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 2021

CHARACTERISTICS OF 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2021

	NOTES	**2021** **HK$'000**	2020 *HK$'000*
Revenue	*3*	**130,937**	265,349
Cost of services rendered		**(95,464)**	(234,412)
Gross profit		**35,473**	30,937
Other income	*5*	**8,845**	10,552
Other gains	*6*	**2,541**	4,122
Administrative and other operating expenses		**(42,701)**	(48,339)
Reversal of (provision for) impairment loss recognised in respect of amount due from an associate		**3,341**	(13,151)
Impairment loss recognised in respect of trade and other receivables		**(20,315)**	(4,902)
Impairment loss recognised in respect of loan receivables		**(4,763)**	(1,691)
Impairment loss recognised in respect of contract assets		**(1,743)**	(738)
Impairment loss recognised in respect of right-of-use assets		—	(15,993)
Impairment loss recognised in respect of customer contracts		—	(65,220)
Finance costs		**(2,834)**	(7,614)
Loss before taxation		**(22,156)**	(112,037)
Income tax (expense) credit	*7*	**(7,829)**	10,663
Loss for the year	*8*	**(29,985)**	(101,374)
Loss for the year attributable to:			
— Owners of the Company		**(29,871)**	(101,204)
— Non-controlling interests		**(114)**	(170)
		(29,985)	(101,374)
LOSS PER SHARE	*9*		
Basic and diluted (HK cents per share)		**(0.40)**	(1.35)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	2021	2020
	HK$'000	*HK$'000*
Loss for the year	**(29,985)**	(101,374)
Other comprehensive income (expense) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**29,269**	(14,364)
Total comprehensive expense for the year	**(716)**	(115,738)
Total comprehensive expense for the year attributable to:		
— Owners of the Company	**(577)**	(115,556)
— Non-controlling interests	**(139)**	(182)
	(716)	(115,738)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	NOTES	**2021** **HK$'000**	2020 *HK$'000*
Non-current assets			
Property, plant and equipment		**15,277**	18,384
Right-of-use assets		**906**	1,278
Goodwill		**—**	—
Customer contracts		**—**	—
Deferred tax assets		**2,944**	6,737
Interests in associates		**—**	—
		19,127	26,399
Current assets			
Trade, bills and other receivables	*10*	**111,952**	133,481
Loan receivables	*11*	**142,002**	199,297
Contract assets		**12,980**	14,799
Amount due from an associate		**18,380**	22,339
Financial assets at fair value through profit or loss		**27,329**	27,038
Bank balances and cash		**167,149**	122,081
		479,792	519,035
Current liabilities			
Trade and other payables	*12*	**42,715**	46,984
Lease liabilities		**3,118**	2,746
Amount due to a former noteholder		**77,386**	—
Promissory notes		**—**	123,096
Income tax payables		**7,679**	2,952
		130,898	175,778
Net current assets		**348,894**	343,257
Total assets less current liabilities		**368,021**	369,656

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2021

	2021	2020
	HK$'000	*HK$'000*
Non-current liability		
Lease liabilities	**2,190**	3,109
Net assets	**365,831**	366,547
Capital and reserves		
Share capital	**74,926**	374,628
Reserves	**290,839**	(8,286)
Equity attributable to owners of the Company	**365,765**	366,342
Non-controlling interests	**66**	205
Total equity	**365,831**	366,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed “Corporate Information” of the annual report.

The Company is an investment holding company. The principal activities of the Group are (i) provision of coal mining and construction services; (ii) provision of heating supply services; and (iii) provision of money lending services.

The consolidated financial statements are presented in Hong Kong dollars (“HK$”). Other than those subsidiaries established in the People’s Republic of China (the “PRC”) whose functional currencies are Renminbi (“RMB”), the functional currency of the Company and other subsidiaries is HK$.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(S)”)

In the current year, the Group has applied, for its first time, the Amendments to Reference to the Conceptual Framework in HKFRSs and the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendment to HKFRS 16	Covid-19-Related Rent Concessions

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, plant and equipment: Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts: Cost of Fulfilling a Contract[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2018–2020 cycle[2]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[5]

[1] Effective for annual periods beginning on or after 1 January 2021.

[2] Effective for annual periods beginning on or after 1 January 2022.

[3] Effective for annual periods beginning on or after 1 January 2023.

[4] Effective for annual periods beginning on or after a date to be determined.

