

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.

SILKWAVE

SILKWAVE INC

中播數據有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

**(1) PROPOSED SHARE CONSOLIDATION; AND
(2) PROPOSED CAPITAL REDUCTION OF
ISSUED CONSOLIDATED SHARES AND
SUB-DIVISION OF UNISSUED CONSOLIDATED SHARES**

The Company proposes to implement the following capital reorganization involving the Share Consolidation, the Capital Reduction, and the Share Sub-division as follows:

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Shares of par value of HK\$0.20 each be consolidated into one (1) Consolidated Share of HK\$4.00 each.

PROPOSED CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Board proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division will be implemented, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid up capital to the extent of HK\$3.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$4.00 to HK\$0.01; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$4.00 each be sub-divided into four hundred (400) New Shares of par value of HK\$0.01 each.

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot size of 4,000 Shares. Upon the Capital Reduction and the Share Sub-division becoming effective, the size of each board lot of the New Shares will remain the same as that of the Consolidated Shares, being 4,000 New Shares per board lot and the New Shares will rank *pari passu* in all respects with each other in accordance with the Memorandum and the Articles.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Share Consolidation, the Capital Reduction and the Share Sub-division. The Circular containing, among other matters, information regarding the Share Consolidation, the Capital Reduction and the Share Sub-division together with a notice of the EGM will be despatched to the Shareholders on or before Friday, 23 August 2024.

As the Share Consolidation, the Capital Reduction and the Share Sub-division are subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Shares of par value of HK\$0.20 each be consolidated into one (1) Consolidated Share of HK\$4.00 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$5,000,000,000 divided into 25,000,000,000 Shares with par value of HK\$0.20 each, of which 1,792,389,888 Shares have been issued and are fully paid or credited as fully paid.

Assuming that no further Shares will be issued or repurchased from the date of this announcement until the date of the EGM, immediately upon the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$5,000,000,000 divided into 1,250,000,000 Consolidated Shares with par value of HK\$4.00 each, of which 89,619,494 Consolidated Shares will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

As at the date of this announcement, the Company has outstanding Convertible Notes in a principal amount of US\$12,000,000. Assuming full conversion of the Convertible Notes, an aggregate of 266,742,857 Conversion Shares of the Company may be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Notes in full. The Share Consolidation may cause adjustments to the conversion price of Convertible Notes and/or the maximum number of Consolidated Shares that will be issued upon conversion. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Save as disclosed above, the Company does not have any other outstanding derivatives, options, warrants, conversion rights, securities in issue, convertible securities or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this announcement.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Share Consolidation will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation; and
- (ii) the Listing Committee of the Stock Exchange granting 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 Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Tuesday, 17 September 2024.

As at the date of this announcement, none of the conditions above had been fulfilled.

Application for listing of the Consolidated Shares

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, 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 Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming 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.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be allocated to the Shareholders, but 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.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, 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.

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.

Details of the odd lots arrangement will be set out in the Circular.

Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may during the period from Tuesday, 17 September 2024 to 4:30 p.m. on Monday, 28 October 2024 (both days inclusive), submit share certificates for the existing Shares (in blue colour) to the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, in exchange, at the expense of the Company for new share certificates for the Consolidated Shares (in yellow colour). Thereafter, share certificates for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) for each share certificate for the Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/ issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 24 October 2024, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of twenty (20) Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the share certificates for the Shares which are in blue colour.

Reasons for the Share Consolidation

Pursuant to Rule 13.64 of the 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 Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” (the “**Guide**”) issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in June 2024 has further stated that (i) market price of the Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For the past 6 months, the share price of the Company has been trading at or below HK\$0.1, and the closing price of the existing Shares as of the date of this announcement is HK\$0.094 per Share. The value of each existing board lot has been less than HK\$2,000. Based on the closing price of HK\$0.094 per Share as of the date of this announcement and the existing board lot size of 4,000 Shares, the Board resolved to propose the Share Consolidation, resulting in HK\$1.88 per Consolidated Share (which will be higher than the extremity of HK\$0.10 as mentioned in the Guide) and HK\$7,520 per board lot of 4,000 Consolidated Shares with the view to complying with the trading requirements under the Listing Rules that the expected board lot value will be greater than HK\$2,000.

