
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Silkwave Inc (the “Company”), you should at once hand this circular with the accompanying proxy form to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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;
(2) PROPOSED CAPITAL REDUCTION OF ISSUED
CONSOLIDATED SHARES AND SUB-DIVISION OF
UNISSUED CONSOLIDATED SHARES;
AND
(3) NOTICE OF THE EGM**

Financial Adviser



Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A notice convening the extraordinary general meeting (“EGM”) of the Company to be held at Meeting Room, 12/F, Guangdong Finance Building, 88 Connaught Road West, Hong Kong on Friday, 13 September 2024 at 10:00 a.m. is set out on pages 17 to 20 of this circular. A form of proxy for use at the EGM is enclosed in this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at www.hkexnews.hk and the Company at www.silkwave.com.hk.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed revoked.

This circular will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange for seven days from the date of its publication.

23 August 2024

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 8 August 2024 in relation to the proposed Share Consolidation, Capital Reduction and Share Sub-division
“Articles”	the articles of association of the Company, as amended or amended and restated from time to time
“Board”	the board of Directors
“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”	the 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 of the Company to be despatched to the Shareholders to provide, 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

DEFINITIONS

“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
“Director(s)”	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
“Existing Share(s)”	existing Share(s)
“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
“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
“Latest Practicable Date”	20 August 2024, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	has the meaning ascribed thereto under 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 or amended and restated 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

DEFINITIONS

“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 become effective
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Shares of par value HK\$0.20 each in the share capital of the Company into one (1) Consolidated Share of par value HK\$4.00
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Shares 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.
“Takeovers Code”	The Code of Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, the Capital Reduction and the Share Sub-division is set out below:

Event(s)	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.

Event(s)	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

EXPECTED TIMETABLE

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

EXPECTED TIMETABLE

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

Event(s)	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

All times and dates specified in this circular refer to the Hong Kong local times and dates. The expected timetable is subject to the satisfaction of all the conditions of the Share Consolidation, Capital Reduction and the Share Sub-division and is therefore for indicative purpose only. Any subsequent changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

LETTER FROM THE BOARD

SILKWAVE

SILKWAVE INC

中播數據有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

Executive Directors:

Mr. WONG Chau Chi *(Chairman and Chief Executive)*

Ms. WOO Lan Ying *(Vice Chairperson)*

Non-executive Director

Mr. LUI Chun Pong

Independent non-executive Directors

Dr. LI Jun

Mr. CHOW Kin Wing

Mr. TAM Hon Wah

Registered Office:

Cricket Square, Hutchins Drive

P.O. Box 2681,

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Room 1202, 12/F

Guangdong Finance Building

88 Connaught Road West

Hong Kong

23 August 2024

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with information containing, among other things, (i) further details in relation to the Share Consolidation, the Capital Reduction and the Share Sub-division, and (ii) the notice of the EGM.

LETTER FROM THE BOARD

(I) PROPOSED SHARE CONSOLIDATION

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

Effects of the Share Consolidation

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

Assuming that no further Existing Shares will be issued or repurchased from the date hereof 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 a 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. The Convertible Notes issued on 3 September 2021 and shall mature on 2 September 2028. The holder of the Convertible Notes (the “**Noteholder**”) shall have the right at any time from the date of issue of the Convertible Notes up to five (5) business days prior to the maturity date to convert the whole or part of the outstanding principal amount of the Convertible Notes registered in its name into Shares, provided that (i) any conversion of the Convertible Note does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Noteholder which exercised the conversion rights; and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at any one time in compliance with the Listing Rules and the right of the Company to redeem. The Company may at any time before the maturity date redeem the outstanding Convertible Notes (in whole or in part) at 100% to the principal amount of the part of the Convertible Notes to be redeemed. Any amount of the Convertible Notes which remains outstanding on the maturity date shall be redeemed at 100% of its then outstanding principal amount.

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 Bonds 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.

LETTER FROM THE BOARD

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 best interests of the Company.

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 by way of poll to approve the Share Consolidation;
- (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) 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, being the second Business Day after the EGM.

As at the Latest Practicable Date, 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 permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of the 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 any other date 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.

LETTER FROM THE BOARD

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 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 the 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 Existing Shares regardless of the number of existing 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 has appointed Kingston Securities Limited as its designated broker to provide matching services, on a best efforts basis, regarding the sale and purchase of odd lots of Consolidated Shares from 9:00 a.m. on Thursday, 3 October 2024 to 4:00 p.m. on Thursday, 24 October 2024 (both days inclusive). 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, should contact Mr. James Lee of Kingston Securities Limited at 72/F., Floor, The Center, 99 Queen's Road Central, Central, Hong Kong (telephone number: (852) 2298 6378) during the office hours of such period.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot matching arrangement, is recommended to consult his/her/its own professional advisers.

