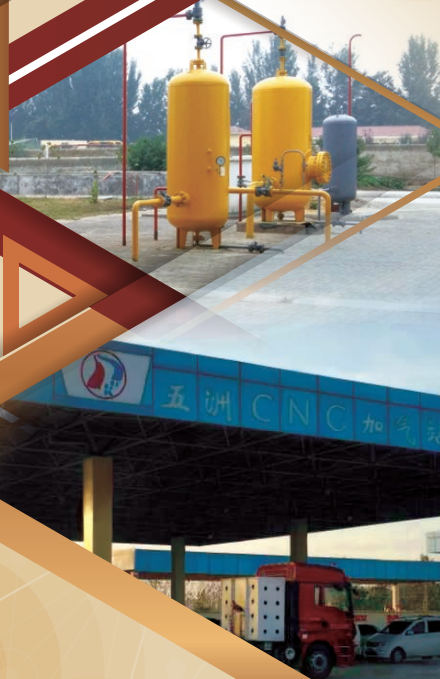




Sino Energy International Holdings Group Limited 中能國際控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1096)

Interim Report
2017



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Jianbao
(*Chairman and Joint chief executive officer*)
Mr. Wang Wei (*Vice-chairman*)
Ms. Cai Xiuman
Mr. Zhang Wenbin
(*Joint chief executive officer*)
Mr. Wang Qingshan
Mr. Sun Hui Ding
(resigned on 14 January 2017)

Non-executive Director

Mr. Song Pengcheng

Independent non-executive Directors

Mr. Chen Jinzhong, Roy
Mr. Lee Ho Yiu Thomas
Mr. Gu Renliang
Mr. Wang Xianzhang
(appointed on 12 January 2017)

BOARD COMMITTEES

Audit Committee

Mr. Lee Ho Yiu Thomas (*Chairman*)
Mr. Chen Jinzhong, Roy
Mr. Gu Renliang

Remuneration Committee

Mr. Lee Ho Yiu Thomas (*Chairman*)
Mr. Chen Jinzhong, Roy
Mr. Gu Renliang

Nomination Committee

Mr. Chen Jinzhong, Roy (*Chairman*)
Mr. Lee Ho Yiu Thomas
Mr. Gu Renliang

COMPANY SECRETARY

Mr. Cheng Kit Hung
(appointed on 20 July 2017)
Mr. Yip Hing Fai (resigned on 3 July 2017)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Shoes Industrial Park
Baogai Town
Shishi
Fujian Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

27/F, AIA Central,
1 Connaught Road Central,
Central,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of Communications
China Merchants Bank
Industrial Bank of China
Industrial and Commercial Bank of China

INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited

LEGAL ADVISER

As to Hong Kong law:
Winston & Strawn

STOCK CODE

1096

COMPANY WEBSITE

www.sino-energyint.com.hk

KEY FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	Note	2017	2016	% change
Revenue (RMB'000)		108,925	125,446	-13.2%
Gross profit/(loss) (RMB'000)		9,591	(12,432)	177.1%
Loss before taxation (RMB'000)		(95,677)	(77,556)	23.4%
Loss for the period (RMB'000)		(97,665)	(77,593)	25.9%
Gross profit/(loss) margin (%)		8.8%	(9.9)%	
Loss after tax margin (%)		(89.7%)	(61.9)%	
Loss per share ("EPS")				
– Basic (RMB)	1	(0.06)	(0.05)	

As at 30 June/31 December

		2017	2016
Current ratio (times)	2	2.2	2.3
Gearing ratio (%)	3	93.0%	85.7%

Notes for key ratios:

- 1/ Basic EPS: Loss attributable to owners of Sino Energy International Holdings Group Limited (the "**Company**")/weighted average number of ordinary shares of HK\$0.10 each in the share capital of the Company (the "**Shares**")
- 2/ Current ratio: Current assets/current liabilities
- 3/ Gearing ratio: Total borrowings (including bank loans, debentures, promissory notes and convertible bonds)/total assets

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

Business Review

During the review period for the six months ended 30 June 2017 (the “**Period**”), the Company and its subsidiaries (the “**Group**”) have continued to implement its strategic transformation plan; actively seeking opportunities to expand its revenue sources, as well as boost its overall long-term profitability by seizing business opportunities in the energy business.

During the Period, revenue from the gas station business increased by 62.9% to RMB64.1 million, bringing a satisfactory profit contribution to the Group. At the same time, the Group introduced Huarong Overseas Investment Holdings Co., Limited (“**Huarong Overseas**”), a company incorporated in Hong Kong with limited liability, as its controlling shareholder (the “**Shareholder**”), having also attracted investment from a number of strategic shareholders last year, thus further broadening its shareholder base and accelerating business transformation. The Group has proactively explored opportunities to further expand its energy-related business as well.

Although the overall retail market in China has improved during the first half year, companies in the industry have had to face a transformed landscape arising from the integration of online and offline operations in their quest for innovation, which has resulted in more intense market competition. Moreover, cost pressures including the constant rise in rental expenses and staff costs have brought challenges to the operating environment. During the Period, through careful examination and review of the Group’s store network, gross profit rose by 177% for the six months ended 30 June 2017 from a gross loss for the corresponding period in 2016.

