



Silk Road Energy Services Group Limited
絲路能源服務集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8250)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	<i>NOTES</i>	2024 HK\$'000	2023 HK\$'000 (Restated)
Continuing operations			
Revenue	3	5,847,757	5,034,768
Cost of goods sold and services rendered		<u>(5,815,239)</u>	<u>(5,024,691)</u>
Gross profit		32,518	10,077
Other income	5	4,056	6,256
Other gains and (losses), net	6	(13,970)	6,306
Administrative and other operating expenses		(26,918)	(23,887)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(14,566)	7,625
Gain on disposal of a subsidiary	15	11,250	–
Finance costs		<u>(186)</u>	<u>(887)</u>
(Loss) profit before tax		(7,816)	5,490
Income tax credit (expense)	7	<u>1,173</u>	<u>(2,781)</u>
(Loss) profit for the year from continuing operations	8	(6,643)	2,709
Discontinued operation			
Loss for the year from discontinued operation	9	<u>(12,264)</u>	<u>(7,388)</u>
Loss for the year		<u>(18,907)</u>	<u>(4,679)</u>
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(6,825)	(19,847)
Reclassification of cumulative translation reserve upon disposal of a subsidiary		<u>13,883</u>	–
		<u>7,058</u>	<u>(19,847)</u>
Total comprehensive expense for the year		<u><u>(11,849)</u></u>	<u><u>(24,526)</u></u>

	<i>NOTE</i>	2024 HK\$'000	2023 HK\$'000 (Restated)
(Loss) profit for the year attributable to owners of the Company			
– from continuing operations		(6,199)	8,847
– from discontinued operation		<u>(12,264)</u>	<u>(7,388)</u>
		<u>(18,463)</u>	<u>1,459</u>
Loss for the year attributable to non-controlling interests			
– from continuing operations		(444)	(6,138)
– from discontinued operation		<u>–</u>	<u>–</u>
		<u>(444)</u>	<u>(6,138)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(11,190)	(18,404)
Non-controlling interests		<u>(659)</u>	<u>(6,122)</u>
		<u>(11,849)</u>	<u>(24,526)</u>
Total comprehensive income (expense) attributable to owners of the Company:			
– from continuing operations		3,993	(5,261)
– from discontinued operation		<u>(15,183)</u>	<u>(13,143)</u>
		<u>(11,190)</u>	<u>(18,404)</u>
(LOSS) EARNINGS PER SHARE			
From continuing and discontinued operations			
Basic and diluted (<i>HK cents per share</i>)	<i>10</i>	<u>(4.95)</u>	<u>0.39</u>
From continuing operations			
Basic and diluted (<i>HK cents per share</i>)	<i>10</i>	<u>(1.66)</u>	<u>2.36</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		2024	2023
	NOTES	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		5,635	14,447
Right-of-use assets		1,625	2,916
Deferred tax assets		5,618	3,782
		<u>12,878</u>	<u>21,145</u>
Current assets			
Inventories		11,885	2,330
Trade, bills and other receivables	12	198,157	222,513
Loan and interest receivables	13	31,021	74,788
Contract assets		–	14,010
Financial assets at fair value through profit or loss		27,033	34,331
Pledged bank deposits		–	5,540
Restricted bank deposits		–	554
Cash and cash equivalents		81,762	105,081
		<u>349,858</u>	<u>459,147</u>
Current liabilities			
Trade, bills and other payables	14	18,146	103,708
Lease liabilities		1,526	1,601
Other borrowing		–	13,296
Income tax payables		6,437	8,096
		<u>26,109</u>	<u>126,701</u>
Net current assets		<u>323,749</u>	<u>332,446</u>
Total assets less current liabilities		<u>336,627</u>	<u>353,591</u>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liability		
Lease liabilities	<u>195</u>	<u>1,342</u>
Net assets	<u>336,432</u>	<u>352,249</u>
Capital and reserves		
Share capital	74,926	74,926
Treasury shares	(1,991)	–
Reserves	<u>257,087</u>	<u>271,159</u>
Equity attributable to owners of the Company	330,022	346,085
Non-controlling interests	<u>6,410</u>	<u>6,164</u>
Total equity	<u>336,432</u>	<u>352,249</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. GENERAL

Silk Road Energy Services Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands, and the shares (“**Shares**” and each a “**Share**”) of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed “Corporate Information” of the annual report.

The Company is an investment holding company and the principal activities of its subsidiaries are trading of fresh produce and agricultural products as well as general trading, meat processing, money lending and provision of heating supply services. The Group was also engaged in provision of coal mining and construction services which was discontinued in current year.

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for current year and prior financial period and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5(2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

1 Effective date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

The Directors of the Company anticipate that the application of these amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. REVENUE

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

	2024 HK\$'000	2023 HK\$'000 (Restated)
Revenue from contracts with customers within the scope of HKFRS 15		
– Trading of fresh produce and agricultural products	5,711,425	5,016,381
– Meat processing and sales of processed meat products	132,326	–
– General trading (<i>note</i>)	–	6,254
– Provision of heating supply services	–	6,081
	<u>5,843,751</u>	<u>5,028,716</u>
Revenue from other source		
– Interest income from money lending services	4,006	6,052
	<u>4,006</u>	<u>6,052</u>
	<u><u>5,847,757</u></u>	<u><u>5,034,768</u></u>

Note: Revenue from general trading is recognised on a net basis.

