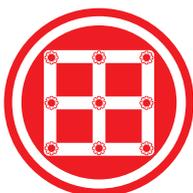


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CHINA SILVER TECHNOLOGY HOLDINGS LIMITED
中華銀科技控股有限公司

(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 19 April 2024 (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 330,000,000 Subscription Shares at the Subscription Price of HK\$0.108 per Subscription Share.

The Subscription Price of HK\$0.108 per Subscription Share represents: (i) a discount of approximately 16.28% to the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements; and (ii) a discount of approximately 16.15% to the average closing price of approximately HK\$0.1288 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 330,000,000 Subscription Shares represents approximately 41.08% of the issued share capital of the Company of 803,298,394 Shares as at the date of this announcement, and approximately 29.12% of the issued share capital of the Company as enlarged by the issue of 330,000,000 Subscription Shares.

The gross and net proceeds from the Subscriptions are expected to be approximately HK\$35.64 million and HK\$33.14 million, respectively. The Company intends to use such net proceeds as to HK\$27.14 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 payments, 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, save for Subscriber D who has given undertaking to the Company not to vote at the EGM in respect of the Subscriptions, no other Shareholder has a material interest in the Subscriptions and is required to abstain from voting at the EGM in respect of the Subscriptions.

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, is currently expected to be dispatched to the Shareholders on or before 13 May 2024.

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 19 April 2024 (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 330,000,000 Subscription Shares at the Subscription Price of HK\$0.108 per Subscription Share.

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

Date

19 April 2024 (after trading hours)

Parties

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

The Subscribers comprise Subscribers A, B, C and D who respectively agreed to subscribe 110,000,000, 55,000,000, 110,000,000 and 55,000,000 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 investor procured by the Company by way of private placement; (ii) save for Subscriber D who owns 31,961,000 Shares, none of the other Subscribers hold any Shares prior to the entering into of the Subscription Agreements; (iii) each of the Subscribers is a third party independent of and not connected with the Company and its connected persons; and (iv) the Subscribers are business acquaintances known by the management of the Group through business networks in China. 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 330,000,000 Subscription Shares represents approximately 41.08% of the issued share capital of the Company of 803,298,394 Shares as at the date of this announcement, and approximately 29.12% of the issued share capital of the Company as enlarged by the issue of 330,000,000 Subscription Shares.

The aggregate nominal value of the 330,000,000 Subscription Shares is HK\$330,000.

Placing Price

The Subscription Price of HK\$0.108 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. In this regard, the Shares have been trading around its 10 days' moving average of approximately HK\$0.135, calculated up to the date of the Subscriptions. In addition, the total trading volume only amounted to approximately 4.9 million Shares in April 2024 (up to the date of the Subscriptions). The Company considers that the reference time period of April 2024 are fair and reasonable since Shareholders and investors should have sufficient time to reach a fair market price on the Shares after considering the Company's latest financial results. Since public listed shares is normally realized by market disposals and significant disposals can lead to significant drop in share price, particularly if the trading volume is thin, the Subscribers indicated to the Company that they were only prepared to subscribe for the Shares at a discount of approximately 20% to the prevailing share price level at the time of the Subscriptions. The Company considers that a discount of up to 20% as compared to prevailing market price would not be unfair to the Company in the circumstances, by making reference to the permissible discount rate in a general mandate share placement. Eventually, on the date of the Subscriptions, the Company came to an agreement with the Subscribers on the Subscription Price.

The Subscription Price represents:

- (i) a discount of approximately 16.28% to the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;
- (ii) a discount of approximately 16.15% to the average closing price of approximately HK\$0.1288 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; and
- (iii) a premium of approximately 10.20% over the audited equity attributable to owners of the Company of approximately HK\$0.098 per Share as at 31 December 2023, which is calculated based on (a) the audited consolidated equity attributable to owners of the Company of approximately HK\$65,321,000 as at 31 December 2023; and (b) a total of 669,415,394 issued Shares as at 31 December 2023.