[5] Effective for annual periods beginning on or after 1 April 2021.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue represents revenue arising on services rendered, net of sales related taxes, where applicable. An analysis of the Group's revenue for the year is as follows:

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
— Provision of coal production services	**—**	132,994
— Provision of excavation works	**109,774**	71,164
— Provision of heating supply services	**6,576**	5,836
— Provision of construction works	**1,771**	34,898
	118,121	244,892
Revenue from other source		
— Interest income from money lending business	**12,816**	20,457
	130,937	265,349

Set out below is the disaggregation of the Group's revenue from contracts with customers within the scope of HKFRS 15:

For the year ended 30 June 2021	**Coal mining and construction services** *HK$'000*	**Heating supply services** *HK$'000*	**Total** *HK$'000*
Revenue from services:			
Provision of coal production services	**—**	**—**	**—**
Provision of excavation works	**109,774**	**—**	**109,774**
Provision of heating supply services	**—**	**6,576**	**6,576**
Provision of construction works	**1,771**	**—**	**1,771**
	111,545	**6,576**	**118,121**
Revenue from the geographical market:			
The PRC	**111,545**	**6,576**	**118,121**

For the year ended 30 June 2020	Coal mining and construction services *HK$'000*	Heating supply services *HK$'000*	Total *HK$'000*
Revenue from services:			
Provision of coal production services	132,994	—	132,994
Provision of excavation works	71,164	—	71,164
Provision of heating supply services	—	5,836	5,836
Provision of construction works	34,898	—	34,898
	239,056	5,836	244,892
Revenue from the geographical market:			
The PRC	239,056	5,836	244,892

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The CODM have chosen to organise the Group around differences in services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- Coal mining and construction services — Provision of excavation works, coal production services and construction works
- Money lending — Provision of money lending services in Hong Kong and the PRC
- Heating supply services — Provision of heating supply services

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable and operating segments.

	Segment revenues		**Segment results**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Coal mining and construction services	**111,545**	239,056	**(12,517)**	(91,343)
Money lending	**12,816**	20,457	**(668)**	11,040
Heating supply services	**6,576**	5,836	**(1,149)**	(1,658)
Total	**130,937**	265,349	**(14,334)**	(81,961)
Certain other income			**1,894**	775
Certain other gains			**2,275**	4,122
Reversal of (provision for) impairment loss recognised in respect of amount due from an associate			**3,341**	(13,151)
Certain finance costs			**(2,595)**	(7,317)
Central administrative costs			**(12,737)**	(14,505)
Loss before taxation			**(22,156)**	(112,037)

The accounting policies of the operating segments are same as the Group's accounting policies. Segment results represent the (loss) profit incurred by each segment without allocation of certain other income, certain other gains, reversal of (provision for) impairment loss recognised in respect of amount due from an associate, certain finance costs and central administrative costs. This is the measure reported to the directors of the Company for the purposes of resource allocation and performance assessment.

5. OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
Interest income on bank deposits	**873**	546
Government grants *(note)*	**2,574**	3,236
Leasing income from machinery	**906**	2,331
Handling income on packing coal	**3,709**	4,345
Dividend income from equity securities	**99**	—
Sundry income	**684**	94
	8,845	10,552

Note:

Various local government grants were granted to subsidiaries of the Group for subsidising the operations in the PRC during the years ended 30 June 2021 and 2020. There is no unfulfilled condition in relation to the recognition of the subsidy income and therefore the full amount was recognised as income during the years ended 30 June 2021 and 2020.

During the current year, amounts of HK$268,200 are received which represented cash subsidies from the Employment Support Scheme ("ESS") by the Government of the Hong Kong Special Administrative Region as part of the relief measures on COVID-19 pandemic covering the period from July 2020 to August 2020 and from September 2020 to November 2020. As at 30 June 2021, there is no unfulfilled condition in relation to the recognition of the subsidy income and therefore the full amount was recognised as income during the year ended 30 June 2021.

6. OTHER GAINS

	2021	2020
	HK$'000	*HK$'000*
Fair value changes on financial assets at FVTPL	**2,275**	4,122
Gain on disposal of property, plant and equipment	**266**	—
	2,541	4,122

7. INCOME TAX EXPENSE (CREDIT)

	2021	2020
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current year	—	136
Under-provision in prior years	**10**	32
	10	168
PRC Enterprise Income Tax		
Current year	**3,472**	2,673
Deferred tax:		
Current year	**4,347**	(13,504)
	7,829	(10,663)

On 21 March 2019, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2019 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. Other than the qualifying corporation, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits for the year ended 30 June 2020.