In regards of revenue from contracts with customers within the scope of HKFRS 15, all of the revenue are recognised at a point in time and generated from the PRC for the years ended 30 June 2024 and 2023.

4. SEGMENT INFORMATION

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

During the year ended 30 June 2024, the Group commenced a new business segment which engaging in meat processing and sales of processed meat products, and it is considered as a new operating and reportable segment by the CODM.

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

- Trading of fresh produce and agricultural products as well as general trading – Trading of fruit and agricultural products as well as general trading
- Meat processing – Meat processing and sales of processed meat products
- Money lending – Money lending services
- Heating supply services – Provision of heating supply services

The Group’s discontinued operating segment is as follow:

- Coal mining and construction services – Provision of excavation works and construction works

An operating segment regarding the coal mining and construction services was discontinued in the current year, which are described in more detail in note 9.

Segment revenue and results

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

	Segment revenue		Segment results	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Continuing operations				
Trading of fresh produce and agricultural products as well as general trading	5,711,425	5,022,635	4,792	4,104
Meat processing	132,326	–	2,037	–
Money lending	4,006	6,052	(9,986)	8,362
Heating supply services	–	6,081	1,658	(3,650)
Total	<u>5,847,757</u>	<u>5,034,768</u>	(1,499)	8,816
Certain other income			1,829	1,320
Certain other gains and (losses), net			(10,087)	6,306
Gain on disposal of a subsidiary			11,250	–
Certain finance costs			(71)	(738)
Central administrative costs			(9,238)	(10,214)
(Loss) profit before tax			<u>(7,816)</u>	<u>5,490</u>
Discontinued operation				
Coal mining and construction services	<u>75,629</u>	<u>127,073</u>	<u>(12,264)</u>	<u>(7,940)</u>

Segment results represent the profit (loss) incurred by each operating segment without allocation of certain other income, certain other gains and (losses), net, gain on disposal of a subsidiary, certain finance costs and central administrative costs. This is the measure reported to the Directors of the Company for the purposes of resource allocation and performance assessment.

5. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000 (Restated)
Continuing operations		
Interest income on bank deposits	1,647	772
Government grants (note)	1,915	4,517
Dividend income from equity securities	182	449
Gain on termination of lease	17	41
Sundry income	295	477
	<u>4,056</u>	<u>6,256</u>

Note:

Various local government grants were granted to subsidiaries of the Group for subsidising the operations in the PRC during the years ended 30 June 2024 and 2023.

For the year ended 30 June 2024, there was no government grants recognised in respect of Coronavirus Disease 2019-related subsidies related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund (2023: HK\$112,000).

There is no unfulfilled condition in relation to the recognition of the subsidy income and therefore the full amount was recognised as income during the years ended 30 June 2024 and 2023.

6. OTHER GAINS AND (LOSSES), NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Continuing operations		
Fair value (losses) gains on financial assets at fair value through profit or loss (“FVTPL”)	(10,806)	6,306
Net gain on disposal/write-off of property, plant and equipment	286	–
Net realised gains on financial assets at FVTPL	433	–
Write-off of interest receivables	(3,883)	–
	<u>(13,970)</u>	<u>6,306</u>

7. INCOME TAX CREDIT (EXPENSE)

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
Continuing operations		
Hong Kong Profits Tax		
Current year	–	–
PRC Enterprise Income Tax		
Current year	(680)	(755)
Deferred tax:		
Current year	1,853	(2,026)
	<u>1,173</u>	<u>(2,781)</u>

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no estimated assessable profit for the years ended 30 June 2024 and 2023.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year ended 30 June 2024 (2023: 25%). Certain subsidiaries were subject to EIT at a rate of 5% for RMB3 million of profits as they were classified as a small and low profit enterprise during the years ended 30 June 2024 and 2023.

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

8. (LOSS) PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
(Loss) profit for the year from continuing operations has been arrived at after charging (crediting):		
Employee benefits expenses:		
Directors' emoluments	2,286	2,089
Other staff's salaries, wages and other benefits	7,620	7,044
Other staff's retirement benefits scheme contributions	591	145
Total employee benefits expenses	<u>10,497</u>	<u>9,278</u>
Independent auditor's remuneration	680	1,130
Depreciation of property, plant and equipment	521	165
Depreciation of right-of-use assets	1,667	1,609
Net gain on disposal/write-off of property, plant and equipment	(286)	–
Net loss on foreign exchange	1,592	102
Cost of inventories recognised as expenses (included in cost of goods sold and services rendered)	5,808,473	5,004,501
Expenses relating to short-term leases	<u>159</u>	<u>199</u>

9. DISCONTINUED OPERATION

During the year ended 30 June 2024, the Directors decided to discontinue the Group's coal mining and construction services operation considering that the discontinue of operation represents an opportunity to streamline its core businesses and commit the financial resources of the Group to prospective businesses with higher growth potential, thereby achieving more stable long-term income for the Group and creating greater benefits for the shareholders (the "Shareholders" and each a "Shareholder") of the Company. The coal mining and construction services segment was thus classified as discontinued operation.

