



# 絲路能源服務集團有限公司 Silk Road Energy Services Group Limited

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8250)



**2015/2016**  
**FIRST QUARTERLY REPORT**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This report, 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 of the Stock Exchange (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: (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## FINANCIAL HIGHLIGHTS

For the three months ended 30 September 2015:

- Revenue amounted to approximately HK\$78,705,000 (2014: HK\$199,999,000), representing a decrease of 60.6% as compared to that of the corresponding period in 2014. The substantial decrease in revenue was mainly due to the fact that there was no revenue from trading of other mineral products recorded for the Period (2014: HK\$183,933,000), although a new revenue of approximately HK\$65,218,000 (2014: Nil) arising from the provision of coal mining services were recorded upon the completion of the acquisition of the coal mining services business taken place on 31 July 2015.
- Loss attributable to owners of the Company for the Period amounted to approximately HK\$64,305,000 (2014: HK\$4,963,000). The loss was mainly attributable to the share of loss of associates of approximately HK\$62,465,000 while share of the positive results of approximately HK\$277,000 was recorded for the same period last year.

The Board does not recommend the payment of dividend for the three months ended 30 September 2015 (2014: Nil).

## FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) of the Company announces herewith the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 September 2015, together with the comparative unaudited figures for the corresponding period in 2014 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 September 2015

		For the three months ended	
		30 September	2014
		2015	(Unaudited)
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
			(restated)
<b>Continuing operations</b>			
Revenue	3	<b>78,705</b>	199,999
Cost of sales and services rendered		<b>(39,300)</b>	(189,790)
Gross profit		<b>39,405</b>	10,209
Investment and other income	4	<b>146</b>	1,958
Selling and distribution expenses		<b>–</b>	(81)
Administrative expenses		<b>(15,520)</b>	(13,647)
Other operating expenses		<b>(4,466)</b>	(1,988)
Amortization of customer contracts	8	<b>(6,479)</b>	–
Loss arising on change in fair value of held-for-trading investments		<b>(4,292)</b>	–
Change in fair value of promissory notes	8	<b>(5,400)</b>	–
Share of results of associates		<b>(62,465)</b>	277
Loss from operating activities	5	<b>(59,071)</b>	(3,272)
Finance costs	6	<b>(9)</b>	–
Loss before tax		<b>(59,080)</b>	(3,272)
Income tax expense	7	<b>(5,225)</b>	(704)

		<b>For the three months ended</b>	
		<b>30 September</b>	
		<b>2015</b>	<b>2014</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(restated)</b>	
<i>Notes</i>			
	<b>Loss for the period from continuing operations</b>	<b>(64,305)</b>	<b>(3,976)</b>
	<b>Discontinued operation</b>		
	Loss for the period from discontinued operation	9	(987)
	<b>Loss for the period</b>	<b>(64,305)</b>	<b>(4,963)</b>
	<b>Other comprehensive (expense) income for the period, net of tax</b>		
	<i>Item that may be reclassified subsequently to profit or loss:</i>		
	Exchange differences on translating foreign operations	(15,035)	1,021
	<b>Loss and total comprehensive expense for the period attributable to owners of the Company, net of tax</b>	<b>(79,340)</b>	<b>(3,942)</b>
	<b>Dividends</b>	10	-
	<b>Loss per share</b>	11	-
	From continuing and discontinued operations		
	— Basic and diluted (HK cents per share)	(1.11)	(0.10)
	From continuing operations		
	— Basic and diluted (HK cents per share)	(1.11)	(0.08)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2015

	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Unlisted warrants reserve HK\$'000	Accumulated losses HK\$'000	Total equity attributable to owners of the Company HK\$'000
Balance at 1 July 2015 (Audited)	290,625	503,759	(1,461)	3,686	(131,476)	665,133
Loss for the period	-	-	-	-	(64,305)	(64,305)
Exchange differences on translation of foreign operations	-	-	(15,035)	-	-	(15,035)
Loss and total comprehensive expense for the period	-	-	(15,035)	-	(64,305)	(79,340)
Transfer of unlisted warrants reserve upon lapse of unlisted warrants	-	-	-	(3,686)	3,686	-
Balance at 30 September 2015 (Unaudited)	290,625	503,759	(16,496)	-	(192,095)	585,793

