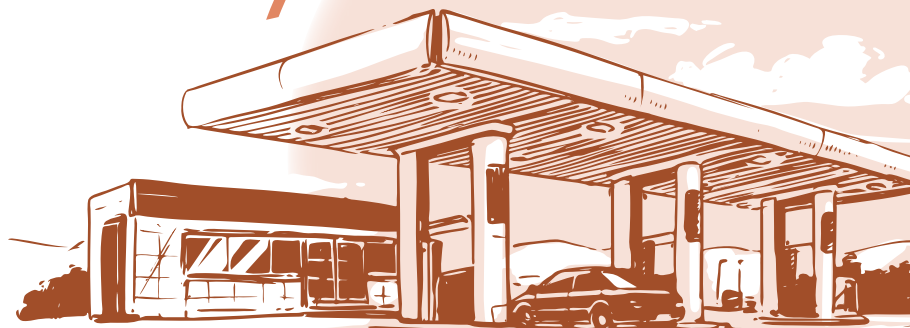




**SINO ENERGY INTERNATIONAL  
HOLDINGS GROUP LIMITED**  
**中能國際控股集團有限公司**

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

**2018**  
**Interim Report**



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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

### Non-executive Director

Mr. Song Pengcheng

### Independent non-executive Directors

Mr. Chen Jinzhong, Roy

Mr. Gu Renliang

Mr. Wang Xianzhang

## BOARD COMMITTEES

### Audit Committee

Mr. Chen Jinzhong, Roy *(Chairman)*

Mr. Gu Renliang

Mr. Wang Xianzhang

### Remuneration Committee

Mr. Chen Jinzhong, Roy *(Chairman)*

Mr. Gu Renliang

Mr. Wang Xianzhang

### Nomination Committee

Mr. Chen Jinzhong, Roy *(Chairman)*

Mr. Gu Renliang

Mr. Wang Xianzhang

### COMPANY SECRETARY

Mr. Cheng Kit Hung

### 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

01096

### COMPANY WEBSITE

[www.sino-energyint.com.hk](http://www.sino-energyint.com.hk)

## KEY FINANCIAL HIGHLIGHTS

### For the six months ended 30 June

	Note	2018	2017	% change
Revenue (RMB'000)		<b>58,787</b>	108,925	(46.0%)
Gross profit (RMB'000)		<b>5,435</b>	9,591	(43.3%)
Loss before taxation (RMB'000)		<b>(69,231)</b>	(95,677)	27.6%
Loss for the period (RMB'000)		<b>(70,086)</b>	(97,665)	28.2%
Gross profit margin (%)		<b>9.2%</b>	8.8%	
Loss after tax margin (%)		<b>(119.2%)</b>	(89.7%)	
Loss per share – Basic (RMB)	1	<b>(0.04)</b>	(0.06)	

### As at 30 June/31 December

		2018	2017
Current ratio (times)	2	<b>1.6</b>	1.6
Gearing ratio (%)	3	<b>116.0%</b>	107.5%

Notes for key ratios:

- 1/ Basic loss per share: 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 six months ended 30 June 2018 (the “**Period**”), the Company and its subsidiaries (the “**Group**”) has 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.

Although the overall retail market in China has improved during the first half of 2018, 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. During the Period, through careful examination and review of the Group’s store network, gross profit declined by 43.3% for the six months ended 30 June 2018 as compared to gross profit for the corresponding period in 2017, which is in line with the decrease of revenue.

### 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” in 2016, 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 the shareholders of the Company (the “**Shareholders**”).

## FINANCIAL REVIEW

### Revenue

Revenue of the Group for the six months ended 30 June 2018 was RMB58.8 million, representing a decrease of 46.0% as compared to that of the corresponding period in 2017. 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.

### 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. The gross profit of the Group for the six months ended 30 June 2018 was RMB5.4 million, as compared with the gross profit of RMB9.6 million in same period of 2017. The gross profit margin of the Group for the six months ended 30 June 2018 was 9.2% (six months ended 30 June 2017: gross profit margin of 8.8%).

