2019/20
INTERIM REPORT

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)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cai Da *(Co-Chairman)*
Mr. Li Xianghong *(Co-Chairman)*
Mr. Chen Youhua
(Chief Executive Officer)
Mr. Li Wai Hung
Mr. Wang Tong Tong

Independent Non-Executive Directors

Mr. Wang Zhixiang
Ms. Wong Na Na
Ms. Feng Jibei
Mr. Chen Xier

AUDIT COMMITTEE

Ms. Wong Na Na *(Chairman)*
Mr. Wang Zhixiang
Ms. Feng Jibei
Mr. Chen Xier

REMUNERATION COMMITTEE

Ms. Wong Na Na *(Chairman)*
Mr. Cai Da
Mr. Wang Zhixiang
Ms. Feng Jibei

NOMINATION COMMITTEE

Mr. Cai Da *(Chairman)*
Mr. Wang Zhixiang
Ms. Feng Jibei
Mr. Chen Xier

COMPANY SECRETARY

Mr. Ngai Man Wo

AUTHORISED REPRESENTATIVES

Mr. Cai Da
Mr. Ngai Man Wo

COMPLIANCE OFFICER

Mr. Cai Da

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INTERIM RESULTS (UNAUDITED)

The board of Directors (the "**Board**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the three months and six months ended 31 December 2019, together with the comparative unaudited figures for the corresponding periods in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2019

		Three months ended 31 December		**Six months ended 31 December**	
		2019	2018	**2019**	2018
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue	3	**90,561**	84,011	**173,807**	171,399
Cost of services rendered		**(75,460)**	(64,170)	**(142,984)**	(130,226)
Gross profit		**15,101**	19,841	**30,823**	41,173
Other income	5	**2,566**	6,583	**5,554**	8,087
Fair value changes on financial assets at fair value through profit or loss ("**FVTPL**")		**(519)**	2,088	**7,597**	(3,032)
Administrative and other operating expenses		**(15,504)**	(25,621)	**(28,309)**	(40,244)
Impairment loss recognised in respect of property, plant and equipment	11	**(12,113)**	–	**(12,113)**	–
Impairment loss recognised in respect of customer contracts	11	**(43,578)**	–	**(43,578)**	–
Finance costs	7	**(1,934)**	(1,682)	**(3,700)**	(3,457)
(Loss) profit before taxation		**(55,981)**	1,209	**(43,726)**	2,527
Income tax credit (expense)	8	**9,577**	(899)	**7,494**	(3,532)
(Loss) profit for the period	6	**(46,404)**	310	**(36,232)**	(1,005)

	Note	Three months ended 31 December 2019 (Unaudited) HK$'000	Three months ended 31 December 2018 (Unaudited) HK$'000	Six months ended 31 December 2019 (Unaudited) HK$'000	Six months ended 31 December 2018 (Unaudited) HK$'000
(Loss) profit for the period attributable to:					
– Owners of the Company		**(46,288)**	223	**(36,056)**	(1,010)
– Non-controlling interests		**(116)**	87	**(176)**	5
		(46,404)	310	**(36,232)**	(1,005)
(Loss) earning per share	10				
– Basic and diluted (HK cents per share)		**(0.62)**	0.003	**(0.48)**	(0.01)
(Loss) profit for the period		**(46,404)**	310	**(36,232)**	(1,005)
Other comprehensive income (expense) for the period, net of tax					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**7,069**	1,624	**(8,151)**	(16,248)
Fair value changes on available-for-sale investments		**–**	474	**–**	–
		7,069	2,098	**(8,151)**	(16,248)
Total comprehensive (expense) income for the period, net of income tax		**(39,335)**	2,408	**(44,383)**	(17,253)
Total comprehensive (expense) income for the period attributable to:					
Owners of the Company		**(39,218)**	2,321	**(44,205)**	(17,258)
Non-controlling interests		**(117)**	87	**(178)**	5
		(39,335)	2,408	**(44,383)**	(17,253)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019 and 30 June 2019

	Notes	**As at 31 December 2019 (Unaudited) HK$'000**	As at 30 June 2019 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**17,415**	26,687
Customer contracts	11	**22,973**	71,994
Right-of-use assets		**5,300**	–
Prepayment	12	**4,023**	10,322
Deferred tax assets		**10,810**	11,108
		60,521	120,111
Current assets			
Trade, bills and other receivables	12	**186,302**	173,857
Loan receivables		**229,481**	177,122
Amount due from an associate		**35,490**	35,490
Financial assets at fair value through profit or loss		**30,755**	28,662
Cash and cash equivalents		**96,723**	151,107
		578,751	566,238
Current liabilities			
Trade and other payables	13	**68,295**	64,589
Lease liabilities		**1,366**	–
Income tax payables		**5,516**	4,377
Promissory note		**120,182**	–
		195,359	68,966