Prospects

Looking ahead, the global economy and geopolitical developments will continue to bring challenges. Nonetheless, with rising consumption of natural gas in China, the industry outlook remains optimistic. The National Development and Reform Commission, which published “Opinions on Accelerating the Promotion of Natural Gas Utilisation” this year, stated that natural gas will gradually become one of the main energy sources of China’s modern clean-energy system. With support from national policies and continuous improvements in energy-saving and energy-efficient technologies, further development will be seen in the natural gas consumer market in China, leading to bright prospects. In view of this, the Group will continue its established business diversification strategies, moving from operating a traditional retail business to expanding to the energy business and allocating more resources for the latter, so as to proactively tap huge opportunities emerging from the development of the natural gas industry.

On the other hand, the Group will continue to closely monitor market trends and prudently decrease its holdings in or dispose of business segments that underperform when appropriate, in order to enhance business performance. At the same time, the Group will continue to employ stringent cost control measures to support its long-term development. In the future, the Group will continue to implement established business strategies, accelerate business transformation and strive to generate promising returns for its Shareholders.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 June 2017 was RMB108.9 million, representing a decrease of 13.2% as compared to that of the corresponding period in 2016. It was mainly due to the decline of revenue of footwear business caused by the rapid development of online shopping, the consistent deterioration of the market conditions, and the continuous sluggish retail environment which is partly offset by the increase of contribution of gas station business.

Gross profit and gross profit margin

The decline in revenue of footwear business, combined with the rising raw material costs, continued to pose challenges to the Group and weakened its profitability of footwear business. This is partly offset by the good profit contribution from gas station business. The gross profit of the Group for the six months ended 30 June 2017 was RMB9.6 million, as compared with the gross loss of RMB12.4 million in same period of 2016. The gross profit margin of the Group for the six months ended 30 June 2017 was 8.8% (six months ended 30 June 2016: gross loss margin of 9.9%).

Other income

The decrease in other income from RMB15.6 million for the six months ended 30 June 2016 to RMB4.5 million for six months ended 30 June 2017 was mainly due to the reversal of impairment of deposits, prepayments and other receivables of RMB10.7 million for six months ended 30 June 2016 while no such items in the corresponding period in 2017.

Distribution and selling expenses

The Group's distribution and selling expenses primarily consisted of advertising and promotional expenses, royalties for licensed brands, salaries for the sales and marketing staff, and other costs related to sales and distribution. Distribution and selling expenses was RMB2.0 million, accounted for approximately 1.8% of revenue during the six months ended 30 June 2017 (six months ended 30 June 2016: 2.7%). The distribution and selling expenses decreased from RMB3.3 million for the six months ended 30 June 2016 to RMB2.0 million for the six months ended 30 June 2017, primarily as a result of the decrease in revenue of footwear business and cost control effort of the Group.

Administrative expenses

Administrative expenses decreased by 4.28% to RMB37.1 million for the six months ended 30 June 2017 from RMB38.7 million for the six months ended 30 June 2016, which has no significant change. The Group will continue to take all necessary measures to tighten its credit control to improve the recovery of its trade receivables, deposits, prepayments and other receivables in the future.

Management Discussion and Analysis

Finance costs

Finance costs increased by 82.7% to RMB70.6 million for the six months ended 30 June 2017 from RMB38.7 million for the six months ended 30 June 2016, primarily due to an increase in interest from the issuance of debentures, promissory notes and convertible bonds to finance the operations.

Effective tax rate

As the Group incurred loss for the six months ended 30 June 2017, the tax charge is mainly due to under provision of income tax from one of the subsidiaries.

Loss attributable to owners of the Company

Loss attributable to owners of the Company was RMB97.7 million for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB77.4 million). Basic loss per Share was RMB6 cents for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB5 cents).

The loss attributable to owners of the Company of RMB97.7 million for the six months ended 30 June 2017 increased by 26.2%, as compared with the loss attributable to owners of the Company of RMB77.4 million for six months ended 30 June 2016, was primarily due to the rising finance cost due to the increase in debentures, promissory notes and convertible bonds to fund the operation, which was partly offset by the turnaround from gross loss for the six months ended 30 June 2016 to gross profit for the six months ended 30 June 2017.

LIQUIDITY AND FINANCIAL RESOURCES

In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in RMB. As at 30 June 2017, the Group had net current assets of RMB773.6 million (as at 31 December 2016: approximately RMB879.0 million), of which bank and cash balances and pledged deposits were RMB861.9 million (as at 31 December 2016: RMB594.5 million). The Group has always been pursuing a prudent treasury management policy and is in a strong liquidity position. The gearing ratio, calculated as total borrowings (including bank loans, debentures, promissory notes and convertible bonds) divided by total assets, increased from 85.7% as at 31 December 2016 to 93% as at 30 June 2017.

