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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Silk Road Energy Services Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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 herein or 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 days from the date of its publication and is available for reference on the website of the Company at http://www.silkroadenergy.com.hk.

FINANCIAL RESULTS

The board of Directors (the "Board") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2016 (the "Year") together with the comparative figures for the year ended 30 June 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Continuing operations			
Revenue	*3*	**366,627**	328,507
Cost of sales and services rendered		**(244,110)**	(287,801)
Gross profit		**122,517**	40,706
Investment and other income	*4*	**31,373**	2,528
Selling and distribution expenses		**(548)**	(118)
Administrative expenses		**(50,809)**	(52,224)
Other operating expenses		**(12,491)**	(10,944)
Amortisation of customer contracts		**(28,202)**	–
(Loss) gain arising on changes in fair value of held-for-trading investments		**(15,756)**	7,058
Net gain on disposal of subsidiaries		**43**	25
Write back of promissory notes issued	*11 & 12*	**97,877**	–
Impairment loss recognised in respect of customer contracts		**(95,368)**	–
Impairment loss recognised in respect of amount due from an associate		**(60,000)**	–
Impairment loss recognised in respect of property, plant and equipment		**(29,987)**	–
Impairment loss recognised in respect of goodwill		**(6,994)**	(15,250)
Impairment loss recognised in respect of inventories		**(6,419)**	–
Impairment loss recognised in respect of trade and other receivables		**(4,437)**	(9,119)
Impairment loss recognised in respect of loan receivables		**(1,986)**	(7,648)
Impairment loss recognised in respect of exploration and evaluation assets		**(1,190)**	–
Share of results of associates		**(82,018)**	(5,193)
Gain on deemed dilution of investments in associates		**15,330**	–
Impairment loss recognised in respect of available-for-sale investments		**–**	(23,600)
Finance costs		**(13,473)**	–
Loss before taxation		**(142,538)**	(73,779)
Income tax credit (expense)	*5*	**14,233**	(2,148)
Loss for the year from continuing operations	*6*	**(128,305)**	(75,927)
Discontinued operation			
Profit for the year from discontinued operation		**–**	12,071
Loss for the year		**(128,305)**	(63,856)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

For the year ended 30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
Loss for the year attributable to owners of the Company			
– from continuing operations		**(130,043)**	(75,927)
– from discontinued operation		**–**	12,071
Loss for the year attributable to owners of the Company		**(130,043)**	(63,856)
Profit for the year attributable to non-controlling interests			
– from continuing operations		**1,738**	–
– from discontinued operation		**–**	–
Profit for the year attributable to owners of the Company		**1,738**	–
		(128,305)	(63,856)
LOSS PER SHARE	*7*		
From continuing and discontinued operations			
Basic and diluted *(HK cents per share)*		**(2.16)**	(1.16)
From continuing operations			
Basic and diluted *(HK cents per share)*		**(2.16)**	(1.38)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

	2016	2015
	HK$'000	*HK$'000*
Loss for the year	**(128,305)**	(63,856)
Other comprehensive expense for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(26,354)**	(8,583)
Other comprehensive expense for the year, net of income tax	**(26,354)**	(8,583)
Total comprehensive expense for the year	**(154,659)**	(72,439)
Total comprehensive (expense) income for the year attributable to:		
– Owners of the Company	**(156,397)**	(72,439)
– Non-controlling interests	**1,738**	–
	(154,659)	(72,439)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**46,311**	43,704
Goodwill		**18,776**	24,313
Customer contracts		**197,221**	–
Exploration and evaluation assets		**–**	1,229
Available-for-sale investments		**–**	–
Other non-current assets		**–**	76,000
Deferred tax assets		**11,293**	–
Investments in associates		**415**	279,103
		274,016	424,349
Current assets			
Inventories		**4,242**	8,570
Trade, bills and other receivables	*8*	**215,725**	24,027
Loan receivables	*9*	**117,279**	103,433
Amounts due from associates		**121,868**	–
Held-for-trading investments		**69,621**	19,213
Cash and cash equivalents		**216,093**	100,878
		744,828	256,121
Current liabilities			
Trade and other payables	*10*	**90,882**	8,279
Amount due to a director		**1,128**	–
Income tax payables		**13,276**	3,032
		105,286	11,311
Net current assets		**639,542**	244,810
Total assets less current liabilities		**913,558**	669,159
Non-current liabilities			
Promissory notes	*11*	**145,278**	–
Deferred tax liabilities		**50,951**	4,026
		196,229	4,026
Net assets		**717,329**	665,133
Capital and reserves			
Share capital		**342,938**	290,625
Reserves		**363,870**	374,508
Equity attributable to owners of the Company		**706,808**	665,133
Non-controlling interests		**10,521**	–
Total equity		**717,329**	665,133

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Attributable to owners of the Company					
	Share capital *HK$'000*	Share premium *HK$'000*	Foreign currency translation reserve *(note i)* *HK$'000*	Unlisted warrants Reserve *(note ii)* *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 July 2014	259,625	373,745	7,122	–	(67,620)	572,872
Loss for the year	–	–	–	–	(63,856)	(63,856)
Other comprehensive expense for the year	–	–	(8,583)	–	–	(8,583)
Total comprehensive expense for the year	–	–	(8,583)	–	(63,856)	(72,439)
Issue of unlisted warrants	–	–	–	10,000	–	10,000
Unlisted warrants issue expenses	–	–	–	(300)	–	(300)
Issue of shares upon exercise of unlisted warrants	31,000	130,014	–	(6,014)	–	155,000
At 30 June 2015	290,625	503,759	(1,461)	3,686	(131,476)	665,133