	As at 31 December 2019 (Unaudited) HK$'000	As at 30 June 2019 (Audited) HK$'000
Net current assets	**383,392**	497,272
Total assets less current liabilities	**443,913**	617,383
Non-current liabilities		
Lease liabilities	**435**	–
Promissory note	**–**	117,267
Deferred tax liabilities	**5,743**	17,998
	6,178	135,265
Net assets	**437,735**	482,118
Capital and reserves		
Share capital	**374,628**	374,628
Reserves	**62,898**	107,103
Equity attributable to owners of the Company	**437,526**	481,731
Non-controlling interests	**209**	387
Total equity	**437,735**	482,118

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Foreign currency translation reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 July 2019 (Audited)	**374,628**	**651,897**	**(34,911)**	**3,305**	**(513,188)**	**481,731**	**387**	**482,118**
Loss for the period	**–**	**–**	**–**	**–**	**(36,056)**	**(36,056)**	**(176)**	**(36,232)**
Exchange differences on translating foreign operations	**–**	**–**	**(8,149)**	**–**	**–**	**(8,149)**	**(2)**	**(8,151)**
Total comprehensive expense for the period	**–**	**–**	**(8,149)**	**–**	**(36,056)**	**(44,205)**	**(178)**	**(44,383)**
Transfer	**–**	**–**	**–**	**(1,368)**	**1,368**	**–**	**–**	**–**
Balance at 31 December 2019 (Unaudited)	**374,628**	**651,897**	**(43,060)**	**1,937**	**(547,876)**	**437,526**	**209**	**437,735**

For the six months ended 31 December 2018

	Attributable to owners of the Company						
	Share capital HK$'000	Share premium HK$'000	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 July 2018 (Audited)	374,628	651,897	(16,909)	(477,165)	532,451	(59)	532,392
(Loss) profit for the period	–	–	–	(1,010)	(1,010)	5	(1,005)
Exchange differences on translating foreign operations	–	–	(16,248)	–	(16,248)	–	(16,248)
Total comprehensive (expense) income for the period	–	–	(16,248)	(1,010)	(17,258)	5	(17,253)
Balance at 31 December 2018 (Unaudited)	374,628	651,897	(33,157)	(478,175)	515,193	(54)	515,139

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

	Six months ended 31 December	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash used in operating activities	**(53,603)**	(64,917)
Net cash (used in) from investing activities	**(5,201)**	2,711
Net cash used in financing activities	**(54)**	–
Net decrease in cash and cash equivalents	**(58,858)**	(62,206)
Cash and cash equivalents at beginning of period	**151,107**	170,805
Effect of foreign exchange rate changes	**4,474**	(3,331)
Cash and cash equivalents at end of period, represented by bank balances and cash	**96,723**	105,268

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 are principally engaged in the (i) provision of coal mining services; (ii) provision for heating supply services; and (iii) provision of money lending services.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 31 December 2019 ("**Interim Financial Statements**") have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the GEM Listing Rules and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The accounting policies and methods of computation applied in preparation of the Interim Financial Statements are consistent with those applied in preparing the Group's annual consolidated financial statements for the year ended 30 June 2019, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which are effective for the Group's financial year beginning 1 July 2019:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Other than the impact of HKFRS 16 Leases, the above new and revised HKFRSs have no significant financial effect on the unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in the unaudited condensed consolidated interim financial statements.

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 period is as follows:

	Three months ended 31 December		**Six months ended 31 December**	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15				
– Provision of coal production and technical services	**82,574**	77,328	**160,052**	160,901
– Provision for heating supply services	**2,338**	2,283	**2,338**	2,283
	84,912	79,611	**162,390**	163,184
Revenue from other source				
– Interest income from money lending services	**5,649**	4,400	**11,417**	8,215
	90,561	84,011	**173,807**	171,399

4. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision makers (the "**CODM**") for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The CODM have chosen to organise the Group around differences in products or services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

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

- Coal mining services – Provision of coal mine construction engineering, mechanical equipment installation and coal production and technical services
- Money lending – Provision of money lending services in Hong Kong and the People's Republic of China (the "**PRC**")
- Heating supply services – Provision of heating supply services

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment:

For the six months ended 31 December 2019

	Coal mining services (Unaudited) HK$'000	Money leading (Unaudited) HK$'000	Heating supply services (Unaudited) HK$'000	Total (Unaudited) HK$'000
Segment revenue	160,052	11,417	2,338	173,807
Segment results	(47,324)	8,577	(1,781)	(40,528)
Other income				15
Fair value changes on financial assets at FVTPL				7,597
Finance costs				(3,586)
Central administration costs				(7,224)
Loss before taxation				(43,726)

For the six months ended 31 December 2018

	Coal mining services (Unaudited) HK$'000	Money leading (Unaudited) HK$'000	Heating supply services (Unaudited) HK$'000	Total (Unaudited) HK$'000
Segment revenue	160,901	8,215	2,283	171,399
Segment results	10,157	5,336	(34)	15,459
Other income				149
Other gains and losses				(3,032)
Finance costs				(3,365)
Central administration costs				(6,684)
Profit before taxation				2,527