The loss for the year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the coal mining and construction services operation as a discontinued operation.

The results of the coal mining and construction services operation for the year ended 30 June 2024, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers	75,629	127,073
Cost of services rendered	<u>(73,475)</u>	<u>(126,018)</u>
Gross profit	2,154	1,055
Other income	565	403
Other gains and (losses), net	(694)	–
Administrative and other operating expenses	(13,725)	(18,802)
Impairment losses under ECL model, net of reversal	–	6,943
Impairment loss reversed in respect of contract assets	–	3,134
Finance costs	<u>(564)</u>	<u>(673)</u>
Loss before tax	(12,264)	(7,940)
Income tax credit	<u>–</u>	<u>552</u>
Loss for the year	<u>(12,264)</u>	<u>(7,388)</u>
Loss for the year from discontinued operations has been arrived at after charging:		
Employee benefits expenses:		
– Director's emoluments	447	334
– Other staff's salaries, wages and other benefits	36,194	67,652
– Other staff's retirement benefits scheme contribution	<u>5,319</u>	<u>3,600</u>
Total employee benefit expenses	<u>41,960</u>	<u>71,586</u>
Independent auditor's remuneration	120	300
Depreciation of property, plant and equipment	2,039	2,920
Depreciation of right-of-use assets	140	–
Net loss on disposal/write-off of property, plant and equipment	694	1,705
Expenses relating to short-term leases	<u>7,660</u>	<u>669</u>

10. (LOSS) EARNINGS PER SHARE

From continuing operations

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share		
((loss) profit for the year from continuing operations attributable to owners of the Company)	<u><u>(6,199)</u></u>	<u><u>8,847</u></u>
	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) earnings per share	<u><u>373,194</u></u>	<u><u>374,628</u></u>

From continuing and discontinued operations

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share		
((loss) profit for the year attributable to owners of the Company)	<u><u>(18,463)</u></u>	<u><u>1,459</u></u>

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

From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK3.29 cents per share (2023: HK1.97 cents per share), based on the loss for the year from discontinued operation of approximately HK\$12,264,000 (2023: loss of HK\$7,388,000) and the denominators detailed above for both basic and diluted loss per share.

Diluted (loss) earnings per share was the same as the basic (loss) earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 30 June 2024 and 2023.

11. DIVIDENDS

The Directors of the Company do not recommend the payment of a dividend for the years ended 30 June 2024 and 2023.

12. TRADE, BILLS AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables (<i>note a</i>)	151,165	140,632
Less: allowance for ECL of trade receivables	<u>(5,372)</u>	<u>(1,673)</u>
	145,793	138,959
Bills receivables (<i>note b</i>)	–	1,108
Receivables arising from dealing in listed securities	22	3,066
Prepayments (<i>note c</i>)	33,653	44,180
Amount due from non-controlling interests, net of ECL	16,504	17,821
Other deposits paid, net of ECL	291	14,859
Other receivables, net of ECL	517	2,520
Other tax receivables	<u>1,377</u>	<u>–</u>
	<u>198,157</u>	<u>222,513</u>

Notes:

- (a) As at 1 July 2022, the gross amount of trade and bills receivables arising from contracts with customers amounting to approximately HK\$69,747,000.
- (b) As at 30 June 2023, the bills receivables are aged within 180 days.
- (c) Included in prepayments are amounts of approximately HK\$31,999,000 (2023: HK\$42,484,000) for the purchase of agricultural products.

The Group grants a credit period range from 3 to 90 days (2023: 30 days) to its customers. No interest is charged on overdue trade receivables. The following is an ageing analysis of trade receivables, net of allowance for ECL, presented based on the delivery date at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	116,566	95,494
31–60 days	6,955	13,822
61–90 days	300	27,449
91–180 days	8,067	2,059
181–365 days	1,255	135
Over 1 year	<u>12,650</u>	<u>–</u>
	<u>145,793</u>	<u>138,959</u>

13. LOAN AND INTEREST RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fixed-rate loan and interest receivables	53,623	90,710
Less: allowance for ECL of loan and interest receivables	<u>(22,602)</u>	<u>(15,922)</u>
	<u>31,021</u>	<u>74,788</u>

At 30 June 2024, other than a loan to a third party with an aggregate principal and accrued interest with carrying amount of approximately HK\$2,439,000 (2023: HK\$2,742,000) is secured by a second charge of a property, all other loans to third parties with an aggregate principal and accrued interest of approximately HK\$28,582,000 (2023: HK\$72,046,000) are unsecured, bear fixed interest ranging from 6% to 18% (2023: 6% to 18%) per annum. All the loan and interest receivables are repayable within one year and thus classified as current assets.