	Attributable to owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Foreign currency translation reserve *(note i)* *HK$'000*	Unlisted warrants Reserve *(note ii)* *HK$'000*	Other reserve *(note iii)* *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 July 2015	290,625	503,759	(1,461)	3,686	–	(131,476)	665,133	–	665,133
Loss for the year	–	–	–	–	–	(130,043)	(130,043)	1,738	(128,305)
Other comprehensive expense for the year	–	–	(26,354)	–	–	–	(26,354)	–	(26,354)
Total comprehensive expense for the year	–	–	(26,354)	–	–	(130,043)	(156,397)	1,738	(154,659)
Lapse of unlisted warrants	–	–	–	(3,686)	–	3,686	–	–	–
Additional non-controlling interests arising on partial disposal of a subsidiary	–	–	–	–	(3,383)	–	(3,383)	16,383	13,000
Dividend paid to non-controlling interests *(note iv)*	–	–	–	–	–	–	–	(7,600)	(7,600)
Issue of new shares by way of placing	52,313	151,708	–	–	–	–	204,021	–	204,021
Share issue expenses	–	(2,566)	–	–	–	–	(2,566)	–	(2,566)
At 30 June 2016	342,938	652,901	(27,815)	–	(3,383)	(257,833)	706,808	10,521	717,329

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 30 June 2016

Notes:

i) Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Such exchange difference accumulated in the foreign currency translations reserve will be reclassified to profit or loss on the disposal of the foreign operations.

ii) The unlisted warrants reserve relates to unlisted warrants issued to independent third parties during 2015, representing the proceeds received from the issue less direct expenses.

iii) Other reserve relates to the difference between the (i) fair value of consideration received by the Group and (ii) the aggregate of the increase in non-controlling interest upon the partial disposal of PR ASIA Investment Holdings Limited ("PR ASIA Investment"), a non-wholly owned subsidiary of the Group.

iv) On 16 March 2016 and 8 April 2016, interim dividends of HK$6,000,000 and HK$1,600,000 respectively were declared and paid by PR ASIA Investment to its non-controlling shareholder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. GENERAL

Silk Road Energy Services Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands, and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The activities of its principal subsidiaries are (1) provision of coal mining services; (2) processing and trading of fluorite products; (3) trading of other mineral products; (4) provision of advertising and public relations services; (5) provision of money lending services and (6) investment holding.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company. Each entity in the Company and its subsidiaries (hereinafter collectively referred to as the "Group") determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

The Group has consistently adopted the HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning on 1 July 2015.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKFRS 15	Clarification to HKFRS 15[3]

[1] Effective for annual periods beginning on or after 1 January 2016.

[2] Effective for annual periods beginning on or after 1 January 2017.

[3] Effective for annual periods beginning on or after 1 January 2018.

[4] Effective date not yet been determined.

[5] Effective for annual periods beginning on or after 1 January 2019.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue represents revenue arising on sale of goods and services rendered, net of sales related taxes, where applicable. An analysis of the Group's revenue from continuing operations is as follows:

	2016	2015
	HK$'000	*HK$'000*
Provision of coal mine construction engineering, mechanical equipment installation and coal production and technical services	**298,741**	–
Provision of advertising and public relations services	**41,212**	39,960
Trading of other mineral products	**12,948**	274,268
Interest income from money lending business	**12,415**	5,920
Processing and trading of fluorite products	**1,311**	8,359
	366,627	328,507

4. INVESTMENT AND OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Interest income on bank deposits	**87**	201
Gain on disposal of held-for-trading investments	**13,694**	1,725
Script dividend income from held-for-trading investments	**16,409**	–
Other interest income *(note)*	**661**	–
Sundry income	**522**	602
	31,373	2,528

Note: Other interest income represented interest income received from an independent third party for a loan principal of RMB15,000,000. The loan was unsecured, bore fixed interest of 5% per annum and repayable within a year. The loan was fully recovered during the year.

5. INCOME TAX (CREDIT) EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**2,122**	2,556
PRC Enterprise Income Tax	**18,990**	3
	21,112	2,559
Deferred tax:		
Current year	**(35,345)**	(411)
	(14,233)	2,148

6. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2016	2015
	HK$'000	*HK$'000*
Loss for the year from continuing operations has been arrived at after charging (crediting):		
Employee benefit expense:		
Directors' emoluments	**4,821**	5,846
Other staff's salaries and allowances	**115,430**	17,074
Other staff's retirement benefits scheme contributions	**7,075**	457
Other staff's welfare	**1,620**	375
Total employee benefits expense	**128,946**	23,752
Auditor's remuneration	**1,180**	900
Cost of inventories recognised as expense	**14,485**	276,325
Depreciation of property, plant and equipment	**9,573**	3,737
Loss on disposal of property, plant and equipment	**3,315**	146
Net foreign exchange loss	**5,120**	3,039
Share of tax of associates (included in share of results of associates)	**(12,378)**	7,717
Operating lease rentals in respect of rented premises	**6,809**	7,259

7. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share (for the year attributable to owners of the Company)	**(130,043)**	(63,856)

	Number of shares	**Number of shares**
	'000	***'000***
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**6,015,465**	5,483,900

Diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the year ended 30 June 2016.

For the years ended 30 June 2015, the diluted loss per share is same as the basic loss per share because the computation of diluted loss per share for the year ended 30 June 2015 does not assume the exercise of the Company's outstanding unlisted warrants since their exercise would result in a decrease in loss per share.

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
		(Restated)
Loss		
Loss for the year attributable to owners of the Company	**(130,043)**	(63,856)
Less: profit for the year from discontinued operation	**–**	12,071
Loss for the purpose of basic and diluted loss per share from continuing operations	**(130,043)**	(75,927)

The denominators used are same as those detailed above for both basic and diluted loss per share.

Diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the year ended 30 June 2016.

For the years ended 30 June 2015, the diluted loss per share is same as the basic loss per share because the computation of diluted loss per share for the year ended 30 June 2015 does not assume the exercise of the Company's outstanding unlisted warrants since their exercise would result in a decrease in loss per share.

From discontinued operation

The calculation of the basic and diluted earnings per share from discontinued operation of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Profit		
Profit for the purpose of basic and diluted earnings per share from discontinued operation	**–**	12,071
	Number of shares	**Number of shares**
	'000	***'000***
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,015,465**	5,483,900
Effect of dilutive potential ordinary shares:		
Unlisted warrants	**–**	215,560
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,015,465**	5,699,460

Diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the year ended 30 June 2016.

Basic and diluted earnings per share for the discontinued operation was HK0.22 cent and HK0.21 cent respectively for the year ended 30 June 2015, based on profit for the year ended 30 June 2015 of approximately HK$12,071,000 from the discontinued operation and the denominators detailed above for basic and diluted earnings per share respectively.

8. TRADE, BILLS AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**149,131**	17,380
Less: Impairment	**(8,079)**	(9,119)
	141,052	8,261
Bills receivables	**31,167**	–
Receivables arising from dealing in listed securities	**11,122**	38
Consideration receivable from disposal of Vida Lab	**–**	1,000
Other deposits paid	**28,214**	1,632
Less: Impairment	**(2,335)**	–
	25,879	1,632
Prepayments	**2,415**	10,169
Other receivables	**4,090**	2,927
	215,725	24,027

All the bills receivables are aged within 185 days.

The following is an aged analysis of trade receivables, presented based in the invoice date which approximated the date of revenue recognition:

	2016	2015
	HK$'000	*HK$'000*
0-30 days	**42,627**	5,352
31-60 days	**21,848**	1,881
61-90 days	**37,443**	414
Over 90 days	**39,134**	614
	141,052	8,261

The Group grants a credit period ranging from 30 to 60 days to its customers. No interest is charged on overdue trade receivables. The management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality as they relate to a wide range of customers for whom there was no recent history of default.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Age of receivables that are past due but not impaired

	2016	2015
	HK$'000	*HK$'000*
Up to 90 days	**93,636**	2,509
91-180 days	**4,789**	400
	98,425	2,909

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Movements in the impairment loss of trade receivables are as follows:

	2016	2015
	HK$'000	*HK$'000*
Balance at the beginning of the year	**9,119**	–
Impairment loss recognised during the year	**2,030**	9,119
Exchange realignment	**(3,070)**	–
Balance at the end of the year	**8,079**	9,119

Included in the allowance for impairment of trade receivables are individually impaired trade receivables with an aggregate balance of approximately HK$8,079,000 (2015: HK$9,119,000) which are long outstanding with no subsequent settlement.

Movements in the impairment loss of other deposits paid are as follows:

	2016	2015
	HK$'000	*HK$'000*
Balance at the beginning of the year	–	–
Impairment loss recognised during the year	2,407	–
Exchange realignment	(72)	–
Balance at the end of the year	2,335	–

The Group individually assessed all other receivables and provided in full for those receivables that are considered not recoverable. The Group does not hold any collateral over these balances.

Include in trade, bills and other receivables are the following amounts denominated in currencies other than the functional currencies of the relevant group entities to which they relate:

	2016	2015
	HK$'000	*HK$'000*
US Dollars ("USD")	494	3,544
Renminbi ("RMB")	188	–

9. LOAN RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Unsecured loan receivables	126,913	111,081
Less: impairment losses recognised	(9,634)	(7,648)
	117,279	103,433

At 30 June 2016, loans to third parties with an aggregate principal and accrued interest amounting to approximately HK$117,279,000 (2015: HK$103,433,000) are unsecured, bear fixed interest ranging from 5% to 24% (2015: 5% to 12%) per annum and are repayable within one year and thus classified as current assets.

Included in the loan receivables, a balance of approximately HK$10,405,000 (2015: Nil) was guaranteed by an independent third party as at 30 June 2016.

The loan receivables are due for settlement at the date specified in the respect loan agreements.

Movements in the impairment loss of loan receivables are as follows:

	2016	2015
	HK$'000	*HK$'000*
Balance at the beginning of the year	**7,648**	–
Impairment loss recognised during the year	**1,986**	7,648
Balance at the end of the year	**9,634**	7,648

Impairment loss of approximately HK$9,634,000 (2015: HK$7,648,000) recognised as at 30 June 2016 is based on estimated irrecoverable amount by reference to the creditability of the customer, past default experience and subsequent settlement.

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
0-30 days	**2,809**	1,665
31-60 days	**1,673**	49
61-90 days	**1,845**	8
Over 90 days	**3,919**	2,931
	10,246	4,653

The average credit period on purchases of certain goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

11. PROMISSORY NOTES

As a result of the contingent consideration arrangement in respect of the acquisition of the Everbest Return Group, part of the promissory notes issued is written back at the end of the reporting period. No interest shall be accrued and payable in respect of the promissory notes that are cancelled. Movement of promissory notes issued is as follows:

	HK$'000
At 1 July 2014, 30 June 2015 and 1 July 2015	–
Issued upon acquisition date	304,000
Fair value adjustments on date of acquisition (included as part of the consideration transferred)	(64,000)
Fair value of consideration transferred	240,000
Contingent consideration receivable	(8,426)
Imputed interest recognised	13,198
Coupon interest reclassified as other payables and accruals	(1,617)
Written back during the year	(97,877)
At 30 June 2016	145,278

