstanding principal amount of the Convertible Bonds, which will be payable by the Company in arrears on (a) the anniversary of the issue date (and if such day is not a business day, the business day immediately following) until redeemed, converted or matured; and (b) on the date of redemption, conversion or maturity.

Where the Bondholder has converted part or whole of the principal amount of the Convertible Bonds, the Bondholder will be entitled to interest in respect of such part or whole (as the case may be) of the principal amount being converted for the period from the last interest payment date up to the date of conversion.

Maturity date : The third anniversary of the date of issue of the Convertible Bonds (or if such date is not a business day, the next business day)

Early redemption : The Convertible Bonds may not be repaid or redeemed by the Bondholder before the Maturity Date in any event. The Company may redeem all or any Convertible Bonds at any time before the Maturity Date at the principal amount plus all accrued interest.

Conversion period : The period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date.

Conversion rights and restrictions : The Bondholder will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price at any time during the Conversion Period provided that in exercising the conversion rights attaching to the Convertible Bonds, the Bondholder shall not (i) trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder and its party(ies) acting in concert as defined under the Takeovers Code; or (ii) reduce the public float of the Shares to less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares; or (iii) result in the Bondholder, when aggregated with his associates, becoming a substantial shareholder of the Company, unless the regulatory requirements under the Takeovers Code and the Listing Rules are fully complied with.

Under the terms of the Convertible Bonds, if a bondholder intends to acquire additional Shares to an extent it will become a substantial shareholder (and therefore a connected person) of the Company, it should first notify the Company to enable it to comply with the Listing Rules. Under Rule 14A.90 of the Listing Rules, financial assistance received by the Company from a connected person is fully exempt if it is conducted on normal commercial terms or better and it is not secured by the assets of the Company. Based on the present assessment of the Company by reference to prevailing interest rate environment, a three-year, 8% p.a. unsecured loan to the Company appears to fall within the range of normal commercial terms or better from the Company's perspective. However, the Company will re-assess the position if and when this situation indeed arises.

Conversion Price : The initial Conversion Price of HK\$0.10 per Conversion Share (subject to adjustment prescribed below) 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 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 Subscription Agreements.

The Conversion Price of the Convertible Bonds was determined based on arm's length negotiations between the parties with reference to the prevailing market prices of the Shares as quoted on the Stock Exchange.

Adjustment to the Conversion Price : The Conversion Price shall be subject to straightforward proportionate adjustments in the event of share consolidation or share sub-division. Such adjustments made to the Conversion Price shall maintain a neutral impact and shall not result in any advantage (including any increase in intrinsic value) from the perspective of the Bondholder. The Conversion Price may not be reduced so that on conversion of the Convertible Bonds, the Conversion Shares shall be issued at a discount to their par value, and in such case an adjustment shall be made to the effect that the Conversion Price will be adjusted to the then par value of the Shares.

Conversion Shares : Based on the initial Conversion Price of HK\$0.10 per Conversion Share, an aggregate of 160,659,678 Conversion Shares will be allotted and issued by the Company upon the exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 14.18% of the existing issued share capital of the Company; and (b) approximately 12.42% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds.

The net issue price of the Conversion Shares (after deducting costs expected to be incurred in the Subscription) is estimated to be approximately HK\$0.0983 per Conversion Share. The aggregate nominal value of 160,659,678 Conversion Shares is approximately HK\$160,660.

Transferability : The Convertible Bonds are freely transferable in whole amounts or multiples of units of principal amount of HK\$100,000, provided that no Convertible Bonds may be transferred to any connected persons of the Company without the prior written consent of the Company, which will only be granted if all requirements under the Listing Rules are fully complied with.

Voting : The Bondholder shall not be entitled to attend or vote at any meetings of the Company by reason only of his being a holder of the Convertible Bonds.

Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Ranking of the Conversion Shares : The Conversion Shares will, when issued and allotted, rank *pari passu* in all respects among themselves and with all other fully paid Shares in issue.

Conditions Precedent

Completion of the Subscription Agreements shall be subject to and conditional upon:

- (i) the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares, and such approval not having been revoked or cancelled prior to Completion; and
- (ii) all necessary consents, approvals, reports and filings (if applicable) in respect of the entering into and the performance of the Subscription Agreements by the Company, whether required by government or regulatory authorities or other third parties, having been obtained.

The Subscribers and the Company shall use their best endeavours to procure the fulfilment of all the conditions precedent as soon as practicable and in any event on or before the Long Stop Date. The relevant Subscriber may at any time waive part or all of condition precedent (ii). Condition precedent (i) cannot be waived by either of the Company or the Subscribers in any event. As at the date of this announcement, none of the conditions precedent has been fulfilled. Completion of the Subscriptions by Subscriber A and Subscriber B are not inter-conditional to each other.