5. OTHER INCOME

	Three months ended 31 December		Six months ended 31 December	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest income on bank deposits	**343**	115	**493**	292
Dividend income from financial assets at FVTPL	**–**	–	**–**	144
Leasing income from machinery	**517**	3,089	**2,263**	4,272
Government grants	**–**	3,379	**–**	3,379
Sundry income	**1,706**	–	**2,798**	–
	2,566	6,583	**5,554**	8,087

6. (LOSS) PROFIT FOR THE PERIOD

The Group's (loss) profit for the period has been arrived at after charging:

	Three months ended 31 December		Six months ended 31 December	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Depreciation and amortisation	**4,593**	8,973	**9,388**	13,558

7. FINANCE COSTS

	Three months ended 31 December		Six months ended 31 December	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest expenses on discounted bills	**114**	–	**114**	92
Imputed interest in lease liabilities	**54**	–	**54**	–
Imputed interest on promissory notes	**1,766**	1,682	**3,532**	3,365
	1,934	1,682	**3,700**	3,457

8. INCOME TAX (CREDIT) EXPENSE

	Three months ended 31 December		Six months ended 31 December	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current profits tax:				
– Hong Kong	**191**	118	**394**	330
– PRC	**1,673**	2,633	**4,046**	5,592
Deferred tax credit	**(11,441)**	(1,852)	**(11,934)**	(2,390)
	(9,577)	899	**(7,494)**	3,532

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

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

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

9. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2019 (2018: Nil).

10. (LOSS) EARNING PER SHARE

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

	Three months ended 31 December		Six months ended 31 December	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
(Loss) profit				
(Loss) profit for the purpose of basic and diluted (loss) earning per share ((loss) profit for the period attributable to owners of the Company)	**(46,288)**	223	**(36,056)**	(1,010)
	Number of Shares '000	Number of Shares '000	**Number of Shares '000**	Number of Shares '000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earning per share	**7,492,562**	7,492,562	**7,492,562**	7,492,562

Diluted (loss) earning per share was the same as the basic (loss) earning per share as there were no potential dilutive ordinary shares outstanding during the three months and six months ended 31 December 2018 and 31 December 2019.

11. CUSTOMER CONTRACTS

	Customer contracts HK$'000
Cost	
At 30 June 2019	309,373
Exchange realignment	(5,440)
At 31 December 2019	303,933
Accumulated amortisation and impairment losses	
At 30 June 2019	237,379
Amortisation during the period	3,954
Impairment loss recognised for the period	43,578
Exchange realignment	(3,951)
At 31 December 2019	280,960
Carrying amounts	
At 31 December 2019	22,973
At 30 June 2019	71,994

The customer contracts have finite useful lives and are amortised on a straight-line basis over 8–18 years.

During the period ended 31 December 2019, an impairment loss of HK$43,578,000 (30 June 2019: nil) was recognised in the profit and loss. The impairment assessment are set out as follow:

Everbest Return Group

The recoverable amount of the CGU was determined based on a value-in-use calculation prepared by an independent professional valuer who used cash flow projections based on financial budgets covering a five-year period, approved by the management. The cash flows beyond the five-year period were extrapolated using a steady growth rate at 3% (30 June 2019: 3%). The cash flow projection is discounted at pre-tax discount rate of 24% (30 June 2019: 24%) per annum which reflects the specific risks relating to this CGU.

The growth rate was based on the relevant industry growth rate forecast and does not exceed the average long-term growth rate for the relevant industry. The key assumptions for the value-in-use calculation are those regarding the discount rates, the budgeted revenue and budgeted expenses during the forecast periods, which are determined by management based on past performance and managements' expectations for the market development.

During the period ended 31 December 2019, an impairment loss of HK$55,691,000 was recognised for the CGU as the recoverable amount of the CGU was less than its carrying amount. The impairment loss was allocated to reduce the carrying amount of assets of the CGU on pro rata basis based on the carrying amounts of each following asset in the CGU:

(a) First, to reduce the carrying amount of property, plant and equipment of HK$12,113,000 for the period ended 31 December 2019; and

(b) Then, to reduce carrying amounts of customer contracts of HK$43,578,000.

On 16 January 2020, a major customer has requested the Group to terminate all services offered in relation to the coal mines owned by the major customer. Accordingly, the future revenues of the Group will decrease significantly and so the future cash flow has been revised.

The revised cash flow is also based on the assumption that the Group will reach an agreement with another customer to continue with the existing coal mining services agreement by revising/or supplementing the existing coal mining service agreement to comply with the measures issued by the State Administration of Coal Mine Safety.