12. ACQUISITION OF SUBSIDIARIES

Year ended 30 June 2016

On 2 April 2015, Million Nature Holdings Limited ("Million Nature"), an indirectly wholly-owned subsidiary of the Company, as purchaser, entered into a sales and purchase agreement (as amended by supplemental agreements dated 22 April 2015, 5 June 2015 and 24 June 2015, respectively) (the "SPA") with Mr. Hu Zhixiong (a connected person of the Company and was subsequently appointed as an executive director of the Company on 28 August 2015) and Ms. Fan Aixian, as vendors (the "Vendors"). Pursuant to the SPA, the Vendors have conditionally agreed to sell and Million Nature has conditionally agreed to acquire the entire issued share capital of Everbest Return Limited, a company incorporated in the British Virgin Islands ("BVI") with limited liability, at a total consideration of HK$760,000,000 (to be adjusted based on the after-tax profits of Everbest Return Group for the year ended 30 June 2016). The acquisition was completed on 31 July 2015.

Fair value of consideration transferred

	HK$'000
Cash	76,000
Promissory notes issued	240,000
Contingent consideration receivable	(8,426)
Total	307,574

The fair value identified assets and liabilities of Everbest Return Group as at the date of acquisition were as follows:

	Fair values
	HK$'000
Property, plant and equipment	26,880
Customer contracts	339,592
Deferred tax assets	11,193
Trade, bills and other receivables	115,916
Cash and cash equivalents	1,232
Trade and other payables	(71,082)
Bank borrowing	(694)
Amounts due to former shareholders	(21,755)
Income tax payables	(8,533)
Deferred tax liabilities	(87,008)
Net identifiable assets acquired	305,741
Goodwill arising on acquisition	1,833
Fair value of consideration	307,574
Analysis of net cash flow of cash and cash equivalents arising on acquisition:	
Cash consideration	76,000
Less: deposit and earnest money paid in prior years	(76,000)
Add: cash and cash equivalents acquired	1,232
Net cash inflow arising on acquisition	1,232

For the contingent consideration arrangement, if the net profits after tax of Everbest Return Group for the year commencing from 1 July 2015 to 30 June 2016 based on the 2016 audited accounts (the "2016 After-Tax Profits") is less than the guaranteed profits amount of RMB150,000,000 (the "Guaranteed Profits Amounts") (equivalent to HK$187,500,000 based on the pre-agreed exchange rate of RMB1=HK$1.25), the retained completion sum (the "Retained Completion Sum") payable by the Company will be reduced by an adjustment amount (the "Adjustment Amount") which is calculated as below:

Retained Completion Sum = HK$380,000,000 – Adjustment Amount

where the Adjustment Amount = (RMB150,000,000 (Guaranteed Profits Amount) – 2016 After-Tax Profits) x 4.053

If the Adjustment Amount equals to or exceeds HK$380,000,000 (being the initial completion sum) (the "Initial Completion Sum"), then: (i) no Retained Completion Sum shall be payable by Million Nature to the Vendors; and (ii) the Vendors shall jointly and severally pay to Million Nature the paid consideration refund amount (the "Paid Consideration Refund Amount").

The calculation for the Paid Consideration Refund Amount is as follows:

Paid Consideration Refund Amount = Adjustment Amount – HK$380,000,000 (Initial Completion Sum)

where the Paid Consideration Refund Amount shall be capped at HK$379,999,999.

The potential undiscounted amount of the adjustment on the consideration under this arrangement is between nil and HK$759,999,999.

Everbest Return Group achieved a profit of approximately RMB49,805,000 for the year ended 30 June 2016. Accordingly, an adjustment to the consideration is required based on the above formula. The calculated adjustment amount is approximately HK$507,611,000. As a result of the adjustment, part of the promissory notes issued will be cancelled. A gain on write back of promissory notes issued of approximately HK$97,877,000 was recognised during the year ended 30 June 2016.

13. EVENTS AFTER THE REPORTING PERIOD

On 1 July 2016, PR ASIA Consultants Limited entered into 2 sales and purchase agreements with Think Smart Global Limited for the acquisition of 36.7% interests in Bullish Times Media Limited ("Bullish Times Media") and Bullish Times Technology Limited ("Bullish Times Technology"). The transaction was completed on 1 July 2016 and the acquisition cost of HK$367,000 and HK$184,000 respectively was satisfied in cash. Following the acquisition, the two associates became subsidiaries of the Group.

On 10 August 2016, Beijing Dawei New Energy Technology Services Limited* (北京達慧城新能源技術服務有限公司) ("Beijing Dawei") entered into a sales and purchase agreement with several independent third parties for the acquisition of 51% equity interest in Heze Juwang New Energy Heat Limited* (菏澤炬旺新能源熱力有限公司) ("Heze Juwang New Energy"). The transaction was completed on 10 August 2016 at nil consideration as no capital had been injected into Heze Juwang New Energy by the vendors. The Group will pay up Beijing Dawei's portion of registered capital of RMB30,600,000 in Heze Juwang New Energy.

As there is no reasonable basis in which the directors of the Company can estimate the provisional values of the assets and liabilities acquired, the consolidated assets and liabilities information of Bullish Times Media, Bullish Times Technology and Heze Juwang New Energy as at the acquisition date are not disclosed in these consolidated financial statements.

* *For translation purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

For the year ended 30 June 2016, the Group recorded a revenue of approximately HK$366.63 million (2015: HK$328.51 million), representing an increase of 11.60% as compared with that of the corresponding year. The increase in revenue was mainly due to the contribution from the provision of coal mining services business despite partially setoff by the decrease in trading of other mineral products.

