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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

- Revenue decreased by 50.3% from approximately RMB584.3 million for the year ended 31 December 2014 to approximately RMB290.5 million for the year ended 31 December 2015.

- Gross profit decreased by 60.5% from approximately RMB62.9 million for the year ended 31 December 2014 to approximately RMB24.8 million for the year ended 31 December 2015, while gross profit margin decreased from 10.8% to 8.5%.

- Loss attributable to owners of the Company amounted to approximately RMB544.4 million for the year ended 31 December 2015, as compared to a loss of approximately RMB130.3 million for the corresponding period of 2014.

- Loss per share increased from RMB0.11 per share for the year ended 31 December 2014, to loss per share of RMB0.37 for the year ended 31 December 2015.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.

The Board would like to announce the annual results of the Group for the year ended 31 December 2015 together with the comparative figures for 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

(Expressed in Renminbi)

	Note	**2015**	2014
		RMB'000	*RMB'000*
Revenue	*4*	**290,545**	584,270
Cost of sales		**(265,705)**	(521,412)
Gross profit		**24,840**	62,858
Other income	*5*	**2,607**	4,591
Selling and distribution expenses		**(9,652)**	(22,925)
Administrative expenses		**(494,503)**	(163,145)
Loss from operations		**(476,708)**	(118,621)
Finance costs	*7*	**(54,845)**	(17,167)
Loss before taxation		**(531,553)**	(135,788)
Income tax credit/(expense)	*8*	**(11,115)**	5,447
Loss for the year	*9*	**(542,668)**	(130,341)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Loss for the year		**(542,668)**	(130,341)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**5,465**	(202)
Total comprehensive loss for the year		**(537,203)**	(130,543)
Loss for the year attributable to:			
Owners of the Company		**(544,403)**	(130,341)
Non-controlling interests		**1,735**	–
		(542,668)	(130,341)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(538,938)**	(130,543)
Non-controlling interests		**1,735**	–
		(537,203)	(130,543)
Loss per share			
Basic and diluted *(RMB)*	*10*	**(0.37)**	(0.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

(Expressed in Renminbi)

	Note	**2015**	2014
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**144,876**	120,471
Intangible assets		**1,645**	3,532
Lease prepayments		**5,174**	5,281
Deposits paid for acquisition of property, plant and equipment	*11*	**31,692**	71,924
Prepayment for acquisition of a subsidiary	*17*	**83,780**	–
Goodwill	*12*	**49,363**	–
Deferred tax assets		**–**	13,931
		316,530	215,139
Current assets			
Inventories	*13*	**171,731**	107,195
Current portion of lease prepayments		**129**	129
Trade and other receivables	*14*	**887,146**	1,022,142
Amount due from a director		**174,449**	17,820
Pledged deposits		**78,083**	117,040
Cash and cash equivalents		**262,202**	104,047
		1,573,740	1,368,373
Current liabilities			
Trade and other payables	*15*	**454,234**	332,474
Bank loans		**198,627**	219,239
Amount due to a director		**–**	12,306
Debentures	*16*	**1,676**	–
Tax payables		**23,436**	25,409
		677,973	589,428

	Note	**2015**	2014
		RMB'000	*RMB'000*
Net current assets		**895,767**	778,945
Total assets less current liabilities		**1,212,297**	994,084
Non-current liabilities			
Debentures	*16*	**862,436**	373,214
Promissory note	*17*	**83,780**	–
Receipt in advance		**–**	2,445
Deferred tax liabilities		**–**	3,997
		946,216	379,656
NET ASSETS		**266,081**	614,428
CAPITAL AND RESERVES			
Capital		**130,258**	104,381
Reserves		**133,063**	510,047
Equity attributable to owners of the Company		**263,321**	614,428
Non-Controlling interests		**2,760**	–
TOTAL EQUITY		**266,081**	614,428

1. GENERAL INFORMATION

Sino Energy International Holdings Group Limited (formerly known as Active Group Holdings 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 Room 3509, Floor 35, Shun Tak Centre West Tower, 168-200 Connaught Road Central, Sheung Wan, 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 year, the Company and its subsidiaries (collectively "the Group") were principally engaged in manufacturing and sale of casual footwear, apparel and related accessories and operating of a mobile game in the People's Republic of China (the "PRC").

