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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 RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

- Revenue increased by approximately 1.2% from approximately RMB25.3 million for the six months ended 30 June 2020 to approximately RMB25.6 million for the six months ended 30 June 2021
- Gross profit of approximately RMB2.5 million for the six months ended 30 June 2021 as compared to gross profit of approximately RMB4.3 million for the six months ended 30 June 2020, while gross profit margin decreased from approximately 16.9% to approximately 9.6%
- Loss attributable to owners of the Company increased by approximately 0.5% from approximately RMB95.8 million for the six months ended 30 June 2020 to approximately RMB96.3 million for the six months ended 30 June 2021
- Basic and diluted loss per Share remained at RMB5 cents per Share for the six months ended 30 June 2020 and 2021

The Board hereby announces the unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2021 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021, together with the comparative figures for the six months ended 30 June 2020 and as at 31 December 2020, respectively.

The interim results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2021 but are extracted from that interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	5	25,636	25,326
Cost of sales		<u>(23,185)</u>	<u>(21,055)</u>
Gross profit		2,451	4,271
Other gains or losses, net		85	83
Distribution and selling expenses		(1,830)	(1,500)
Administrative expenses		<u>(6,273)</u>	<u>(6,377)</u>
Loss from operation		(5,567)	(3,523)
Finance costs	6	<u>(90,757)</u>	<u>(92,305)</u>
Loss before tax		(96,324)	(95,828)
Income tax	7	<u>—</u>	<u>(56)</u>
Loss for the period	8	(96,324)	(95,884)
Other comprehensive loss:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>16,261</u>	<u>47,588</u>
Total comprehensive loss for the period		<u>(80,063)</u>	<u>(48,296)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss for the period attributable to:		
Owners of the Company	(96,324)	(95,884)
Non-controlling interests	—	—
	(96,324)	(95,884)
 Total comprehensive loss for the period attributable to:		
Owners of the Company	(80,063)	(48,296)
Non-controlling interests	—	—
	(80,063)	(48,296)
 Loss per share		
Basic and diluted (<i>RMB</i>)	<i>10</i> (0.05)	(0.05)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021
(Expressed in RMB)

	<i>Notes</i>	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	9,717	10,443
Right-of-use assets		441	452
Prepayment		40,249	40,753
Goodwill		23,300	23,300
		<u>73,707</u>	<u>74,948</u>
Current assets			
Inventories		230	146
Trade and other receivables	12	43,615	41,805
Amount due from a director		30,120	32,907
Bank and cash balances		49,810	46,575
		<u>123,775</u>	<u>121,433</u>
Current liabilities			
Trade and other payables	13	49,185	51,767
Tax payables		212	690
Lease liabilities		210	226
Borrowings		22,661	21,594
Debentures		413,170	250,590
Convertible bonds		660,709	609,979
		<u>1,146,147</u>	<u>934,846</u>
Net current liabilities		<u>(1,022,372)</u>	<u>(813,413)</u>
Total assets less current liabilities		<u>(948,665)</u>	<u>(738,465)</u>

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Non-current liabilities		
Lease liabilities	208	217
Debentures	<u>624,376</u>	<u>754,504</u>
	<u>624,584</u>	<u>754,721</u>
NET LIABILITIES	<u>(1,573,249)</u>	<u>(1,493,186)</u>
Capital and reserves		
Share capital	158,995	158,995
Reserves	<u>(1,732,244)</u>	<u>(1,652,181)</u>
Equity attributable to owners of the Company	(1,573,249)	(1,493,186)
Non-controlling interests	<u>–</u>	<u>–</u>
TOTAL DEFICIT	<u>(1,573,249)</u>	<u>(1,493,186)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 Suite, 2703, 27/F., Shui On Centre, Nos 6-8 Harbour Road, Wanchai, 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 approximately RMB96,324,000 for the six months ended 30 June 2021 and as at 30 June 2021, the Group had net current liabilities and net liabilities of approximately RMB1,022,372,000 and approximately RMB1,573,249,000, respectively. 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 interim 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 2020 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 2020.

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 2021. 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 IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new 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.

5. 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) manufacturing and sale of casual footwear, apparel and related accessories; and (ii) operation of gas stations in the PRC.