The gross profit for the year was approximately HK$122.52 million (2015: HK$40.71 million), representing 200.98% growth as compared to the corresponding year while the gross profit margin increased from 12.39% to 33.42%. The increase in gross profit and margin was due to the shift of the major revenue generator from the trading business to the business of provision of coal mining services after the completion of acquisition of Everbest Return Limited ("Everbest Return") and its subsidiaries ("Everbest Return Group"), and the newly acquired coal mining services business with a relatively high gross profit ratio as compared to the trading business.

The group recorded a gain on write back of promissory notes issued of approximately HK$97.88 million during the Year. Such gain was resulted from an adjustment to the consideration for the acquisition of Everbest Return Group pursuant to the terms of sales and purchase agreement. The Group also recorded impairment loss recognized in respect of customer contracts amounted to HK$95.37 million. The recognition of impairment loss was mainly due to the performance of coal mining services business did not meet the expectation and its prospect was not so promising as expected. In addition, the group also recognized impairment losses on goodwill, property, plant and equipment, exploration and evaluation assets and inventories of HK$6.99 million, HK$29.99 million, HK$1.19 million and HK$6.42 million respectively relating to the fluorite business. The recognition of impairment losses was mainly due to the continuing low market prices for fluorite products in recent years and the group has suspended its operations since 2015.

The investment and other income was increase from HK$2.53 million to HK$31.37 million, primarily due to the dividend income of HK$16.41 million, represent the fair value of bonus shares received by the Group from the securities investment and the gain of HK$13.69 million on disposal of securities.

The increases in selling and distribution expenses from HK$0.12 million to HK$0.55 million, other operating expenses from HK$10.94 million to HK$12.49, amortization expense of customer contracts of HK$28.20 million and finance costs of HK$13.47 million were mainly due to the increase in operating scale as a result of newly acquired coal mining services business.

The Group recorded a loss arising on change in fair value of the listed securities amounted to HK$15.76 million (2015: gain of HK$7.06 million) from the investment in held-for-trading securities, a share of loss of approximately HK$82.02 million (2015: HK$5.19 million) from the investment in the associated companies and an impairment loss of HK$60.00 million on the amount due from associates. Such losses were mainly as a result of the volatility of the Hong Kong securities market during the reporting year.

In conclusion, loss attributable to owners of the Company for the year amounted to approximately HK$130.04 million (2015: HK$63.86 million). The increase in loss was mainly due to the share of loss of associates and the increase in impairment losses recognised during the Year.

PROVISION OF COAL MINING SERVICES

During the Year, the Group has diversified into the business of provision of coal mining services upon the completion of acquisition of Everbest Return Group on 31 July 2015. Following completion, Everbest Return Group became subsidiaries of the Company and accordingly, the results of it were consolidated into the Group's accounts from 1 August 2015. Everbest Return Group is principally engaged in the provision of mine construction engineering, mechanical equipment installation and coal production and technical services in the People's Republic of China (the "PRC").

Everbest Return Group provided coal mining services to six coal mines during the Year under the terms of the respective management contracts signed between Everbest Return Group and the mine owners. The major revenue of Everbest Return Group composes of service incomes from coal production and excavation works. During the eleven months ended 30 June 2016, approximately 13.48 million tonnes of coal had been produced and approximately 38.4 kilometres of tunnels had been excavated by Everbest Return Group.

During the Year, the Group's provision of coal mining services recorded a revenue of approximately HK$298.74 million, which accounted for 81.5% of the Group's total revenue, and contributed a segment loss after deducting amortization and impairment loss of customer contracts of HK$50.71 million. The performance did not meet the expectation due to:

(1) Unfavourable market conditions of coal industry; and

(2) Falling prices and rising costs have led to a decline in margins to a level that the coal miner believed that further development at new coals was not justify and, therefore, have deferred the commencement of coal production at new mine until a stronger pricing environment is realized.

FLUORITE PROCESSING AND TRADING BUSINESS

The Group owns a fluorite powder processing factory and holds two mining licenses in respect of two fluorite mines located in Outer Mongolia. The Group suspended the operations of this business segment due to the continuing decrease in the market prices of fluorite products in the past few years. As a result, an insignificant revenue of HK$1.31 million was generated and a loss of HK$50.12 million (2015: HK$37.19 million) from the fluorite processing and trading business during the Year. The increase in loss was primarily due to the increase of impairment losses. After reviewing the mines in Outer Mongolia, the resumption of operations of fluorite processing and trading business seems remote because of the continuing unfavorable market conditions and the highly uncertain future market conditions. Accordingly, provision on impairment losses on goodwill, property, plant and equipment, exploration and evaluation assets and inventory amounted to HK$44.59 million (2015: HK$15.25 million) was made.

TRADING OF OTHER MINERAL PRODUCTS

The Group operated its trading of other mineral products (other than fluorites products) in the PRC had contributed substantially to the Group's total revenue during the corresponding year but the gross profit margin of the trading business is low. Therefore, the management reallocated the resources of the Group to other businesses with higher profit margin. As a result, the revenue was significantly decreased from HK$274.27 million to HK$12.95 million, representing a decrease of 95.3% and a loss of HK$7.22 million (2015: HK$5.45 million) was recorded from the trading of other mineral products during the Year.

ADVERTISING AND PUBLIC RELATIONS BUSINESS

The Group provided advertising and public relations services through PR ASIA Consultants Limited (the "PR ASIA"), a company incorporated in Hong Kong with limited liability. PR ASIA offers strategic consulting services in corporate communications, media relations, investor relations, issue/crisis management, media training and event management to a wide range of listed and non-listed companies in both Hong Kong and China.

