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SILKWAVE

SILKWAVE INC

中播數據有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 471)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 11 February 2025, after trading hours, the Company has entered into the Subscription Agreements with the Subscribers for the subscription of an aggregate 5,700,000 new Shares for an aggregate consideration of approximately HK\$4,845,000 at the Subscription Price of HK\$0.85 per Subscription Share.

The Subscription Price represents a premium of approximately 3.66% on a closing price of HK\$0.82 per Share as quoted on the Stock Exchange on 11 February 2025 at 4:00 p.m., being the date of the Subscription Agreements.

The Subscription Shares of 5,700,000 new Shares represent approximately 6.36% of the existing issued shares of the Company and approximately 5.98% of its enlarged Shares. The Subscription Shares will be issued under the General Mandate and will rank equally with all existing Shares.

The gross proceeds from the issue of Subscription Shares are expected to be approximately HK\$4,845,000 and the net proceeds from the issue of Subscription Shares (after deducting of expenses) will be approximately HK\$4,765,000. The Company intends to apply the net proceeds as general working capital of the Group, which are expected to be used for the following purposes: (i) approximately HK\$2.0 million for payment of professional fees; and (ii) approximately HK\$2.8 million for payment of staff salaries, office rental, utilities and other operating expenses, which is expected to be fully utilised by June 2025.

Completion of the Subscription pursuant to the Subscription Agreements is conditional upon, inter alia, the Listing Committee agreeing to grant a listing of and permission to deal in the Subscription Shares.

Warning: Shareholders and potential investors should note that the Subscription is subject to the fulfilment of various conditions, the Subscription may or may not proceed to completion. Accordingly, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

SUBSCRIPTION AGREEMENTS

Parties:

- Parties: : (1) the Company as issuer;
(2) Advance Sino Investments Limited, the Subscriber A; and
(3) Peak Honour Limited, the Subscriber B.
- Subscribers : the subscribers, being individuals, institutional or other professional investors, and who and whose ultimate beneficial owners (if any) are third parties independent of the Company and its connected persons (as defined in the Listing Rules). It is expected that none of the Subscribers will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately upon completion of the Subscription.

Subscription:

Pursuant to the Subscription Agreements, the Company has agreed to issue and the Subscribers have agreed to subscribe for an aggregate of 5,700,000 new Shares at the Subscription Price of HK\$0.85 per Share, subject to the terms and conditions contained therein. The net proceeds from the issue of the Subscription Shares are expected to amount to approximately HK\$4,765,000. The Subscription Shares are to be issued under the General Mandate.

Subscription Price:

The Subscription Price of HK\$0.85 per Share is determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Subscribers. The Subscription Price represents:

- (a) a premium of approximately 3.66% on the closing price of HK\$0.82 per Share as quoted on the Stock Exchange on 11 February 2025 at 4:00 p.m., being the date of the Subscription Agreements; and
- (b) a discount of approximately 1.85% on an average closing price of approximately HK\$0.866 per Share as quoted on the Stock Exchange for the last five full trading days of the Shares immediately prior to the date of the Subscription Agreements.

Subscription Shares:

As at the date of this announcement, a total of 89,619,494 Shares were issued. The Subscription Shares to be issued pursuant to the Subscription Agreement represent approximately 6.36% of the existing issued shares of the Company and approximately 5.98% of its issued shares of the Company as enlarged by the allotment and issuance of the Subscription Shares.

Mandate to issue the Subscription Shares:

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM. The number of Shares which could be issued and allotted under the General Mandate is 17,923,898 Shares as at the date hereof. As such,

the current General Mandate is sufficient for the issue and allotment of the Subscription Shares. No separate Shareholders' approval is required for the Subscription.

Ranking:

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with all existing Shares presently in issue and at the time of issue and allotment of the Subscription Shares.

Condition of the Subscription:

The Subscription is conditional on the granting of a listing of and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange.

If the condition is not fulfilled on or before 30 April 2025 (or such other date as the parties may mutually agree), the Subscription Agreements shall lapse.