The Group primarily met its funding requirement by cash flows from operations and financing activities. During the six months ended 30 June 2017, the net cash generated from operating activities and net cash generated from financing activities were RMB125.3 million (six months ended 30 June 2016: net cash generated from operating activities of RMB204.8 million) and RMB131.1 million (six months ended 30 June 2016: net cash generated from financial activities of RMB9.0 million). The total bank borrowings increased to RMB345.9 million (31 December 2016: RMB302.4 million). The bank loans were repayable within one year. The Group's bank borrowings were mainly denominated in Renminbi ("**RMB**") with the remaining denominated in Hong Kong dollars ("**HK\$**").

During the six months ended 30 June 2017, the Group newly issued unlisted debentures of RMB68.3 million (six months ended 30 June 2016: RMB131.9 million) and made a settlements of RMB28.3 million (six months ended 30 June 2016: RMB253.9 million). As at 30 June 2017, the outstanding unlisted debentures amounted to RMB934.4 million (31 December 2016: RMB895.2 million). The debentures are repayable from August 2017 to June 2025.

The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2017.

CAPITAL STRUCTURE

During the six months ended 30 June 2017, the Company did not issue new Shares. As at 30 June 2017, the total number of issued Shares was 1,606,498,422.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 23 December 2016, Sino Africa Energy Holdings Company Limited (the "**Purchaser**") a wholly-owned subsidiary of the Company, and the Company entered into the acquisition agreement with Hyper Venture Group Limited (the "**Vendor**"), pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the 100% equity interest in Wealthy Fortress Investment Corporation (the "**Target Company**"), at the initial consideration of HK\$300 million, which would be satisfied in cash. Upon the completion, the Target Company would become an indirect wholly-owned subsidiary of the Company and 福建新捷天然氣有限公司 ("**福建新捷**") would be indirectly owned by the Company as to 16%.

On 18 August 2017, the Company, the Purchaser, and the Vendor entered into a termination agreement by way of rescinding the above-mentioned acquisition and making provisions for the refund of the sum of HK\$90 million as part of the consideration for the acquisition. The due date of the refund of the partial consideration by the Vendor to the Purchaser shall be extended, as to HK\$30 million, from 30 June 2017 to 30 September 2017 and, as to the remaining balance of HK\$60 million, from 30 June 2017 to 28 February 2018.

Management Discussion and Analysis

For details of the acquisition and termination, please refer to the Company's announcements dated 23 December 2016 and 18 August 2017, respectively.

There was no significant investment, material acquisitions and disposal of subsidiaries, associates and joint ventures by the Company during the six months ended 30 June 2017.

FOREIGN EXCHANGE RISK

The Group mainly operates in the People's Republic of China with most of the transactions settled in RMB. Part of the Group's cash and bank deposits, bank loans, debentures and promissory notes are denominated in HK\$ and United States Dollars.

During the six months ended 30 June 2017, the Group did not hedge any foreign exchange exposure against foreign exchange risk. However, the management will continue to monitor foreign exchange risks and adopt prudent measures as appropriate.

CHARGE ON ASSETS

As at 30 June 2017, the Group had pledged its land use rights and buildings with net book value of RMB34.7 million for the purpose of securing bank loans.

CONTINGENT LIABILITIES

There were no significant contingent liabilities for the Group as at 30 June 2017.

HUMAN RESOURCES

As at 30 June 2017, the Group employed 361 employees (as at 30 June 2016: 514 employees) with total staff costs of RMB9.1 million incurred for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB29.7 million). The Group offered competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF EQUITY DERIVATIVES AND DEBENTURES

As at 30 June 2017, the interests and short positions of the directors (the “**Directors**”) and chief executive of the Company in the Shares, underlying shares of equity derivatives and debentures of the Company or its associated corporations (as defined by Part XV of the Securities and Futures Ordinance (the “**SFO**”) as recorded in the register of directors’ and chief executive’s interests and short positions required to be maintained under Section 352 of SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) are as follows:

(i) Long positions in the Shares:

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding in the Company
Mr. Chen Jianbao (Note 1)	Interest of controlled corporation	722,267,408	44.96%
Ms. Cai Xiuman (Note 2)	Interest of controlled corporation	150,000,000	9.34%
	Beneficial owner	20,950,000	1.30%
Mr. Zhang Wenbin (Note 3)	Interest of spouse	170,950,000	10.64%

Notes:

1. Mr. Chen Jianbao is deemed to be interested in the 722,267,408 Shares as he directly holds 34.57% of Huarong Energy Investment Company Limited.
2. Ms. Cai Xiuman is the beneficial owner of the entire issued share capital of Festive Boom Limited which holds 150,000,000 Shares. Ms. Cai Xiuman is also the director of Festive Boom Limited.
3. Mr. Zhang Wenbin is deemed to be interested in the 170,950,000 Shares beneficially held by his spouse Ms. Cai Xiuman.