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no estimated assessable profit for the year ended 30 June 2021.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year ended 30 June 2021 (2020: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. LOSS FOR THE YEAR

	2021	2020
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Employee benefits expenses:		
Directors' emoluments	**3,644**	5,043
Other staffs' salaries, wages and other benefits	**75,765**	159,999
Other staffs' retirement benefits scheme contributions	**4,300**	5,888
Total employee benefits expenses	**83,709**	170,930
Auditor's remuneration	**1,280**	1,350
Depreciation and amortisation	**8,402**	15,564
Depreciation of right-of-use assets	**1,407**	8,524
(Gain) loss on disposal of property, plant and equipment	**(266)**	353

9. LOSS PER SHARE

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

	2021	2020
	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)	**(29,871)**	(101,204)

	Number of shares	Number of shares
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	**7,492,562**	7,492,562

Diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 30 June 2020 and 2021.

10. TRADE, BILLS AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**89,630**	58,086
Less: allowance for impairment of trade receivables	**(32,465)**	(11,680)
	57,165	46,406
Bills receivables	**16,586**	46,317
Deposit paid for fund investment	**9,713**	—
Receivables arising from dealing in listed securities	**2,739**	871
Prepayments	**2,266**	5,412
Other deposits paid, net of allowance for impairment	**20,204**	22,944
Other receivables, net of allowance for impairment	**3,279**	11,531
	111,952	133,481

The Group grants a credit period of 30 days to its customers. No interest is charged on overdue trade receivables. The following is an aged analysis of trade receivables, net of accumulated impairment loss, presented based on the invoice date at the end of the reporting period:

	2021	2020
	HK$'000	*HK$'000*
0–30 days	**2,128**	5,744
31–60 days	**8,654**	18,081
61–90 days	**6,822**	19,526
91–180 days	**6,622**	—
181–365 days	**14,028**	—
Over 1 year	**18,911**	3,055
	57,165	46,406

11. LOAN RECEIVABLES

	2021 *HK$'000*	2020 *HK$'000*
Loans	**156,445**	208,706
Less: impairment losses recognised	**(14,443)**	(9,409)
	142,002	199,297

At 30 June 2021, other than a loan to a third party with an aggregate principal and accrued interest amounting to HK$2,435,000 (2020: HK$3,027,000) is secured by a second charge of a property, all other loans to third parties with an aggregate principal and accrued interest of HK$139,567,000 (2020: HK$196,270,000) are unsecured, bear fixed interest ranging from 5% to 18% (2020: 5% to 20%) per annum and are repayable within one year and thus classified as current assets. Loan receivables of HK$61,492,000 (2020: HK$112,030,000) are guaranteed by guarantors.

The loan receivables are repayable based on the repayment schedule specified in the respective loan agreements.

12. TRADE AND OTHER PAYABLES

	2021 *HK$'000*	2020 *HK$'000*
Trade payables	**6,869**	8,662
Deposits received	**1,022**	2,174
Payables for acquisition of property, plant and equipment	**—**	316
Accrued mining service costs on excavation works	**750**	5,097
Accrued staff costs	**21,693**	18,634
Other tax payables	**9,931**	7,513
Accrued expenses	**1,482**	1,703
Interest payable	**—**	1,235
Other payables	**968**	1,650
	42,715	46,984

The following is an aged analysis of trade payables based on the invoice date:

	2021	2020
	HK$'000	*HK$'000*
0–30 days	**5,415**	4,306
31–60 days	**447**	781
61–90 days	**—**	1,202
Over 90 days	**1,007**	2,373
	6,869	8,662

The average credit period on purchases is generally from 30 days extending up to 90 days for major suppliers.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

For the year ended 30 June 2021 (the "Year"), the Group recorded a revenue of approximately HK$130.94 million (2020: HK$265.35 million), representing a decrease of 50.65% as compared with that of the corresponding year in 2020. The decrease in revenue was mainly due to the termination and non-renewal of coal mining service agreements ("Cessation of Agreements") by the customers as announced in the Company's announcements dated 16 January 2020 and 17 June 2020. The Group recorded gross profit of approximately HK$35.47 million (2020: HK$30.94 million) for the Year. The Group's gross profit increased and its overall gross profit margin increased from 11.66% in the year ended 30 June 2020 to 27.09% for the Year. The increase in gross margin was mainly due to (i) the money lending business, which has a much higher gross profit margin, has contributed a greater proportion of revenue comparing to the business of provision of coal mining & construction services which has a lower gross profit margin and (ii) the Group has streamlined its operations and reduced the costs.