On 3 June 2015, the Group, as vendor, entered into a sales and purchase agreement with Mr. Ling Yee Fai ("Mr. Ling"), as purchaser, pursuant to which the Group conditionally agreed to sell, and Mr. Ling conditionally agreed to acquire, 40% of the equity interests of PR Asia, at a total consideration of HK$13 million. Following the completion of the disposal in October 2015, PR Asia remained as a subsidiary of the Company and accordingly, its result was continued to consolidate into the Group's accounts. (Details of the disposal transaction are set out in the Company's announcements dated 3 June 2015 and 23 October 2015 and the circular of the Company dated 25 September 2015.)

During the Year, the advertising and public relations services contributed the revenue of approximately HK$41.21 million (2015: 39.96 million), which accounted for 11.2% of the Group's total revenue for the Year, and a profit of HK$13.16 million (2015: HK$16.57 million). The advertising and public relations services continued to contribute stable source of income to the Group. The management plans to diversify its business into new segment such as undertaking IPO projects. Thanks to the closer economic tie between the Mainland and Hong Kong, the local financial market has seen a rapid pace of development that drives the business of PR ASIA and improved its performance.

MONEY LENDING BUSINESS

The Group has held a money lenders license under the Money Lenders Ordinance (Cap. 163, Laws of Hong Kong) since 2014. During the Year, the loan interest incomes recorded the revenue of approximately HK$12.42 million (2015: HK$5.92 million) and a profit of approximately HK$9.61 million (2015: HK$1.73 million). The increases in revenue and profit were mainly due to the Group allocate more resources in this segment during the Year. In general, the principal terms of the loans granted by the group were unsecured, with credit terms ranging from six months to one year and the interest rate was about 10% per annum.

INVESTMENT IN HELD-FOR-TRADING SECURITIES

The Company had held-for-trading investment in certain listed securities in Hong Kong, the market value amounted to approximately HK$69.62 million as at 30 June 2016 (2015: HK$19.21 million). During the Year, a gain on disposal of shares amounted to HK$13.69 million and a loss arising on change in fair value of the listed securities of approximately HK$15.76 million (2015: gain of HK$7.06 million) were recorded. The investment in the listed securities is also the Group's treasury policies to make use of certain surplus funds retained by the Group.

INVESTMENT IN ASSOCIATES

As at 30 June 2016, the Group holds 30% equity interest in Asset Management International Limited (together with its subsidiaries, the "Asset Management Group"). During the Year, an independent third party subscribed 375 new shares of Asset Management International Limited, which diluted the shareholding of the Group in Asset Management Group from 40% to 30%. After the subscription, the Asset Management Group remained as an associated company of the Group. Asset Management Group engages principally in property and security investments.

The Group recorded a share of loss of approximately HK$82.02 million (2015: HK$5.19 million) from the investment in Asset Management Group for the Year. The increase in losses was mainly due to the change in the fair values of the listed securities held by the Assets Management Group. The interest in associates was significantly decreased from HK$279.10 million to HK$0.42 million from 30 June 2015 to 30 June 2016. The decrease was due to the loss incurred by the Asset Management Group and the profit distribution made by Asset Management Group during the Year. The Group was entitled to receive dividends amounting to HK$212 million of which HK$30.50 million was received by the Group during the Year. The remaining balance of dividend receivable was recorded under the header of amounts due from associates. Since the fair value of assets held by the associated companies are insufficient to cover outstanding balance, HK$60.00 million impairment loss was recognized in the accounts.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group held cash and cash equivalents of approximately HK$216.09 million n (2015: HK$100.88 million). Net current assets amounted to approximately HK$639.54 million (2015: HK$244.81 million).

As at 30 June 2016, the current ratio (defined as total current assets divided by total current liabilities) was approximately 7.07 times (2015: 22.64 times). The gearing ratio, being the ratio of total liabilities to total assets, was approximately 0.30 (2015: 0.02).

The Group had no any bank borrowing as at 30 June 2016 (2015: Nil).

CAPITAL RESOURCES

On 29 June 2015, the Board proposed to increase the authorised share capital of the Company to HK$1,500,000,000 divided into 30,000,000,000 shares by the creation of an additional 20,000,000,000 shares which shall rank equally with each other in all respects. The increase of authorised share capital was approved in the extraordinary general meeting held on 28 July 2015. For details, please refer to the announcements of the Company dated 13 May 2015 and 28 June 2015 and the circular of the Company dated 29 June 2015.

FUND RAISING ACTIVITIES AND USE OF PROCEEDS

On 21 April 2016, the Company completed the placing of an aggregate of 1,046,260,000 new shares of HK$0.05 each in the Company through the placing agents to independent placees at a placing price of HK$0.195 per share pursuant to placing agreements dated 7 April 2016 and 8 April 2016 entered into among the Company and the placing agents. The gross proceeds from the placing was approximately HK$204 million and the net proceeds from the placing was of approximately HK$201.28 million. 80% (approximately HK$160 million) of the net proceeds from the placing were intended to be used for the development in the business of provision of services related to clean energy, including but not limited to (i) possible investment in a company in Beijing and (ii) possible establishment of a joint venture company with that company, principal business activities of the Company in Beijing is providing services related to clean energy as contemplated under the framework agreement as disclosed in the announcement of the Company dated 16 March 2016 and the remaining 20% (approximately HK$41.28 million) of net proceeds would be used as general working capital. The net proceeds raised per placing share was approximately HK$0.1924 per Share.