### Other income

The decrease in other income from RMB4.5 million for the six months ended 30 June 2017 to RMB3.2 million for six months ended 30 June 2018 was mainly due to the interest income from bank deposits and loan to third parties of RMB1.1 million and RMB1.2 million respectively for six months ended 30 June 2017 while no such items in the corresponding period in 2018.

### 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 RMB2.8 million, accounted for approximately 4.7% of revenue during the six months ended 30 June 2018 (six months ended 30 June 2017: 1.8%). The distribution and selling expenses increased from RMB2.0 million for the six months ended 30 June 2017 to RMB2.8 million for the six months ended 30 June 2018, primarily as a result of the increase of utilities and transportation cost.

### Administrative expenses

Administrative expenses decreased by 35.8% to RMB25.5 million for the six months ended 30 June 2018 from RMB39.8 million for the six months ended 30 June 2017, which is mainly due to the change from RMB18.6 million of impairment of inventories for the six months ended 30 June 2017 to RMB1.2 million reversal of impairment of inventories for the six months ended 30 June 2018. 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.

### Finance costs

Finance costs decreased by 24.2% to RMB53.5 million for the six months ended 30 June 2018 from RMB70.6 million for the six months ended 30 June 2017, primarily due to no interest on promissory notes incurred during the Period.

### Effective tax rate

As the Group incurred loss for six months ended 30 June 2018, the tax charge is mainly due to under provision of income tax from one of the subsidiaries.

### Loss attributable to owners of the Company

The loss attributable to owners of the Company of RMB70.1 million for six months ended 30 June 2018 decreased by 28.2%, as compared with the loss attributable to owners of the Company of RMB97.7 million for six months ended 30 June 2017, was primarily due to the decrease of administrative expenses and finance costs. Basic loss per Share was RMB4 cents for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB6 cents).

## 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 2018, the Group had net current assets of RMB339.7 million (as at 31 December 2017: approximately RMB383.0 million), of which bank and cash balances and pledged deposits were RMB557.1 million (as at 31 December 2017: RMB592.8 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 107.5% as at 31 December 2017 to 116.0% as at 30 June 2018.

The Group primarily met its funding requirement by cash flows from operations and financing activities. During the six months ended 30 June 2018, the net cash generated from operating activities and net cash used in financing activities were RMB28.0 million (six months ended 30 June 2017: net cash generated from operating activities of RMB125.3 million) and RMB70.8 million (six months ended 30 June 2017: net cash generated from financial activities of RMB131.1 million). The total bank borrowings decreased to RMB80.9 million (31 December 2017: RMB105.9 million). The bank loans were repayable within one year. The Group's bank borrowings were mainly denominated in RMB.

During the six months ended 30 June 2018, the Group newly issued unlisted debentures of RMB25.7 million (six months ended 30 June 2017: RMB68.3 million) and made a settlements of RMB27.2 million (six months ended 30 June 2017: RMB28.3 million). As at 30 June 2018, the outstanding unlisted debentures amounted to RMB973.6 million (31 December 2017: RMB944.1 million). The debentures are repayable from July 2018 to February 2026.

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 2018.

## **CAPITAL STRUCTURE**

During the six months ended 30 June 2018, the Company did not issue new Shares. As at 30 June 2018, the total number of issued Shares was 1,606,498,422.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the six months ended 30 June 2018.

## **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 and debentures are denominated in HK\$ and United States Dollars.

During the six months ended 30 June 2018, the Group did not hedge any foreign exchange exposure against foreign currency risk. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

## **CHARGE ON ASSETS**

As at 30 June 2018, the Group had pledged its land use rights for the purpose of securing bank loans.

## **CONTINGENT LIABILITIES**

There were no significant contingent liabilities for the Group as at 30 June 2018.