During the current and prior periods, the Group did not generate revenue from manufacturing and sale of casual footwear, apparel and related accessories.

Information regarding the Group's reportable segment 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:

	Operation of gas stations	Total
	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2021 (Unaudited):		
Reportable segment revenue from the external customers	25,636	25,636
Reportable segment profit/(loss)	(569)	(569)
	<u><u> </u></u>	<u><u> </u></u>
Six months ended 30 June 2020 (Unaudited):		
Reportable segment revenue from the external customers	25,326	25,326
Reportable segment profit/(loss)	201	201
	<u><u> </u></u>	<u><u> </u></u>

(b) Reconciliations of reportable segment and profit or loss

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit or loss		
Reportable segment (loss)/profit	(569)	201
Unallocated other gains or losses, net	55	57
Unallocated head office and corporate expenses	(95,810)	(96,142)
	<u><u> </u></u>	<u><u> </u></u>
Consolidated loss after taxation	(96,324)	(95,884)
	<u><u> </u></u>	<u><u> </u></u>

6. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on borrowings	1,818	2,376
Interest on debentures	34,600	33,798
Interest on convertible bonds	54,339	56,131
	<u>90,757</u>	<u>92,305</u>

7. INCOME TAX

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax for the period	<u>–</u>	<u>56</u>

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 (2020: 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.

8. 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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of inventories sold	23,185	21,055
Depreciation of property, plant and equipment	635	369
Amortisation of right-of-use assets	11	10
Minimum lease payments under operating lease in respect of office premises	1,190	1,273
Directors' emoluments	842	867
Staff costs (including directors' remuneration):		
Salaries, bonuses and allowances	1,211	1,100
Retirement benefits scheme contributions	16	16

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

10. 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 approximately RMB96,324,000 (2020: approximately RMB95,884,000) and the weighted average of 1,926,834,248 ordinary shares (2020: 1,926,834,248) in issue during the period.

(b) Diluted loss per share

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

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, there is no addition in property, plant and equipment (2020: approximately RMB1,213,000).

12. TRADE AND OTHER RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	2,652	5,491
<i>Less: allowance for trade receivables</i>	<u>(435)</u>	<u>(435)</u>
	2,217	5,056
Loan receivables	46,700	46,700
Deposits and other receivables	24,714	20,065
<i>Less: allowance for credit loss</i>	<u>(30,016)</u>	<u>(30,016)</u>
	<u>43,615</u>	<u>41,805</u>

Loan receivables of approximately RMB46,700,000 to independent third parties bear interest rates of 0% – 8% per annum.

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 90 days	2,217	5,056
91 – 180 days	–	–
181 – 360 days	–	–
Over 360 days	<u>–</u>	<u>–</u>
	<u>2,217</u>	<u>5,056</u>

13. TRADE AND OTHER PAYABLES

	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade payables	1,607	570
Contract liabilities	76	97
Provisions for legal claims	22,717	22,717
Other payables and accruals	24,785	28,383
	<u>49,185</u>	<u>51,767</u>

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

	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 2 months	1,607	570
More than 2 months but within 3 months	–	–
More than 3 months but within 12 months	–	–
More than 12 months	–	–
	<u>1,607</u>	<u>570</u>

INTERIM DIVIDEND

The Board resolved that no interim dividend would be declared in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Business Review

During the review period, 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.

The retail market in China has suffered the impact of trade war between United States and China during the first half of 2020. During the period, through careful examination and review of the Group's store network, gross profit decreased by approximately 42.6% for the six months ended 30 June 2021 as compared to gross profit for the corresponding period in 2020.

Prospects

Looking ahead, the global economy and geopolitical developments will continue to bring challenges. To diversify the business of the Group and to increase the Group's source of revenue, the Company has been seeking various development opportunities to broaden the Group's revenue base in the future. The Group will continue its established business diversification strategies, moving from operating a traditional retail business to expanding to the other business sectors and allocating more resources for the latter.

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.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 June 2021 was approximately RMB25.6 million, representing an increase of approximately 1.2% as compared to that of the corresponding period in 2020. It was mainly due to the decline of revenue of gas station operation caused by the economic downturn and preference switch from traditional vehicles to electric vehicles.

