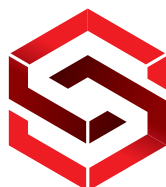


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Silk Road Logistics Holdings Limited

絲路物流控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 988)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 19 August 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to allot and issue, and the Subscriber has agreed to subscribe for 42,857,142 Subscription Shares, representing (i) approximately 7.16% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.68% of the entire issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The aggregate Subscription Price is HK\$6,000,000, representing HK\$0.140 per Subscription Share. The Subscription Price per Share represents (i) a discount of 12.5% to the closing price of HK\$0.16 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 6.42% to the average of the closing price of HK\$0.1496 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day. The Subscriber shall satisfy HK\$3,000,000 of the Subscription Price in cash and HK\$3,000,000 of the Subscription Price by setting off against the equivalent amount of the Debt on a dollar-for-dollar basis on Completion.

The gross proceeds of the Subscription are expected to be approximately HK\$6,000,000. The net proceeds from the Subscription are expected to be approximately HK\$5,700,000. The net subscription price per Subscription Share is approximately HK\$0.133. Part of the aggregate Subscription Price in the amount of HK\$3,000,000 will be satisfied by the Subscriber to the Company by setting off against the equivalent amount of the Debt on a dollar-for-dollar basis. The Company intends to use the remaining net proceeds in the amount of approximately HK\$2,700,000 for general working capital of the Group. The Subscription Shares will be allotted and issued under the General Mandate.

As the completion of the Subscription is subject to the fulfilment of the conditions stated in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

On 19 August 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to allot and issue, and the Subscriber has agreed to subscribe for 42,857,142 Subscription Shares at the Subscription Price.

THE SUBSCRIPTION

The Subscription Agreement

Date: 19 August 2021

Parties: (1) the Company (as issuer); and
(2) the Subscriber (as subscriber)

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Subscriber is a licensed money lender in Hong Kong and the entire issued share capital of the Subscriber is wholly-owned by Ms. Choi Lai Kuen who together with the Subscriber, as the date of this announcement, is holding 25,181,008 Shares, representing approximately 4.20% of the existing issued share capital of the Company.

As at the date of this announcement, save for that the Company is indebted to the Subscriber the Debt, each of the Subscriber and its ultimate beneficial owner is independent of the Company and its connected persons.

Upon completion of the Subscription, the Subscriber and its ultimate owner will hold in aggregate 68,038,150 Shares, representing approximately 10.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscriber will become a substantial Shareholder.

Conditions of the Subscription

The completion of the Subscription is conditional upon, among others, the following conditions being satisfied:

- (a) the Listing Committee of Stock Exchange granting the listing of and permission to deal in the Subscription Shares; and
- (b) all necessary consents and approvals required to be obtained by the Subscriber and the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained.

The parties to the Subscription Agreement shall use all endeavours to procure the fulfilment of all the conditions above by the Long Stop Date or such other date as the parties to the Subscription Agreement may agree. In the event that all the conditions have not been fulfilled by the Long Stop Date and the Company and the Subscriber have not agreed to extend the Long Stop Date upon the expiry of the Long Stop Date, the Subscription Agreement will be terminated and ceased to be effective, neither parties have obligations and liabilities thereafter save for any antecedent breach.

Subscription Price

The aggregate Subscription Price is HK\$6,000,000, representing HK\$0.140 per Subscription Share. The Subscription Price per Share represents (i) a discount of 12.5% to the closing price of HK\$0.16 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 6.42% to the average of the closing price of HK\$0.1496 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day.

The Subscriber shall satisfy HK\$3,000,000 of the Subscription Price in cash and HK\$3,000,000 of the Subscription Price by setting off against the equivalent amount of the Debt on a dollar-for-dollar basis on Completion.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading performance of the Shares. The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Completion of the Subscription

The completion of the Subscription will take place on or before the third Business Day after the conditions of the Subscription have been fulfilled (or such other date and time as may be agreed by the Company and the Subscriber in writing).

On completion of the Subscription, part of the total subscription price in the amount of HK\$3,000,000 shall be payable by the Subscriber to the Company by setting off against the equivalent amount of the Debt on dollar-for-dollar basis. After the setoff, the outstanding Debt owed by Company to the Subscriber will be approximately HK\$2.3 million.

Upon completion of the Subscription, the Subscriber and its ultimate owner will hold in aggregate 68,038,150 Shares, representing approximately 10.60% of the issued share capital of the Company as enlarged by allotment and issue of the Subscription Shares. The Subscriber will become a substantial Shareholder.

