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Silk Road Energy Services Group Limited  
絲路能源服務集團有限公司  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8250)

## **PROPOSED SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE**

### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) Existing Shares of par value of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share of par value of HK\$0.2 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders by way of ordinary resolution at the EGM.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 20,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 20,000 Existing Shares to 10,000 Consolidated Shares.

### **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before Friday, 24 March 2023.

**Shareholders and potential investors of the Company should take note that the Share Consolidation and the Change in Board Lot Size are conditional upon the fulfilment of their respective conditions. Therefore, the Share Consolidation and the Change in Board Lot Size may or may not proceed.**

**Shareholders and potential investors of the Company 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.**

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) Existing Shares of par value of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share of par value of HK\$0.2 each.

### **Conditions of the Share Consolidation**

The implementation of the Share Consolidation is conditional upon the following conditions being fulfilled:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

The Share Consolidation is expected to become effective on Friday, 28 April 2023 subject to the fulfilment of the above conditions.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$1,500,000,000 divided into 150,000,000,000 Shares of par value of HK\$0.01 each, and there are 7,492,562,338 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the EGM, upon the Share Consolidation becoming effective, there will be 374,628,116 Consolidated Shares in issue which are fully paid or credited as fully paid. The authorised share capital of the Company will remain at HK\$1,500,000,000 but will be divided into 7,500,000,000 Consolidated Shares of par value of HK\$0.2 each.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

### **Listing Application**

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective and the Consolidated Shares which may be issued pursuant to the exercise of the Share Options which may be granted under the Share Option Scheme.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated 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 settlement 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 Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated 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.

### **Adjustments in relation to other securities of the Company**

Under the relevant terms and conditions of the Share Option Scheme, the Share Consolidation may lead to adjustments to the number of Shares falling to be issued, the method of exercise of the Share Options and the exercise price of the Share Options pursuant to the terms thereof. As at the date of this announcement, there is no outstanding Share Option entitling the holders thereof to subscribe for any Existing Share under the Share Option Scheme.

As at the date of this announcement, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 20,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 20,000 Existing Shares to 10,000 Consolidated Shares.

Based on the closing price of HK\$0.016 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, (i) the estimated market value of each board lot of 20,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$6,400; and (ii) the estimated market value of each board lot of 10,000 Consolidated Shares, assuming the Change of Board Lot had also been effective, would be HK\$3,200.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

## **REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the securities at a level less than HK\$0.1 will be considered as approaching the extremities of HK\$0.01 as referred to Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

Based on the closing price of the Existing Shares of HK\$0.016 on the date of this announcement and the board lot size of 20,000 Existing Shares, the board lot value of the Existing Shares is HK\$320. The Board considers that after the Share Consolidation and the Change in Board Lot Size became effective, the estimated board lot size value will be HK\$3,200. This will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade. With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and therefore further broaden the shareholder base of the Company.

Notwithstanding the costs incurred by the Company for the implementation of the Share Consolidation and the Change in Board Lot Size and the creation of odd lots to the Shareholders, the Board considers that the Share Consolidation and Change in Board Lot Size are justifiable in view of the above reasons. Accordingly, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no current plans for, or intention to conduct, any other corporate actions (such as share consolidation, sub-division or change in board lot size) in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation in the next 12 months.

## **OTHER ARRANGEMENTS**

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

### **Matching services for odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

### **Exchange of certificates for Consolidated Shares**

Subject to the Share Consolidation becoming effective, which is currently expected to be Friday, 28 April 2023, Shareholders may on or after Friday, 28 April 2023 and until Wednesday, 7 June 2023 (both days inclusive), submit their existing share certificates for the Existing Shares in pink colour to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for exchange for new share certificates for the Consolidated Shares in orange colour at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the share registrar for exchange of new share certificates.

After 4:10 p.m. on Monday, 5 June 2023, trading will only be in Consolidated Shares which share certificates will be issued in orange colour. Share certificates in pink colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

## **EXPECTED TIMETABLE**

The expected timetable for the Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the results of the EGM 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. All times and dates in this announcement refer to Hong Kong local times and dates.

<b>Events</b>	<b>Time and Date 2023</b>
Despatch date of circular with notice of the EGM. . . . .	Friday, 24 March
Latest date and time for lodging transfer documents in order to qualify for attendance and voting at the EGM. . . . .	4:30 p.m. on Thursday, 20 April
Closure of register of members for determining the entitlement to attend and vote at the EGM. . . . .	Friday, 21 April to Wednesday, 26 April (both days inclusive)
Latest date and time for lodging forms of proxy for the EGM . . . . .	11:00 a.m. on Monday, 24 April
Record date for attendance and voting at the EGM. . . . .	Wednesday, 26 April
Date and time of the EGM . . . . .	11:00 a.m. on Wednesday, 26 April
Publication of the announcement of voting results of the EGM. . . . .	Wednesday, 26 April

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation:**

Effective date of the Share Consolidation . . . . .	Friday, 28 April
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares commences. . . . .	Friday, 28 April
Dealings in Consolidated Shares commence. . . . .	9:00 a.m. on Friday, 28 April
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares (in the form of existing share certificates in pink colour) temporarily closes. . . . .	9:00 a.m. on Friday, 28 April
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates in pink colour) opens. . . . .	9:00 a.m. on Friday, 28 April
Original counter for trading in the Consolidated Shares in new board lots of 10,000 Consolidated Shares (in the form of new share certificates in orange colour) re-opens. . . . .	9:00 a.m. on Monday, 15 May
Parallel trading in the Consolidated Shares (in the form of new share certificates in orange colour and existing share certificates in pink colour) commences. . . . .	9:00 a.m. on Monday, 15 May
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . .	9:00 a.m. on Monday, 15 May
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . .	4:00 p.m. on Monday, 5 June
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates in pink colour) closes . . . . .	4:10 p.m. on Monday, 5 June

Parallel trading in the Consolidated Shares (in form of new share certificates in orange colour and existing share certificates in pink colour) ends. . . . . 4:10 p.m. on Monday, 5 June

Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares. . . . . Wednesday, 7 June

All times and dates specified in the timetable above refer to Hong Kong times and dates.

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before Friday, 24 March 2023.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted, “extreme condition” caused by super typhoons or on which a “black” rainstorm warning is issued between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares

“Company”	Silk Road Energy Services Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (stock code:8250)
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.2 each in the share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened to be held for the purpose of considering and, if thought fit, approving the Share Consolidation
“Existing Share(S)”	ordinary share(s) of par value of HK\$0.01 each in the existing share capital of the Company before the Share Consolidation becoming effective
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	the GEM listing sub-committee of the board of directors of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Share(s)”	the Existing Share(s) or as the context may require, the Consolidated Share(s)

“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option(s)”	the option(s) to subscribe for new Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 12 December 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**Silk Road Energy Services Group Limited**  
**Cai Da**  
*Chairman*

Hong Kong, 8 March 2023

*As at the date of this announcement, the Board of the Company, comprises (i) three executive directors, namely Mr. Cai Da, Mr. Li Wai Hung and Mr. Wang Tong Tong; and (ii) four independent non-executive directors, namely Ms. Wong Na Na, Ms. Chen Xier, Mr. Huang Tianhua and Ms. Lei Ming.*

*This announcement, for which all the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least seven (7) days from the date of its publication and is available for reference on the website of the Company at <http://www.silkroadenergy.com.hk>.*