



IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 30 of 2021

IN THE MATTER OF SECTIONS 15 & 16 OF THE COMPANIES ACT (2020 REVISION)

IN THE MATTER OF SILK ROAD ENERGY SERVICES GROUP LIMITED

PETITION

To: **The Grand Court of the Cayman Islands**

THE HUMBLE PETITION of Silk Road Energy Services Group Limited (the **Company**) of Maples Corporate Services, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, shows that:

INTRODUCTION

1. By this Petition, the Petitioner seeks an Order of the Court, pursuant to section 16 of the Companies Act (2020 Revision) (the **Act**) confirming a reduction of the capital of the Company which has been approved by a special resolution of the Company's shareholders (the **Capital Reduction**).

THE COMPANY

2. The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 June 2002 with registration number MC-118643 by the Registrar of Companies of the Cayman Islands. On 13 August 2002, the Company was registered as a non-Hong Kong company in Hong Kong under Part XI of the predecessor Companies Ordinance (Cap 32 of the Laws of Hong Kong).

Change of Name

3. The Company was originally incorporated under the name Plasmagene Biosciences Limited.

4. On 6 November 2006, the name of the Company was changed from Plasmagene Biosciences Limited to Core Healthcare Investment Holdings Limited.
5. On 12 January 2010, the name of the Company was changed from Core Healthcare Investment Holdings Limited to China Natural Investment Company Limited with a dual foreign name “中國天然投資有限公司” in Chinese.
6. On 30 July 2015, the name of the Company was changed from China Natural Investment Company Limited with a dual foreign name “中國天然投資有限公司” in Chinese to “Silk Road Energy Services Group Limited” with a dual foreign name of “絲路能源服務集團有限公司” in Chinese.

Registered Office and Principal Place of Business of the Company

7. The registered office of the Company is situated at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Its current principal place of business in Hong Kong is situated at Unit 3501, 35th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

Share Capital of the Company

8. As at the date of incorporation of the Company, its authorised share capital was HK\$10,000,000 divided into 1,000,000,000 shares with a nominal value of HK\$0.01 each. The shares of the Company have been listed and traded on GEM (then known as the Growth Enterprise Market) (**GEM**) of The Stock Exchange of Hong Kong Limited (the **HKSE**) with Stock Code 8250 since 18 June 2004.
9. Since the incorporation of the Company, it has undergone various reorganisations of its authorised and issued share capital through share subdivision, share consolidation and increase of authorised share capital. The capital reduction now sought by the Company under this Petition is a result of new and changed business needs. As at the date of this Petition, the Company has an authorised share capital of HK\$1,500,000,000 divided into 30,000,000,000 ordinary shares of HK\$0.05 each, of which 7,492,562,338 shares (representing share capital in the amount of HK\$374,628,116.90) are issued and fully paid up or credited as fully paid up.

The Company's Objects and Business

10. The objects for which the Company was established are unrestricted, but include, without limitation, to carry on business as an investment company and as an investment holding company and to carry out other objects more particularly set forth in the Company's Amended and Restated Memorandum and Articles of Association adopted by special resolution on 19 December 2018 (the **Articles**).
11. The Company is an investment holding company. At all material times, its principal activity was and is acting as the ultimate holding company of a group of subsidiaries carrying out actual business operations (the **Group**). The Group is principally engaged in three business segments, namely (i) coal mining and construction services in Mainland China; (ii) provision of heat supply services in Mainland China; and (iii) money lending in Mainland China and Hong Kong.

CAPITAL REDUCTION

The Articles – Power to reduce the Company's share capital

12. The Company is empowered to reduce its capital by Article 59(b) of the Articles which provides as follows:

"59 (b) The Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account in any manner and subject to any conditions prescribed by the Law."

The EGM

13. On 16 December 2020, the Company held an extraordinary general meeting of the Company's shareholders (**EGM**) at Flat B, 10/F., E168, 166-168 Des Voeux Road Central, Hong Kong.
14. At the EGM, the following special resolution was duly passed in accordance with the Articles and Section 60 of the Act (the **Special Resolution**):

*"It was **RESOLVED**:*

1. **"THAT**

- a) *subject to and conditional upon the fulfilment of all conditions set out in the section headed "Conditions of the Capital Reorganisation" in the circular of the Company dated 13 November 2020 (the "**Circular**"), a copy of which has been tabled at the EGM marked "A" and initialled by the chairman of the EGM for identification purpose, with effect from the date on which those conditions are fulfilled (the "**Effective Date**"):*
- i. *the issued share capital of the Company be reduced (the "**Capital Reduction**") by the cancellation of HK\$0.04 paid-up capital on each issued Share such that the par value of each issued Share will be reduced from HK\$0.05 to HK\$0.01 (each a "**New Share**");*
 - ii. *upon the Capital Reduction becoming effective, the entire amount standing to the credit of the share premium account of the Company be cancelled ("**Share Premium Cancellation**"); and*
 - iii. *the credit arising from the Capital Reduction and Share Premium Cancellation be applied towards offsetting the accumulated losses of the Company as at the Effective Date, and balance of credit (if any) be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and rules (including the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong) and the memorandum and articles of association of the Company and as the directors of the Company (the "**Directors**") considers appropriate; and*
- b) *any one or more of the Directors be and is hereby authorised to sign and execute such other documents or supplemental agreements or*

deeds for and on behalf of the Company, including under the common seal of the Company, where applicable, and to do all such things and take all such actions as he or they may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise arising from and/or in connection with Capital Reduction and Share Premium Cancellation.