12. TRADE, BILLS AND OTHER RECEIVABLES

	As at 31 December 2019 (Unaudited) HK$'000	As at 30 June 2019 (Audited) HK$'000
Trade receivables	**97,179**	80,807
Less: allowance for impairment of trade receivables	**(10,362)**	(10,362)
	86,817	70,445
Bills receivables	**48,294**	59,463
Receivables arising from dealing in listed securities	**656**	1,730
Other deposits paid	**19,413**	19,884
Prepayments	**19,388**	21,700
Other receivables, net of allowance for impairment	**15,757**	10,957
	190,325	184,179
Less: Prepayments classified as non-current assets	**(4,023)**	(10,322)
Current portion included in trade, bills and other receivables	**186,302**	173,857

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:

	As at 31 December 2019 (Unaudited) HK$'000	As at 30 June 2019 (Audited) HK$'000
0–30 days	**35,016**	31,944
31–60 days	**12,051**	23,914
61–90 days	**12,783**	8,385
Over 90 days	**26,967**	6,202
	86,817	70,445

The Group grants a credit period of 30 days to it customers.

13. TRADE AND OTHER PAYABLES

	As at 31 December 2019 (Unaudited) HK$'000	As at 30 June 2019 (Audited) HK$'000
Trade payables	**9,833**	8,614
Deposits received	**2,051**	2,454
Payables for acquisition of property, plant and equipment	**994**	1,150
Accrued mining service costs	**10,102**	6,205
Accrued staff costs	**36,178**	32,230
Other tax payables	**3,813**	9,518
Other payables	**5,324**	4,418
	68,295	64,589

The average credit period on purchases is generally from 30 days extending up to 90 days for major suppliers. The following is an aged analysis of trade payables based on the invoice date:

	As at 31 December 2019 (Unaudited) HK$'000	As at 30 June 2019 (Audited) HK$'000
0–30 days	**9,551**	6,501
31–60 days	**150**	628
61–90 days	**132**	61
Over 90 days	**–**	1,424
	9,833	8,614

14. CAPITAL COMMITMENTS

As at 31 December 2019, the Group's capital commitments are as follow:

	As at 31 December 2019 (Unaudited) HK$'000	As at 30 June 2019 (Audited) HK$'000
Capital injection in respect of an investee	**20,113**	20,473

MANAGEMENT DISCUSSION AND ANALYSIS

Business and financial review

For the six months ended 31 December 2019 (the "**Period**"), the Group recorded a revenue of approximately HK$173.81 million (2018: HK$171.40 million) and gross profit of approximately HK$30.82 million (2018: HK$41.17 million). The decrease in gross profit was due to higher costs, particularly the labour costs as extra labour was required for the production of coals owing to unfavourable mining conditions.

The Group recorded other income in the amount of approximately HK$5.55 million (2018: HK$8.09 million) and a gain of HK$7.60 million (2018: loss of HK$3.03 million) of fair value change on financial assets at fair value through profit or loss (the "**FVTPL**"), which represented a profit on investments in securities listed in Hong Kong. The Group recorded administrative and other operating expenses in the amount of HK$28.31 million (2018: HK$40.24 million), the decrease was mainly due to the decrease in the depreciation and amortization and the absence of loss on disposal of fixed assets of approximately HK$4.5 million that recorded in the correspondence period. Owing to the non-renewal of coal mining service agreements by a major customer, the future revenue of the Group will decrease significantly and so the future cash flow has been revised. Consequently, the Group recorded impairment loss recognised in respect of customer contracts and property, plant and equipment in the amount of HK$43.58 million (2018: Nil) and HK$12.11 million (2018: Nil) respectively. The Group also recorded finance costs in the amount of HK$3.70 million (2018: HK$3.46 million). The income tax expenses of HK$3.53 million for the six months ended 31 December 2018 to income tax credit of HK$7.49 million for the six months ended 31 December 2019 due to the increase in deferred tax liabilities written back.

In conclusion, loss attributable to owners of the Company for the Period amounted to approximately HK$36.06 million (2018: HK$1.01 million). The increase in loss was primarily due to the impairment losses recognised in respect of customer contracts and property, plant and equipment.

Provision of coal mining services

During the Period, the Group provided coal mining services under the terms of the respective management contracts signed between the Group and the mine owners. The major revenue of this segment comprises of service incomes from coal production and excavation works. During the Period, approximately 5.15 million tonnes of coal had been produced and approximately 19.88 kilometres of tunnels had been excavated by the Group.

During the Period, the Group's provision of coal mining services recorded a revenue of approximately HK$160.05 million (2018: HK$160.90 million) which accounted for 92.09% of the Group's total revenue.

On 16 January 2020, the Group received notices from a major customer ("**Major Customer**") that in order to comply with the Entrusted Management Measures ("**Measure**") which was issued by the State Administration of Coal Mine Safety on 6 December 2019, the Major Customer has requested the Group to terminate all services offered in relation to the coal mines owned by the Major Customer (For details, refer to the Company's announcement dated 16 January 2020). Upon being notified of the Measures, the Group has conducted a review of the capabilities of Ordos City Tai Pu Mining Engineering Company Limited* ("**Tai Pu**"), a wholly-owned subsidiary of the Company which engages in provision of coal mining services and operation of related equipment, to assess whether it is capable of providing overall entrusted management service in compliance with the Measures. The management of the Company is of the view that while one of the major implications of the Measure is that the Measure stipulates that the provider of overall entrusted service shall bear responsibility for ensuring safe production, if Tai Pu could acquire or lease the necessary machinery, and with Tai Pu's core experience and capabilities, Tai Pu would be in a position to provide overall entrusted management service to its customers without the need to commit substantial resources to employ additional staff for the transformation.