The Board considers that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. Further, the Share Consolidation would 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 minimum transaction costs for each securities trade. In view of the above reasons, the Board considers that the Share Consolidation is justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the capital reorganisation and the Company does not have any other concrete plan or arrangement to conduct any other fund raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to meet its operational needs or support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in a change in the relative rights of the Shareholders.

PROPOSED CAPITAL REDUCTION AND SHARE SUB-DIVISION

The Board further proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Share Sub-division will be implemented, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid up capital to the extent of HK\$3.99 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$4.00 to HK\$0.01; and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$4.00 each be sub-divided into four hundred (400) New Shares of par value of HK\$0.01 each.

Each of the New Shares arising from the Capital Reduction and the Share Sub-division shall rank pari passu in all respects with each other each in accordance with the Memorandum and Articles and have rights and privileges and be subject to the restrictions as contained in the Memorandum and the Articles.

Effect of the Capital Reduction and the Share Sub-division

Immediately upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective and assuming no further Shares or (as the case may be) Consolidated Shares will be issued or repurchased from the date of this announcement up to and including the date of which the Capital Reduction and the Share Sub-division shall become effective, the authorised share capital of the Company shall be HK\$5,000,000,000 divided into 500,000,000,000 New Shares with par value of HK\$0.01 each, of which 89,619,494 New Shares will be in issue and fully paid or credited as fully paid.

Based on the 1,792,389,888 Shares in issue as at the date of this announcement or (as the case may be) 89,619,494 Consolidated Shares in issue as at the date of which the Share Consolidation becoming effective, and assuming no further Shares or (as the case may be) Consolidated Shares will be issued or repurchased prior to the date of which the Capital Reduction and the Share Sub-division shall become effective, a credit amounting to HK\$357,581,782.66 will arise as a result of the Capital Reduction. It is proposed that the credit arising from the Capital Reduction will be credited to the distributable reserve account of the Company, which will be utilised by the Company in such manner as the Board may deem fit and permitted under all applicable laws, the Memorandum and the Articles.

Assuming that there is no change in the number of issued Shares from the date of this announcement up to and including the date on which the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Share Sub-division becoming effective	Immediately upon the Capital Reduction and the Share Sub-division becoming effective
Par value	HK\$0.20 per Share	HK\$4.00 per Consolidated Share	HK\$0.01 per New Share
Number of authorised shares of the Company	25,000,000,000 Shares	1,250,000,000 Consolidated Shares	500,000,000,000 New Shares
Amount of authorised share capital of the Company	HK\$5,000,000,000	HK\$5,000,000,000	HK\$5,000,000,000
Number of issued shares of the Company	1,792,389,888 Shares	89,619,494 Consolidated Shares	89,619,494 New Shares
Amount of issued share capital of the Company	HK\$358,477,977.60	HK\$358,477,976	HK\$896,194.94

Other than the expenses to be incurred in relation to the Capital Reduction and Share Sub-division, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Capital Reduction and the Share Sub-division will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

Conditions of the Capital Reduction and the Share Sub-division

The Capital Reduction and the Share Sub-division are conditional upon the following conditions:

- (i) the Share Consolidation has become effective;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction and the Share Sub-division;

- (iii) the Court granting an order confirming the Capital Reduction;
- (iv) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (v) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction;
- (vi) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares upon the Capital Reduction and the Share Sub-division becoming effective; and
- (vii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reduction and Share Sub-division.

The Capital Reduction and the Share Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM, the legal advisors to the Company (as to Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and further announcement(s) will be made by the Company as soon as reasonably practicable after the Court hearing date(s) are confirmed.

As at the date of this announcement, none of the above conditions have been fulfilled.

Application for listing of the New Shares

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares upon the Capital Reduction and the Share Sub-division becoming effective.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange upon the Capital Reduction and the Share Sub-division becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the New 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 New 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 New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Capital Reduction and the Share Sub-division becoming effective, the New 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.