Subscription Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of completion of the Subscription, the 42,857,142 Subscription Shares represent (i) approximately 7.16% of the existing issued share capital of the Company; and (ii) approximately 6.68% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares under the Subscription is HK\$4,285,714.20.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

General Mandate to issue the Subscription Shares

The Directors were authorised to allot and issue up to 119,786,597 Shares under the General Mandate at the annual general meeting of the Company held on 3 June 2021. The Subscription Shares will be allotted and issued under the General Mandate. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the maximum number of new Shares that could be allotted and issued under the General Mandate is 119,786,597 Shares. The allotment and issue of the Subscription Shares are not subject to Shareholders' approval.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

The Company is an investment holding company. The principal activities of the Group include the trading of commodities, exploration and production of oil and provision of oil well services, and provision of logistics and warehousing services.

As disclosed in the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”), the auditors of the Company disclaimed their audit opinion on the consolidated financial statements as they casted doubt on the appropriateness of going concern assumption of the Company. As disclosed in the 2020 Annual Report, the current liabilities of the Group at 31 December 2020 exceeded the Group's current assets at that date by approximately HK\$549,603,000 and the Group incurred net loss of approximately HK\$382,174,000 for the year ended 31 December 2020. The Directors had to explore possible ways to improve the financial position of the Group.

The Board considers that the Subscription represents an opportunity to raise additional funds for the Company to improve the financial position of the Group. The gross proceeds of the Subscription are expected to be approximately HK\$6,000,000. The net proceeds (after the deduction of the related expenses) from the Subscription are expected to be approximately HK\$5,700,000. The net subscription price per Subscription Share is approximately HK\$0.133.

As at the date of this announcement, the Company is indebted to the Subscriber the Debt amounts to approximately HK\$5.3 million. Hence, part of the total subscription price in the amount of HK\$3,000,000 payable by the Subscriber to the Company shall be set off against the equivalent amount of the Debt on dollar-for-dollar basis. The Company intends to use the remaining net proceeds in the amount of approximately HK\$2,700,000 for general working capital of the Group.

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN PAST 12 MONTHS

Apart from the fund raising activity mentioned below, the Company has not conducted any other fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds as at the date of this announcement
14 December 2020	Subscription of 285,714,285 new shares of HK\$0.01 each at the subscription price of HK\$0.028 per share under general mandate, which was completed on 21 December 2020	Approximately HK\$7,700,000	Approximately HK\$7,700,000 as general working capital of the Group	Approximately HK\$7,700,000 used as general working capital of the Group

CHANGES IN SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Subscription are set out below, for illustrative purposes only (assuming that there is no allotment and issue of new Shares after the date of this announcement to completion of the Subscription):

	As at the date of this announcement		Immediately after the completion of the Subscription	
	<i>No. of Shares</i>	<i>approx. %</i>	<i>No. of Shares</i>	<i>approx. %</i>
Shareholders				
China Huarong Investment Management Limited	170,372,822	28.45	170,372,822	26.55
Director				
Choy So Yuk	27,190	0.01	27,190	0.01
Other Shareholders				
The Subscriber and its ultimate owner	25,181,008	4.20	68,038,150	10.60
Other public shareholders	<u>403,351,967</u>	<u>67.34</u>	<u>403,351,967</u>	<u>62.84</u>
Total	<u>598,932,987</u>	<u>100.00</u>	<u>641,790,129</u>	<u>100.00</u>

Note: The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

As the completion of the Subscription is subject to the fulfilment of the conditions stated in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

DEFINITIONS

Unless otherwise stated or the context requires otherwise, the terms in this announcement have the following meanings:

“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“Company”	Silk Road Logistics Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 988)
“connected persons”	has the meaning ascribed to it in the Listing Rules and “connected” shall be construed accordingly
“Debt”	the indebtedness in the aggregate amount of approximately HK\$5.3 million owed by the Company to the Subscriber as at the date of this announcement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 3 June 2021 to allot, issue and deal with 119,786,597 Shares, representing approximately 20% of the share capital of the Company in issue as at the date of the annual general meeting

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	19 August 2021, being the last trading day of the Shares prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	9 September 2021 or such later date as the parties to the Subscription Agreement may agree
“Share(s)”	share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Yick Chuen Credit Limited, a company incorporated in Hong Kong with limited liability
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 19 August 2021 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	in aggregate HK\$6,000,000, represents the subscription price of HK\$0.140 per Subscription Share
“Subscription Shares”	42,857,142 new Shares to be allotted and issued pursuant to the Subscription Agreement, and each a “Subscription Share”

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
Silk Road Logistics Holdings Limited
Cheung Ngai Lam
Executive Director

Hong Kong, 19 August 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cheung Ngai Lam and Mr. Chung Wai Man; one non-executive Director, namely Mr. Choi Wai Hong Clifford; and two independent non-executive Directors, namely Ms. Choy So Yuk and Mr. Wu Zhao.