If the conditions precedent of a Subscription Agreement are not fulfilled on or before 5:00 p.m. on the Long Stop Date, then unless the Long Stop Date is extended by mutual consent of both parties, the relevant Subscription Agreement shall lapse and become null and void and the parties shall be released from all obligations thereunder, save for liabilities for any antecedent breaches.

Completion of the Subscriptions

Completion of a Subscription Agreement will take place within 3 business days after the day on which the last of the conditions precedent above is satisfied, or such other date as the Company and the relevant Subscriber may agree in writing.

General Mandate

At the AGM of the Company held on 26 June 2024, an ordinary resolution was passed by the Shareholders granting the General Mandate to the Directors, pursuant to which the Directors are authorised to allot, issue and otherwise deal with such Shares not exceeding 20% of the number of Shares in issue as at the date of the AGM. Under the General Mandate, the Directors were authorised to allot and issue a maximum of 160,659,678 Shares. The Company has not issued any Shares under the General Mandate prior to the date of the Subscription Agreements.

Under the terms and conditions of the Convertible Bonds, the Conversion Price and the number of Conversion Shares will only be subject to straightforward proportionate adjustments in the event of share consolidation or share sub-division. Such adjustments will not result in the number of the Conversion Shares exceeding the presently unused General Mandate. As such, the General Mandate is sufficient for the issue and allotment of the Conversion Shares, and no Shareholders' approval is required for the Subscription Agreements and the issue and allotment of the Conversion Shares. Completion of the Subscriptions will involve the full utilization of the General Mandate, after which no Shares under the General Mandate will remain unutilized.

REASONS FOR THE SUBSCRIPTIONS AND THE USE OF PROCEEDS

The Company is an investment holding company, whose major operating subsidiaries are principally engaged in the manufacturing and trading of lighting emitting diode (LED) lighting and single-sided, double-sided and multi-layered printed circuit boards (PCBs).

As disclosed in the Company's interim report for the six months ended 30 June 2024 (the "**Interim Report**"), the Company incurred a loss approximately HK\$15,584,000 during the six months ended 30 June 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$513,012,000. The current liabilities of the Group as at 30 June 2024 amounted to approximately HK\$620,918,000 and included outstanding loans and borrowings that were repayable in the next twelve months after 30 June 2024 or were repayable on demand because they contain a repayment on demand clause. As at 30 June 2024, the current liabilities of the Group included: (i) construction costs payables of approximately HK\$101,738,000; (ii) secured loan included in other payables of approximately HK\$21,978,000; (iii) bill payables of approximately HK\$83,384,000 which has been defaulted; and (iv) bank borrowings of approximately HK\$296,042,000; while the Group's total bank balances, deposits and cash amounted to approximately HK\$8,958,000. These conditions, along with other matters as set forth in the Interim Report, indicate that material uncertainties exist that cast significant doubts on the Group's ability to continue as a going concern. 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 Interim Report, as at 30 June 2024, the Company already had bank borrowings due within one year of approximately HK\$296 million as secured by the Group's assets in the amount of approximately HK\$454 million, 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 contrast, while the Convertible Bonds are also debt in nature, they are unsecured and need not be repaid if converted. As compared to share placing, the issue of the Convertible Bonds does not have an immediate dilution effect on the shareholding of the existing Shareholders. As compared to rights issue which involves the issue of a prospectus, the timetable for the issue of the Convertible Bonds should be shorter. In the circumstances, the Board considers that the issue of the Convertible Bonds appears to be an appropriate opportunity of fund-raising currently available to the Company.

The gross and net proceeds from the issue of the Convertible Bonds are expected to be approximately HK\$16.07 million and HK\$15.80 million, respectively. The Company intends to use such net proceeds 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 being set aside for the Group's working capital to satisfy general uses such as salaries, rental payments, professional fees and office overheads. If any principal amount of the Convertible Bonds remain outstanding and unconverted at their maturity in three years' time, the Company intends to set aside sufficient cash from operations and/or future fund-raising activities (if any) to redeem such outstanding bond in cash at that point of time.

The terms of the Subscription Agreements and the Convertible Bonds (including the interest rate, the Maturity Date and the Conversion Price) were determined after arm's length negotiations between the Company and the Subscribers after taking into account the recent trading price of the Shares on the Stock Exchange and the Group's present financial position. The Directors consider that: (i) the Subscriptions offer a good opportunity for the Company to raise additional funding to improve the liquidity and meet the liabilities of the Group; (ii) the interest rate is within the range of normal commercial terms obtainable by the Group in the light of its present financial position; (iii) the potential dilution effect which may arise from the conversion of the Convertible Bonds is acceptable, taken into account the improvement of the Group's current assets/liabilities position expected to be brought about by the Subscriptions and other reasons of the Subscriptions set out above. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the entering into of the Subscription Agreements and the terms of the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors regarded himself/herself to have a material interest in the Subscriptions which requires him/her to disclose his/her interest and/or to abstain from voting on the Board level regarding the entering into of the Subscription Agreements and the issue of the Convertible Bonds.