The Group recorded other income, which was mainly contributed from the handling income for coal packing services, government grants and leasing income from machinery, in the amount of approximately HK$8.85 million (2020: HK$10.55 million) for the Year. The Group recorded other gains of HK$2.54 million (2020: HK$4.12 million) which was mainly represented a gain on investments in listed securities. The Group recorded administrative and other operating expenses in the amount of HK$42.70 million (2020: HK$48.34 million), the decrease was mainly due to the decrease in the depreciation and amortization in the Year. The Group recorded finance costs in the amount of HK$2.83 million (2020: HK$7.61 million). The decrease was due to less imputed interest on promissory note having been recognized during the Year. Pursuant to a deed of settlement signed between the Company and the noteholder on 31 July 2020, the Company had paid approximately HK$46.50 million to the note holder during the Year and the interest rate for the outstanding balance was 3% per annum. The Group recorded income tax expense in the amount of HK$7.83 million (2020: tax credit of HK$10.66 million), the change was mainly due to the decrease in deferred tax liabilities written back.

The Group also recorded impairment loss recognised in respect of trade and other receivables, contract assets and loan receivables in the amount of HK$20.32 million (2020: 4.90 million), HK$1.74 million (2020: HK$0.74 million) and HK$4.76 million (2020: HK$1.69 million) respectively. The Group recorded a reversal of impairment loss recognized in respect of amount due from an associate in the amount of HK$3.34 million (2020: loss of HK$13.15 million). The change was due to the improvement of financial performance of the associated company during the Year.

In conclusion, loss attributable to owners of the Company for the Year amounted to approximately HK$29.87 million (2020: HK$101.20 million). The decrease in loss was mainly due to the absence of impairment losses recognised in respect of customer contracts (2020: HK$65.22 million) and right-of-use of assets (2020: HK$15.99 million).

PROVISION OF COAL MINING SERVICES & CONSTRUCTION SERVICES

The major revenue of this segment comprises of service income from excavation works and provision of construction works. During the Year, the Group has ceased to provide services which are governed by the Entrusted Management Measures ("Measure") to its customers after the Cessation of Agreements but the Group still provided services not governed by the Measures. Furthermore, the Group also provided services to new customers. During the Year, the Group recorded a revenue of approximately HK$111.55 million (2020: HK$239.06 million) from the provision of coal mining & construction services which accounted for 85.19% of the Group's total revenue. This segment recorded a loss of HK$12.52 million during the Year. The loss was mainly due to the impairment loss recognised in respect of trade receivables and contract assets as a result of the increasing expected credit risks for the new customers.

MONEY LENDING BUSINESS

The Group operates its money lending business through an indirect wholly-owned subsidiary of the Company, which is a licensed money lender under the Money Lenders Ordinance (Cap. 163, Laws of Hong Kong). The Group also granted loans to third parties in the PRC through its subsidiaries in Mainland China. During the Year, the revenue from loan interest income was approximately HK$12.82 million (2020: HK$20.46 million) which accounted for 9.79% of the Group's total revenue. The decrease in revenue was mainly attributable to the decline in loan balances as the Group was more cautious in granting loans. The interest rate charged by the Group ranged from 5% to 18% per annum. Save for a loan of HK$3 million which was secured by second charge of property, all loans extended by the Group were unsecured.

PROVISION FOR HEATING SUPPLY

The Group provides heating supply services to the customers in Tianjin City, the PRC. During the Year, the Group recorded a revenue of approximately HK$6.58 million (2020: HK$5.84 million) from the provision of heating supply services which accounted for 5.02% of the Group's total revenue. Notwithstanding that the provision for heating supply service recorded a slight gross loss due to the high price of gas but the Group has received a subsidy of HK$2.31 million as other income from the government. After taking into account the relevant administrative costs, the Group recorded a loss of approximately HK$1.15 million (2020: HK$1.66 million) in this segment during the Year.