Disclosure of Interests

(ii) Long positions in underlying Shares:

Holder	Grant date	Exercise from	Exercise until	Number of share options held					Balance as at 30 June 2017	Exercise price (HK\$)	Approximate percentage of shareholding in the Company
				Balance as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period			
Mr. Lee Ho Yiu Thomas	17 October 2014	17 October 2014	17 October 2024	500,000	-	-	-	-	500,000	0.72	0.03%
Total:				500,000	-	-	-	-	500,000		

(iii) Long positions in shares of the Company's associated corporation(s):

Name of Director	Name of associated corporation	Number of shares	Approximate percentage of shareholding
Ms. Cai Xiuman	Festive Boom Limited	1	100%

As at 30 June 2017, save as disclosed herein, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares of equity derivatives or debentures of the Company or any associated corporation defined under the SFO as recorded in the register of directors' and chief executive's interests and short positions required to be maintained under Section 352 of SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the following persons, other than the Directors and chief executive of the Company, had interests and short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Long positions in Shares and underlying Shares

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
廣東錦烽集團有限公司 (Note 1)	Interest of controlled corporations	932,409,025	58.04%
Sun Siu Kit (Note 2)	Interest of controlled corporations	932,409,025	58.04%
華融致遠投資管理有限責任公司 (Note 3)	Interest of controlled corporations	932,409,025	58.04%
華融華僑資產管理股份有限公司 (Note 4)	Interest of controlled corporations	932,409,025	58.04%
China Huarong Asset Management Co., Ltd. (Note 5)	Interest of controlled corporations	932,409,025	58.04%
Ministry of Finance of the People's Republic of China (Note 5)	Interest of controlled corporations	932,409,025	58.04%
Strait Energy Limited (Note 7)	Person having a security interest in shares	644,272,000	40.10%
Strait Energy Investment Company Limited (Note 6)	Interest of controlled corporation	644,272,000	40.10%
中國石油天然氣集團公司 (Note 7)	Interest of controlled corporation	644,272,000	40.10%
Central China International Investment Company Limited (Note 8)	Beneficial owner	208,333,333	12.97%
Central China Securities Co. Ltd. (Note 8)	Interest of controlled corporations	208,333,333	12.97%
Central China International Financial Holdings Company Limited (Note 9)	Interest of controlled corporations	208,333,333	12.97%
Festive Boom Limited	Beneficial owner	150,000,000	9.34%

Disclosure of Interests

Notes:

1. 廣東錦烽集團有限公司 is deemed to be interested in the 932,409,025 shares as it holds 40% of the issued share capital of 華融華僑資產管理股份有限公司 which indirectly holds 100% of the issued share capital of Infinity Growth Capital Limited, which holds 210,141,617 convertible shares and also holds 65.43% of the issued share capital of Huarong Energy Investment Company Limited, which holds 465,884,543 shares and 256,382,865 convertible shares.
2. Mr. Sun Siu Kit is deemed to be interested in the 932,409,025 shares as he indirectly holds 100% of the issued share capital of 廣東錦烽集團有限公司.
3. 華融致遠投資管理有限責任公司 is deemed to be interested in the 932,409,025 shares as it holds 51% of the issued share capital of 華融華僑資產管理股份有限公司 which indirectly holds 100% of the issued share capital of Infinity Growth Capital Limited, which holds 210,141,617 convertible shares and also holds 65.43% of the issued share capital of Huarong Energy Investment Company Limited, which holds 465,884,543 shares and 256,382,865 convertible shares.
4. 華融華僑資產管理股份有限公司 is deemed to be interested in the 932,409,025 shares as it holds 100% of the issued share capital of Huarong Overseas Investment Holdings Co., Limited, which directly holds 100% of the issued share capital of Infinity Growth Capital Limited, which holds 210,141,617 convertible shares and also holds 65.43% of the issued share capital of Huarong Energy Investment Company Limited, which holds 465,884,543 shares and 256,382,865 convertible shares.
5. Ministry of Finance of the People's Republic of China is deemed to be interested in the 932,409,025 shares as it holds 67.75% of issued share capital of China Huarong Asset Management Co., Ltd. which directly holds 100% of the issued share capital of 華融致遠投資管理有限責任公司.
6. Strait Energy Investment Company Limited is deemed to be interested in the 644,272,000 shares as it holds 50% of the issued share capital of Strait Energy Limited.
7. 中國石油天然氣集團公司 is deemed to be interested in the 644,272,000 shares as it indirectly holds 50% of the issued share capital of Strait Energy Limited and the entire issued share capital of Strait Energy Investment Company Limited.
8. Central China Securities Co. Ltd. is deemed to be interested in the 208,333,333 shares as it directly holds 100% of the issued share capital of the Central China International Financial Holdings Company Limited, and indirectly holds 100% of the issued share capital of Central China International Investment Company Limited.
9. Central China International Financial Holdings Company Limited is deemed to be interested in the 208,333,333 shares as it directly holds 100% of the issued share capital of the Central China International Investment Company Limited.

Save as disclosed above, the Directors are not aware of any person, other than the Directors whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares of equity derivatives and debentures" above, who had an interest or short positions in the Shares or underlying Shares that were required to be recorded pursuant to Section 336 of Part XV of the SFO as of 30 June 2017.