For the three months ended 30 September 2014

	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Unlisted warrants reserve HK\$'000	Accumulated losses HK\$'000	Total equity attributable to owners of the Company HK\$'000
Balance at 1 July 2014 (Audited)	259,625	373,745	7,122	-	(67,620)	572,872
Loss for the period	-	-	-	-	(4,963)	(4,963)
Exchange differences on translation of foreign operations	-	-	1,021	-	-	1,021
Loss and total comprehensive expense for the period	-	-	1,021	-	(4,963)	(3,942)
Issue of unlisted warrants	-	-	-	9,700	-	9,700
Balance at 30 September 2014 (Unaudited)	259,625	373,745	8,143	9,700	(72,583)	578,630

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

## 1. GENERAL INFORMATION

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 GEM.

The Company is an investment holding company. Its subsidiaries were principally engaged in the (i) provision of coal mining services; (ii) processing and trading of fluorite products, (iii) trading of other mineral products, (iv) provision of advertising and public relations services and (v) provision of money lending services.

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated results for the three months ended 30 September 2015 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards and Interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The unaudited condensed consolidated results have been prepared under the historical cost convention, as modified by the valuation of investments and investment properties which are measured at their fair values.

The accounting policies used in the preparation of the unaudited condensed consolidated results are consistent with those adopted in preparing the Group's audited financial statements for the year ended 30 June 2015.

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior periods.

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective for the current period. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to reasonably estimate whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

### 3. REVENUE

The Group's revenue represents revenue arising from (i) provision of coal mining services, (ii) processing and trading of fluorite products, (iii) trading of other mineral products, (iv) provision of advertising and public relations services and (v) provision of money lending services. An analysis of the Group's revenue for the period is as follows:

	For the three months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (restated)
<b>Continuing operations</b>		
Provision of coal mining services	65,218	–
Processing and trading of fluorite products	–	7,650
Trading of other mineral products	–	183,933
Provision of advertising and public relations services	10,737	7,402
Provision of money lending services	2,750	1,014
	<b>78,705</b>	<b>199,999</b>

### 4. INVESTMENT AND OTHER INCOME

	For the three months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (restated)
<b>Continuing operations</b>		
Interest income on bank deposits	25	48
Gain on disposal of held-for-trading investments	–	1,725
Sundry income	121	185
	<b>146</b>	<b>1,958</b>



## 5. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

	For the three months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (restated)
<b>Continuing operations</b>		
Depreciation of property, plant and equipment	2,157	906
Amortization of customer contracts	6,479	—
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## 6. FINANCE COSTS

	For the three months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (restated)
<b>Continuing operations</b>		
Interest expenses on bank borrowing wholly repayable within one year	9	—
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## 7. INCOME TAX EXPENSE

	For the three months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (restated)
<b>Continuing operations</b>		
Current profits tax:		
– Hong Kong	900	419
– People's Republic of China ("PRC")	6,058	285
Deferred tax credit	(1,733)	—
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	5,225	704
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Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both periods.

Subsidiaries operating in the PRC are subject to PRC Enterprise Income Tax at 25% for both periods.

Profits of the subsidiary established in Mongolia are subject to Mongolian Economic Entity Income Tax (“EET”). Under the Law of Mongolia on EET, the tax rate of the Mongolian subsidiary was 10% for both periods.

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

## 8. ACQUISITION OF SUBSIDIARIES

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) 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 sales and purchase agreement, the Vendors have conditionally agreed to sell and Million Nature has conditionally agreed to acquire the entire issued share capital of Everbest Return Limited (“Everbest Return”), a company incorporated in the British Virgin Islands with limited liability, at a total consideration of HK\$760 million (to be adjusted based on the after-tax profits of Everbest Return for the year ended 30 June 2016). The acquisition was completed on 31 July 2015.

