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

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO SUBSCRIPTION OF FUND

Reference is made to the announcement of Silk Road Energy Services Group Limited (the “**Company**”) dated 26 March 2021 in relation to the subscription of Participating Shares in the Fund (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Company wishes to provide shareholders of the Company and the public with additional information regarding the Subscription as set out below.

THE SUBSCRIPTION

As the subscription of the Participating Shares attributable to the Segregated Portfolio has not yet closed as at the date of this announcement, the Company is unable to ascertain the exact percentage of interest in the Segregated Portfolio as of the date hereof. However, the Company is given to understand that the 120 Participating Shares subscribed by the Company would represent approximately 4.8% of the total issued Participating Shares.

The Segregated Portfolio’s investment in the Target Securities

The Target Securities represent the current round of fund raising to be conducted by the Target Company which is expected to be completed in or about May 2021 whereupon the Target Securities will be allotted and issued to the relevant subscribers (including the Segregated Portfolio).

To the Company's understanding, the value of the Target Securities to be held by the Segregated Portfolio is expected to represent approximately 4.03% of the value of the Target Company immediately after completion of subscription of the Target Securities. On such basis, the value of the Company's attributable interest in the Target Company will represent approximately 0.19%.

The Segregated Portfolio's investment objective and strategies

As informed by the Investment Manager, the Investment Manager believes that the business operated by the Target Company has huge growth potential (as disclosed in the section headed "REASONS FOR AND BENEFITS OF THE SUBSCRIPTION"), and the Segregated Portfolio will achieve capital appreciation by investing in the Target Securities which is going to be listed within three years.

Whereas the investment objective and strategies of the Segregated Portfolio is to achieve capital appreciation by primarily indirectly investing in, holding, managing and disposing of the Target Securities or such other securities as determined by the Investment Manager, the Company is given to understand that should the Segregated Portfolio failed to subscribe for any of the Target Securities, the Segregated Portfolio is not expected to invest in other securities and will therefore return the relevant subscription price or any shortfall thereof together with the corresponding management fee to all subscribers of Participating Shares.

INFORMATION OF THE FUND, THE INVESTMENT MANAGER AND THE INVESTMENT ADVISER

The Fund

The Fund was incorporated on 11 September 2019. Based on information provided by the Fund, the Fund is an exempted company limited by shares and registered as a segregated portfolio company, hence it is not a limited partnership and does not have any general partner nor limited partners.

The directors of Fund, namely Zhu Xuejun (朱雪軍) and Liao Sainan (廖賽男), have overall authority over, and responsibility for, the operations and management of the Fund. The directors of the Fund have delegated the performance of day-to-day operations of the Fund to service providers including the Investment Adviser and Investment Manager.

Based on information provided by the Fund, the Fund will establish different segregated portfolios in respect of different investment strategy. Each segregated portfolio is kept segregated and comprised of one or more classes of participating shares separate from each other segregated portfolio of the Fund.

Due to confidentiality issue, the Fund is not able to provide the Company with the list of the ultimate beneficial owners of the Participating Shares attributable to the Segregated Portfolio. However, the Company has provided a list of its connected persons to the Fund, and on such basis the Fund has confirmed that the ultimate beneficial owners of the Segregated Portfolio are Independent Third Parties of the Company.

The Investment Manager and Investment Adviser

The Investment Manager, Zeta Wise Investment Limited, and the Investment Adviser, Zeta Capital (H.K.) Limited, are both ultimately owned by Zhu Xuejun.

To the best of the Company's knowledge, information and belief, neither the Investment Manager nor the Investment Adviser have any prior relationship (financial, business or other) with the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company was incorporated on 25 June 2020. Based on news report and information available in the public, the Target Company and its subsidiaries (collectively the "Target Group") originally comprised of two major Chinese multi-channel network, namely Shenzhen Xiaoxiang Mutual Entertainment Culture and Entertainment Co. Ltd* (深圳市小象互娛文化娛樂有限公司) and Shanghai Bgoose Culture Communication Co. Ltd (上海大鵝文化傳播有限公司), which have merged on 13 March 2020 by setting up a new company Shenzhen Xiaoxiang Bgoose Culture Co. Ltd* (深圳市小象大鵝文化有限公司), which is a subsidiary of the Target Company.

The Target Company is an investment holding company and the Target Group is principally engaged in the operation of webcast MCN (multi-channel network) platform focused on the gaming live broadcast sector, incubation and management of e-sports celebrities, live streamers and key opinion leaders and provision of e-sports content in the PRC. The game MCN is the upstream of the game live broadcast industry and is responsible for content output.

Since the Target Company was only incorporated on 25 June 2020, the following key financial figures of the Target Company (on a consolidated basis) represents the pro-forma calculation by merging the respective financial figures of Shenzhen Xiaoxiang Mutual Entertainment Culture and Entertainment Co. Ltd. and Shanghai Bgoose Culture Communication Co. Ltd:

	For the year ended	
	31 December 2019	31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	951,749	1,733,396
Profit/(loss) after tax	(72,222)	(92,714)

As at 31 December 2020, the Target Company had total assets of approximately RMB304,204,000 and net assets of approximately RMB13,280,000.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

Subscribing the Participating Share attributable to the Segregated Portfolio offers the Company with the opportunity to indirectly invest in the Target Company, which opportunity is not otherwise available to the Company if it is to make any direct investment in the Target Company. Since such investment opportunity is normally open to other leading market players with strategic intent, such as Tencent, Douyu and Bilibili which have become shareholders of the Target Company in previous rounds of fund raising according to news reports.

As the Company only seeks to achieve capital gain by investing in the Target Company, and having considered the amount the Company could commit in such investment, investing in the Target Company through the Fund is the only feasible option available to the Company.

To the Company's understanding, the Investment Manager and Investment Advisor will set up separate segregated portfolio companies for different investments. Since the Fund was established with a view to invest in the Target Company and such other securities as determined by the Investment Manager, the Fund has no track record. However, the Investment Manager and Investment Advisor has been established and engage in similar business for 5 years and therefore have considerable experience in such business. The Investment Manager is currently managing various funds with an aggregate investment amount of approximately US\$200 million. The Company has also considered the performance of other funds managed by the Investment Manager and the Investment Advisor, such as a fund which has invested in the shares in Akeso, Inc. (stock code: 9926.HK) which had achieved significant capital appreciation and return.

Further, the gaming live broadcast and streaming market in the PRC has been growing rapidly and the live-streaming industry has great opportunities for development. On the other hand, the Company understands that the Target Company has been considering the feasibility of listing on major stock exchange. Given various market leaders such as Tencent, Douyu and Bilibili are also shareholders of the Target Company, with such strong shareholder background and having considered the recent listing and performance of other industry counterparts, the Company considers that the successful listing of the shares of the Target Company will bring in capital gain through its indirect investment in the Target Securities by holding the Participating Shares.

Although the principal business of the Target Group is unrelated to those of the Group, as the Company seeks to achieve capital appreciation and gain from the Subscription, the Subscription also aligns with the investment direction and objective of the Group. In view of the aforesaid, the Company is of the view that the Subscription is in the interest of the Company and its shareholders as a whole.

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

Hong Kong, 28 April 2021

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

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

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

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