Money lending business

The Group operates its money lending business through 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). The Group also made short term loans to third parties in the PRC through its subsidiaries in the PRC. During the Period, the revenue from loan interest income was approximately HK$11.42 million (2018: HK$8.22 million) which accounted for 6.57% of the Group's total revenue. The increase in revenue was mainly attributable to the growth in loan balances. The interest rate charged by the Group ranged from 7.8% to 20% per annum. The loans were unsecured, with credit terms not more than one year.

Provision for heating supply

The Group provides the heat supply services in Tianjin City, the PRC. The services include transformation of coal-fired heating systems and provides heating to the customers. During the Period, the provision of heating supply services recorded a revenue of HK$2.34 million (2018: HK$2.28 million) which accounted for 1.34% of the Group's total revenue.

Investment in listed securities (i.e. Financial assets at FVTPL)

As at 31 December 2019, the Company invested in certain securities listed in Hong Kong (i.e. Financial assets at FVTPL), the financial assets at FVTPL amounted to approximately HK$30.76 million (30 June 2019: HK$28.66 million). During the Period, the Group recorded a gain of fair value change on financial assets at FVTPL of approximately HK$7.60 million (2018: loss of HK$3.03 million).

The details of financial assets at FVTPL are as follows:

Investee	Stock code	Notes	Carrying amount as at 01/07/2019	Costs of acquisition during the period	Proceeds from disposal during the period	Fair value gain/(loss) during the period	Market Value as at 31/12/2019
			HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Best Food Holding Company Limited ("**Best Food**")	1488	1	10,032	–	–	(792)	9,240
Lai Group Holding Company Limited ("**Lai Group**")	8455	2	1,342	–	–	(397)	945
Goal Forward Holdings Limited ("**Goal Forward**")	1854	3	2,220	–	–	(473)	1,747
Ri Ying Holdings Limited ("**Ri Ying**")	1741	4	8,725	154	(843)	1,652	9,688
Hing Ming Holdings Limited ("**Hing Ming**")	8425	5	1,798	175	–	(349)	1,624
VSTECS Holding Limited ("**VSTECS**")	856	6	1,884	–	(355)	(121)	1,408
China Green Holdings Limited ("**China Green**")	904	7	2,252	–	–	(664)	1,588
Optima Automobile Group Holdings Limited ("**Optima Automobile**")	8418	8	–	2,262	(6,838)	8,615	4,039
Others			409	437	(496)	126	476
Total			28,662	3,028	(8,532)	7,597	30,755

Notes:

(1) The Group held 8,800,000 shares which represented approximately 0.56% of the total issued shares of Best Food as at 31 December 2019. Best Food is principally engaged in the operation of chain restaurant and manufacture and sale of handbags under various locations. Pursuant to Best Food's interim report for the six months ended 30 June 2019, the unaudited loss attributable to shareholders of Best Food for the six months ended 30 June 2019 was approximately RMB19.52 million and the unaudited net assets attributable to shareholders of Best Food as at 30 June 2019 was approximately RMB984.05 million. In 2019, Best Food continued to strive for the implementation of the dual-wheel driven strategy focusing on both investment management and operation management. In respect of investment management, Xinladao Fish Hotpot, a leading fish hotpot restaurant chain in China and the acquisition of which was completed by the Group on 30 November 2018, was operating within Best Food group, achieving the interim goal on the establishment of multi-category brand portfolio of the Best Food. Xinladao brand, which is still under the consolidation period following the acquisition,

is the major source of revenue growth of the Group. Another controlling brand, namely HHG, continued to focus on improving its products and customer experience. Based on the foundation of the key work in the first half of 2019, we will continue to advance the dual-wheel driven strategy, consolidate and improve the core businesses below, and achieve healthy and sustainable development of the Company's profitability in the future:

– In terms of brand building, we will continue to concentrate on products and services, with digitalization as the core, and flexibly commence online and offline multi-dimensional marketing to further optimize customer experience and enhance brand value;

– As to store network, we will constantly improve our store coverage, expanding the store network through various means including establishment of direct stores and franchise;

– Supply chain integration and optimization of operation platform remain one of the foci of our work;

– In respect of new business, we put emphasis on the profitability of existing businesses while prudently allocating resources on new business or asset acquisition opportunities.

(2) The Group held 5,590,000 shares which represented approximately 0.70% of the total issued shares of Lai Group as at 31 December 2019. The principal activities of Lai Group and its subsidiaries are provision of interior design and fit-out services in Hong Kong. Pursuant to Lai Group's interim report for the six months ended 30 September 2019, the unaudited loss attributable to shareholders of Lai Group for the six months ended 30 September 2019 was approximately HK$0.96 million. The unaudited net assets attributable to shareholders of Lai Group as at 30 September 2019 was approximately HK$46.34 million.