INVESTMENT IN LISTED SECURITIES

As at 30 June 2021, the Group invested in securities listed in Hong Kong, the United States and the PRC markets (i.e. financial assets at fair value through profit or loss ("FVTPL")), the financial assets at FVTPL amounted to approximately HK$27.33 million (30 June 2020: HK$27.04 million). During the Year, the Group recorded a gain of fair value change on financial assets at FVTPL of approximately HK$2.28 million (2020: HK$4.12 million).

The details of financial assets at FVTPL are as follows:

Investee	Stock code	Carrying amount as at 01/07/2020	Costs of acquisition during the Year	Proceeds from disposal during the Year	Fair value gain/(loss) during the Year	Market Value as at 30/06/2021
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Best Food Holding Company Limited ("Best Food")	1488	7,480	3,671	(1,699)	(1,298)	8,154
Ri Ying Holdings Limited ("Ri Ying")	1741	10,079	—	(290)	(2,952)	6,837
Binhai Investment Company Limited ("Binhai")	2886	—	4,788	(142)	195	4,841
Goal Forward Holdings Limited	1854	944	1,085	(2,282)	274	21
China Aerospace Times Electronics Co. Ltd. ("Aerospace Times")	600879	—	2,690	—	149	2,839
China Kings Resources Group Co Ltd. ("Kings Resources")	603505	—	2,373	—	(25)	2,348
BIT Mining Limited	BTCM	—	6,518	(3,910)	(2,271)	337
Xiaomi Corporation	1810	—	3,584	(3,612)	28	—
The9 Limited	NCTY	—	2,021	(2,257)	236	—
E. Bon Holdings Limited	EBON	—	2,306	(966)	(1,340)	—
China Futex Holdings Limited	8506	2,209	1,291	(5,571)	2,071	—
JLOGO Holdings Limited	8527	4,000	847	(10,306)	5,459	—
Optima Automobile Group Holdings Limited	8418	710	—	(925)	215	—
Mansion International Holdings Limited	8456	—	2,824	(2,066)	(758)	—
Others		1,616	4,544	(6,500)	2,292	1,952
Total		27,038	38,542	(40,526)	2,275	27,329

INVESTMENT IN ASSOCIATES

The Group holds 30% equity interest in Asset Management International Limited (together with its subsidiaries, the "Asset Management Group"). The Asset Management Group principally engages in security investments. As the Group's share of loss of an associate was limited to its net investment amount in the associate, the Group did not record any loss on share of results of associates during the Year.

OUTLOOK

The directors expect the provision of coal mining and construction services will remain one of the Group's major sources of revenue notwithstanding the challenges of increasing production costs and intense market competition. Given the income from the provision of coal-mining service and construction services is charged on project basis and is non-recurrent in nature, the Group may achieve lower-than expected revenue if it fails to maintain continuity of the Group's order book for its new projects. Accordingly, the Group has been actively pursuing new customers so as to enlarge its customer base.

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 and the implementation of environmental regulations which facilitate the process of boiler conversions from coal to natural gas in the PRC. In line with the Group's strategy to develop its environmental friendly heating business, the Group seeks further expansion in Tianjin and Beijing. The Company would be cautious when assessing and considering potential investment opportunities.

Given the impact of the COVID-19 pandemic on the economies of mainland China and Hong Kong, the Group will continue to exercise significant control over the making of loans as well as monitoring its outstanding loans receivable to minimise credit risk with respect to its money lending business.

Looking ahead, the Group will maintain healthy development of its different business segments to consolidate its business portfolio and diversify its sources of income. Subject to the availability of financial resources, the Group will continue to actively consider venturing into new business areas. Having considered various business areas, the Group intends to diversify its business into the market of fruit trading through investment in a joint venture with an individual who has extensive experience in this field. The Directors are of the view that the business of import of fruits into the PRC has great potential and is a good business opportunity to broaden the Group's source of revenue thereby creating greater value for its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group held cash and cash equivalents of approximately HK$167.15 million (30 June 2020: HK$122.08 million). Net current assets amounted to approximately HK$348.89 million (30 June 2020: HK$343.26 million). As at 30 June 2021, the current ratio (defined as total current assets divided by total current liabilities) was approximately 3.67 (30 June 2020: 2.95 times). The gearing ratio, being the ratio of total liabilities to total assets, was approximately 0.27 (30 June 2020: 0.33). The Group did not have bank borrowing as at 30 June 2021 (30 June 2020: Nil).