SHARE OPTION SCHEME

Pursuant to a resolution passed by all the Shareholders on 4 September 2011, the Company has conditionally adopted the share option scheme (the “**Share Option Scheme**”) for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group. The Directors were authorised to grant options to subscribe for Shares and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering (as defined in the prospectus of the Company dated 16 September 2011 (the “**Prospectus**”), being 120,000,000 shares, excluding any options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

Unless otherwise approved by the Shareholders in general meeting, the number of the Shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the Shares in issue of the Company within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors. Unless otherwise approved by the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules, the number of Shares that may be granted to a substantial shareholder or any independent non-executive Director or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 0.1% of the Shares in issue, having an aggregate value in excess of HK\$5 million, within any 12-month period.

There is no minimum period for which an option must be held before it can be exercised, and the period during which an option may be exercised will be determined by the board of Directors (the “**Board**”) in its absolute discretion, however, no options shall be exercised 10 years after they have been granted. The subscription price of a Share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share. Each grantee shall pay HK\$1.00 to the Company at the time the option is granted. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date. The remaining life of the Share Option Scheme is 3.5 years.

Disclosure of Interests

In view of the increase in the Shares in issue, a resolution was passed by the Shareholders to refresh the limit of Share Option Scheme at the annual general meeting held on 28 June 2016 (the “AGM”). The Company is allowed to grant options carrying the rights to subscribe for up to a total of 160,649,842 Shares, representing 10% of the issued shares of the Company as at the AGM.

Further details of the Share Option Scheme are set out in note 14 to the financial statements. Details of movements in the options granted under the Share Option Scheme of the eligible participants during the six months ended 30 June 2017 are as follows:

Holders	Grant date	Exercise from	Exercise until	Number of share options held					Balance as at 30 June 2017	Exercise price (HK\$)	Approximate percentage of shareholding in the Company
				Balance as at 1 January 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period			
Mr. Lee Ho Yiu Thomas	17 October 2014	17 October 2014	17 October 2024	500,000	-	-	-	-	500,000	0.72	0.03%
Mr. Huang Jianren (resigned on 14 April 2016) (Note)	17 October 2014	17 October 2014	17 October 2024	1,000,000	-	-	-	1,000,000	-	0.72	-
Mr. Wu Xiaoqu (resigned on 14 April 2016) (Note)	17 October 2014	17 October 2014	17 October 2024	500,000	-	-	-	500,000	-	0.72	-
Mr. Ye Lin (resigned on 14 April 2016) (Note)	17 October 2014	17 October 2014	17 October 2024	500,000	-	-	-	500,000	-	0.72	-
Employees of the Group	17 October 2014 29 April 2016	17 October 2014 29 April 2016	17 October 2024 29 April 2026	11,000,000	-	-	-	-	11,000,000	0.72	0.66%
				80,500,000	-	-	-	-	80,500,000	0.46	5.01%
Business partners and consultants of the Group	29 April 2016	29 April 2016	29 April 2026	55,500,000	-	-	-	-	55,500,000	0.46	3.45%
				149,500,000	-	-	-	2,000,000	147,500,000		

Note:

Mr. Huang Jianren, who was an executive Director, Mr. Wu Xiaoqu and Mr. Ye Lin, who were the independent non-executive Directors, resigned on 14 April 2016. Their share options were valid for one year until 13 April 2017 and were lapsed on 14 April 2017.

Corporate Governance and Other Information

INTERIM DIVIDEND

The Board resolved that no interim dividend would be declared in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Director is set out below:

Mr. Lee Ho Yiu Thomas has been appointed as an independent non-executive director of Shenglong Splendecor International Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8481) since 17 July 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted all the requirements of the code provisions of the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”). During the six months ended 30 June 2017, the Company has complied with all the code provisions of the Corporate Governance Code except for the following deviations:

Code Provisions A.6.7 and E.1.2

Code provision A.6.7 of the Corporate Governance Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders; while code provision E.1.2 of the Corporate Governance Code stipulates that the chairman of the board should attend the annual general meeting.

Mr. Chen Jianbao (the chairman of the Board), Mr. Song Pengcheng (the non-executive Director), Mr. Gu Renliang and Mr. Wang Xianzhang (the independent non-executive Directors) were unable to attend the annual general meeting of the Company which was held on 1 June 2017 due to their other business engagement.

