

The Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION AGREEMENT

This announcement is made by Silk Road Energy Services Group Limited (the “**Company**”, together with its subsidiaries the “**Group**”) on a voluntary basis to provide its shareholders and potential investors with updated information in relation to the latest business development of the Group.

Reference is made to the announcement of the Company dated 16 March 2018 in relation to the memorandum of understanding (“**Cooperation MOU**”) with Yue’s Tongren Pharmaceutical Technology Group Co., Ltd.* (樂氏同仁藥業科技集團有限公司) (“**Yue’s Tongren**”) regarding the parties’ possible cooperation in business relating to Chinese medicine, healthcare products and other daily necessities.

The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that on 24 April 2018, the Company entered into a binding strategic cooperation agreement (“**Cooperation Agreement**”) with Yue’s Tongren to set out a framework for implementing the possible cooperation stipulated in the Cooperation MOU.

THE COOPERATION AGREEMENT

Date: 24 April 2018

Parties: (i) the Company
(ii) Yue's Tongren

Subject Matters

Initial Cooperation

The Company shall, within 2 months of the signing of the Cooperation Agreement, set up a wholly-owned subsidiary in the Shenzhen Qianhai Shekou free trade zone as the only management platform for the Parties' big health business in the People's Republic of China (the "PRC") as follows:

- (1) The Company shall cooperate with Yue's Tongren to open new retail store(s) in Shenzhen and other areas to increase Yue's Tongren's Chinese medicine clinic market share and brand awareness. The new store(s) shall be wholly-owned by the Company which shall also be responsible for making capital investment, whereas Yue's Tongren shall provide the relevant brand, trademarks and management service at an annual management fee not exceeding 34% of the net profits of the new store(s).
- (2) The Company will conduct due diligence analysis on subsidiaries of Yue's Tongren for operating the new stores to be opened in Wuhan, Xiangyang and Suizhou of the PRC. Subject to the Company's satisfaction with the relevant due diligence results, the Company may invest in part of the interests of the said companies.
- (3) Subject to the Company's satisfaction with the due diligence results on existing Chinese medical clinics of Yue's Tongren, the Company may invest in part of the interests of the relevant existing Chinese medical clinics.

The estimated initial investment amount for the aforesaid cooperation is expected to be approximately HK\$70 million, and the aforesaid cooperation is subject to further negotiation and the terms of the definitive agreements to be entered into by the Parties.

Further Cooperation

After setting up the management platform, the Parties shall work towards deepening their cooperation, including but not limited to the following:

- (1) Yue's Tongren shall inform the Company if any new stores were to be opened in the PRC by Yue's Tongren and its related companies, whereupon the Company shall enjoy priority in making relevant investment.
- (2) In the event Yue's Tongren invites investors to make investments, the Company shall, under the same conditions, enjoy priority of participation in such investment opportunity.
- (3) The Company shall be entitled to the exclusive right to use all trademarks and brands of Yue's Tongren (other than those reserved for Yue's Tongren's own use). Yue's Tongren shall provide a detail list of brands and trademarks to the Company within 6 months of the Cooperation Agreement.

Earnest Money

The Company shall, within 7 business days from the date of the Cooperation Agreement (or other date as agreed by the Parties in writing), pay Yue's Tongren HK\$5 million by a six months' post-dated cheque as earnest money ("**Earnest Money**") which shall be applied towards the investment amount in the cooperation. The Earnest Money is refundable to the Company subject to the terms of Cooperation Agreement.

INFORMATION ABOUT YUE'S TONGREN

Yue's Tongren is a company established under the laws of the PRC and is engaging in the business of growing, processing, circulating Chinese herbs and medicine; researching, developing, producing and selling over-the-counter Chinese medicine; and providing modern financial services. Yue's Tongren also provides Chinese medical clinical services.

To the best of the knowledge, information and belief and having made all reasonable enquiries by the Directors, Yue's Tongren and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the GEM Listing Rules).

REASONS FOR THE COOPERATION AGREEMENT

The Cooperation Agreement sets forth the framework for which cooperation between the Company and Yue's Tongren is to be implemented. The cooperation with Yue's Tongren, if materialized, will enable the Group to leverage on the solid background of Yue's Tongren in the Chinese medicine field to further explore and expand new business areas, thereby enhancing the profitability of the Group's business as a whole.

In view of the above, the Directors consider that the Cooperation Agreement and the transactions contemplated thereunder are in the interests of the Company and its shareholders as a whole.

GENERAL

As none of the applicable percentage ratios in respect of the payment of Earnest Money under the Cooperation Agreement exceed 5%, the payment of Earnest Money under the Cooperation Agreement do not constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules.

The Board wishes to emphasise that the cooperation contemplated under the Cooperation Agreement is subject to the execution of definitive agreement(s) by the Parties and therefore may or may not proceed. Further announcement in respect of such cooperation will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 24 April 2018

The English translation of Chinese names or words in this announcement, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the Board of the Company, comprises (i) five executive directors namely, Mr. Cai Da, Mr. Li Xianghong, Mr. Chen Youhua, Mr. Li Wai Hung and Mr. Wang Tong Tong; (ii) one non-executive director namely Mr. Zhang Liqing; and (iii) three independent non-executive directors namely, Ms. Wong Na Na, Mr. Wang Zhixiang and Ms. Feng Jibei.

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>.