As approved by shareholders of the Company at an extraordinary general meeting held on 30 November 2015 and by the Registrar of Companies in the Cayman Islands on 30 November 2015, the name of the Company has been changed from "Active Group Holdings Limited" to "Sino Energy International Holdings Group Limited" and the dual foreign name of the Company has been changed from "動感集團控股有限公司" to "中能國際控股集團有限公司". The English stock name of the Company for trading in its shares on the Stock Exchange has been changed from "ACTIVE GROUP" to "SINO ENERGY INT" with its Chinese stock shares name has been changed from "動感集團" to "中能國際控股" with effect on 23 December 2015.

2. BASIS OF PREPARATION

Going concern

The Group incurred a loss attributable to owners of the Company of RMB544,403,000 and operating cash outflows of RMB286,831,000 for the year ended 31 December 2015. Furthermore, bank loans totaling approximately RMB198,627,000 were due for renewal or repayment within the next twelve months. The covenants in relation to certain bank loans of the Group totaling approximately RMB44,900,000 as at 31 December 2015 were breached. 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.

Nevertheless, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities as and when they fall due given that the Group has on 25 March 2016 entered into an unsecured non-revolving loan facility agreement with Ms. Cai Xiuman, the substantial shareholder of the Company whereas the substantial shareholder agreed to grant an unsecured loan facility of up to a maximum amount of RMB400,000,000 for funding the Group's operation for a term of 24 months from the date of the agreement. The directors of the Company are of the opinion that the liquidity and the financial resources of the Group are significantly enhanced since the loan facility has become available.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the 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 financial statements, to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. 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 financial statements and amounts reported for the current year and prior years.

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.

4. REVENUE

The Group's revenue arising from manufacturing and sale of casual footwear, apparel and related accessories; and online mobile game for the year. An analysis of the Group's revenue for the year is as follows:

	2015	2014
	RMB'000	*RMB'000*
Footwear	**283,397**	579,094
Apparel and related accessories	**218**	5,176
Online mobile game	**6,930**	–
	290,545	584,270

5. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Interest income on bank deposits	**2,470**	1,934
Government subsidies	**–**	913
Net foreign exchange gain	**–**	1,739
Sundry income	**137**	5
	2,607	4,591

6. SEGMENT INFORMATION

The Group manages its businesses by its operating subsidiaries in the PRC, which are engaged in the manufacturing and sales of casual footwear, apparel and related accessories. 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 has identified five reportable segments, namely, Fujian Jinmaiwang Shoes and Garments Products Co., Ltd. ("Fujian Jinmaiwang"), Shishi Haomai Shoes Industrial Co., Ltd. ("Shishi Haomai"), Luotuo (Quanzhou) Shoes and Garments Co., Ltd. ("Luotuo Quanzhou"), Greiff (Xiamen) International Trading Company Limited ("Greiff Xiamen") and Jiangsu Active Shoes Industrial Co., Ltd ("Jiangsu Active"). During the year, the Group has acquired Beijing Ah Huo System Networks Co., Ltd.("Ah Huo"), which is principally engaged in mobile game products development, expansion of market channels to the mobile game industry, its strategic promotion and brand development, as well as provision of technical solutions into other mobile game developers and webgame companies.

– Fujian Jinmaiwang: this segment manufactures and sells the "Jimaire" branded as well as original equipment manufacturing casual footwear products. The brand is positioned to target the consumer segment of middle to upper-middle class and offers a range of casual footwear in business classic and practical style.

- Shishi Haomai: this segment manufactures and sells the "Bull Titan" branded casual footwear products. The brand is positioned to target the youth market segment and offers casual footwear in sporty and trendy style.

- Luotuo Quanzhou: this segment manufactures and sells the "Luotuo Brand" branded and the "Coremss" branded casual footwear, apparel and related accessories products.