At 30 September 2015, the Group has not finalized the fair value assessments for the net assets acquired as at 31 July 2015, being the completion date of the acquisition (including the customer contracts and the promissory notes). The relevant fair values of net assets are on a provisional basis.

## 9. DISCONTINUED OPERATION

The results of the discontinued operation included in the condensed consolidated statement of profit or loss and other comprehensive income are set out below.

	Three months ended	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period from discontinued operation:		
Revenue	–	479
Cost of sales and services provided	–	(1,203)
Administrative expenses	–	(103)
Other operating expenses	–	(160)
Loss before tax	–	(987)
Income tax expense	–	–
Loss for the period from discontinued operation	–	(987)

	<b>Three months ended 30 September</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Loss for the period from discontinued operation has been arrived at after charging:		
Depreciation of property, plant and equipment	–	159

## 10. DIVIDENDS

The Board does not recommend the payment of dividend for the three months ended 30 September 2015 (2014: Nil).

## 11. LOSS PER SHARE

	<b>Three months ended 30 September</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
		(restated)
<b>From continuing and discontinued operations</b>		
Loss for the period attributable to owners of the Company (HK\$'000)	<b>(64,305)</b>	(4,963)
Weighted average number of shares in issue in the basic loss per share calculation	<b>5,812,502,338</b>	5,192,502,338
Basic and diluted (HK cents per share)	<b>(1.11)</b>	(0.10)
<b>From continuing operations</b>		
Loss for the period attributable to owners of the Company (HK\$'000)	<b>(64,305)</b>	(3,976)
Weighted average number of shares in issue in the basic loss per share calculation	<b>5,812,502,338</b>	5,192,502,338
Basic and diluted (HK cents per share)	<b>(1.11)</b>	(0.08)

No adjustment has been made to the basic loss per share amounts presented for the three months ended 30 September 2014 in respect of a dilution as the impact of the unlisted warrants of the Company outstanding during the three months ended 30 September 2014, had anti-dilutive effect on the basic loss per share amounts presented.

## 12. COMPARATIVE FIGURES

As a result of the establishment of money lending business segment set out in note 3 and discontinued operation set out in note 9, certain comparative figures have been adjusted to confirm to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in current period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Financial Review

For the three months ended 30 September 2015 (the “Period”), the Group recorded revenue of approximately HK\$78,705,000 (2014: HK\$199,999,000), representing a decrease of 60.6% as compared with that of the corresponding period in 2014. The substantial decrease in revenue was mainly due to the fact that there was no revenue from trading of other mineral products recorded for the Period (2014: HK\$183,933,000), although a new revenue of approximately HK\$65,218,000 (2014: Nil) arising from the provision of coal mining services were recorded upon the completion of the acquisition of the coal mining services business taken place on 31 July 2015. The gross profit for the Period was approximately HK\$39,405,000 (2014: HK\$10,209,000), representing an increase of 286.0% as compared with that of the corresponding period last year. The increase in gross profit for the Period as compared with that of the corresponding period last year was mainly due to the change of the revenue mix of the Group as explained above.

Loss attributable to owners of the Company for the Period amounted to approximately HK\$64,305,000 (2014: HK\$4,963,000). The loss was mainly attributable to the share of loss of associates of approximately HK\$62,465,000 while share of the positive results of approximately HK\$277,000 was recorded for the same period last year.

### Provision of Coal Mining Services

Subsequent to the completion of acquisition of Everbest Return (together with its subsidiaries, collectively “Everbest Return Group”) on 31 July 2015, the Group has further diversified into a new business engaging in the provision of coal mining services. Therefore, the results of Everbest Return Group has been consolidated into the Group’s account 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 PRC.

Everbest Return Group provided coal mining services to seven coal mines during the Period 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 two months ended 30 September 2015, approximately 2.27 million tonnes of coal had been produced and approximately 6.3 kilometres of tunnels had been excavated by Everbest Return Group.

For the Period, the Group's provision of coal mining services recorded a revenue of approximately HK\$65,218,000, which accounted for 82.9% of the Group's total revenue.