Completion of Subscription:

The completion of the Subscription will be on the Business Day immediately after the condition of the Subscription has been fulfilled (or such other date as the parties may agree).

The completion of the Subscription is subject to the satisfaction of the conditions in the Subscription Agreements and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for granting the listing of and permission to deal in the Subscription Shares.

REASONS FOR THE SUBSCRIPTION

The Group is principally engaged in the development and promotion of Convergent Mobile Multimedia Broadcasting based multimedia and interactive services via proprietary terrestrial infrastructure. The Group is operating a terrestrial UHF wireless television network providing digital media, entertainment and similar multimedia service platform in the United States of America.

In view of the current market conditions, the Directors consider the Subscription represents a good opportunity to strengthen the financial position and general working capital of the Company.

The Directors consider the terms of the Subscription Agreements are on normal commercial terms and are fair and reasonable based on the current market conditions and these are in the interests of both the Company and its Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Subscription to be received by the Company upon completion of the Subscription will amount to approximately HK\$4,765,000 after deducting professional fees and all related expenses. On this basis, the net issue price per Subscription Share is approximately HK\$0.816 per Share.

The Company intends to apply the net proceeds as general working capital of the Group, which are expected to be used for the following purposes: (i) approximately HK\$2.0 million for payment of professional fees; and (ii) approximately HK\$2.8 million for payment of staff salaries, office rental,

utilities and other operating expenses, which is expected to be fully utilised by June 2025. The Company had not conducted any other fundraising exercise in the past twelve months immediately preceding the date of this announcement.

EFFECT OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

Assuming no new Shares are issued before completion, the share capital and shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Subscription are as follows:

Name of shareholder	Shareholding as at the date of this announcement		Shareholding immediately upon completion of the subscription	
	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares
Chi Capital Holdings Ltd (Notes 1 and 2)	50,396,677	56.23%	50,396,677	52.87%
Subscriber A (Note 3)	0	0%	3,000,000	3.15%
Subscriber B (Note 3)	0	0%	2,700,000	2.83%
Other public Shareholders	<u>39,222,817</u>	<u>43.77%</u>	<u>39,222,817</u>	<u>41.25%</u>
Total	<u>89,619,494</u>	<u>100.00%</u>	<u>95,319,494</u>	<u>100.00%</u>

Notes:

1. Of these 50,396,677 Shares, 47,846,486 Shares are held by the Chi Capital Holdings Ltd. Chi Capital Holdings Ltd is wholly-owned by Mr. Wong.
2. Of these 50,396,677 Shares, 2,550,191 Shares are held by Chi Capital Securities Limited, which is wholly owned by Chi Capital Holdings Ltd. Accordingly, Chi Capital Holdings Ltd is deemed to be interested in the Shares held by Chi Capital Securities Limited.
3. It is not expected that any single placee will become a substantial shareholder of the Company as a result of the Subscription.

PUBLIC FLOAT

The Company will be able to comply with the public float requirement under the Listing Rules immediately after completion of the Subscription.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“AGM”	the annual general meeting of the Company held on 28 June 2024
“associates”	having the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors

“Business Day”	any day (other than Saturdays) on which banks in Hong Kong are generally open for business
“Company”	Silkwave Inc, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Subscriber A and Subscriber B to subscribe the Subscription Shares under the Subscription Agreements
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreements
“Subscription Agreements”	the subscription agreements dated 11 February 2025 and made between the Company and the Subscribers
“Subscription Price”	HK\$0.85 per Subscription Share
“Subscription Shares”	a total of 5,700,000 new Shares to be issued by the Company to the Subscribers pursuant to the Subscription Agreements
“US\$”	United States Dollars, the lawful currency of the United States of America
%	per cent.

By order of the Board
SILKWAVE INC

Wong Chau Chi
Chairman

Hong Kong, 11 February 2025

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 nonexecutive directors are Dr. Li Jun, Mr. Chow Kin Wing, and Mr. Tam Hon Wah.