Corporate Governance and Other Information

MODEL CODE

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with the Directors, all Directors confirmed in writing that they have complied with the required standards set out in the Model Code regarding their securities transactions for the six months ended 30 June 2017.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters, and also reviewed the unaudited interim results for the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company and the Stock Exchange. The Company's 2017 interim report for the six months ended 30 June 2017 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the said websites in due course.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue	4	108,925	125,446
Cost of sales		(99,334)	(137,878)
Gross profit/(loss)		9,591	(12,432)
Other income		4,462	15,624
Distribution and selling expenses		(2,013)	(3,336)
Administrative expenses		(37,091)	(38,749)
Loss from operations		(25,051)	(38,893)
Finance costs	5	(70,626)	(38,663)
Loss before tax		(95,677)	(77,556)
Income tax	6	(1,988)	(37)
Loss for the period	7	(97,665)	(77,593)
Other comprehensive income/(loss): <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		15,812	(4,611)
Total comprehensive loss for the period		(81,853)	(82,204)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		(97,665)	(77,375)
Non-controlling interests		–	(218)
		(97,665)	(77,593)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(81,853)	(81,986)
Non-controlling interests		–	(218)
		(81,853)	(82,204)
Loss per share			
Basic and diluted (RMB)	9	(0.06)	(0.05)

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	Notes	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	157,324	148,969
Prepaid land lease payments		5,041	5,093
Other assets		96,692	96,692
Prepayment for new subsidiaries		78,174	119,872
Goodwill		68,898	68,898
		406,129	439,524
Current assets			
Inventories		86,450	125,546
Trade and other receivables	11	381,464	653,025
Prepaid land lease payments		105	105
Amount due from a director		88,270	170,709
Pledged deposits		7	7,654
Bank and cash balances		861,905	586,834
		1,418,201	1,543,873
Current liabilities			
Trade and other payables	12	154,713	230,136
Amount due to a director		1,039	–
Tax payables		24,004	24,725
Bank loans		345,869	302,440
Debentures		22,309	24,294
Promissory notes	13	96,673	83,301
		644,607	664,896

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	Notes	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Net current assets		773,594	878,977
Total assets less current liabilities		1,179,723	1,318,501
Non-current liabilities			
Debentures		912,058	870,887
Promissory note	13	–	97,859
Convertible bonds		319,936	320,173
		1,231,994	1,288,919
NET (LIABILITIES)/ASSETS		(52,271)	29,582
Capital and reserves			
Share capital		130,258	130,258
Reserves		(185,071)	(103,218)
Equity attributable to owners of the Company		(54,813)	27,040
Non-controlling interests		2,542	2,542
TOTAL (DEFICIT)/EQUITY		(52,271)	29,582

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the Company										
	Share capital	Share premium	Other reserve	Statutory reserve	Convertible bonds equity reserve	Capital reserve	Foreign currency translation reserve	Retained profits/(accumulated losses)	Total	Non-controlling interests	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
At 1 January 2016 (Audited)	130,258	384,423	2,268	27,935	-	3,889	6,295	(291,747)	263,321	2,760	266,081
Total comprehensive loss for the period	-	-	-	-	-	-	(4,611)	(77,375)	(61,986)	(218)	(62,204)
Share based-payment	-	-	-	-	-	29,662	-	-	29,662	-	29,662
At 30 June 2016	130,258	384,423	2,268	27,935	-	33,551	1,684	(369,122)	210,997	2,542	213,539
At 1 January 2017 (Audited)	130,258	384,423	2,268	29,020	78,315	34,033	(14,249)	(617,028)	27,040	2,542	29,582
Total comprehensive loss for the period	-	-	-	-	-	-	15,812	(97,665)	(81,853)	-	(81,853)
Lapsed of share options	-	-	-	-	-	(638)	-	638	-	-	-
At 30 June 2017	130,258	384,423	2,268	29,020	78,315	33,395	1,563	(714,055)	(54,813)	2,542	(52,271)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Net cash generated from operating activities	125,335	204,775
Net cash generated from investing activities	33,181	29,744
Cash flows from financing activities		
New bank loans raised	119,929	119,415
Repayment of bank loan	(76,500)	(79,694)
Repayment of debenture	(15,290)	(253,911)
Proceeds from issuing debentures	61,666	131,942
Interest paid	(29,700)	(38,663)
Changes in amount due from/to a director	70,988	129,914
Net cash generated from financing activities	131,093	9,003
Net increase in cash and cash equivalents	289,609	243,522
Cash and cash equivalents at beginning of period	586,834	262,202
Effect of changes in foreign exchange rate	(14,538)	6,732
Cash and cash equivalents at end of period	861,905	512,456
Analysis of cash and cash equivalents		
Bank and cash balances	861,905	512,456

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

1. GENERAL INFORMATION

Sino Energy International Holdings Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office and principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 27/F, AIA Central, 1 Connaught Road Central, Central, Hong Kong, changed from Flat 4201, 42/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong, effective from 5 July 2017, respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. During the Period, the Company and its subsidiaries (collectively the “Group”) were principally engaged in manufacturing and sale of casual footwear, apparel and related accessories, and operating gas stations in the People’s Republic of China (the “PRC”).