After due and careful consideration, the directors considered that it was in the best interest of the Company not to proceed with the transactions contemplated under the above mentioned framework agreement and the termination will not have any material adverse effect on the existing business, operations and financial position of the Group. Anyway, the Group still intend to use 80% of the proceeds for the development in the business of provision of services related to clean energy. More specifically, the Group will tap into the market of environmentally friendly heating system powered by clean energy. As at the date of this announcement, the Group had utilized approximately HK$43.80 million for the investment in the joint ventures for the provision of heat services and purchasing heat supply equipment, and approximately HK$30.45 million for general working capital. The remaining balance of the net proceeds was placed in bank accounts, the Group will apply the remaining net proceeds in the manner set out in the announcement.

UNLISTED WARRANTS

On 5 September 2014, an aggregate of 1,000,000,000 unlisted warrants was fully placed and issued to not fewer than six placees at the issue price of HK$0.01 per warrant in accordance with the terms and conditions of the placing agreement entered into between the Company and Kingston Securities Limited. The holders of the unlisted warrants shall have the rights to subscribe for up to 1,000,000,000 Shares in aggregate at an initial subscription price of HK$0.25 per warrant share, within one year from the date of issue. Upon the exercise in full of the subscription rights attaching to the unlisted warrants, 1,000,000,000 new shares would be allotted and issued by the Company. There was a total of 620,000,000 shares being issued upon the exercise of the subscription rights attaching to the unlisted warrants by its holders during the year ended 30 June 2015 and a total of 380,000,000 unlisted warrants expired on 4 September 2015, being one year from the date of issue. No unlisted warrants were exercised by its holders during the Year.

EXCHANGE EXPOSURE

Most of the trading transactions, assets and liabilities of the Group were denominated either in Hong Kong dollars, Renminbi or U.S. dollars. It is the Group's policy for its operating entities to operate in their corresponding local currencies to minimize currency risks.

MATERIAL ACQUISITION AND DISPOSALS

(1) On 2 April 2015, Million Nature Holdings Limited, as purchaser, entered into a sales and purchase agreement with Mr. Hu Zhixiong (a connected person of the Company) and Ms. Fan Aixian, as vendors. Pursuant to the agreement, the vendors have conditionally agreed to sell and the purchaser has conditionally agreed to acquire the entire issued share capital of Everbest Return. The acquisition was completed on 31 July 2015. Details of the acquisition transaction are set out in the Company's circular dated 29 June 2015.

(2) On 3 June 2015, the Group, as vendor, entered into a sales and purchase agreement with Mr. Ling, as purchaser, pursuant to which the Group conditionally agreed to sell, and Mr. Ling conditionally agreed to acquire, 40% of the equity interests of PR ASIA. The disposal was completed on 23 October 2015. Details of the disposal transaction are set out in the Company's announcements dated 3 June 2015 and 23 October 2015 and the circular of the Company dated 25 September 2015.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries and associates of the Group in the Year.

LITIGATIONS

(1) During 2013 and 2014, a customer of Ordos City Tai Pu Mining Engineering Company Limited ("Tai Pu") (an indirect wholly owned subsidiary of Everbest Return Group), failed to pay its service fees to Tai Pu on time pursuant to the contracts executed on 1 January 2012 and 1 May 2012 with respect to the provision of coal mining services and mine construction engineering services (collectively, the "Service Contracts").

    Tai Pu has filed a claim against the customer in 內蒙古自治區鄂爾多斯市中級人民法院 on 23 September 2014 (Inner Mongolia Ordos City Intermediate People's Court) (the "Ordos City Intermediate People's Court") for the breach of the Service Contracts. Tai Pu had fully recognised impairment loss on trade receivables due from the customer of approximately RMB35.9 million during the year ended 31 December 2014. The Ordos City Intermediate People's Court has rendered its decision pursuant to which, inter alia, the customer shall pay Tai Pu (i) approximately RMB41.6 million as damages for the failure to pay the Service Contracts service fees; and (ii) RMB1 million as damages for breach of the Service Contracts. As at 31 December 2015, Tai Pu has not received the said judgement sum. In view of the financial situation of the customer, the Group considered that the recovery of the judgement sum is unlikely. As the financial impacts had been fully reflected in previous year's account of Tai Pu, no material financial impacts were expected.

(2) Since 9 August 2013, the Group, as the lender, entered a loan agreement and certain supplemental agreements with an individual (the "Defendant"), as the borrower, for the loan arrangement with the amount of HK$7.5 million. The loan was guaranteed by the Defendant and another individual (the "Guarantor"). On 8 August 2015, the Defendant failed to repay the principal of HK$7.5 million and outstanding interest of HK$187,500. Therefore, the Group was filed the writ of summons to the High Court on 13 January 2016.

On 22 August 2016, the Group received the final judgement from the High Court of the Hong Kong Special Administrative Region. The judgement was that the Defendant and the Guarantor do pay the Group:

a) the sum of HK$7,500,000 together with interest thereon at the rate of 2% per calendar month from 9 August 2015 to the date of payment;

b) interest of HK$187,500 from 9 February 2015 to 8 August 2015; and

c) HK$11,045 fixed cost.

In view of the financial situation of the Defendant and the Guarantor, the Group considered that the recovery of the judgement sum is remote. Accordingly, the group has recorded HK$1.9 million interest income during the Year but made a fully provision for impairment on it. No significant adverse financial impact to the Group is expected.

Save as disclosed above, there were no other material litigations of the Group in the Year.

CAPITAL COMMITMENT

As at 30 June 2016, the Group had no significant capital commitment.

DONATION

Donations made by the Group during the year amounted to HK$6,000,000.

PLEDGE OF ASSETS

As at 30 June 2016, none of the assets of the Group were pledged as security for any banking facilities.