## **HUMAN RESOURCES**

As at 30 June 2018, the Group employed 175 employees (as at 30 June 2017: 361 employees) with total staff costs of RMB7.4 million incurred for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB9.1 million). The Group offered competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees.



# Disclosure of Interests

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

As at 30 June 2018, 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 the 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.

**(ii) Long positions in underlying Shares:**

Holder	Grant date	Exercise from	Exercise until	Number of share options held					Balance as at 30 June 2018	Exercise price (HK\$)	Approximate percentage of shareholding in the Company
				Balance as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period			
Mr. Lee Ho Yiu Thomas (Note)	17 October 2014	17 October 2014	17 October 2024	500,000	-	-	-	500,000	-	0.72	0.03%
<b>Total:</b>				500,000	-	-	-	500,000	-		

Note:

Mr. Lee Ho Yiu Thomas, who was an independent non-executive Director, retired on 28 June 2018. His share options were lapsed on the same day.

**(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 2018, 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 the 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 2018, 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
廣東錦峰集團有限公司 (Note 1)	Interest of controlled corporations	932,409,025	58.04%
Mr. 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%
Central China International Investment Company Limited (Note 6)	Beneficial owner	208,333,333	12.97%
Central China Securities Co. Ltd. (Note 6)	Interest of controlled corporations	208,333,333	12.97%
Central China International Financial Holdings Company Limited (Note 7)	Interest of controlled corporations	208,333,333	12.97%
Golden Talent Global Merit Selection Fund Series SPC	Investment manager	162,452,000	10.11%
Festive Boom Limited	Beneficial owner	150,000,000	9.34%

### Notes:

1. 廣東錦峰集團有限公司 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 廣東錦峰集團有限公司.
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. 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.
7. 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 at 30 June 2018.

### 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 2.5 years.

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 2018 are as follows:

Holders	Grant date	Exercise from	Exercise until	Number of share options held					Balance as at 30 June 2018	Exercise price (HK\$)	Approximate percentage of shareholding in the Company
				Balance as at 1 January 2018	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period			
Mr. Lee Ho Yiu Thomas (Note)	17 October 2014	17 October 2014	17 October 2024	500,000	-	-	-	500,000	-	0.72	0.03%
Employees of the Group	17 October 2014	17 October 2014	17 October 2024	11,000,000	-	-	-	-	11,000,000	0.72	0.66%
	29 April 2016	29 April 2016	29 April 2026	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%
				147,500,000	-	-	-	500,000	147,000,000		

Note:

Mr. Lee Ho Yiu Thomas, who was an independent non-executive Director, retired on 28 June 2018. His share options were lapsed on the same day.

During the six months ended 30 June 2018, there were 500,000 share options being lapsed. Save as disclosed above, no share options were granted, exercised, cancelled or lapsed under the Share Option Scheme.

## ISSUE OF THE CONVERTIBLE BONDS

On 21 November 2016, the Company issued the convertible bonds (the “**Convertible Bonds**”) with a principal amount of HK\$92,000,000 and HK\$120,000,000 respectively. On 28 December 2016, the Company issued the Convertible Bonds with a principal amount of HK\$150,000,000. The Company considered the issue of the Convertible Bonds could raise funds in the capital market.

Assuming that there is no change in share capital of the Company since 30 June 2018 and the conversion rights attached to the Convertible Bonds are exercised in full, the number of issued shares of the Company will be increased by 779,024,482 (the “**Conversion Shares**”), representing approximately 48.49% of the issued share capital of the Company as at 30 June 2018 (i.e. 1,606,498,422 Shares) and approximately 32.66% of the issued share capital of the Company as enlarged (i.e. 2,385,522,904 Shares) by the allotment and issue of the Conversion Shares.

### Dilution impact of the conversion of Convertible Bonds

Set out below is the dilution effect on equity interest of the substantial shareholders of the Company upon the fully conversion of the outstanding Convertible Bonds.