15. Together, the Capital Reduction and the Share Premium Cancellation are steps involved in the proposed capital reorganisation of the Company (the **Capital Reorganisation**).

The Effect of the Capital Reorganisation

16. As at 13 November 2020, the authorised share capital of the Company was HK\$1,500,000,000 divided into 30,000,000,000 of nominal value HK\$0.05 each (the **Shares**) of which 7,492,562,338 Shares had been issued and were fully paid and the aggregate nominal value of the issued share capital of the Company was HK\$374,628,116.90.
17. On the effective date of the Capital Reduction, the authorised share capital of the Company will be HK\$1,500,000,000 divided into 150,000,000,000 of nominal value of HK\$0.01 each (the **New Shares**), of which 7,492,562,338 New Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be HK\$74,925,623.38.
18. Based on 7,492,562,338 Existing Shares in issue as at 13 November 2020, a credit of approximately HK\$299.7 million (equivalent to approximately US\$38,961,000) will arise as a result of the Capital Reduction (the **Capital Reduction Credit**).
19. For the year ended 30 June 2020, the share premium account of the Company amounted to HK\$651,897,000 (equivalent to approximately US\$84,746,610).
20. The Capital Reduction Credit and the credit arising from the Share Premium Cancellation (the **Share Premium Cancellation Credit**) will be applied towards setting off the Company's accumulated losses of approximately HK\$659,978,000 (equivalent to approximately US\$85,797,140) upon the Capital Reorganisation becoming effective.

21. The balance from the Capital Reduction Credit and the Share Premium Cancellation Credit will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by the applicable laws and rules and the Articles and as the Board of Directors of the Company (the **Board**) considers appropriate. There will be no return of capital to the Company's shareholders.

The Reasons for the Capital Reorganisation

22. The Capital Reduction Credit and the Share Premium Cancellation Credit will wholly set off the Company's accumulated losses based on the Company's share capital position as at 13 November 2020 and the annual report of the Company for the year ended 30 June 2020.
23. Under the Act, the Company is restricted in its ability to issue shares at a price lower than the par value. The Capital Reorganisation will reduce the nominal value of the Shares, which will provide the Company with greater flexibility to accommodate the issue of further New Shares in the future when necessary. Although the Company currently has no intention and/or plans to issue further New Shares, the flexibility arising as a result of the Capital Reorganisation will enable the Company to implement any future fund raising exercise swiftly, without the need to undertake steps to reduce the nominal value which will delay any potential timetable to raise funds.
24. The Capital Reduction is for a discernible purpose.
25. The Capital Reduction does not involve either the diminution of any liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital.
26. Save for the application of the Capital Reduction Credit and the Share Premium Cancellation Credit towards offsetting the Company's accumulated losses, the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the shareholders.

Proposed form of minute

27. The form of minute to be registered with the Registrar of Companies is as follows:

*"The issued share capital of Silk Road Energy Services Group Limited (the **Company**) was by virtue of a special resolution of the Company dated 16 December 2020 (the **Special Resolution**)*

and with the confirmation of an order of the Grand Court of the Cayman Islands dated [xx] 2020 (the Order) reduced from HK\$374,628,116.90 divided into 7,492,562,338 shares of HK\$0.05 each to HK\$74,925,623.38 divided into 7,492,562,338 shares of HK\$0.01 each. Upon such reduction of capital taking effect, the Company's authorised ordinary share capital will be increased from HK\$1,500,000,000 divided into 30,000,000,000 shares of HK\$0.05 each to HK\$1,500,000,000 divided into 150,000,000,000 shares of HK\$0.01 each."

28. It is appropriate for the Court to confirm the Capital Reduction.

Your Petitioner therefore humbly prays that:

1. The Capital Reduction which is to be effected by the special resolution set out at paragraph 14 above be confirmed and the form of minute set out at paragraph 27 above be approved by the court.
2. That all necessary inquiries may be made and directions may be given.
3. Such further or other orders as the Court thinks fit.

AND your Petitioner will ever pray etc

Dated this 3rd day of February 2021



Harney Westwood & Riegels
Attorneys-at-Law for the Petitioner

NOTE: This Petition is not intended to be served.

THIS PETITION was presented by Harney Westwood & Riegels, Attorneys-at-Law for the Petitioner, whose address for service is 3rd Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: 054547.0001-JNW-LWP).

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman, Cayman Islands on 2021 at 10:00am.

Any correspondence or communication with the Court relating to the hearing of this Petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, George Town, Grand Cayman KY1-1106, Cayman Islands; Tel: 3459494296.