Exchange of share certificates for the New Shares

As the Court hearing dates have yet to be fixed, the effective date of the Capital Reduction and the Share Sub-division as set out under the section titled “Expected Timetable” is tentative at present. Should the Capital Reduction and the Share Sub-division become effective, Shareholders may submit share certificates for the Consolidated Shares (in yellow colour) to the Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong to exchange for new share certificates for the New Shares (in pink colour) at the expense of the Company within the relevant free exchange period from the date of which the Capital Reduction and the Share Sub-division shall become effective. Details of such free exchange of share certificates will be announced as soon as the date of which the Capital Reduction and the Share Sub-division shall become effective is ascertained.

The Company will publish announcement(s) to update the Shareholders when the Court hearing dates, the effective date of the Capital Reduction and the Share Sub-division, and the period when the Shareholders can submit share certificates for the Consolidated Shares to exchange for new share certificates for the New Shares is/are ascertained and/or updated.

All existing certificates of the Consolidated Shares or (as the case may be) the Shares will continue to be evidence of title to such Shares but all existing certificate of Shares will cease to be valid for trading and settlement purpose.

Reasons for the Capital Reduction and Share Sub-division

Under the Companies Act, a company may not issue shares at a discount to the nominal value of such shares. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction and the Share Sub-division, the nominal value of the Consolidated Shares will be HK\$4.00 per Consolidated Share. The Capital Reduction and the Share Sub-division will keep the nominal value of the New Shares at a lower level of HK\$0.01 per New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. The credit in the distributable reserve account arising from the Capital Reduction will enable the Company to set off its accumulated loss and may be applied in future for distribution to the Shareholders or in any manner permitted by applicable laws, the Memorandum and the Articles. The Board considers that the Capital Reduction and the Share Sub-division is beneficial to and in the interests of the Company and the Shareholders as a whole.

NO CHANGE IN BOARD LOT SIZE

The Shares are currently traded on the Stock Exchange in board lot size of 4,000 Shares. Upon the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective, the board lot size for trading in the New Shares will remain unchanged at 4,000 New Shares per board lot.

Based on the closing price of HK\$0.094 per Share (equivalent to the theoretical closing price of HK\$1.88 per Consolidated Share) as quoted on the Stock Exchange as at the date of the Announcement, (i) the value per board lot of 4,000 Shares is HK\$7,520; and (ii) the estimated value per board lot of 4,000 New Shares would be HK\$7,520 assuming that the Share Consolidation, the Capital Reduction and the Share Sub-division becomes effective.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Capital Reduction and the Share Sub-division is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation, the Capital Reduction and the Share Sub-division 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 unless otherwise stated in this announcement.

	Time and date
Expected date of despatch of Circular, the notice of the EGM and the form of proxy of the EGM	on or before Friday, 23 August 2024
Latest date and time for lodging transfer documents in order to qualify for attending and voting at EGM	4:30 p.m. on Friday, 6 September 2024
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Monday, 9 September 2024 to Friday, 13 September 2024
Latest date and time for lodging the proxy form for the EGM	11:00 a.m. on Wednesday, 11 September 2024
Record date for EGM	Friday, 13 September 2024
Expected date and time of the EGM	11:00 a.m. on Friday, 13 September 2024
Publication of announcement of poll results of the EGM	Friday, 13 September 2024

The following events are conditional upon the results of the EGM and therefore the dates are tentative only.

	Time and date
Effective date of the Share Consolidation	Tuesday, 17 September 2024
First day for free exchange of existing share certificates for new share certificates of the Consolidated Shares	Tuesday, 17 September 2024
Dealings in the Consolidated Shares commence	9:00 a.m. on Tuesday, 17 September 2024
Original counter for trading in existing Shares in board lots of 4,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 17 September 2024
Temporary counter for trading in Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 17 September 2024
Original counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Thursday, 3 October 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences	9:00 a.m. on Thursday, 3 October 2024
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Thursday, 3 October 2024

Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares 4:00 p.m. on Thursday, 24 October 2024

Temporary counter for trading Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) closes 4:10 p.m. on Thursday, 24 October 2024

Parallel trading in Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends 4:10 p.m. on Thursday, 24 October 2024

Last date and time for free exchange of existing share certificates for the new share certificates of the Consolidated Shares 4:30 p.m. on Monday 28, October 2024

The following events are conditional upon the results of the EGM and compliance with any requirement imposed by the court in order for it to be able to confirm, the Capital Reduction and therefore the dates are tentative only.