The net issue price of the Subscription Shares (after deducting costs expected to be incurred in the Subscriptions) is estimated to be approximately HK\$0.100 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 relevant Subscriber 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 (or waived, if applicable) at or before 5:00 p.m. on 19 July 2024 (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, in each case prior to termination.

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 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 and warranties 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 announcement dated 28 March 2024 in relation to its annual results for the year ended 31 December 2023 (the "**2023 Annual Results Announcement**"), the Company incurred a loss approximately HK\$33,394,000 during the year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$496,570,000. The current liabilities of the Group as at 31 December 2023 amounted to approximately HK\$666,805,000 and included outstanding loans and borrowings that were repayable in the next twelve month after 31 December 2023 or were repayable on demand because they contain a repayment on demand clause. As at 31 December 2023, the current liabilities of the Group included: (i) construction costs payables of approximately HK\$93,501,000; (ii) secured loan included in other payables of approximately HK\$22,222,000; (iii) bill payables of approximately HK\$119,444,000; and (iv) bank borrowings of approximately HK\$299,282,000; while the Group's total bank balances, deposits and cash amounted to approximately HK\$49,708,000, of which approximately HK\$40,714,000 were pledged bank deposits. These conditions, along with other matters as set forth in the 2023 Annual Results Announcement, 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.

As disclosed in the 2023 Annual Results Announcement, as at 31 December 2023, the Company had bank borrowings in the amount of HK\$299,282,000 which are classified as current liabilities, of which HK\$144,698,000 are 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 2023, the Company already pledged assets in the amount of HK\$441,753,000 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.

Prior to entering into the Subscription Agreements, the Company has considered other fund-raising alternatives. In January and February 2024, the Company had raised net proceeds of approximately HK\$11.2 million through the issue of Shares under general mandate. In comparison to the obtaining of bank borrowing 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 Subscriptions 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\$35.64 million and HK\$33.14 million, respectively. The Company intends to use such net proceeds as to HK\$27.14 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 payments, 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 (excluding the Subscribers) will be diluted from approximately 96.00% to approximately 68.04%, 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
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\$11.2 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

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 approximately HK\$0.12 per Share, HK\$0.129 per Share and approximately 4.74%, 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 1</i>)	200,000	0.02	200,000	0.02
Public Shareholders				
Subscriber A	–	–	110,000,000	9.71
Subscriber B	–	–	55,000,000	4.85
Subscriber C	–	–	110,000,000	9.71
Subscriber D	31,961,000	3.98	86,961,000	7.67
Other public shareholders	<u>771,137,394</u>	<u>96.00</u>	<u>771,137,394</u>	<u>68.04</u>
Total	<u><u>803,298,394</u></u>	<u><u>100.00</u></u>	<u><u>1,133,298,394</u></u>	<u><u>100.00</u></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, save for Subscriber D who has given undertaking to the Company not to vote at the EGM in respect of the Subscriptions, no other Shareholder has a material interest in the Subscriptions and is required to abstain from voting at the EGM in respect of the Subscriptions.

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, is currently expected to be dispatched to the Shareholders on or before 13 May 2024.

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"	Yu Yuliang (余宇良), a PRC national and investor
"Subscriber B"	Zeng Siyuan (曾思源), a PRC national and investor
"Subscriber C"	Li Jianli (李建利), a PRC national and investor
"Subscriber D"	Chen Hui (陳輝), a PRC national and investor
"Subscribers"	the subscribers subscribing for the Subscription Shares under the Subscriptions, that is, Subscribers A, B, C and D
"Subscription Agreements"	the subscription agreements entered into between the Company and the Subscribers dated 19 April 2024 in relation to the Subscriptions
"Subscription Price"	HK\$0.108 per Subscription Share
"Subscription Shares"	330,000,000 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, 19 April 2024

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, Ms. Qiu Yumei and Ms. Po In San as independent non-executive Directors.