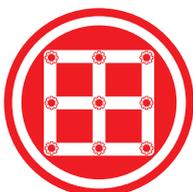


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CHINA SILVER TECHNOLOGY HOLDINGS LIMITED
中華銀科技控股有限公司

(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 15 February 2023 (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\$15,262,320.

Based on the initial Conversion Price of HK\$0.114 per Conversion Share, an aggregate of 133,880,000 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 20.00% of the existing issued share capital of the Company; and (b) approximately 16.67% 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\$0.114 represents: (i) a premium of approximately 3.64% over the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on the date of signing of the Subscription Agreements; and (ii) a premium of approximately 0.35% over the average closing price of HK\$0.1136 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\$15.26 million and HK\$15 million, respectively. The Company intends to use the net proceeds as to over 60% for financing the ongoing construction of the Group's manufacturing facilities and as to the remaining sum for meeting the Group's liabilities and accruals when they fall due.

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 15 February 2023 (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\$15,262,320.

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

Date

15 February 2023 (after trading hours)

Parties

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

The Subscribers comprise Subscriber A and Subscriber B, each subscribing for Convertible Bonds in the principal amount of HK\$7,631,160. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement: (i) Subscriber A is an investment holding company incorporated in Hong Kong with limited liability and wholly-owned by Ms. Li Sidi, a PRC national and merchant; (ii) Subscriber B is a PRC national and merchant; (iii) each of the Subscribers and the ultimate beneficial owner of Subscriber A, i.e., Ms. Li, is an Independent Third Party; (iv) Subscriber A (together with its associates) currently owns 59,430,000 Shares prior to the Subscription, representing approximately 8.88% of the existing issued share capital of the Company; and (v) Subscriber B and her associates do not currently own any Shares. Due to the Conversion Restrictions, none of the Subscribers should become a substantial shareholder of the Company as a result of the exercise of the Convertible Bonds subscribed by them under the Subscriptions.

Principal terms of the Convertible Bonds

Issuer	:	The Company
Principal amount	:	HK\$15,262,320
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)
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- 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 : 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) when aggregated with its associates, become a substantial shareholder of the Company, unless the regulatory requirements under the Takeovers Code and the Listing Rules are fully complied with.
- Conversion price : The initial Conversion Price of HK\$0.114 per Conversion Share (subject to adjustment prescribed below) represents: (i) a premium of approximately 3.64% over the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on the date of signing of the Subscription Agreements; and (ii) a premium of approximately 0.35% over the average closing price of HK\$0.1136 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 events 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\$0.114 per Conversion Share, an aggregate of 133,880,000 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 20.00% of the existing issued share capital of the Company; and (b) approximately 16.67% 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\$0.112 per Conversion Share. The aggregate nominal value of the 133,880,000 Conversion Shares is HK\$133,880.

- 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). Conditions 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 others.

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 liabilities for any antecedent breaches.

Completion of the Subscriptions

Completion of the Subscription Agreements 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 20 May 2022, 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 669,415,394 Pre-consolidation Shares (equivalent to 133,883,078 Shares following the Share Consolidation). 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 events 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. After the completion of the Subscriptions, 3,078 Shares will remain unutilized under the General Mandate.

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 2022, (the "**Interim Report**"), the Company had net current liabilities of approximately HK\$223,352,000, net assets of approximately HK\$33,294,000 and bank balances, deposits and cash (excluding pledged bank deposits) of approximately HK\$28,489,000. For the six months ended 30 June 2022, the Company recorded loss for the period of approximately HK\$20,689,000, principally due to the decrease in purchase orders of PCB products and decrease in revenue of LED business, 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 Interim Report, as at 30 June 2022, the Company already had bank borrowings due within one year of approximately HK\$207 million as secured by the Group's assets in the amount of approximately HK\$269 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 appear 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\$15.26 million and HK\$15 million, respectively. The Company intends to use the net proceeds as to over 60% for financing the ongoing construction of the Group's manufacturing facilities and as to the remaining sum for meeting the Group's liabilities and accruals when they fall due.

