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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)

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation, which comprises: (i) the Capital Reduction, involving the reduction of the issued share capital of the Company by cancelling the paid up capital to the extent of HK\$0.499 on each of the issued Existing Shares such that the par value of each issued Existing Share will be reduced from HK\$0.50 to HK\$0.001; (ii) the Share Premium Reduction, involving the reduction of the entire amount standing to the credit of the Share Premium Account, simultaneously with the Capital Reduction becoming effective; (iii) the Share Sub-division, involving the sub-division of each of the authorised but unissued Existing Shares with par value of HK\$0.50 each into 500 unissued New Shares with par value of HK\$0.001 each, immediately following the Capital Reduction becoming effective; and (iv) the credits arising from the Capital Reduction and the Share Premium Reduction be applied towards offsetting the Accumulated Losses of the Company as at the Effective Date and the balance of any such credit remaining after offsetting the Accumulated Losses be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted under the applicable laws and the Memorandum and Articles.

The Capital Reorganisation is conditional upon fulfillment of the conditions contained in the section headed “Conditions of the Capital Reorganisation” in this announcement.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, details of the Capital Reorganisation, together with a notice convening the EGM and the related proxy form, will be dispatched to the Shareholders on or before 25 August 2022.

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation, which comprises:

- (a) The Capital Reduction, involving the reduction of the issued share capital of the Company by cancelling the paid-up capital to the extent of HK\$0.499 on each of the issued Existing Shares such that the par value of each issued Existing Share will be reduced from HK\$0.50 to HK\$0.001;
- (b) The Share Premium Reduction, involving the reduction of the entire amount standing to the credit of the Share Premium Account, simultaneously with the Capital Reduction becoming effective;
- (c) The Share Sub-division, involving the sub-division of each of the authorised but unissued Existing Shares with par value of HK\$0.50 each into 500 unissued New Shares with par value of HK\$0.001 each, immediately after the Capital Reduction becoming effective; and
- (d) the credits arising in the books of the Company from the Capital Reduction and the Share Premium Reduction be applied towards offsetting the Accumulated Losses of the Company as at the Effective Date and the balance of any such credit remaining after offsetting the Accumulated Losses be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner as permitted under the applicable laws and the Memorandum and Articles.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on:

- (1) the passing of a special resolution by the Shareholders approving the Capital Reorganisation at the EGM;
- (2) the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation;
- (3) the approval of the Capital Reduction by the Court;
- (4) the compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (5) the registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction;
- (6) the compliance with the relevant procedures and requirements under the laws of the Cayman Islands and the Listing Rules to effect the Capital Reorganisation; and
- (7) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

The Capital Reorganisation will become effective when the conditions above have been fulfilled. None of the conditions above can be waived by the Company. As at the date of this announcement, none of the above conditions have been fulfilled.

Subject to the passing of the special resolution by the Shareholders, the legal advisors to the Company (as to Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction. Further announcement(s) will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed.

Listing and dealing of the New Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the New Shares.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the share capital or debt securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Free exchange of share certificates

As the Court hearing date(s) has yet to be fixed, the Effective Date of the Capital Reorganisation is not ascertainable at present. Subject to the Capital Reorganisation becoming effective, Shareholders may submit the existing certificates for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, to exchange, at the expense of the Company, for certificates of the New Shares within a certain period of free exchange after the Effective Date. Further announcement(s) will be made by the Company as to the detailed arrangement of such free exchange of share certificates, when the Court hearing date(s) and the Effective Date can be ascertained.

All existing certificates of the Shares will continue to be evidence of title to such Shares and be valid for delivery, trading and settlement purposes.

Ranking of the New Shares

Each of the New Shares arising from the Capital Reorganisation shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the Memorandum and Articles.

No change in the size of board lot

Upon the Capital Reorganisation becoming effective, the size of each board lot of the New Shares will remain the same as that of the Existing Shares, being 10,000 New Shares per board lot.

EFFECT OF THE CAPITAL REORGANISATION

As at the date of this announcement, the authorised share capital of the Company is HK\$1,200,000,000 divided into 2,400,000,000 Shares of HK\$0.50 each, of which 669,415,394 Shares have been issued and are fully paid or credited as fully paid. Assuming that there is no other change in the share capital of the Company from the date of this announcement up to and including the Effective Date, the effect of the Capital Reduction on the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately after the Capital Reduction becoming effective
Amount of authorised share capital	HK\$1,200,000,000	HK\$1,200,000,000
Par value	HK\$0.50 per Existing Share	HK\$0.001 per New Share
Number of authorised shares	2,400,000,000 Existing Shares	1,200,000,000,000 New Shares
Amount of issued share capital	HK\$334,707,697	HK\$669,415.394
Number of issued shares	669,415,394 Existing Shares	669,415,394 New Shares

The Capital Reduction on the 669,415,394 issued Existing Shares is expected to result in a reduction of the issued share capital of the Company by HK\$334,038,281.606.

As part of the group reorganisation in preparation of the Company's listing in 2006, the Company issued Shares to its founding shareholder (the "**Consideration Shares**") in exchange for the founding shareholder's equity interests in the Group's principal subsidiaries, namely, Tat Chun Printed Circuit Board Company Limited and Tat Chun PCB International Company Limited (formerly known as Pacific Leader Development Company Limited) (collectively, the "**Relevant Subsidiaries**"). The Directors are of the view that the difference between the underlying net assets of the Relevant Subsidiaries and the nominal amount of the Consideration Shares, previously represented by a contributed surplus account of the Company carrying the balance in the amount of HK\$145,058,000 as at 31 December 2021, is profits and distributable in nature, and that the Company will be able to pay its debts as they fall due in the ordinary course of business. Accordingly, the Directors have resolved to apply the said contributed surplus account of the Company to offset the Accumulated Losses of the Company.