Substantial Shareholders	As at 30 June 2018		Upon full conversion of Convertible Bonds as at 30 June 2018	
	Number of Shares	Approximately % of issued Shares	Number of Shares	Approximately % of issued Shares
Mr. Chen Jianbao	465,884,543	29.00	465,884,543	19.53
Huarong Energy Investment Company Limited	Nil	Nil	256,382,865	10.75

### Dilution impact on loss per share

As calculated based on loss attributable to owners of the Company of approximately HK\$70.1 million for the six months ended 30 June 2018, basic and diluted earnings per share of the Company amounted to HK0.04 cent and HK0.03 cent, respectively.

The Company shall not redeem the Convertible Bonds at its option prior to the maturity date.

According to the terms and conditions of the Convertible Bonds, the Convertible Bonds have maturity periods of two years and 22 months from their respective dates of completion, i.e. on 20 November 2018 and 27 October 2018. Thus, an analysis on the Company's share price at which it would be equally financially advantageous for the securityholders to convert or redeem the Convertible Bonds based on their implied rate of return at a range of dates in the future is not applicable.

# Corporate Governance and Other Information

## INTERIM DIVIDENDS

The Board resolved that no interim dividend would be declared in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

## EVENTS AFTER REPORTING PERIOD

There were no significant events after the six months ended 30 June 2018 up to the date of this interim report.

## 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 2018, 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 28 June 2018 due to their other business engagement.

## UPDATES ON DIRECTORS' INFORMATION

The following is updated information of the Directors required to be disclosed pursuant to Rule 13.51(B) of the Listing Rules:

- Mr. Chen Jinzhong, Roy was appointed as the chairman of the audit committee of the Company (the “**Audit Committee**”) and the remuneration committee of the Company (the “**Remuneration Committee**”) on 28 June 2018.
- Mr. Wang Xianzhang was appointed as a member of each of the Audit Committee, the Remuneration Committee and the nomination committee of the Company on 28 June 2018.



### **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 2018.

### **AUDIT COMMITTEE**

The Audit Committee 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 2018.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

### **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 2018 interim report for the six months ended 30 June 2018 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 2018

	Notes	Six months ended 30 June	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
<b>Revenue</b>	6	<b>58,787</b>	108,925
Cost of sales		<b>(53,352)</b>	(99,334)
<b>Gross profit</b>		<b>5,435</b>	9,591
Other income		<b>3,175</b>	4,462
Distribution and selling expenses		<b>(2,750)</b>	(2,013)
Administrative expenses		<b>(25,529)</b>	(39,777)
Reversal of impairment of trade receivables		<b>3,945</b>	2,686
<b>Loss from operations</b>		<b>(15,724)</b>	(25,051)
Finance costs	7	<b>(53,507)</b>	(70,626)
<b>Loss before tax</b>		<b>(69,231)</b>	(95,677)
Income tax	8	<b>(855)</b>	(1,988)
<b>Loss for the period</b>	9	<b>(70,086)</b>	(97,665)
<b>Other comprehensive (loss)/income:</b> <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>(10,767)</b>	15,812
<b>Total comprehensive loss for the period</b>		<b>(80,853)</b>	(81,853)

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
<b>Loss for the period attributable to:</b>			
Owners of the Company		(70,086)	(97,665)
Non-controlling interests		–	–
		<b>(70,086)</b>	<b>(97,665)</b>
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		(80,853)	(81,853)
Non-controlling interests		–	–
		<b>(80,853)</b>	<b>(81,853)</b>
<b>Loss per share</b>			
Basic and diluted (RMB)	11	<b>(0.04)</b>	(0.06)