USE OF PROCEEDS FROM PLACING

As disclosed in the announcement of the Company dated 8 April and 21 April 2016, the Company completed the placing of an aggregate of 1,046,260,000 new shares in the Company on 21 April 2016 ("2016 Placing"), from which the net proceeds of HK$201.2 million was raised. The Group intended to use 80% (approximately HK$160 million) of the proceeds for the development in the business of provision of services related to clean energy and the remaining 20% (approximately HK$41 million) of the proceeds for working capital purpose ("Intended Purposes"). Among other things, the Company has applied part of the proceeds from the 2016 Placing to develop clean energy heat supply services in Shandong ("Shandong Project") and Tianjin ("Tianjin Project").

The breakdown for the usage of the proceeds up to 30 June 2021 are as follows:

	Actual net proceeds *HK$*	**The cumulative usage of the 2016 Placing proceeds up to 30 June 2019** *HK$*	**For the year ended 30 June 2020** *HK$*	**For the year ended 30 June 2021** *HK$*	**Unutilised Proceeds as at 30 June 2021** *HK$*
Provision of heat supply services by clean energy including					
(i) investment in the joint ventures for the provision of heat supply services		35,000,000	Nil	Nil	
(ii) capital expenditure such as purchasing heat supply equipment and carrying out construction works and		34,000,000	Nil	Nil	
(iii) operation costs of the joint ventures		11,000,000	Nil	Nil	
Sub-total	160,000,000	80,000,000	Nil	Nil	80,000,000
General working capital	41,000,000	41,000,000	Nil	Nil	Nil
Total	201,000,000	121,000,000	Nil	Nil	80,000,000

The remaining balance of unutilised proceeds ("Unutilised Proceeds") of approximately HK$80 million was and is still being deposited in banks and has remained unutilised during the Year and as at the date of this announcement.

Since the completion of the 2016 Placing and after investing in the Shandong Project (subsequently ceased in 2017) and Tianjin Project, the Company has been actively looking for other potential investment opportunities in the business of provision of clean energy heat supply services. The Company has been cautious when assessing and considering potential investment opportunities and had rejected a number of potential investment opportunities since, after due and careful consideration, the Company considered that the commercial terms of such investment opportunities were not in the best interest of the Company. As such, the Company has continued looking for potential investment opportunities to which the Company may apply the Unutilised Proceeds during the Year and currently has ongoing preliminary negotiations regarding, among other things, refurbishment and upgrade of the existing heat supply system in an university campus in Tianjin, and cooperation with local heat supply services providers to provide clean energy heat supply service in Tianjin. All of the potential investments which the Company is currently considering are at a preliminary stage and information, including the amount of the Unutilised Proceeds which is intended to be applied to such investment(s), may be provided once the Company and the counterparty(ies) have reached binding commercial terms of such investments.

Given the Company is still considering the potential investments and the negotiation with the counterparty(s) on commercial terms are still at a preliminary stage, the Company does not have an expected timeline for the utilisation of the Unutilised Proceeds. In any event, given it is very unlikely for the Company to make new investments in time for the upcoming heat supply season beginning in or about November 2021, the potential investment opportunists currently being considered by the Company will only commence operation in the next heat supply season in year 2022, the earliest subject to the progress of negotiation and the seasonal demand of heat supply service.

In view of the above, the directors consider that the potential investments currently being considered by the Company are in relation to the provision of heat supply services using natural gas are consistent with the Intended Purposes.

SHARE CAPITAL

As at 1 July 2020, the authorized share capital of the Company was HK$1,500,000,000 divided into 30,000,000,000 shares of the Company of HK$0.05 each and the issued share capital of the Company was approximately HK$374,628,117 divided into 7,492,562,338 shares of par value of HK$0.05. Upon the completion of the capital reorganization of the Company on 13 May 2021, the authorised share capital of the Company was HK$1,500,000,000 divided into 150,000,000,000 shares of par value HK$0.01 each. (For details, please refer to the Company's announcements dated 23 October 2020, 16 December

2020 and 13 May 2021) At 30 June 2021, the issued share capital of the Company was approximately HK$74,925,634 divided into 7,492,562,338 shares of par value of HK$0.01 each.

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 minimise currency risks.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions or disposals of subsidiaries and associates of the Group during the Year.

LITIGATIONS

There were no material litigations during the Year.

CAPITAL COMMITMENT

As at 30 June 2021, the Group had no significant capital commitment (2020: HK$19.73 million).

PLEDGE OF ASSETS

As at 30 June 2021, none of the assets of the Group were pledged as security for any banking facilities.