EQUITY FUND RAISING ACTIVITIES 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
31 January 2024	Issue of 133,883,000 Subscription Shares to four subscribers at the issue price of HK\$0.10 per Share under the general mandate, which was completed on 22 February 2024	HK\$13.2 million	As to approximately 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 payments, professional fees and office overheads)	Fully utilized as intended
19 April 2024	Issue of 330,000,000 Subscription Shares to four subscribers at the issue price of HK\$0.108 per Share under the specific mandate, which was completed on 28 June 2024	HK\$33.14 million	As to approximately 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 payments, professional fees and office overheads)	Fully utilized as intended

EFFECT 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) assuming the full conversion of the Convertible Bonds but with no other changes in the share capital of the Company since the date of this announcement:

	As at the date of this announcement		Immediately upon the full conversion of the Convertible Bonds	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Substantial shareholders				
Mr. Jiang Zhenhao (<i>Note 1</i>)	47,079,408	4.15	47,079,408	3.64
Wah Hung Property (<i>Note 1</i>)	220,000,000	19.41	220,000,000	17.00
Public Shareholders				
Subscriber A	–	–	126,135,553	9.75
Subscriber B	–	–	34,524,125	2.67
Other public Shareholders	<u>866,218,986</u>	<u>76.43</u>	<u>866,218,986</u>	<u>66.94</u>
Total	<u><u>1,133,298,394</u></u>	<u><u>100.00</u></u>	<u><u>1,293,958,072</u></u>	<u><u>100.00</u></u>

Notes:

- (1) Based on disclosure of interest filings, Mr. Jiang Zhenhao was deemed to be interested in 267,079,408 Shares, comprising: (a) 47,079,408 Shares which were held by him personally; and (b) 220,000,000 Shares which were held by his 60% owned controlled corporation, Wah Hung Property Investment Limited (“**Wah Hung Property**”). The other 40% shareholding of Wah Hung Property is owned by Ms. He Xiumei.
- (2) 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.

GENERAL

Completion of the Subscription Agreements is subject to the satisfaction and/or waiver of the conditions precedent contained in the Subscription Agreements. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company held on 26 June 2024
“associate(s)”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Bonds
“Company”	China Silver Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange with stock code 515
“connected person(s)”	having the meaning ascribed thereto under the Listing Rules
“Conversion Period”	the period during which the Convertible Bonds may be converted into the Conversion Shares, commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date

“Conversion Price”	the price per Conversion Share at which the principal amount of the Convertible Bonds may be converted into Shares, being HK\$0.10 per Conversion Share, subject to adjustments
“Conversion Shares”	the new Share(s) to be allotted and issued by the Company upon the exercise by the Bondholder of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds” or “Bonds”	the 8% per annum, three-year convertible bonds in the principal amount of HK\$16,065,967.80 proposed to be issued by the Company under the Subscription Agreements
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue and otherwise deal with new Shares not exceeding 20% of the shares in issue as at the date of the AGM
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Long Stop Date”	28 January 2025, or any other date as agreed in writing between the Subscribers and the Company

“Maturity Date”	the third anniversary of the date of issue of the Bonds
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of par value of HK\$0.001 each in the existing share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Mr. Lin Xiaowu (林曉武), being the subscriber under Subscription Agreement A
“Subscriber B”	Mr. Cheng Lin (程琳), being the subscriber under Subscription Agreement B
“Subscribers”	collectively, Subscriber A and Subscriber B
“Subscription Agreement A”	the conditional subscription agreement entered into between the Company and Subscriber A dated 27 December 2024 in relation to the subscription by Subscriber A of Convertible Bonds in the principal amount of HK\$12,613,555.30
“Subscription Agreement B”	the conditional subscription agreement entered into between the Company and Subscriber B dated 27 December 2024 in relation to the subscription by Subscriber B of Convertible Bonds in the principal amount of HK\$3,452,412.50
“Subscription Agreements”	collectively, the Subscription Agreement A and the Subscription Agreement B
“Subscriptions”	the subscriptions of the Convertible Bonds in the principal amount of HK\$16,065,967.80 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
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent

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

Hong Kong, 27 December 2024

As at the date hereof, the Board comprises Mr. Guo Jun Hao, Ms. Liang Jiaxin and Mr. Wang Bing 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, Ms. Qiu Yumei and Mr. Chu Pui Ki Dickson as independent non-executive Directors.