Lai Group is of the view that the steady revenue generated for the three months ended 30 June 2019 as compared to the same period in 2018 and the latest negotiations with existing and potential new customers, the directors of Lai Group are of the view that there is no fundamental deterioration in the commercial and operational viability of the Lai Group's business. Moreover, as the Hong Kong home prices continue to rise, residential properties become less affordable to the mass market. Property developers continue to build smaller and smaller units to compensate for the rise in prices to make smaller homes more affordable. However, these smaller properties are still out of reach for some first time home buyers. Lai Group is of the view that the current trend in the Hong Kong property market favors the business of the Group as home owners find it increasingly difficult to afford new homes and have to resort to renovate their existing property to improve their living environment. As such, Lai Group will continue to build on the marketing and promotional strategy, to increase the awareness of its brand name in the renovation and interior fit-out market. In view of the possible increase in market size, the Group continues to expand its business coverage throughout Hong Kong in order to improve its reach to more potential customers. This involves opening more branches to serve more potential customers in areas previously not covered by the Group. However, the Company is also aware of the rising cost of operating a business in Hong Kong, which is partly contributed by the rising property prices. Therefore, the Board remains cautious in expanding and will continue to monitor its cost, as well as the current market trend to anticipate any downturn or changes in the current property market trend.

(3) The Group held 9,650,000 shares which represented approximately 0.77% of the total issued shares of Goal Forward as at 31 December 2019. Goal Forward and its subsidiaries are principally engaged in food processing and supply of vegetables, fruits and other food ingredients in Hong Kong. Pursuant to Goal Forward's interim report for the six months ended 30 September 2019, the unaudited loss and total comprehensive expenses attributable to shareholders of Goal Forward for the six months ended 30 September 2019 was approximately HK$1.23 million and the audited net assets attributable to shareholders was approximately HK$109.83 million.

Goal Forward supplies food ingredients to over 580 customer outlets and offers more than 1,300 types of food ingredients to its customers. The Directors of Goal Forward considered the loss was primarily attributable to lower revenue and gross profit margin which resulted from (i) the increase in cost of raw materials of the Group; and (ii) the weakening consumer sentiment and the adversity in general in the catering business environment which reduced the bargaining power of the Group in adjusting its product pricing. Facing the current challenges in the market in which it operates, the Group will continue to monitor the market conditions closely, fine-tune its product mix and implement cost management measures accordingly. The shares of Goal Forward were listed on GEM of the Stock Exchange by way of placing on 13 October 2016 and have been listed on the Main Board of Stock Exchange by way of Transfer of Listing since 21 March 2019. The Goal Forward is in the course of negotiation with existing customers and potential new customers, including groups with sizeable operations, who have expressed their intentions to invite us to expand the existing supply scope or to parallel support the development of their new outlets. In addition, with the success of exploring new sources of vegetables and fruits supplies, as well as the commencement of operation of the Kwai Chung Factory, the Group shall sustain its competitiveness within the market and continue to strive to achieve the business objectives.

(4) The Group held 5,600,000 shares which represented approximately 0.70% of the total issued shares of Ri Ying as at 31 December 2019. Ri Ying is a construction contractor in Hong Kong principally providing (i) foundation and site formation works, which mainly include piling works, excavation and lateral support (ELS) works, pile cap construction and ground investigation works; (ii) general building works and associated services, which mainly include development of superstructures, alteration and addition works; and (iii) other construction works, which mainly include slope works and demolition works. Pursuant to Ri Ying's annual report for the year ended 30 September 2019, the audited loss and total comprehensive expenses attributable to shareholders for the year ended 30 September 2019 was approximately HK$11.07 million and the audited net assets attributable to shareholders of Ri Ying as at 30 September 2019 was approximately HK$193.30 million.

During the year ended 30 September 2019, Ri Ying commenced business in health management and consultancy in the PRC, which mainly includes sales of health products and health services. As at 30 September 2019, the Ri Ying had 36 construction projects on hand (including projects in progress and projects that have yet to commence) with a total contract value of approximately HK$773.0 million, out of which approximately HK$414.3 million has been recognised as revenue up to 30 September 2019.

(5) The Group held 1,400,000 shares which represented approximately 0.35% of the total issued shares of Hing Ming as at 31 December 2019. Hing Ming is principally engaged in (i) providing rental services of temporary suspended working platforms and other equipment, mainly including tower cranes and generators; and (ii) trading of equipment and spare parts, mainly including permanent suspended working platforms, motors and wire rope. Pursuant to Hing Ming's interim report for the six months ended 30 September 2019, the unaudited profit and total comprehensive income attributable to shareholders for the six months ended 30 September 2019 was approximately HK$3.65 million and the audited net assets attributable to shareholders of Hing Ming as at 30 September 2019 was approximately HK$122.36 million. Hing Ming has been providing temporary suspended working platforms to its customers for housing construction or repair and refurbishment purposes. During the reporting period, the economic environment was challenging and the momentum of economic growth had significantly slowed down. Despite certain uncertainties in the local and global economy, Hing Ming

recorded an increase in revenue for the six months ended 30 September 2019, which increased by approximately 42.0% to approximately HK$30.2 million as compared with revenue of approximately HK$21.3 million for the six months ended 30 September 2018. Hing Ming will endeavor to improve its revenue performance on its core business by executing flexible strategies to face the market challenges and will continue to intensify the rental service of tower crane to capture the market demands.