EMPLOYEE INFORMATION

As at 30 June 2021, there were 390 (2020: 606) 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.

RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

The employees of the PRC subsidiaries are members of the state-managed retirement benefits schemes ("Schemes") operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the Schemes to fund the benefits. The only obligation of the Group with respect to the Schemes is to make the required contributions under the Schemes.

During the Year, the Group's contributions under the above-mentioned defined contribution retirement plan had no forfeited contributions may be used to reduce the existing level of contributions.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no significant contingent liabilities.

DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2021, nor has any dividend been proposed since the end of the reporting period (2020: nil).

OTHER INFORMATION

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 30 June 2021, 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.

Directors' rights to acquire shares or debentures

To the best knowledge of the Directors, 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 corporation.

Substantial shareholders' interests and short positions in shares and underlying shares

As at 30 June 2021, so far as is known to the Directors and the Chief Executives, the interests and short positions of the persons or corporations in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or who was directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company as follows:

Long position in ordinary shares of HK$0.01 each of the Company

Name of Shareholders	**Nature of interests**	**Number of shares held**	**Approximate percentage of shareholding**
CHEN Zhaohui	Beneficial owner	437,480,000	5.84%
XU, Gongming	Beneficial owner	12,000,000	0.16%
XU, Gongming *(Note)*	Held by controlled entity	1,037,980,000	13.85%
Redwood Bay Investment Group International Company Limited *(Note)*	Beneficial owner	1,037,980,000	13.85%
Full Ying Holdings Limited	Beneficial owner	443,480,000	5.92%

Note: XU, Gongming is deemed to be interested in 1,037,980,000 shares held by Redwood Bay Investment Group International Company Limited (formerly known as Zheng He Industrial Group Limited), the company is incorporated in the British Virgin Islands, which is wholly and beneficially owned by XU, Gongming.

Save as disclosed above, as at 30 June 2021, no other person or corporation has interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or, who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Directors' and Controlling Shareholders' Interests in Contracts

There were no contracts of significance in relation to the Company's business, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director had, whether directly or indirectly, a material interest, nor there were any other contracts of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

Share Options Scheme

Pursuant to an ordinary resolution passed by the then sole shareholder of the Company on 20 April 2004, the Company had adopted a share options scheme (the "2004 Share Options Scheme"), pursuant to which the Board was authorised to grant options to the eligible participants for the period of 10 years from 20 April 2004. The 2004 Share Options Scheme expired on 19 April 2014 and no further options can be granted pursuant to the 2004 Share Options Scheme. No options under the 2004 Share Options Scheme are currently outstanding.

As the 2004 Share Options Scheme expired on 19 April 2014, an ordinary resolution for the adoption of a new share options scheme was 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 new 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 new share options scheme as at the date of this announcement.

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

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. Save as the deviation from code A.2.1 of the CG Code as described below, 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.

Pursuant to code provision A.2.1 of the Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Currently, each of Mr. Cai Da and Mr. Li Xianghong is the co-chairman of the Company (the "Co-Chairman"). Mr. Cai Da as the Co-Chairman was responsible for providing leadership to and overseeing the management of the Board, and performing the roles of the chairman for the purposes of the Articles of Association of the Company, the Corporate Governance Code and the Rules Governing the Listing of Securities on the GEM, while Mr. Li Xianghong as the Co-Chairman was primarily responsible for overall leadership in the strategic development of the business of the Group. Further, following the resignation of Mr. Chen Youhua from the positions of executive director and CEO of the Company at 1 January 2021, the board has not yet appointed a new chief executive of the Company. Accordingly, the duties of the chief executive have since then been undertaken by the executive directors. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of chief executive. Appointment will be made to fill the post to comply with code provision A.2.1 of the Code if necessary.

Audit Committee

The Company has established the audit committee of the Company (the "Audit Committee") with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises four independent non-executive Directors, namely Ms. Wong Na Na (committee chairman), Mr. Wang Zhixiang, Ms. Feng Jibei and Mr. Chen Xier.

The Group's consolidated financial statements for the year ended 30 June 2021 has been reviewed by the Audit Committee, which is of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

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 2021 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
Co-Chairman

Hong Kong, 20 September 2021

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 (ii) four independent non-executive Directors namely, Ms. Wong Na Na, Mr. Wang Zhixiang; Ms. Feng Jibei and Mr. Chen Xier.