Time and date

Effective date and time of the Capital Reduction and the Share Sub-division. Before 9:00 a.m. Thursday, 31 October 2024

Commencement of dealing in the New Shares 9:00 a.m. on Thursday, 31 October 2024

First day of free exchange of existing share certificates for the Consolidated Shares into new share certificates for New Shares Thursday, 31 October 2024

Last day of free exchange of existing share certificates for the Consolidated Shares into new share certificates for New Shares Thursday, 5 December 2024

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Share Consolidation, the Capital Reduction and the Share Sub-division. The Circular containing, among other matters, information regarding the Share Consolidation, the Capital Reduction and the Share Sub-division together with a notice of the EGM will be despatched to the Shareholders on or before Friday, 23 August 2024.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Share Consolidation, the Capital Reduction and the Share Sub-division and no Shareholders are required to abstain from voting at the EGM.

As the Share Consolidation, the Capital Reduction and the Share Sub-division are subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases shall have the following meanings:

“Articles”	:	the articles of association of the Company, as amended from time to time
“Board”	:	board of Director(s)
“Business Day(s)”	:	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“Capital Reduction”	:	the proposed reduction of the issued share capital of the Company whereby the nominal value of each of the issued Consolidated Shares will be reduced from HK\$4.00 each to HK\$0.01 each by cancelling the paid up capital to the extent of HK\$3.99 on each issued Consolidated Share
“CCASS”	:	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system

“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 from time to time
“Circular”	:	the circular to be despatched to the Shareholders containing, among other things, details of the Share Consolidation, the Capital Reduction, the Share Sub-division and the notice of the EGM
“Company”	:	Silkwave Inc, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on main board of the Stock Exchange (with stock code: 471)
“Companies Act”	:	the Companies Act (Revised), of the Cayman Islands as consolidated and revised
“Consolidated Share(s)”	:	the ordinary share(s) of par value HK\$4.00 each in the share capital of the Company upon the Share Consolidation becoming effective
“Court”	:	the Grand Court of the Cayman Islands
“Conversion Shares”	:	new Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Notes
“Convertible Notes”	:	the 7-year zero coupon unsecured unlisted convertible notes in the aggregate principal amount of US\$65,000,000 issued by the Company in accordance with the terms of the subscription agreement dated 29 June 2021
“Directors”	:	the director(s) of the Company
“EGM”	:	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to approve the Share Consolidation, the Capital Reduction and the Share Sub-division
“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

“Group”	:	collectively, the Company and its subsidiaries
“HK\$”	:	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	:	Hong Kong Securities Clearing Company Limited
“Hong Kong”	:	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	:	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	:	the memorandum of association of the Company, as amended from time to time
“New Share(s)”	:	the ordinary share(s) of par value HK\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reduction and the Share Sub-division becoming effective
“Registrar”	:	the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Share(s)”	:	the ordinary share(s) of par value HK\$0.20 each in the share capital of the Company before the Share Consolidation, the Capital Reduction and the Share Sub-division becoming effective
“Share Consolidation”	:	the proposed consolidation of every twenty (20) issued and unissued Shares of par value of HK\$0.20 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$4.00
“Share Sub-division”	:	the proposed sub-division of each of the authorised but unissued Consolidated Share of par value HK\$4.00 each
“Shareholder(s)”	:	holder(s) of the issued Share(s)

“Stock Exchange” : The Stock Exchange of Hong Kong Limited

“%” : per cent.

By order of the Board
SILKWAVE INC
Wong Chau Chi
Chairman

Hong Kong, 8 August 2024

As at the date of this announcement, the executive directors are Mr. WONG Chau Chi and Ms. Woo Lan Ying; the non-executive director is Mr. LUI Chun Pong; and the independent non-executive directors are Dr. LI Jun, Mr. CHOW Kin Wing and Mr. TAM Hon Wah.