- Greiff Xiamen: this segment sells the "Camel Active" branded and the "Greiff" branded casual footwear, apparel and related accessories products. The brand is positioned to target the affluent consumer segment and offers casual footwear, apparel and related accessories in grand and elegant style.

- Ah Huo: this segment is currently holding and running a three-dimensional mobile game, namely "Ah Huo".

- Jiangsu Active and others: this segment sells the "Bull Titan" branded and the "Coremss" branded casual footwear.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is "profit/(loss) after taxation". To arrive at reportable segment profit/(loss), the Group's profit/(loss) is further adjusted for items not specially attributable to individual segments and other head office or corporate administrative costs.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

	Fujian Jinmaiwang *RMB'000*	Shishi Haomai *RMB'000*	Luotuo Quanzhou *RMB'000*	Greiff Xiamen *RMB'000*	Ah Huo *RMB'000*	Jiangsu Active and others *RMB'000*	Total *RMB'000*
Year ended 31 December 2015:							
Revenue from the external customers	**212,628**	**34,964**	**15,440**	**20,403**	**6,930**	**180**	**290,545**
Inter-segment revenue	**13,594**	**1,496**	**–**	**–**	**–**	**–**	**15,090**
Reportable segment revenue	**226,222**	**36,460**	**15,440**	**20,403**	**6,930**	**180**	**305,635**
Reportable segment (loss)/profit	**(190,290)**	**(180,342)**	**(133,808)**	**(32,293)**	**3,540**	**42,945**	**(490,248)**
Other material non-cash items:							
Reversal impairment of other receivables	**–**	**–**	**(750)**	**(130)**	**–**	**–**	**(880)**
Reversal impairment of construction in progress	**–**	**–**	**–**	**–**	**–**	**(48,151)**	**(48,151)**
Impairment of prepayment	**79,554**	**–**	**–**	**–**	**–**	**–**	**79,554**
Impairment of trade and other receivables	**85,260**	**153,923**	**115,112**	**21,966**	**–**	**1,010**	**377,271**
Impairment of intangible assets	**–**	**–**	**2,798**	**–**	**–**	**–**	**2,798**
Impairment of inventory	**1,178**	**15,914**	**11,534**	**5,881**	**–**	**–**	**34,507**
Year ended 31 December 2014:							
Revenue from the external customers	290,118	169,047	74,448	39,892	–	10,765	584,270
Inter-segment revenue	6,563	11,566	–	–	–	8,260	26,389
Reportable segment revenue	296,681	180,613	74,448	39,892	–	19,025	610,659
Reportable segment loss	(13,480)	(7,353)	(418)	(11,435)	–	(53,946)	(86,632)
Other material non-cash items:							
Impairment of construction in progress	–	–	–	–	–	51,548	51,548

Reconciliations of reportable segment revenue and profit or loss

	2015	2014
	RMB'000	*RMB'000*
Revenue:		
Reportable segment revenue	**305,635**	610,659
Elimination of inter-segment revenue	**(15,090)**	(26,389)
Consolidated revenue	**290,545**	584,270
Loss		
Reportable segment loss	**(490,248)**	(86,632)
Elimination of inter-segment revenue	**2,195**	4,651
Reportable segment loss derived from the Group's external customers	**(488,053)**	(81,981)
Other revenue and other net income	**1**	1,909
Unallocated head office and corporate expenses	**(54,616)**	(50,269)
Consolidated loss for the year	**(542,668)**	(130,341)

Geographical information:

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods delivered.

The PRC (place of domicile)	**236,161**	546,676
Korea	**48,245**	34,948
Other countries	**6,139**	2,646
	290,545	584,270

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest expenses on		
– Interest on bank loans	**14,055**	12,882
– Interest on debentures	**40,790**	4,285
	54,845	17,167

8. INCOME TAX

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
– Hong Kong Profits Tax for the year	**–**	–
– PRC Enterprise Income Tax for the year	**1,181**	3,633
	1,181	3,633
Deferred tax	**9,934**	(9,080)
	11,115	(5,447)

No provision for Hong Kong Profits Tax is required since the Group did not generate any assessable profit's raising in Hong Kong during the year (2014: 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.