### **Fluorite Processing and Trading Business**

The Group owns a fluorite powder processing factory and two mines with exploitation licenses expiring in 2037 in Mongolia. During the past two years and the Period, due to the continuing decrease in the market prices of fluorite products, the factory has been suspended. As a result, no revenue was generated from the fluorite processing and trading business during the Period. However, after the completion of acquisition of Everbest Return Group on 31 July 2015, with the support of a competent and experienced staff team from Everbest Return Group in the mining industry, it is also the intention of the management, depending on the then market conditions of fluorite products next year, to exploit one of the mines in Mongolia next year. The current prospects for the natural resources related business remains positive in the long run although the expected economic growth in the global market needs time to recover.

### **Trading of Other Mineral Products**

The Group operated its trading of other mineral products (other than fluorites products) in PRC, mainly zinc and aluminum ingots. The trading of other mineral products would assist the Group to expand the sales network in the trading of fluorite products. Although the trading of other mineral products had contributed substantially to the Group's total revenue last year, the gross profit margin is low because the market conditions for mineral products have not been improved much. In view of the situation, the management has been considering to reallocate the resources of the Group to other business with higher profit margin. As a result, no revenue was generated from the trading of other mineral products during the Period.

The Group may consider to engage in trading of mineral products with a focus on coal products in the coming periods. The Group will pay close attention to the changes in the macroeconomic situation and carry out the trading business in a cautious manner.

### **Advertising and Public Relations Business**

The Group provided advertising and public relations services through PR ASIA Consultants Limited (“PR ASIA Consultants”), a company incorporated in Hong Kong with limited liability and has contributed considerable income since 2011. PR ASIA Consultants 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.

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 Consultants. During the Period, the revenue contribution from the advertising and public relations services reached approximately HK\$10,737,000, which accounted for 13.6% of the Group’s total revenue for the Period. It has also diversified its business to undertaking IPO projects.

On 3 June 2015, Chemosino International Limited (“Chemosino”) (a directly wholly-owned subsidiary of the Company), as vendor, entered into a sales and purchase agreement with Mr. Ling Yee Fai (“Mr. Ling”), as purchaser, pursuant to which Chemosino conditionally agreed to sell, and Mr. Ling conditionally agreed to acquire, 40% of the issued share capital of the PR ASIA Investment Holdings Limited (“PR ASIA Investment”), a directly wholly-owned subsidiary of Chemosino, and which directly holds 100% equity interest of PR ASIA Consultants, at a total consideration of HK\$13 million. Upon the completion of the disposal on 23 October 2015, it is expected that collaboration between the purchaser and the existing board of directors of PR ASIA Consultants will be fostered, which will in turn facilitate the operation and the development of the advertising and public relation business in the future.

Looking ahead, the Group is optimistic on the advertising and public relations business driven by the long-term economic growth potentials 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 Consultants enables the Group to sustain its business growth momentum and maintain a stable income source in the future.

### **Money Lending Business**

The Group operates its money lending business through Profit Finance Limited, an indirectly wholly-owned subsidiary of the Company, which obtained a money lenders licence under the Money Lenders Ordinance (Cap. 163, Laws of Hong Kong). During the Period, the revenue from loan interests income was approximately HK\$2,750,000, which accounted for 3.5% of the Group's total revenue. The interest rate charged by the Group ranged from 5% to 12% per annum. The loans were unsecured, with credit terms ranging from six months to one year.

### **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\$14,922,000 as at 30 September 2015. During the Period, a loss arising on change in fair value of the listed securities of approximately HK\$4,292,000 was recorded. The investment in the listed securities is also one of the Group's treasury policies to make use of certain surplus funds retained by the Group.

### **Investment in Associates**

The Group holds 40% equity interest in Asset Management International Limited (formerly known as TH Property Holding Management Limited) (together with its subsidiaries, the "Asset Management Group"). Asset Management Group engages principally in property and security investments. During the Period, the Group recorded a share of loss of approximately HK\$62,465,000 from the investment in Asset Management Group, which was mainly due to the change in the fair values of the listed securities held by Assets Management Group.