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

14. TRADE, BILLS AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	6,427	68,148
Bills payables	–	5,540
Deposits received	–	645
Accrued mining service costs on excavation works	–	211
Accrued staff costs	716	18,078
Other tax payables	–	6,002
Accrued expenses	339	1,580
Other payables	<u>10,664</u>	<u>3,504</u>
	<u>18,146</u>	<u>103,708</u>

The following is an ageing analysis of trade and bills payables based on the delivery date:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	5,308	44,111
31–60 days	–	–
61–90 days	–	4,207
Over 90 days	<u>1,119</u>	<u>25,370</u>
	<u>6,427</u>	<u>73,688</u>

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

15. DISPOSAL OF A SUBSIDIARY

On 12 March 2024, the Group and an independent third party (“**Purchaser**”) entered into the Equity Transfer Agreement, pursuant to which the Group conditionally agreed to sell and the Purchaser agreed to acquire 100% of its equity interests in an wholly-owned subsidiary, Ordos City Taipu Mining Construction Limited* (“**Tai Pu**”), at consideration of RMB8,950,000 (equivalent to approximately HK\$9,756,000). The transfer of the equity interests in Tai Pu was completed on 14 March 2024.

The net liabilities of Tai Pu at the date of disposal were as follows:

	2024 HK\$'000
Property, plant and equipment	11,467
Trade and other receivables	35,682
Contract assets	5,581
Cash and cash equivalents	931
Trade and other payables	(50,525)
Other borrowing	(13,625)
Income tax payables	(2,006)
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Net liabilities being disposed of	(12,495)
Release of foreign exchange translation reserve	13,883
Release of other reserve	(2,882)
	<hr/>
	(1,494)
Consideration received	(9,756)
	<hr/>
Gain on disposal of a subsidiary	(11,250)
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Net cash inflow arising on the disposal	8,825
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16. EVENT AFTER THE REPORTING PERIOD

In May 2024, the Company acquired a total of 10,000,000 Shares on the Stock Exchange at an aggregated consideration (excluding transaction costs) of approximately HK\$1,985,000. The Shares were subsequently cancelled in July 2024.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated to conform to the current year’s presentation.

* *The English translation of the Chinese name is for identification purpose and should not be regarded as the official English translation of the Chinese name.*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

For the year ended 30 June 2024 (the “Year”), the Group recorded a revenue of approximately HK\$5,847.76 million (2023: HK\$5,034.77 million), representing an increase of approximately 16.15% as compared with that of the corresponding year in 2023. The increase in revenue was mainly due to increase the sales of cattle. The Group’s gross profit and its overall gross profit margin increased from approximately HK\$10.08 million and approximately 0.20% for the corresponding year in 2023 to approximately HK\$32.52 million and approximately 0.56% for the Year respectively. The increase in gross profit and gross profit margin was mainly due to focus on the sale items with higher profit margin.

The Group recorded other income, which mainly comprised interest income on bank deposits and government grants, in the amount of approximately HK\$4.06 million (2023: HK\$6.26 million) for the Year. The decrease in other income was due to drop in government grants. The Group recorded a fair value losses on financial assets at FVTPL of approximately HK\$10.81 million (2023: gain of HK\$6.31 million). Moreover, the Group had written off interest receivables amounted to approximately HK\$3.88 million (2023: nil).

The Group recorded administrative and other operating expenses in the amount of approximately HK\$26.92 million (2023: HK\$23.89 million) and finance costs in the amount of approximately HK\$0.19 million (2023: HK\$0.89 million). The Group recorded an income tax credit of approximately HK\$1.17 million (2023: income tax expense of HK\$2.78 million) with the change mainly due to increase in deferred tax credit.

The Group recorded impairment losses under ECL model recognized in respect of trade and other receivables in the amount of approximately HK\$6.50 million (2023: HK\$0.43 million). The Group recorded impairment losses under ECL model recognized in respect of loan receivables in the amount of approximately HK\$8.07 million (2023: a reversal of impairment loss of HK\$8.06 million).

The Group recorded a gain on disposal of a subsidiary and loss from this discontinued operation which accounted to approximately HK\$11.25 million (2023: nil) and approximately HK\$12.26 million (2023: HK\$7.39 million) respectively.

In conclusion, the Group’s loss for the Year amounted to approximately HK\$18.91 million (2023: HK\$4.68 million). The increase in loss was mainly due to recoverability problem of loan receivables after slowdown of the PRC economy and fair value losses on financial assets at FVTPL, in which the impairment losses under ECL model recognized in respect of the loan receivables and fair value losses on financial assets at FVTPL amounted to approximately HK\$8.07 million and approximately HK\$10.81 million respectively. After taking the loss share by the non-controlling interests, the loss attributable to owners of the Company for the Year amounted to approximately HK\$18.46 million (2023: profit of HK\$1.46 million).