The reconciliation between the income tax and the loss before tax are as follows:

	2015	2014
	RMB'000	*RMB'000*
Loss before tax	**(531,553)**	(135,788)
Notional tax on loss before taxation, calculated at the rates applicable in the tax jurisdictions concerned	**(127,908)**	(23,239)
Tax effect of non-taxable income	**(12,994)**	(401)
Tax effect of non-deductible expenses	**133,797**	17,030
Tax effect of tax losses not recognized	**8,286**	–
Tax effect of temporary differences not recognized	**9,934**	1,163
Income tax for the year	**11,115**	(5,447)

9. LOSS FOR THE YEAR

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

	2015	2014
	RMB'000	*RMB'000*
Auditor's remuneration	**1,448**	2,489
Cost of inventories sold	**265,705**	521,412
Depreciation	**3,931**	5,519
Amortisation of intangible assets	**2,539**	734
Amortisation of prepaid land lease	**107**	141
Loss on disposal of property, plant and equipment	**95**	–
Minimum lease payments under operating leases in respect of office premises	**1,836**	4,043
Impairment of trade receivables	**184,988**	26,370
Impairment of trade prepayments	**192,283**	15,010
Impairment of prepayment	**79,554**	–
Impairment of intangible assets	**2,798**	–
Impairment of inventory	**34,507**	–
Impairment of construction in progress	**–**	51,548
Reversal of impairment of other receivables	**(880)**	–
Reversal of impairment of construction in progress	**(48,151)**	–
Equity settled share-based payment expense for business partners and consultants	**–**	19,825
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	**43,397**	64,253
Equity settled share-based payment expenses	**–**	14,405
Contributions to defined contribution retirement schemes	**1,213**	1,729

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB544,403,000 (2014: RMB130,341,000) and the weighted average of 1,462,093,000 ordinary shares (2014: 1,209,595,000) in issue during the year.

Diluted earnings per share

No diluted earning per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2015 and 2014.

11. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

		2015	2014
	Note	***RMB'000***	*RMB'000*
Deposits paid for retail shops	*(a)*	**–**	60,000
Deposits paid for construction in progress	*(b)*	**31,692**	11,924
		31,692	71,924

(a) In relation to the acquisition of the two retail shops which has been reclassified to other receivable as at 31 December 2015 upon termination of the acquisition during the current year.

(b) Included in deposits paid for construction in progress are prepayment of RMB19,768,000 being reclassified from construction in progress as at 31 December 2015.

12. GOODWILL

Cost and carrying amount	***RMB'000***
At beginning of the reporting period	**–**
Acquisition of a subsidiary	**49,363**
At the end of reporting period	**49,363**

On 16 April 2015, the Group acquired 51% of the issued share capital and obtained control of Ah Huo for a consideration of approximately HK$63,762,000 which is comprised of a cash consideration of RMB51,000 and the issue of 64,998,422 ordinary shares of the Company at HK$0.98 per share at the completion date of the acquisition. Ah Huo is engaged in the mobile game business during the year. In the opinions of the directors, the acquisition is for the purpose to diversify the Group's business into the webgame or mobile games business section, which is an area of high growth potential with minimal capital contribution.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the cash generating unit of online mobile game business.

Impairment testing of goodwill

Mobile game cash-generating units

Goodwill is tested for impairment for this cash-generating units by the management by estimating the recoverable amount of the cash-generating unit based on value in use calculations.

As at 31 December 2015, the value in use calculation uses cash flow projections based on the financial budgets approved by the management covering a 5 year period and with reference to an independent valuation performed by BMI Appraisals Limited. Key assumptions used by the management in the value in use calculation of the cash-generating unit include budgeted revenue and profit margins. The pre-tax discount rate used for estimating the value in use is 16.04%.

The assumptions have been determined based on past performance and management's expectations in respect of the mobile game in the PRC.