# Condensed Consolidated Statement of Financial Position

At 30 June 2018

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited and restated)
<b>Non-current assets</b>			
Property, plant and equipment	12	152,116	155,796
Prepaid land lease payments		4,936	4,988
Investments at fair value through profit or loss		65,000	65,000
Goodwill		47,568	47,568
		<b>269,620</b>	273,352
<b>Current assets</b>			
Inventories		20,032	19,541
Trade and other receivables	13	277,590	320,626
Prepaid land lease payments		105	105
Amount due from a director		73,845	64,672
Bank and cash balances		557,057	592,838
		<b>928,629</b>	997,782
<b>Current liabilities</b>			
Trade and other payables	14	111,373	112,924
Amount due to a director		–	14,792
Tax payables		23,073	22,266
Bank loans		80,911	105,881
Debentures		37,861	42,217
Convertible bonds		335,713	316,720
		<b>588,931</b>	614,800

## Condensed Consolidated Statement of Financial Position

At 30 June 2018

	Notes	<b>As at 30 June 2018 RMB'000 (Unaudited)</b>	As at 31 December 2017 RMB'000 (Audited and restated)
<b>Net current assets</b>		<b>339,698</b>	382,982
<b>Total assets less current liabilities</b>		<b>609,318</b>	656,334
<b>Non-current liabilities</b>			
Debentures		<b>935,713</b>	901,876
<b>NET LIABILITIES</b>		<b>(326,395)</b>	(245,542)
<b>Capital and reserves</b>			
Share capital		<b>130,258</b>	130,258
Reserves		<b>(454,295)</b>	(373,442)
<b>Equity attributable to owners of the Company</b>		<b>(324,037)</b>	(243,184)
<b>Non-controlling interests</b>		<b>(2,358)</b>	(2,358)
<b>TOTAL DEFICIT</b>		<b>(326,395)</b>	(245,542)

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

## 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	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
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 income/(loss) for the period	-	-	-	-	-	-	15,612	(97,665)	(61,653)	-	(61,653)
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)
At 1 January 2018 (Audited)	130,258	384,423	2,268	30,250	78,315	33,395	37,871	(939,964)	(243,164)	(2,358)	(245,542)
Total comprehensive loss for the period	-	-	-	-	-	-	(10,767)	(70,086)	(80,853)	-	(80,853)
Lapsed of share options	-	-	-	-	-	(144)	-	144	-	-	-
At 30 June 2018	130,258	384,423	2,268	30,250	78,315	33,251	27,104	(1,009,906)	(324,037)	(2,358)	(326,395)

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
<b>Net cash generated from operating activities</b>	<b>28,007</b>	125,335
<b>Net cash generated from investing activities</b>	<b>–</b>	33,181
<b>Cash flows from financing activities</b>		
New bank loans raised	–	119,929
Repayment of bank loan	(24,970)	(76,500)
Repayment of debentures	(27,213)	(15,290)
Net proceeds from issuing debentures	25,670	61,666
Interest paid	(20,316)	(29,700)
Changes in due from/to a director	(23,965)	70,988
<b>Net cash (used in)/generated from financing activities</b>	<b>(70,794)</b>	131,093
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(42,787)</b>	289,609
Cash and cash equivalents at beginning of period	592,838	586,834
Effect of changes in foreign exchange rate	7,006	(14,538)
<b>Cash and cash equivalents at end of period</b>	<b>557,057</b>	861,905
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	557,057	861,905

## 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 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. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of RMB70,086,000 for the period ended 30 June 2018 and as at 30 June 2018 the Group had net liabilities of RMB326,395,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder and major shareholders, at a level sufficient to finance the working capital requirements of the Group. The controlling shareholder and major shareholders have agreed to provide adequate funds for the Group to meet its liabilities as they fall due.

Accordingly, the directors of the Group are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on the going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.



## 3. BASIS OF PREPARATION

These condensed 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 disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

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.

These condensed financial statements should be read in conjunction with the 2017 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017 except as stated below.

### (a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

- Financial assets at amortised cost; and
- Investments at fair value through profit or loss.