TRADING OF FRESH PRODUCE AND AGRICULTURAL PRODUCTS AS WELL AS GENERAL TRADING

The Group imported fruits, mainly durians from Thailand and Vietnam to the PRC. The Group sourced quality live pigs and cattle from renowned suppliers and farms in Guangxi, Jiangxi and Hunan, and sold them to cities in Guangdong Province such as Shenzhen (“SZ”), Huizhou, Dongguan. During the Year, the Group recorded a revenue of approximately HK\$5,711.43 million (2023: HK\$5,022.64 million) from the trading of fresh produce and agricultural products as well as general trading, which accounted for approximately 97.67% (2023: 99.76%) of the Group’s total revenue. This segment recorded a profit of approximately HK\$4.79 million (2023: HK\$4.10 million) during the Year. The low gross profit margin was due to the trading of fresh produce and agricultural products operated in highly competitive markets. During the Year, the Group recorded no revenue from general trading (2023: HK\$6.25 million).

MEAT PROCESSING

The Group started factory operation in April 2024, which is involving cutting, processing, packing, cooling and distribution. This segment has a dramatic increase of approximately HK\$132.33 million (2023: nil) for the Year, which accounted for approximately 2.26% (2023: nil) of the Group’s total revenue. This is a high value-added business which contributed to the Group a relatively higher gross profit margin of approximately 1.80% (2023: nil). This segment recorded a profit of approximately HK\$2.04 million (2023: nil) during the Year.

MONEY LENDING

During the Year, the revenue from loan interest income was approximately HK\$4.01 million (2023: HK\$6.05 million) which accounted for approximately 0.07% (2023: 0.12%) of the Group’s total revenue. The decrease in revenue was mainly attributable to the significant decline in loan balances. This segment recorded a loss of approximately HK\$9.99 million (2023: profit of HK\$8.36 million) during the Year. Subsequent to the Year, approximately 0.19% of outstanding loans balances at 30 June 2024 have been settled.

Loan financing is the only money lending service provided by the Group, and the Group’s customers principally include individuals through business or personal networks or referral from business counterparts of the Group. The loans granted by the Group are short-term and all of the outstanding loans originally have a term of no more than one year but certain loans were overdue. The Group does not have a specific target loan size but assesses each application on the basis of its merit and will determine whether security in the form of legal charge on property or personal guarantee provided by independent third party would be required.

As at 30 June 2024, the Group had 13 (2023: 22) outstanding loans (the “**Outstanding Loans**” and each an “**Outstanding Loan**”), of which 9 (2023: 18) were individual borrowers and 4 (2023: 4) were corporate borrowers, in which only one (2023: one) Outstanding Loan was secured by a second charge on a property situated in Hong Kong.

The outstanding balance (including interest receivables) of each Outstanding Loan ranged from approximately HK\$1,000,000 to HK\$7,000,000 (2023: HK\$100,000 to HK\$7,000,000) with interest rate ranging from 6.00% to 18.00% (2023: 6.00% to 18.00%) per annum. The loan portfolio of the Group fell within the following bands:

Outstanding balances of Outstanding Loans	Number of Outstanding Loans within the band
HK\$6,000,001 to HK\$7,000,000	3
HK\$4,500,001 to HK\$6,000,000	2
HK\$3,000,001 to HK\$4,500,000	4
HK\$1,500,001 to HK\$3,000,000	2
HK\$0 to HK\$1,500,000	<u>2</u>

As at 30 June 2024, the top five borrowers of the Group constituted approximately 59.04% (2023: 35.26%) of the total principal amount of the Group’s loan portfolio and approximately 59.54% (2023: 37.15%) of the Group’s loan receivables (including interest receivables).

The senior management is monitoring the money lending business in order to ensure that the relevant internal control procedures are performed properly. The Group has put in place internal control procedures for its money lending business and has tailor-made such procedures according to the business needs, operation models and regulatory requirements.

Approval process for granting loan

The established process of assessing loan applications is as follows:

1. Document collection – Individual loan applicants are required to submit a number of supporting documents and information in order to preliminarily assess the background of their applications, including but not limited to application form, identification documents, address proof, marital status documents, existing loan agreement(s) if (any), income proof, employment status proof, bank statements for the past year(s) and a list of assets and liabilities of the applicants. For the corporate loan applicants, they are required to submit application form, license or business registration certificate, memorandum and articles of association, recent financial statements, identification documents of the legal representative and majority shareholder(s) and the corporate creditworthiness report, existing loan agreement(s) if (any) after the preliminary assessment of the background checking. If the applicants own any real property(ies) or have mortgage(s) on their property(ies), the senior management will also conduct land search and online valuation of such property(ies).
2. Assessment of repayment ability and creditworthiness – The senior management is responsible for conducting a preliminary assessment of the applicants' background, their creditworthiness and repayment ability based on the supporting documents provided and the results of legal and financial due diligence. The senior management will also conduct face-to-face interviews to make further in-depth enquiries in the applicants' background and repayment ability.
3. The senior management discussion – If the senior management is of the view that the relevant applicant has sufficient repayment ability, creditworthiness after the internal discussion for the maximum principal amount and interest rate, the senior management will hold a board meeting to approve the terms of the loan agreement and the loan thereunder.
4. Signing of loan agreement – The terms and conditions of the loan agreements will be prepared after the senior management granted the relevant approval. Before signing the loan agreements, the senior management will explain the terms and conditions of the loan agreements and the relevant implications to the applicants. It will be put on record that the applicants have been properly advised of the terms and conditions of the loan agreements.