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 working capital 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 in 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:

- (i) As disclosed in the Company's announcements dated 17 February 2022 and 3 March 2022, the Company entered into subscription agreements with not less than six subscribers on 17 February 2022 (the "**2022.02 Share Subscriptions**"), involving the issue of 286,000,000 Shares at the issue price of HK\$0.10 per Pre-consolidation Share. The 2022.02 Share Subscriptions were completed on 3 March 2022, raising net proceeds of HK\$28.4 million which were intended to be used as to approximately HK\$24.4 million for the repayment of the Group's debts and liabilities when they fall due, and as to the remaining HK\$4 million for the Group's working capital (such as salaries, rental payments, professional fees and office overheads). As at the date of this announcement, all the proceeds of the 2022.02 Share Subscriptions were fully utilized for the purposes as intended.

- (ii) As disclosed in the Company’s announcements dated 25 April 2022 and 12 May 2022, the Company entered into subscription agreements with three subscribers on 25 April 2022 (the “**2022.04 Share Subscriptions**”), involving the issue of 271,840,000 Shares at the issue price of HK\$0.10 per Pre-consolidation Share. The 2022.04 Share Subscriptions were completed on 12 May 2022, raising net proceeds of HK\$27 million which were intended to be used as to approximately HK\$23 million for the construction cost of the factory and the repayment of the Group’s debts and liabilities when they fall due, and as to the remaining HK\$4 million for the Group’s working capital (such as salaries, rental payments, professional fees and office overheads). As at the date of this announcement, all the proceeds of the 2022.04 Share Subscriptions were fully utilized for the purposes 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>
Connected persons				
Mr. Zeng Yongguang (<i>Note 1</i>)	200,000	0.03	200,000	0.02
Public Shareholders				
Subscriber A (<i>Note 2</i>)	59,430,800	8.88	126,370,800	15.74
Subscriber B	–	–	66,940,000	8.33
Other public Shareholders	<u>609,784,594</u>	<u>91.09</u>	<u>609,784,594</u>	<u>75.91</u>
Total	<u><u>669,415,394</u></u>	<u><u>100.00</u></u>	<u><u>803,295,394</u></u>	<u><u>100.00</u></u>

Notes:

- (1) 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.
- (2) Based on the information provided by Subscriber A, prior to the Subscription, Ms. Li Sidi was deemed to be interested in 59,430,800 Shares, comprising: (a) 14,414,000 Shares which were held by Subscriber A; (b) 43,200,000 Shares which were held by Intelligent South Network Group Limited, a wholly owned subsidiary of Subscriber A; and (c) 1,816,800 Shares held by Ms. Li personally.
- (3) The shareholding percentage for Subscriber A is for illustration only. Under the terms of the Convertible Bonds, the Bondholder is unable to convert the Convertible Bonds to an extent which would result in it (when aggregated with its associates) becoming a substantial shareholder of the Company.
- (4) 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 20 May 2022
“associates”	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\$0.114 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 Bondholders 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\$15,262,320 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”	8 March 2023, or any other date as agreed in writing between the Subscriber and the Company
“Maturity Date”	the third anniversary of the date of issue of the Bonds
“Pre-consolidation Shares”	shares in the capital of the Company prior to the coming into effect of the Share Consolidation on 24 May 2022
“Share Consolidation”	the five-to-one share consolidation of the Company which became effective on 24 May 2022
“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”	Union Insurance Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Ms. Li Sidi (李斯廸), being the subscriber under Subscription Agreement A
“Subscriber B”	Ms. Wang Shuang (王雙), 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 15 February 2023 in relation to the subscription by Subscriber A of Convertible Bonds in the principal amount of HK\$7,631,160
“Subscription Agreement B”	the conditional subscription agreement entered into between the Company and Subscriber B dated 15 February 2023 in relation to the subscription by Subscriber B of Convertible Bonds in the principal amount of HK\$7,631,160
“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\$15,262,320 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, 15 February 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 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.