### (i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 3. BASIS OF PREPARATION *(continued)*

### (a) Financial assets *(continued)*

#### (i) Financial assets at amortised cost *(continued)*

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

#### (ii) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

### (b) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost and lease receivables. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables, contract assets and lease receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

## 3. BASIS OF PREPARATION *(continued)*

### (b) Loss allowances for expected credit losses *(continued)*

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

### (c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

#### 4. APPLICATION OF NEW AND REVISED INTERNATIONAL 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 2018. 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 except as stated below:

##### IFRS 9 (2014) "Financial Instruments"

Available-for-sale investments are now classified as equity investments at fair value through other comprehensive income.

IFRS 9 (2014) has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	<b>31 December 2017 RMB'000</b>	1 January 2017 RMB'000
Decrease in other assets	<b>(65,000)</b>	(65,000)
Increase in investments at fair value through profit or loss	<b>65,000</b>	65,000

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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 5. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values. The carrying amounts of the investments at fair value through profit or loss representing the investment cost less impairment approximate its respective fair values.

## 6. 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.

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:

	<b>Manufacturing and sale of casual footwear, apparel and related accessories</b> RMB'000	<b>Operation of gas stations</b> RMB'000	<b>Total</b> RMB'000
<b>Six months ended 30 June 2018 (Unaudited):</b>			
<b>Reportable segment revenue from the external customers</b>	<b>6,958</b>	<b>51,829</b>	<b>58,787</b>
<b>Reportable segment profit/(loss)</b>	<b>(3,406)</b>	<b>2,527</b>	<b>(879)</b>
<b>Six months ended 30 June 2017 (Unaudited):</b>			
<b>Reportable segment revenue from the external customers</b>	<b>44,841</b>	<b>64,084</b>	<b>108,925</b>
<b>Reportable segment profit/(loss)</b>	<b>(32,907)</b>	<b>5,959</b>	<b>(26,948)</b>

**6. REVENUE AND SEGMENT INFORMATION** (continued)**(b) Reconciliations of reportable segment profit or loss**

	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit or loss</b>		
Reportable segment loss	<b>(879)</b>	(26,948)
Unallocated other income	<b>2,273</b>	15,850
Unallocated head office and corporate expenses	<b>(71,480)</b>	(86,567)
Consolidated loss after taxation	<b>(70,086)</b>	(97,665)

Disaggregation of revenue from contracts with customers:

	<b>For the six months ended 30 June 2018</b>		
	<b>Manufacturing and sale of casual footwear, apparel and related accessories</b>	<b>Operation of gas stations</b>	<b>Total</b>
<b>Segments</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Geographical markets			
PRC	6,958	51,829	58,787
Major products			
Shoes	6,958	-	6,958
Gas	-	51,829	51,829
Total	6,958	51,829	58,787
Timing of revenue recognition			
At a point in time	6,958	51,829	58,787

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 6. REVENUE AND SEGMENT INFORMATION *(continued)*

### (b) Reconciliations of reportable segment profit or loss *(continued)*

For the six months ended 30 June 2017

Segments	Manufacturing and sale of casual footwear, apparel and related accessories RMB'000 (Unaudited)	Operation of gas stations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Geographical markets			
PRC	44,841	64,084	108,925
Major products			
Shoes	44,841	-	44,841
Gas	-	64,084	64,084
Total	44,841	64,084	108,925
Timing of revenue recognition			
At a point in time	44,841	64,084	108,925

**7. FINANCE COSTS**

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Interest on bank loans and overdraft	1,197	6,871
Interest on debentures	31,578	32,303
Interest on promissory notes	–	9,990
Interest on convertible bonds	20,732	21,462
	<b>53,507</b>	70,626

**8. INCOME TAX**

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Current tax:		
– PRC Enterprise Income Tax for the period	855	1,988

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 (2017: Nil).