EMPLOYEE INFORMATION

As at 30 June 2016, there were 1,527 staff members employed by the Group.

The Group remunerates its employees mainly based on industry practices and their respective educational background, experience and performance. On top of the regular remuneration and discretionary bonus, share options may be granted to selected employees by reference to the Group's performance as well as individual's performance. In addition, each employee enjoys mandatory provident fund, medical allowance and other fringe benefits.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no significant contingent liabilities.

OUTLOOK

The coal industry was suffered by various factors such as the slowdown in domestic macro-economic growth, control of total energy consumption and optimization of energy structure. There was a sustained oversupply in the coal industry, resulting in descending coal price. In 2016, the Chinese government implemented policy of limiting coal production to prop up prices, the coal price gradually recovered but still subdued at low level. To cope with the challenging operating environment of the industry, the mine owners may impose strictly costs control measures and further demand for a lower contract price in the renewal of management contracts between them and the Group. In addition, the production capacity would be affected by the production limitation policy. This may affect the future performance of the segment of provision of coal mining services.

In view of the fluctuation in the prices of mineral products, the Group will pay close attention to the changes in the macroeconomic situation and carry out the trading business in a cautious manner.

On the other hand, the Group is cautiously optimistic on the advertising and public relations business. This business is driven by the long-term economic growth potential between China and Hong Kong as well as the opportunities brought by the Mainland-Hong Kong Stock Connect. The expanding client base from PR ASIA enables the Group to sustain its business growth momentum and maintain a stable income source in the future.

After the year end, the Group has acquired 51% of a company engaged in the operation of energy saving and environmentally friendly heating system and provision of related services. The company indirectly owns a heating system project in Heze City of Shandong Province of the PRC. The country government has granted the Company a 30-year exclusivity to supply heat in Longgu Town until the end of 2045. The operation of the Company is expected to generate heating supplies covering an area of 1.85 million square meters. The Directors believe this is a significant milestone for the Company as this agreement marks the initial penetration point into a rapidly growing market.

Following the acquisition of the heat supply project of Shandong in August 2016, the Group has been focusing on development of heat supply business. The Group will establish certain subsidiaries in Shandong, Tianjin and Jiangsu for the operation of heat supply business. The Group intends to enter into cooperation agreements and establishing joint ventures with business partners in relevant areas. The Group believes that the cooperation with various business partners will enable us to jointly develop and expand heat supply business by utilising the resources and strengths of each party with an aim to expand the business scope and market share rapidly on heat supply business.

There has been an increase in demand for heating system and such growing trend is expected to continue in coming years due to rapid urbanisation in the PRC. Furthermore, as various government policies have been implemented to encourage development of environmentally friendly heating systems to replace those powered by coal energy thereby reducing emissions, the Group can also take advantage of the favourable policies to develop its clean energy heating business in the PRC. Accordingly, the Company is optimistic about the prospect of the heat market, especially the segment of environmentally friendly heating system, to generate greater value for the Group and maximise returns to shareholders of the Company.

In light with increasing domestic market demand coped with encouraging policies issued by government of the PRC, the Group is expecting rapid development in our heat supply business with promising prospect.

OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2016, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of HK$0.05 each of the Company

Name of Shareholders	Nature of interests	Number of shares held	Approximate percentage of shareholding
Tai Pu Mining International Co., Ltd. *(Note)*	Beneficial owner	1,300,000,000	18.95%
Mr. Hu Zhixiong *(Note)*	Held by controlled entity	1,300,000,000	18.95%
	Beneficial owner	38,400,000	0.56%

Note: Tai Pu Mining International Co., Ltd is a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Hu Zhixiong.

Save as disclosed above, as at 30 June 2016, none of the Directors and the Chief Executives had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

Share Options Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 12 December 2014 (the "2014 AGM"), thereby allowing the Company to grant options for subscription of up to a total of 533,250,233 shares of the Company, representing 10% of the 5,332,502,338 shares of the Company in issue as at the date of the 2014 AGM. The share options scheme will enable the Company to reward and provide incentives to, and strengthen the Group's business relationship with, the eligible participants who may contribute to the growth and development of the Group. No options have been granted under the share options scheme as at the date of this announcement.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the section heading "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" in the annual report, at no time during the Year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Competing Interests

During the Year, none of the Directors, substantial shareholders, and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete with the business of the Group or any conflicts of interest which had or might have with the Group.

Purchase, Sale or Redemption of Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

Compliance with code of Conduct for Securities Transactions by Directors

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct of the Company regarding securities transactions by the Directors. The Company has made specific enquiry of all the Directors, and the Directors have complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by the Directors throughout the Year.

Code on Corporate Governance Practices

The Company endeavors in maintaining high standards of corporate governance for the enhancement of shareholders' value. The Company has applied the principles of and complied with all the applicable code provisions and, where appropriate, the applicable recommended best practices of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules throughout the Year.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Ms. Wong Na Na (committee chairman), Mr. Wang Zhixiang and Ms. Feng Jibei.

Review of the Results Announcement

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2016 as set out in the preliminary announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

By order of the Board
Silk Road Energy Services Group Limited
Cai Da
Chairman and Executive Director

Hong Kong, 27 September 2016

As at the date of this announcement, the Board comprises (i) six executive directors namely, Mr. Cai Da, Mr. Zhou, Francis Bingrong, Mr. Chen Youhua, Mr. Hu Zhixiong, Mr. Li Wai Hung and Mr. Liu Baoyu; and (ii) three independent non-executive directors namely, Ms. Wong Na Na, Mr. Wang Zhixiang, and Ms. Feng Jibei.