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 Thursday, 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 Existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever number of certificates cancelled/issued is higher.

LETTER FROM THE BOARD

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) Existing 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 Existing 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) the 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 Latest Practicable Date was HK\$0.045 per Share. The value of each existing board lot has been less than HK\$2,000. Based on the closing price of HK\$0.045 per Existing Share as of the Latest Practicable Date and the existing board lot size of 4,000 Existing Shares, the Board resolved to propose the Share Consolidation, resulting in HK\$0.9 per Consolidated Share (which will be higher than the extremity of HK\$0.10 as mentioned in the Guide) and HK\$3,600 per board lot of 4,000 Consolidated Shares, with a 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 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 a minimum transaction costs for each securities trade. In view of the above reasons, the Board considers that the Share Consolidation is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation will be beneficial to the Shareholders and in the interests of the Company.

As at the Latest Practicable Date, 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 or result in change in the relative rights of the Shareholders.

LETTER FROM THE BOARD

(II) 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 HK\$4.00 each be sub-divided into four hundred (400) New Shares of par value 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 Latest Practicable Date 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 Latest Practicable Date 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 is permitted under all applicable laws, the Memorandum and the Articles.

LETTER FROM THE BOARD

Assuming that there is no change in the number of issued Shares from the Latest Practicable Date 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 Latest Practicable Date	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 Shares	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 that any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled to them. 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 best interests of the Company.

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 and an ordinary resolution by the Shareholders at the EGM approving 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;

LETTER FROM THE BOARD

- (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) 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 Latest Practicable Date, 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 any other date 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 on any stock exchange other than the Stock Exchange, and at the time the Capital Reduction and the Share Sub-division become 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.

LETTER FROM THE BOARD

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 so that they may be exchanged 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 on 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 on 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 share certificates for Consolidated Shares or (as the case may be) Shares will continue to be evidence of title to such Consolidated Shares or Shares, but 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 will allow for 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 will be beneficial to the Shareholder and in the best interests of the Company.

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\$0.045 per Share (equivalent to the theoretical closing price of HK\$0.9 per Consolidated Share) as quoted on the Stock Exchange as at the Latest Practicable Date, (i) the value per board lot of 4,000 Shares is HK\$180; and (ii) the estimated value per board lot of 4,000 New Shares would be HK\$3,600, assuming that the Share Consolidation, the Capital Reduction and the Share Sub-division become effective.

LETTER FROM THE BOARD

EGM

The EGM will be held at Meeting Room, 12/F, Guangdong Finance Building, 88 Connaught Road West, Hong Kong at 10:00 a.m. on Friday, 13 September 2024 for the Shareholders to consider and, if thought fit, pass the necessary resolutions for approving the Share Consolidation, the Capital Reduction and the Share Sub-division. The necessary resolutions approving the Share Consolidation, the Capital Reduction and the Share Sub-division will be conducted by way of poll at the EGM and an announcement on the results of the EGM will be made by the Company after the EGM.

To the best knowledge, information and belief of the Directors, no Shareholder has a material interest in the Share Consolidation, the Capital Reduction or the Share Sub-division or is required to abstain from voting on the necessary resolutions for approving the Share Consolidation, the Capital Reduction and the Share Sub-division at the EGM.

The notice of the EGM is set out on pages 17 to 20 of this circular.

For the purposes of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 9 September 2024 to Friday, 13 September 2024 (both dates inclusive) during which period no transfer of the Shares will be registered. In order to qualify for attendance and voting at the EGM, each Shareholder must lodge all properly completed transfer forms, accompanied by the relevant share certificates, with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Friday, 6 September 2024.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 herein or this circular misleading.

RECOMMENDATIONS

The Directors consider that the proposed resolutions in relation to the Share Consolidation, the Capital Reduction and the Share Sub-division to be put forward at the EGM are in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Share Consolidation, the Capital Reduction and the Share Sub-division.