According to the Law of the PRC 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 2018

### 9. 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	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Cost of inventories sold	53,352	99,334
Depreciation	3,680	4,242
Amortisation of prepaid land lease payments	52	52
Gain on early redemption of debenture	(947)	(1,514)
Loss on fair value changes on derivative financial instrument	–	5,609
Reversal of impairment of trade receivables	(3,945)	(2,686)
(Reversal of impairment)/Impairment of inventories	(1,202)	18,554
Minimum lease payments under operating leases in respect of office premises	2,599	5,233
Directors' emoluments	765	1,108
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	7,274	8,565
Equity settled share-based payment expenses	–	–
Retirement benefits scheme contributions	119	547
	<b>7,393</b>	9,112

## 10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

## 11. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB70,086,000 (2017: approximately RMB97,665,000) and the weighted average number of 1,606,498,422 (2017: 1,606,498,422) ordinary shares in issue during the period.

### Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive during the both periods.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, there is no addition in property, plant and equipment (2017: RMB12,597,000).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

### 13. TRADE AND OTHER RECEIVABLES

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (Audited)
Trade receivables	<b>340,116</b>	388,078
Less: allowance for trade receivables	<b>(272,322)</b>	(276,266)
	<b>67,794</b>	111,812
Deposit, prepayments and other receivables	<b>209,796</b>	208,814
	<b>277,590</b>	320,626

Included in deposits, prepayments and other receivables are mainly (i) advances to suppliers for purchases of raw materials and finished goods amounting to approximately RMB117,192,000 net of impairment provision of RMB191,040,000 (as at 31 December 2017: approximately RMB94,840,000 net of impairment provision of RMB197,148,000); (ii) other loans receivable of RMB76,506,000 (as at 31 December 2017: RMB96,506,000) from independent third parties with effective interest rate of 0% to 8% per annum, of which amounting to RMB27,529,000 were secured over respective personal guarantees.

#### Trade 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 bill receivables, net of allowance for trade receivables, presented based on the invoice date at the end of the reporting period.

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (Audited)
Within 90 days	<b>8,832</b>	26,211
91 – 180 days	<b>11,349</b>	1,641
181 – 360 days	<b>4,326</b>	9,972
Over 360 days	<b>43,287</b>	73,988
	<b>67,794</b>	111,812

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

### 14. TRADE AND OTHER PAYABLES

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (Audited)
Trade payables	<b>42,286</b>	39,748
Contract liabilities	<b>10,499</b>	9,051
Other payables and accruals	<b>58,588</b>	64,125
	<b>111,373</b>	112,924

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

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (Audited)
Within 2 months	<b>2,750</b>	1,083
More than 2 months but within 3 months	<b>–</b>	616
More than 3 months but within 12 months	<b>3,800</b>	10,316
More than 12 months	<b>35,736</b>	27,733
	<b>42,286</b>	39,748

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

### 15. 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	
	2018	2017
Outstanding at the beginning of the period	147,500,000	149,500,000
Lapsed during the period	(500,000)	(2,000,000)
Outstanding at the end of the period	147,000,000	147,500,000

The share options outstanding as at 30 June 2018 include (i) 11,000,000 options brought down from 2015 with an exercise price of HKD0.72 and a weighted average remaining contractual life of 5.79 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 7.83 years.

**16. CONTINGENT LIABILITIES**

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (2017: Nil).

**17. CAPITAL COMMITMENTS**

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

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (Audited)
Property, plant and equipment Contracted but not provided for	<b>45,040</b>	45,040

**18. RELATED PARTY TRANSACTIONS**

- (a) In addition to the transactions and balances disclosed elsewhere in these Interim Financial Statements, the Group entered into the following material related party transactions.

	<b>For the six months ended 30 June 2018 RMB'000 (Unaudited)</b>	2017 RMB'000 (Unaudited)
Rental expenses paid to Cai Xiu Man	<b>59</b>	-

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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 18. RELATED PARTY TRANSACTIONS *(continued)*

### (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 9.

## 19. APPROVAL OF FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 30 August 2018.