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (“Interim Financial Statements”) have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The Interim Financial Statements do not include all the information and disclosures required in the full set of financial statements prepared in accordance with the International Financial Reporting Standards (“IFRSs”), and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2016.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. IFRSs comprise International Financial Reporting Standards; International Accounting Standards and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior periods.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

(a) Segment results

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group manages its businesses by its operating subsidiaries in the PRC including (i) the manufacturing and sales of casual footwear, apparel and related accessories; and (ii) operating of gas stations in the PRC.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

4. REVENUE AND SEGMENT INFORMATION *(continued)*

(a) Segment results *(continued)*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Period is set out below:

	Manufacturing and sale of casual footwear, apparel and related accessories and others RMB'000	Operation of gas stations RMB'000	Total RMB'000
Six months ended 30 June 2017			
(Unaudited):			
Reportable segment revenue from the external customers	44,841	64,084	108,925
Reportable segment profit/(loss)	(32,907)	5,959	(26,948)
Six months ended 30 June 2016			
(Unaudited):			
Reportable segment revenue from the external customers	86,108	39,338	125,446
Reportable segment profit/(loss)	(26,895)	10,014	(16,881)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

4. REVENUE AND SEGMENT INFORMATION *(continued)*

(b) Reconciliations of reportable segment profit or loss

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Profit or loss		
Reportable segment loss	(26,948)	(16,881)
Unallocated other income	3,843	2,352
Unallocated head office and corporate expenses	(74,560)	(63,064)
Consolidated loss after taxation	(97,665)	(77,593)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

5. FINANCE COSTS

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Interest on bank loans and overdraft	6,871	13,912
Interest on debentures	32,303	24,751
Interest on promissory notes	9,990	–
Interest on convertible bonds	21,462	–
	70,626	38,663

6. INCOME TAX

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Current tax:		
– PRC Enterprise Income Tax for the period	1,988	37

No provision for Hong Kong Profits Tax is required since the Group did not generate any assessable profit arising in Hong Kong during for the period (2016: Nil).

According to the Law of the People's Republic of China on Enterprise Income Tax, the tax rate for all PRC subsidiaries of the Company is 25% from 1 January 2008 onwards.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

7. LOSS FOR THE PERIOD

The Group's loss for the Period is stated after charging/(crediting) the following:

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	99,334	137,878
Depreciation	4,242	1,165
Amortisation of prepaid land lease payments	52	102
Amortisation of intangible assets	–	902
Gain on early redemption of debenture	(1,514)	–
Loss on fair value changes on derivative financial instrument	5,609	–
Reversal of impairment of trade receivables	(2,686)	(2,348)
Reversal of impairment of deposits, prepayments and other receivables	–	(10,699)
Impairment of inventories	18,554	–
Minimum lease payments under operating leases in respect of office premises	5,233	491
Other equity settled share-based payment expenses	–	12,105
Directors' emoluments	1,108	1,080
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	8,565	11,495
Equity settled share-based payment expenses	–	17,557
Retirement benefits scheme contributions	547	677
	9,112	29,729

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB97,665,000 (six months ended 30 June 2016: RMB77,375,000) and the weighted average of 1,606,498,422 ordinary shares (six months ended 30 June 2016: 1,606,498,422) in issue during the Period.

(b) Diluted loss per share

No diluted loss per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during both periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, property, plant and equipment increased by RMB12,597,000. The increase was mainly due to the equipments acquired by the newly incorporated subsidiary during the Period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

11. TRADE AND OTHER RECEIVABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables	399,802	448,571
Less: allowance for trade receivables	(233,814)	(236,500)
	165,988	212,071
Bills receivable	–	53,469
Deposit, prepayments and other receivables	215,476	387,485
	381,464	653,025

Included in deposits, prepayments and other receivables are mainly (i) advances to suppliers for purchases of raw materials and finished goods amounting to RMB102,695,000 net of impairment provision of RMB188,568,000 (as at 31 December 2016: RMB230,277,000 net of impairment provision of RMB188,568,000); (ii) other loans receivable of RMB94,229,000 (as at 31 December 2016: RMB52,739,000) to independent third parties, of which amounting to RMB27,529,000 were secured over respective personal guarantees, and (iii) the amount receivable from the vendor in relation to the acquisition of gas station as determined in accordance to the terms of the profit guarantee agreement amounting to RMB83,914,000 (as at 31 December 2016: RMB89,523,000) was settled by the Promissory Note A during the period (Note 13). As a result, a loss on fair value changes on derivative financial instrument of RMB5,609,000 incurred during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

11. TRADE AND OTHER RECEIVABLES *(continued)*

Trade and bills receivables

The Group allows an average credit period of 90 to 180 days to its trade customers. The following is an aged analysis of trade receivables and bills receivable, net of allowance for trade receivables and bills receivable, presented based on the invoice date at the end of the reporting period.

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within 90 days	26,896	86,683
91 – 180 days	19,389	4,917
181 – 360 days	28,341	31,473
Over 361 days	91,362	142,467
	165,988	265,540

12. TRADE AND OTHER PAYABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade payables	77,414	66,004
Bills payable	1,557	88,154
Advance payments from customers	9,277	10,282
Other payables and accruals	66,465	65,696
	154,713	230,136

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

12. TRADE AND OTHER PAYABLES (continued)

An aging analysis of the trade and bills payable at the end of the reporting period, based on invoice dates, is as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within 2 months	593	44,258
More than 2 months but within 3 months	12,053	13,661
More than 3 months but within 12 months	25,870	46,648
More than 12 months	40,455	49,591
	78,971	154,158

13. PROMISSORY NOTE

On 5 November 2015, the Group has entered into a sale and purchase agreement (the "S&P") with an independent third party in relation to the acquisition of the entire equity interest of a target company and its subsidiaries which is principally engaged in operating gas stations in the PRC, at a consideration of HK\$215,000,000. The consideration would be satisfied by issue of promissory notes.