(6) The Group held 352,000 shares which represented approximately 0.02% of the total issued shares of VSTECS as at 31 December 2019. VSTECS and its subsidiaries are principally engaged in the provision of Information Technology ("**IT**") products, provision of enterprise system tools for IT infrastructure and IT infrastructure design and implementation, training, maintenance and support services, as well as the provision of network security hardware and software required for big data and cloud computing. Pursuant to VSTECS's interim report for the six months ended 30 June 2019, the unaudited profit attributable to shareholders for the six months ended 30 June 2019 was approximately HK$392.01 million and the unaudited net assets attributable to shareholders of VSTECS as at 30 June 2019 was approximately HK$5,211.83 million. During the six months ended 30 June 2019, there was a continued growth in the component products, cloud and big data analytics and network and data security segments due to demand for our wide range of products and solutions. VSTECS has continued to execute strategies to increase market share as well as the range of products offered.

(7) The Group held 11,853,000 shares which represented approximately 3.25% of the total issued shares of China Green as at 31 December 2019. Pursuant to China Green's interim report for the six months ended 31 October 2019, the unaudited loss attributable to shareholders for the six months ended 31 October 2019 was approximately RMB165.60 million and the unaudited net assets attributable to shareholders of China Green as at 31 October 2019 was approximately RMB1,049.90 million. China Green and its subsidiaries are principally engaged in provision of fresh produce and processed products, branded food products and others. China Green is still facing a very challenging business environment at present. Recent political events have significantly affected Hong Kong's economy and also presented many obstacles to the Group's financing and business expansion plans. In the face of a series of risks and various uncertainties, the management of China Green will adopt prudent and balanced management strategies and approaches, and review and adjust its business and financial plans on a regular basis. Looking forward, the management of China Green is optimistic about the core business and overall direction of China Green.

(8) The Group held 3,180,000 shares which represented approximately 0.37% of the total issued shares of Optima Automobile as at 31 December 2019. Pursuant to Optima Automobile's third quarterly report for the nine months ended 30 September 2019, the unaudited profit attributable to shareholders for the nine months ended 30 September 2019 was approximately HK$0.43 million. Optima Automobile is a one-stop after-market automotive service provider in Singapore offering comprehensive and integrated automotive related solutions to customers. It is principally engaged in the business of (1) after-market automotive services – inspection, maintenance and repair services; (2) car rental services; and (3) supply of car spare parts, accessories and automotive equipment. Optima Automobile operates three service centres and one paint workshop in Singapore that are equipped with cutting-edge diagnostic equipment and facilities for provision of comprehensive after-market automotive services. The Shares of Optima Automobile were successfully listed on GEM by way of public offer and the placing on 11 October 2019. Moving forward, with the additional capital raised from the share offer, Optima Automobile will pursue the following key business strategies: (i) expand the its servicing capacity; (ii) continuing to grow the its rental fleet to complement the its after-market automotive business; (iii) strengthening the its service capabilities and operating efficiencies; and (iv) brand building through strengthening the its relationships with its existing customers and expanding its customer base.

Investment in associates

The Group holds 30% equity interest in Asset Management International Limited together with its subsidiaries (the "**Asset Management Group**"). Asset Management Group engages principally 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 reporting period.

Outlook

The provision of coal mining services remains the Group's major source of revenue. It faces the challenges of increasing production costs and intense market competition. Apart from the Major Customer, the Group has also been providing coal mining services to a customer ("**Remaining Customer**"). The relevant coal mining service agreement with the Remaining Customer will expire in June 2021 ("**Existing Agreement**"). Based on the management's preliminary assessment, the Existing Agreement may not be able to fully comply with the Measures upon it becoming effective on 1 April 2020. Accordingly, the Group has been negotiating with Remaining Customer to seek to revise and/or supplement the Existing Agreement to ensure its compliance upon the Measure becoming effective on 1 April 2020. In the event the parties could not reach an agreement to revise and/or supplement the Existing Agreement into an overall entrusted management agreement, the Existing Agreement will likely be terminated on or before 1 April 2020. In which case the Group will approach other coal mine owners or participate in tenders for overall entrusted management service of other coal mines.

Further, the Group has been reallocating its resources to focus in coal mine infrastructure construction of above-the-ground infrastructures and peripheral land use planning of the coal mine area before commencement of extraction (whereas the existing coal mining services offered by the Group or the overall entrusted management services concern the extraction stage). As Tai Pu already possesses the relevant expertise and equipment to carry on coal mine infrastructure construction, the Group could forthwith commence such construction service without the need to conduct extensive training and transformation. On this note, the Group has already secured a coal mine infrastructure construction agreement with a customer which is expected to commence after the coronavirus epidemic has been settled. On the other hand, the Group is also negotiating with the owners of two coal mines for provision of infrastructure construction service.