Gross profit and gross profit margin

The gross profit of the Group for the six months ended 30 June 2021 was approximately RMB2.5 million, as compared with the gross profit of approximately RMB4.3 million in same period of 2020. The gross profit margin of the Group for the six months ended 30 June 2021 was approximately 9.6% (six months ended 30 June 2020: gross profit margin of approximately 16.9%). The decrease in gross profit is mainly due to the higher cost charged by the major supplier as compared to the last period.

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 approximately RMB1.8 million, accounted for approximately 7.1% of revenue during the six months ended 30 June 2021 (six months ended 30 June 2020: approximately 5.9%). The distribution and selling expenses increased from approximately RMB1.5 million for the six months ended 30 June 2020 to approximately RMB1.8 million for the six months ended 30 June 2021, which is due to the higher charges by the suppliers.

Administrative expenses

Administrative expenses decreased by approximately 1.6% to approximately RMB6.3 million for the six months ended 30 June 2021 from approximately RMB6.4 million for the six months ended 30 June 2020, which is mainly due to tightened cost control.

Finance costs

Finance costs decreased by approximately 1.7% to approximately RMB90.8 million for the six months ended 30 June 2021 from approximately RMB92.3 million for the six months ended 30 June 2020, primarily due to the decrease of convertible bonds interest incurred during the period.

Effective tax rate

As the Group incurred loss for six months ended 30 June 2021, no income tax was charged.

Loss attributable to owners of the Company

The loss attributable to owners of the Company of approximately RMB96,324,000 for six months ended 30 June 2021 increased by approximately 0.5%, as compared with the loss attributable to owners of the Company of approximately RMB95,828,000 for six months ended 30 June 2020, was primarily due to the decrease in gross profit amounting to approximately RMB1.8 million.

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 2021, the Group had bank and cash balances were approximately RMB49.8 million (as at 31 December 2020: approximately RMB46.6 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 borrowings, debentures and convertible bonds) divided by total assets, increased from approximately 833% as at 31 December 2020 to approximately 871% as at 30 June 2021.

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 2021.

CAPITAL STRUCTURE

As at 30 June 2021, the total number of issued Shares was 1,926,834,248 (31 December 2020: 1,926,834,248).

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

Save as disclosed herein, 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 2021.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC 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 2021, 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 2021, the Group had pledged its land use rights for the purpose of securing borrowings.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Group currently does not have any firm intention or specific plans for material investment or capital assets. Apart from strengthening the Group's current business, the Group will explore new business opportunities which may benefit the Shareholders.

CONTINGENT LIABILITIES

There were no significant contingent liabilities for the Group as at 30 June 2021.

HUMAN RESOURCES

As at 30 June 2021, the Group employed 33 employees (as at 30 June 2020: 33 employees) with total staff costs of approximately RMB1.2 million incurred for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately RMB1.1 million). The Group offered competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees.

EVENTS AFTER REPORTING PERIOD

Save as disclosed herein, there were no significant events after the six months ended 30 June 2021 up to the date of this announcement.

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. During the six months ended 30 June 2021, the Company has complied with all the code provisions of the Corporate Governance Code.

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 2021.

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 2021.

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 2021.

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 2021 interim report for the six months ended 30 June 2021 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the said websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its thanks and gratitude to the Group's management and staff who dedicated their endless efforts and devoted services, and to the Shareholders, suppliers, customers and bankers of the Group for their continuous support.

DEFINITIONS

“Board”	The board of Directors
“Company”	Sino Energy International Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Corporate Governance Code”	The Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Directors”	The directors of the Company
“Group”	The Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“PRC” or “China”	The People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, The Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholders”	The shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	Per cent

By Order of the Board
Sino Energy International Holdings Group Limited
Chen Jianbao
Chairman

Hong Kong, 30 June 2022

As at the date of this announcement, the executive Directors are Mr. Chen Jianbao, Mr. Wang Qingsan, Mr. Zhu Tianxiang, Mr. Kwong Yuk Lap and Mr. Ding Ming; and the independent non-executive Directors are Mr. Chen Jinzhong, Roy, Mr. Chai Chung Wai and Mr. Chong Cha Hwa.

* *For identification purpose only*