Credit risk assessment policy

As part of the approval process of loan applications, the senior management will carry out credit risk assessment on each applicant including but not limited to client identification, financial and legal due diligence, repayment ability assessment and creditworthiness assessment. Through the above procedures, the senior management assesses its credit exposure and compliance risk in so far as anti-money laundering or anti-terrorist financing laws and regulations are concerned.

Mechanism in determining loan terms to ensure they are fair and reasonable

To ensure the terms of the loan agreements are fair and reasonable, the senior management determines the terms with regard to factors including but not limited to the creditworthiness of the borrower, the principal amount of the loan, the predicted recoverability of the loan, the prevailing market interest rate and security of pledged asset(s). Also, the terms of the loan agreement in each case will be fine-tuned and tailored to the specific circumstances of the particular borrower and will be reviewed by the senior management before signing with the borrower.

Monitoring loan repayment and recovery

The senior management is responsible for continuous monitoring the status of loan repayment, creditworthiness of borrowers through monthly credit check and litigation search as well as keeping accounting records for monthly review of the loan balance to ensure that all borrowers have made repayment on time in accordance with the terms of the relevant loan agreement. The senior management is also in regular communication with the borrowers regarding their financial positions and credit profiles to have an up-to-date understanding of their repayment ability and creditworthiness. The senior management will be alerted in the event of late repayment, material changes to the repayment ability or creditworthiness of borrowers or any other events which indicate the recovery of the loan may be at risk. Additionally, the senior management will be given quarterly reports on the money lending business to the board (the “**Board**”), which includes a summary of overdue unsecured loans.

Taking actions on delinquent loans

If a borrower does not make any repayment in accordance with the loan agreement, the senior management will be promptly reported and will make inquiry with the relevant borrower as to the reason for the late payment and the estimated repayment schedule. Then the senior management will review the proposed repayment schedule of such borrower to determine the necessary actions to be taken to recover the outstanding loan. If the settlement proposal of the outstanding loan of the borrower is not satisfactory, then the senior management may decide to commence legal proceedings against such borrower to recover the loan principal and outstanding interest.

The adverse financial and economic conditions caused by the global high interest rate have affected the financial position and repayment ability of the Group’s customers. The Group expects that such a challenging situation may affect the repayment of loans and increase credit risks which were not apparent at the time when the loans were granted. The Group continues to monitor the recoverability of its loans through regular communication with borrowers regarding their latest financial positions and review of borrowers’ credit profiles and will take any necessary follow-up action on borrowers’ repayment. In the event of failure to repay interest and/or the principal amount by the due date, the Group will issue overdue payment reminders to the relevant borrowers; and negotiate with the borrowers for the repayment of the loans. Where settlement proposals cannot be agreed upon, the Group may commence legal proceedings against the borrowers to recover the loan principal and outstanding interest.

Determine impairment loss

The management of the Company will periodically report to the Board to inform them of the figures of overdue loans. As at the relevant balance sheet date, the Board will assess whether there are any indications of impairment on the loan receivables, and if so, perform an impairment test and determine the amount of impairment loss to be recognised.

In determining the ECL for loan receivables, historical data are assessed together with other external information and are adjusted to reflect current and forward-looking information on macroeconomic factors. To ensure the adequacy of allowance for ECL on loan receivables, the Group engaged an independent firm of professional valuers to conduct a valuation on the allowance for ECL on loan receivables recognised for each financial year, and this impairment allowance was also cross-examined by independent auditors at the time.

The Group applies the general approach under Hong Kong Financial Reporting Standard 9 (“**HKFRS 9**”), which is often referred to as the “three-stage model”, under which ECL of loan receivables are determined based on (a) the changes in credit quality of the loan receivables since initial recognition, and (b) the estimated expectation of economic loss of the loan receivable under consideration. Under the general approach, there are two measurement bases for allowance of ECL: (a) 12-month ECL, which is the ECL as a result of default events that are possible within 12 months after the reporting date and is calculated as the allowance for ECL on a loan receivable weighted by the probability of default events accumulated over the 12 months after the reporting date; (b) lifetime ECL, which is the ECL as a result of all possible default events over the expected life of a loan receivable and is calculated as the allowance for ECL on a loan receivable weighted by the probability of default event accumulated over the entire life of the loan receivable. The allowance for ECL on loan receivables is derived from gross credit exposure, recovery rate and probability of default.

The Group’s loan receivables are classified as follows:

- (i) Stage 1 (performing) includes loan receivables which have a low risk of default or have not had a significant increase in credit risk since initial recognition and are not credit-impaired. 12-month ECL is recognised for these loan receivables.
- (ii) Stage 2 (doubtful) includes loan receivables which have had a significant increase in credit risk since initial recognition but are not credit-impaired. Lifetime ECL is recognised for these loan receivables.
- (iii) Stage 3 (default) includes loan receivables that are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For these loan receivables, lifetime ECL is recognised.
- (iv) Write-off, where there is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.