Upon signing of the S&P, the Promissory Note A ("PN-A") with a principal amount of HK\$100,000,000 (equivalent to RMB85,619,000) was issued to the vendor. PN-A bears interest at 5% per annum and is mature on 5 November 2017. Upon the agreement of the vendor and the Group, the PN-A was early redeemed by settling the amount receivable from profit guarantee arrangement, which carrying amount was RMB83,914,000 on 6 April 2017, the settlement date. Under the agreement, no extra fees were required for the early redemption.

13. PROMISSORY NOTE *(continued)*

Upon fulfilment of the terms and conditions of the S&P on 22 January 2016, the Company has issued another part of promissory note with a principal amount of HK\$115,000,000 (equivalent to RMB98,463,000) (the "PN-B") as a final settlement to the consideration payable. The PN-B bears interest at 5% per annum and is mature on 22 January 2018.

The movement of the carrying amount of promissory notes is set out below:

	30 June 2017 RMB'000 (Unaudited)
The carrying amount of promissory notes at 1 January 2017	
Current portion	83,301
Non-current portion	97,859
	181,160
Interest charged calculated at an effective interest rate	9,990
Accrued coupon interest	(4,995)
Early redemption of promissory note	(83,914)
Exchange difference	(5,568)
	96,673
At the end of reporting period	
Current portion	(96,673)
Non-current portion	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

14. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 4 September 2011 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, business partners and consultants of the Group to take up options at HK\$1 consideration to subscribe for shares of the Company. The options vest immediately from the date of grant and are then exercisable within a period of ten years. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Contractual life of options
Options granted to directors on 17 October 2014	15,500,000	10 years
Options granted to employees on 17 October 2014	35,000,000	10 years
Options granted to business partners and consultants on 17 October 2014	69,500,000	10 years
Options granted to business partners, consultants and employees on 29 April 2016	136,000,000	10 years
Total share options granted	256,000,000	

All of the share options vesting conditions are immediate from the date of grant.

(b) The number and weighted average exercise prices of share options are as follows:

	Number of options	
	2017	2016
Outstanding at the beginning of the period	149,500,000	13,500,000
Granted during the period	–	136,000,000
Exercised during the period	–	–
Lapsed during the period	(2,000,000)	–
Outstanding at the end of the period	147,500,000	149,500,000

The share options outstanding as at 30 June 2017 include (i) 11,500,000 options brought down from 2015 with an exercise price of HKD0.72 and a weighted average remaining contractual life of 6.79 years; and (ii) 136,000,000 options granted during the year ended 31 December 2016 with an exercise price of HKD0.46 and a weighted average remaining contractual life of 8.83 years.

15. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (2016: Nil).

16. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Property, plant and equipment Contracted but not provided for	45,040	45,040

17. RELATED PARTY TRANSACTIONS

(a) During the year ended 31 December 2009, UK Greiff (beneficially owned by Ms. Cai Xiu Man) granted a license to Greiff Xiamen for the use of the trademark "Greiff" for an initial period of ten years for a royalty of RMB80,000 per annum, at the end of initial period all terms are renegotiated. The licensing agreement was subsequently terminated and replaced by a revised licensing agreement signed on 10 February 2011 for granting Greiff Xiamen a sole and exclusive license to use the trademark "Greiff" for a term from 10 February 2011 to 27 January 2019. Pursuant to the revised licensing agreement, no charge will be payable on the use of the trademark by the Group.

(b) Key management personnel remuneration

The emoluments of the Company's Directors, who are also identified as members of key management of the Group, are set out in Note 7.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

18. EVENTS AFTER THE REPORTING PERIOD

On 23 December 2016, the Company and Sino Africa Energy Holdings Company Limited, a wholly-owned subsidiary of the Company, (the “Purchaser”) entered into the acquisition agreement with the Hyper Venture Group Limited (the “Vendor”), pursuant to which the company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the shares, representing 100% equity interest in the Wealthy Fortress Investment Corporation, at the initial consideration of HK\$300,000,000, which will be satisfied in cash. As at 30 June 2017, a prepayment of HK\$90,000,000 (equivalent to RMB78,174,000) was made as in accordance with the acquisition agreement. On 18 August 2017, the Company, the Purchaser, and the Vendor entered into a termination agreement by way of rescinding the above-mentioned acquisition and making provisions for the refund of the sum of HK\$90,000,000 (equivalent to RMB78,174,000) as part of the consideration for the acquisition. The due date of the refund of the partial consideration by the Vendor to the Purchaser shall be extended. Further details are described in the Company’s announcement dated 18 August 2017.

19. APPROVAL OF FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 31 August 2017.