On behalf of the Board
SILKWAVE INC
Wong Chau Chi
Chairman

NOTICE OF THE EGM

SILKWAVE

SILKWAVE INC

中播數據有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Silkwave Inc (the “**Company**”) will be held at Meeting Room, 12/F, Guangdong Finance Building, 88 Connaught Road West, Hong Kong on Friday, 13 September 2024 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company as an ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT** subject to and conditional upon (i) the granting of approval by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the Consolidated Shares (as defined below); and (ii) compliance with the relevant procedures and requirements under the applicable laws of Cayman Islands and the Rules Governing the Listing of Securities of the Stock Exchange to effect the Share Consolidation (as defined below):
 - (a) with effect from the second business day immediately following the date on which this resolution is passed or the above condition is fulfilled (whichever is later):
 - (i) every twenty (20) issued and unissued ordinary shares of par value HK\$0.20 each in the share capital of the Company be consolidated into one (1) share (each a “**Consolidated Share**”) of par value HK\$4.00 (the “**Share Consolidation**”), such Consolidated Shares to rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company;
 - (ii) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation be and is hereby rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation (if applicable);
 - (iii) immediately following the Share Consolidation, the authorised share capital of the Company be changed from HK\$5,000,000,000 divided into 25,000,000,000 ordinary shares of par value of HK\$0.20 each to HK\$5,000,000,000 divided into 1,250,000,000 ordinary shares of par value of HK\$4.00 each; and

NOTICE OF THE EGM

- (iv) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which relate to the Share Consolidation and are of administrative nature, on behalf of the Company, including under seal where applicable, as he/they consider(s) necessary, desirable or expedient to give effect to the foregoing arrangements for the Share Consolidation.”

And for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company as a special resolution:

SPECIAL RESOLUTION

2. **“THAT** subject to and conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as defined below) in issue and to be issued upon the Capital Reduction (as defined below) and the Sub-division (as defined below) becoming effective; (ii) the Grand Court of the Cayman Islands (**“Court”**) granting an order confirming the Capital Reduction; (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction; (iv) the 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 minutes approved by the Court containing the particulars required under the Companies Act (Revised) of the Cayman Islands with respect to the Capital Reduction; (v) compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Rules Governing the Listing of Securities on the Stock Exchange to effect the Capital Reduction and the Sub-division; and (vii) the obtaining of all necessary approvals from any regulatory authority or otherwise which may be required in respect of the Capital Reduction and the Sub-division, with effect from the date on which the above conditions are fulfilled (the **“Effective Date”**):
- (a) the issued share capital of the Company be reduced by cancelling the paid-up capital of the Company to the extent of HK\$3.99 on each of the issued Consolidated Shares of the Company of par value HK\$4.00 each (the **“Shares”**) such that the par value of each issued Share will be reduced from HK\$4.00 to HK\$0.01 (the **“Capital Reduction”**);
- (b) immediately after the Capital Reduction becomes effective, each of the authorised but unissued Consolidated Shares of par value HK\$4.00 each be sub-divided (the **“Sub-division”**) into four hundred (400) unissued new shares of par value HK\$0.01 each (the **“New Shares”**), such New Shares to rank pari passu in all respects with each other and have the rights and privileges, and be subject to the restrictions, in respect of ordinary shares contained in the memorandum and articles of association of the Company;
- (c) immediately following the Capital Reduction and the Sub-division, the authorised share capital of the Company be changed from HK\$5,000,000,000 divided into 1,250,000,000 Shares to HK\$5,000,000,000 divided into 500,000,000,000 New Shares;

NOTICE OF THE EGM

- (d) the credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company (the “**Accumulated Losses**”) as at the Effective Date and the balance of any such credit remaining after offsetting the Accumulated Losses (if any) be transferred to a distributable reserve account of the Company which may be applied by the Company in any manner permitted under all applicable laws and the memorandum and articles of association of the Company; and
- (e) each director of the Company be is hereby authorised to do all such acts and things and execute (under hand or as a deed and, where appropriate, under the common seal of the Company) each such document, on behalf of the Company, as that director may consider necessary or expedient to give effect to, or in connection with, the Capital Reduction or the Sub-division.”

On behalf of the Board
SILKWAVE INC
Wong Chau Chi
Chairman

Hong Kong, 23 August 2024

Registered Office:
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

Principal place of business in the Hong Kong:
Room 1202, 12/F
Guangdong Finance Building
88 Connaught Road West
Hong Kong

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not less than 48 hours before the time appointed for holding the Meeting.
3. Completion and return of the form of proxy will not preclude a member of the Company from attending the Meeting and voting in person at the Meeting or any adjournment thereof if he/she/it so desires. If a member of the Company attends the Meeting after having deposited the form of proxy, his/her/its form of proxy will be deemed revoked.
4. Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, then one of the said persons so present being the most, or as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holder stand on the register in respect of the relevant joint holding.

NOTICE OF THE EGM

5. For determining the entitlement of the Shareholders to attend and vote at the Meeting, the register of members of the Company will be closed from Monday, 9 September 2024 to Friday, 13 September 2024 (both dates inclusive) during which period no transfer of the Shares will be registered. In order to qualify for entitlement to attend and vote at the Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with 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, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 6 September 2024.
6. As at the date of this notice, the executive Directors are Mr. WONG Chau Chi (Chairman and Chief Executive), Ms. WOO Lan Ying (Vice Chairperson); 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