The Directors are of the view that reallocating its resources to coal mine infrastructure construction is in the interest of the Company and its shareholders as a whole because (i) the Group could direct the excess capacity originally reserved for the extraction stage coal mining services without having to commit substantial resources to extend its scope of service to pre-extraction stage; (ii) having a good understanding of the infrastructure of the coal mine and the mine owner, this will place the Group at an advantaged position to bargain for the overall entrusted management service agreement when extraction commences.

As regards the heating supply business, the Group is not aware of any cessation or termination of business relationship with its existing customers. With the increase in demand for heating system in the PRC, such growing trend is expected to continue in coming years due to rapid urbanisation and the environmental regulations facilitate the process of boiler conversions from coal to natural gas in the PRC. The Group intends to cooperate with business partners in the relevant area, which will enable the Group to expand heat supply business by utilising the resources and strengths of each parties with an aim to expand the business scope and market share on heat supply business. The Group has been negotiating with a new customer in respect of provision of heating supply in Beijing. In line with the Group's strategy to develop its environmental friendly heating business, the Group seeks further expansion in the more profitable areas such as Beijing. To this end, the Group has been negotiating for the acquisition of equity interest in a heating supply company in the PRC, which has contracted to supply heat covering an area of 300,000 meter square in Beijing. The Group will commence due diligence on the potential target company.

In view of the outbreak of coronavirus may have impact on the economics of China and Hong Kong, the Group will continue to enhance the control over the making of loans as well as monitoring its outstanding loans receivable to minimise credit risk thereon.

Looking ahead, the Group will maintain healthy development of different business segments to consolidate its business portfolio and diversify its source of income. Subject to the availability of financial resources, the Group has been considering venturing into new business areas, to broaden its source of revenue thereby creating greater value for its shareholders.

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.

Use of proceeds from placing

The Company completed the placing of an aggregate of 1,046,260,000 Shares on 21 April 2016. The net proceeds from the placing were of approximately HK$201.28 million. 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$40 million) of the proceeds for working capital purpose. As at 31 December 2019, the Group had utilized approximately HK$81 million for the business of provision of services related to clean energy including (i) investment in the joint ventures for the provision of heat supply services; (ii) capital expenditure such as purchasing heat supply equipment and carrying construction works; and (iii) operation costs of the joint ventures, and approximately HK$40 million for general working capital. As at the date of this report, the remaining balance was deposited into the banks.

Material acquisitions and disposals

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

Liquidity and financial resources

As at 31 December 2019, the Group held cash and cash equivalents of approximately HK$96.72 million (30 June 2019: HK$151.11 million). Net current assets amounted to approximately HK$383.39 million (30 June 2019: HK$497.27 million).

As at 31 December 2019, the current ratio (defined as total current assets divided by total current liabilities) was approximately 2.96 (30 June 2019: 8.21 times). The decrease of the current ratio was mainly due to the maturity date of the promissory note of HK$120.2 million will be on 31 July 2020. Accordingly, the balance of promissory note was reclassified from non-current liability to current liability. The gearing ratio, being the ratio of total liabilities to total assets, was approximately 0.32 (30 June 2019: 0.30).

The Group did not have bank borrowing as at 31 December 2019 (30 June 2019: Nil).

Pledge of assets

As at 31 December 2019, none of the assets of the Group were pledged as security for any banking facilities.

Employee information

As at 31 December 2019, there were 1,460 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 31 December 2019, the Group had no significant contingent liabilities.

Litigations

There were no material litigations during the reporting period.

OTHER INFORMATION

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

As at 31 December 2019, 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 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 corporation.

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

As at 31 December 2019, 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$0.05 each of the Company

Name of Shareholders	Nature of interests	Number of shares held	Approximate percentage of shareholding
陳朝暉	Beneficial owner	806,960,000	10.77%
Zhou Jiao (Note 1)	Held by controlled entity	511,320,000	6.82%
159 Anti-Aging Health Group Ltd. (Note 1)	Beneficial owner	511,320,000	6.82%
XU, Gongming (Note 2)	Held by controlled entities	660,060,000	8.81%
XU, Gongming	Beneficial owner	12,000,000	0.16%
Zheng He Industrial Group Limited	Beneficial owner	660,060,000	8.81%
魏凱	Beneficial owner	491,380,000	6.56%

Note 1: Zhou Jiao is deemed to be interested in 511,320,000 shares held by 159 Anti-Aging Health Group Ltd, the company is incorporated in the British Virgin Islands and are wholly and beneficially owned by Zhou Jiao.

Note 2: XU, Gongming is deemed to be interested in 660,060,000 shares held by 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 31 December 2019, 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.

Share Options Scheme

A 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 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 and risk management system. 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 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.

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

Hong Kong, 7 February 2020

As at the date of this report, the Board of the Company, comprises (i) five executive directors namely, Mr. Cai Da, Mr. Li Xianghong, Mr. Chen Youhua, 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.