As at 30 June 2024, Stage 1, Stage 2 and Stage 3 ECL of the Group amounted to approximately HK\$0.04 million (2023: HK\$0.09 million), approximately HK\$0.62 million (2023: HK\$4.84 million) and approximately HK\$21.94 million (2023: HK\$10.99 million) respectively. In summary, aggregate ECL impairment of the Group as at 30 June 2024 was approximately HK\$22.60 million (2023: HK\$15.92 million), resulting in ECL impairment loss (after taking exchange alignment adjustment of approximately HK\$1.39 million) of approximately HK\$8.07 million (2023: a reversal of impairment loss of HK\$8.06 million) during the Year.

HEATING SUPPLY SERVICES

The Group provides heating supply services to customers in Tianjin, the PRC. During the Year, the Group had no revenue from this segment (2023: HK\$6.08 million). During the Year, as the Group received a subsidy of approximately HK\$1.92 million as other income from PRC local government, the segment result of heating supply services generated a profit of approximately HK\$1.66 million (2023: loss of HK\$3.65 million).

As affected by the rising international commodity and energy prices and the high volatility in the prices of gas, the operations in Tianjin had recorded continuous losses in recent years. The Group considered that the inherent uncertainties of the industry cast doubt on the profitability of the provision of heating supply services and accordingly decided to temporarily suspend its heating supply services.

COAL MINING SERVICES AND CONSTRUCTION SERVICES

The revenue of this segment comprises service income from provision of excavation works and construction works. During the Year, the Group recorded a revenue of approximately HK\$75.63 million (2023: HK\$127.07 million) from the provision of coal mining and construction services. This segment recorded a loss of approximately HK\$12.26 million (2023: HK\$7.39 million) and discontinued during the Year.

INVESTMENT IN LISTED SECURITIES (INCLUDING FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS)

As at 30 June 2024, the Group invested in securities listed in Hong Kong and the PRC markets (i.e. financial assets at FVTPL), which amounted to approximately HK\$27.03 million (2023: HK\$34.33 million). During the Year, the Group recorded a loss of fair value change on financial assets at FVTPL of approximately HK\$10.81 million (2023: gain of HK\$6.31 million).

BUSINESS REVIEW & OUTLOOK

The commencement of our factory operation of the cutting, processing, packing, cooling and distribution in PRC during the Year allowed the Group to respond faster to the high market demands in PRC. In addition, the Group continued to enrich the product portfolio, such as newly launched ready-to-cook products and western-style low-temperature processed meat products.

The Group will continue to promote our branded products, focus on developing valuable customers and broaden our customers' bases as well as to improve the factory operation efficiency in order to realize value addition to our businesses and create value for the Shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group held cash and cash equivalents of approximately HK\$81.76 million (2023: HK\$105.08 million). Net current assets amounted to approximately HK\$323.75 million (2023: HK\$332.45 million). As at 30 June 2024, the current ratio (defined as total current assets divided by total current liabilities) was approximately 13.40 (2023: 3.62 times). The gearing ratio, being the ratio of total liabilities to total assets, was approximately 0.07 (2023: 0.27). The Group did not have bank borrowing as at 30 June 2024 (2023: Nil).

SHARE CAPITAL

As at 1 July 2022, the authorized share capital of the Company was HK\$1,500,000,000 divided into 150,000,000,000 shares of HK\$0.01 each, and the issued share capital of the Company was approximately HK\$74,925,624 divided into 7,492,562,338 shares of HK\$0.01 each.

Pursuant to the resolutions of the shareholders passed at the extraordinary general meeting of the Company on 26 April 2023, every twenty issued and unissued ordinary shares with a par value of HK\$0.01 each in the share capital of the Company were consolidated into one ordinary share with a par value of HK\$0.20 each (“**Share Consolidation**”), such that the authorised share capital of the Company became HK\$1,500,000,000 divided into 7,500,000,000 shares with a par value of HK\$0.20 each effective from 26 April 2023. As at 30 June 2023, the issued share capital of the Company was approximately HK\$74,925,624 divided into 374,628,116 shares of HK\$0.20 each.

Details of the Share Consolidation are set out in the Company’s announcements dated 8 March 2023 and 26 April 2023 and the Company’s circular dated 24 March 2023.

FOREIGN EXCHANGE EXPOSURE

Most of the trading transactions, assets and liabilities of the Group were denominated either in HK\$, RMB or United States dollars. It is the Group’s policy for its operating entities to utilise their corresponding local currencies to minimise currency risks. The Group did not have any derivatives or financial instruments for hedging against the foreign exchange risk (2023: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

In March 2024, the Company disposed Tai Pu, an indirect wholly-owned subsidiary of the Company to an independent third party. Details of the disposal are set out in the Company’s announcement dated 12 March 2024.

There was no other material acquisition and disposal of subsidiaries and affiliated companies of the Group during the Year.

LITIGATIONS

The Group was not involved in any material litigations during the Year.

CAPITAL COMMITMENT

As at 30 June 2024, the Group had no significant capital commitment (2023: nil).