## OUTLOOK

Upon the completion of acquisition of Everbest Return Group, it will steer the Group towards becoming an integrated natural resources related services provider by further developing its natural resources value chain through vertical integration by virtue of (i) expanding the Group's current down-stream business of mineral products trading by offering to customers the mid-stream services provided by Everbest Return Group, being mining construction engineering and related services; (ii) enhancing the service offering to the customers of Everbest Return Group through the provision of down-stream mineral products trading services; and (iii) bringing in-house a competent team for the provision of mining construction engineering and related services. The management believes that the diversification into the natural resources related business will not only broadening the income base of the Group, but also increasing the shareholders' value in the long run.

Looking ahead, the Company will continue to look for potential investment opportunities in the natural resources related business, which is expected to become a major revenue growth driver of the Group in the future.

### Share Capital

As at 1 July 2015 and 30 September 2015, 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 ("Share(s)"), and the issued share capital of the Company was approximately HK\$290,625,000 divided into 5,812,502,338 Shares. There was no movement in the issued share capital of the Company during the Period.



## 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 Period.

## OTHER INFORMATION

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

As at 30 September 2015, 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 the ordinary shares of HK\$0.05 each of the Company

Name of Directors	Capacity	Number of Shares Held	Percentage of Shares in issue (Approximate)
Mr. Hu Zhixiong	Beneficial owner	38,400,000	0.66%
	Held by controlled entity (Note)	1,300,000,000	22.37%

*Note:* The shares are held by Tai Pu Mining International Co., Ltd, whereas Tai Pu Mining International Co., Ltd is a company incorporated in British Virgin Islands, which is wholly and beneficially owned by Mr. Hu Zhixiong.

Save as disclosed above, as at 30 September 2015, 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

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 this report, at no time during the Period 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.

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 September 2015, so far as is known to the Directors and the Chief Executives, the interests and short positions of the persons or corporations (other than the interests of the Directors and the Chief Executives as disclosed above) 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 or any other members of the Group, were as follows:

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

Name of Shareholder	Capacity	Number of Shares Held	Percentage of Shares in issue (Approximate)
Tai Pu Mining International Co., Ltd ("Note")	Beneficial owner	1,300,000,000	22.37%

*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 September 2015, no other person or corporation (other than the Directors and the Chief Executives) 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 or any other members of the Group.

## **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 has been granted under the new share options scheme as at the date of this report.

## **Competing Interests**

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

## **Purchase, Sale or Redemption of the 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 Period.

## **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 a 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 Period.

## **Code on Corporate Governance Practices**

The Company endeavours in maintaining high standard 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 during the Period.

## **Audit Committee**

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to (i) review the Company's annual report and accounts, interim reports and quarterly reports; (ii) provide advice and comments thereon to the Board; and (iii) review and supervise the Group's financial reporting and internal control procedures. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chi Chi Hung, Kenneth (committee chairman), Mr. Yan Shengxian and Ms. Wong Na Na.

The Group's unaudited condensed consolidated financial statements for the Period, 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.

## Change in Information of Director

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors since the date of annual report of the Company for the year ended 30 June 2015 are set out below:

Name of Director	Details of Change
Mr. Chi Chi Hung, Kenneth	Resigned as an executive director of Aurum Pacific (China) Group Limited (stock code: 8148) with effect from 13 October 2015

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 17.50A (1) of the GEM Listing Rules.

By Order of the Board  
**Silk Road Energy Services Group Limited**  
**Cai Da**  
*Chairman*

Hong Kong, 9 November 2015

*As at the date of this report, the board of Directors comprises (i) six executive Directors namely, Mr. Cai Da, Mr. Hu Zhixiong, Mr. Li Wai Hung, Mr. Chen Youhua, Mr. Chen Liang and Mr. Guo Xiang; and (ii) four independent non-executive Directors namely, Mr. Chi Chi Hung, Kenneth, Mr. Yan Shengxian, Mr. Wang Zhixiang and Ms. Wong Na Na.*