As at 31 December 2021, the Share Premium Account and the Accumulated Losses of the Company amounted to HK\$567,711,000 and HK\$1,003,509,000, respectively. Following the offsetting of the amount of HK\$145,058,000 standing to the credit of the contributed surplus account with the Accumulated Losses as explained above, and subject to the offsetting of the credits arising from the Capital Reduction and the Share Premium Reduction with the Accumulated Losses of the Company as at the Effective Date, it is expected the Company should have distributable reserves available to it after the Capital Reorganisation becoming effective. Shareholders and potential investors should note that the actual effects of the Capital Reorganisation will be subject to changes, including those resulted from the changes of share capital and other things affecting the equity of the Company before the Effective Date.

Other than the expenses to be incurred which are expected to be insignificant as compared to the amounts of reductions and offsetting in the Capital Reorganisation, the implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders.

REASONS FOR THE CAPITAL REORGANISATION

The Company is not permitted, without order of the Court, to issue new Shares below their par value. Since the Shares have been trading below par value for a long time whether before or after the five-to-one share consolidation which took effect on 24 May 2022, the Board considers that the Capital Reorganisation will keep the par value of the New Shares at a low level of HK\$0.001 per New Share, thereby giving greater flexibility to the Company in the pricing for any issue of new Shares in the future.

The credits arising from the Capital Reduction and the Share Premium Reduction will be applied towards offsetting the Accumulated Losses of the Company as at the Effective Date. Under the Companies Act, the share premium account is distributable to the Shareholders provided that immediately following the date on which any dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business. Pursuant to the Memorandum and Articles: (a) dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed; and (b) with the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act. It is expected that after the Capital Reorganisation becoming effective, the Company should have distributable reserves available to it. The Board therefore considers that the Capital Reorganisation will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future.

In view of the above, the Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole. Shareholders and potential investors should note that at this stage, there is no assurance that the Company will declare any dividends in the future, even if the Capital Reorganisation takes effect. Given that the Company has been loss-making for many years, the Company has no present plan to declare dividends until and unless the financial and cash positions are substantially improved. Due to the loss-making and net current liabilities position of the Company, the Company is constantly engaged in negotiations to explore the possibility of further equity fund raising to satisfy its funding needs, but no binding agreement has been reached. Further announcement(s) will be made by the Company if any equity fund raising opportunities materialize as a result of which any disclosure obligation arises on the part of the Company.

As at the date of this announcement, the Company has no plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below. Unless otherwise specified, all times and dates in this announcement refer to Hong Kong local times and dates.

The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Capital Reorganisation and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Expected date of dispatch of

the circular with notice of the EGM and proxy form Thursday, 25 August 2022

Latest time for lodging share transfers to qualify

for attending and voting at the EGM 4:00 p.m. on
Tuesday, 13 September 2022

Closure of register of members for determining

the entitlement to attend and vote at

the EGM (both dates inclusive) Wednesday, 14 September 2022 to
Monday, 19 September 2022

Latest time for lodging proxy forms for the EGM 11:00 a.m. on

Saturday, 17 September 2022

Date and time of the EGM 11:00 a.m. on

Monday, 19 September 2022

Announcement of poll results of the EGM Monday, 19 September 2022

The following events are conditional on the results of the EGM and the approval of the Court and therefore the dates are tentative only:

Expected effective date of the Capital Reorganisation. Before 9:00 a.m. on
Tuesday, 15 November 2022

Commencement of dealings in the New Shares. 9:00 a.m. on
Tuesday, 15 November 2022

First day of free exchange of existing share certificates
for new share certificates for the New Shares Tuesday, 15 November 2022

Last day for free exchange of existing share certificates
for new share certificates for the New Shares Tuesday, 20 December 2022

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. In compliance with the Listing Rules, the resolution in relation to the Capital Reorganisation will be voted on by way of poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution in relation to the Capital Reorganisation to be proposed at the EGM.

A circular containing, among other things, details of the in relation to the Capital Reorganisation, together with a notice convening the EGM and the related proxy form, will be dispatched to the Shareholders on or before 25 August 2022.

Shareholders should take note that the Capital Reorganisation is conditional upon the satisfaction of the conditions set out in this announcement. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“Accumulated Losses”	the accumulated losses of the Company
“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by cancelling the paid-up capital to the extent of HK\$0.499 on each of the issued Existing Shares such that the par value of each issued Share will be reduced from HK\$0.50 to HK\$0.001
“Capital Reorganisation”	the proposed capital reorganisation of the issued share capital of the Company as detailed in this announcement, involving, inter alia, the Capital Reduction, the Share Premium Reduction and the Share Sub-division
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act (As Revised) of the Cayman Islands, as consolidated and revised
“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 whose shares are listed on the Main Board of the Stock Exchange with stock code 515
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, the Capital Reorganisation
“Effective Date”	the date on which the Capital Reorganisation becoming effective
“Existing Share(s)”	ordinary share(s) with par value of HK\$0.50 each in the existing share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum and Articles”	the memorandum and articles of association of the Company
“New Share(s)”	ordinary share(s) with par value of HK\$0.001 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the amount standing to the credit of the Share Premium Account
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Existing Shares with par value of HK\$0.50 each into 500 unissued New Shares with par value of HK\$0.001 each

“Share(s)”	the Existing Share(s) and/or the New Share(s), as the case may be
“Shareholder(s)”	holder(s) of the Existing Share(s) and/or the New Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 3 August 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 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.