PLEDGE OF ASSETS

As at 30 June 2024, there was no bank deposit was pledged to a bank to secure general banking facilities granted to the Group (2023: bank deposit of RMB5.00 million pledged). The pledged bank deposit as at 30 June 2023 was released upon settlement of relevant bills payables. As at 30 June 2024, there was no restricted bank deposit (2023: bank deposit of RMB0.50 million restricted by a bank in respect of the issue of customs guarantee to the PRC customs department).

EMPLOYEE INFORMATION

As at 30 June 2024, there were 82 (2023: 546) staff members employed by the Group. The Group remunerates its employees mainly based on industry practices and the employees' 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 individuals' performance. In addition, each employee enjoys mandatory provident fund, medical allowance and other fringe benefits.

RETIREMENT BENEFIT PLANS

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

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

During the Year, there was no forfeited contribution under the abovementioned MPF Scheme available for the Group to reduce the existing level of contributions.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities.

DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

OTHER INFORMATION

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

As at 30 June 2024, none of the Directors and the Chief Executives had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

Directors' rights to acquire shares or debentures

To the best knowledge of the Directors, at no time during the Year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporation.

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

As at 30 June 2024, 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\$0.20 each of the Company

Name of Shareholders	Nature of interests	Number of shares held	Approximate percentage of shareholding
Mr. Xu Gongming	Beneficial owner	600,000	0.16%
Mr. Xu Gongming (<i>Note 1</i>)	Held by controlled entity	102,719,000	27.42%
Redwood Bay Investment Group International Company Limited (<i>Note 1</i>)	Beneficial owner	102,719,000	27.42%
Ms. Yan Weiwei (<i>Note 2</i>)	Held by controlled entity	74,474,000	19.88%
Star Link Technology Limited (<i>Note 2</i>)	Beneficial owner	74,474,000	19.88%

Note 1: Mr. Xu Gongming is deemed to be interested in 102,719,000 shares held by Redwood Bay Investment Group International Company Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Xu Gongming.

Note 2: Ms. Yan Weiwei is deemed to be interested in 74,474,000 shares held by Star Link Technology Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Ms. Yan Weiwei.

Save as disclosed above, as at 30 June 2024, no other person or corporation has interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or, who was directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

Directors' and controlling shareholders' interests in contracts

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

Share options scheme

The Company has adopted a share options scheme as approved by the shareholders of the Company (the “**Share Options Scheme**”) at the annual general meeting of the Company held on 12 December 2014 (the “**2014 AGM**”), pursuant to which the Company may grant options to subscribe for up to a total of 26,662,511 shares of the Company, after the Share Consolidation effective from 26 April 2023, at the date of this announcement, representing approximately 7.12% of the issued shares of the Company. The Share Options Scheme will enable the Company to reward and provide incentives to, and strengthen the Group’s business relationship with, the eligible participants who may contribute to the growth and development of the Group.

Details of the Share Options Scheme are set out to the consolidated financial statements of the annual report.

No options have been granted under the Share Options Scheme since its adoption.

Competing Interests

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

Purchase, Sale or Redemption of Company’s Listed Securities

In May 2024, the Company acquired a total of 10,000,000 Shares on the Stock Exchange at an aggregated consideration (excluding transaction costs) of approximately HK\$1,985,000. The Shares were subsequently cancelled in July 2024.

Save for the above, there were no subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Year.

Compliance with Code of Conduct for Securities Transactions by Directors

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

Code on Corporate Governance Practices

The Company endeavors in maintaining high standards of corporate governance for the enhancement of Shareholders’ value. Save as disclosed in the Chairman and Chief Executive Officer section of the corporate governance report, 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 Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the GEM Listing Rules throughout the Year.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Luk Chi Shing (committee chairman), Mr. Chen Xier and Mr. Huang Tianhua. The primary duties of the Audit Committee are to (i) review the Company's financial reports, amongst others, annual reports, interim reports and quarterly report(s), (ii) provide advice and comments thereon to the Board and (iii) review and supervise the Group's financial reporting, internal control procedures and risk management systems. The Audit Committee held five meetings during the Year. Two of the meetings was attended by the Company's external auditors so that the members of the Audit Committee could exchange their views and concerns with the auditors.

The Audit Committee reviewed the Group's quarterly report for the three months ended 30 September 2023, interim report for the six months ended 31 December 2023 and audited annual results for the year ended 30 June 2024. The Audit Committee also made recommendations to the Board and the management in respect of the Group's financial reporting and internal control procedures.

Scope of work of Confucius International CPA Limited (“CICPA”)

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2024 as set out in this announcement have been agreed by the Group's auditor, CICPA, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by CICPA in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CICPA on this announcement.

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

Hong Kong, 30 September 2024

As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Cai Da, Mr. Wang Tong Tong and Ms. Lei Ming; and (ii) three independent non-executive directors, namely Mr. Luk Chi Shing, Mr. Chen Xier and Mr. Huang Tianhua.

This announcement, for which all the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange's website at www.hkexnews.hk for at least seven (7) days from the date of its posting and on the website of the Company at <http://www.silkroadenergy.com.hk>.