No impairment loss has been recognised for the year ended 31 December 2015 as a result of the impairment test.

13. INVENTORIES

	2015	2014
	RMB'000	*RMB'000*
Raw materials	**65,068**	62,985
Work in progress	**3,024**	3,471
Finished goods	**103,639**	40,739
	171,731	107,195

14. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**511,468**	504,112
Less: allowance for trade receivables	**(223,087)**	(38,099)
	288,381	466,013
Bills receivables	**15,240**	–
Deposit, prepayment and other receivables	**583,525**	556,129
	887,146	1,022,142

Included in deposits, prepayments and other receivables are mainly (i) advances to suppliers for purchases of raw materials and finished goods amounting to RMB517,635,000 net of impairment provision of RMB210,242,000 (2014: RMB472,757,000 net of impairment provision of RMB17,959,000); and (ii) prepayment of RMB58,000,000 in relation to the acquisition of the two retail shops in the PRC. During the year, the acquisition was terminated with RMB2,000,000 being refunded to the Group and the remaining balance to be fully refunded to the Group before 30 June 2016. Such prepayment was classified from non-current deposit paid for acquisition of property, plant and equipment as at 31 December 2014 to other receivable as at 31 December 2015.

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

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**82,359**	97,824
91 days – 180 days	**44,442**	66,960
181 days – 360 days	**49,644**	209,605
Over 361 days	**127,176**	91,624
	303,621	466,013

Trade receivables and bills receivables are normally due within 90-180 days (2014: 90 days) from the date of billing. The Group also offers revolving credit to its customers. The revolving credit, which provides for a maximum credit limit that may be outstanding at any one time, is determined based on factors such as the customers' credit history and current ability to pay. The funding need of a customer for the purpose of expanding its sales network is also taken into consideration.

15. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**111,829**	81,485
Bills payables	**267,770**	150,300
Advance payments from customers	**17,083**	52,251
Other payables and accruals	**57,552**	48,438
	454,234	322,474

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

	2015	2014
	RMB'000	*RMB'000*
Within 2 months	**61,085**	26,448
More than 2 months but within 3 months	**89,311**	44,161
More than 3 months but within 12 months	**176,822**	126,779
More than 12 months	**52,381**	34,397
	379,599	231,785

(b) Bills payables are normally issued with a maturity of not more than six months.

16. DEBENTURES

(a) The debentures are repayable as follows:

	2015	2014
	RMB'000	*RMB'000*
As 1 January	**373,214**	–
Addition	**490,898**	373,214
At 31 December	**864,112**	373,214
Current portion	**(1,676)**	–
Non-current portion	**862,436**	373,214

(b) Significant terms and repayment schedule of debentures:

As at 31 December 2015, the Company issued a number of HKD denominated debentures with an aggregate principal of approximately HK$1,029,405,000 (equivalent to RMB864,112,000) (2014: HK$473,100,000 (equivalent to RMB373,214,000)). The debentures are unsecured, bearing interest rate at a range of 3.3%-9% per annum (2014:3.3%-7% per annum), and repayable from December 2016 to September 2023. The aging analysis as follows:

	2015	2014
	RMB'000	*RMB'000*
Within one year	**1,676**	–
In the second year	**17,451**	2,535
In the third to fifth years, inclusive	**41,639**	4,427
After five years	**803,346**	366,252
	864,112	373,214

At 31 December 2015, interest expense totaling RMB40,790,000 (2014: RMB4,285,000) were paid to debenture holders.

17. PREPAYMENT FOR ACQUISITION OF A SUBSIDIARY/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 (collectively referred to as the "Target Group") 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 RMB83,780,000) was issued to the vendor. PN-A bears interest at 5% per annum and is mature on 5 November 2017.

The completion took place on 22 January 2016 upon fulfilment of the terms and conditions of the S&P.

18. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

AUDIT OPINION

The auditors of the Company will issue a qualified of opinion on the financial statements of the Group for the year under review. An extract of the auditor's report is set out in the section headed "Extract of report of the auditors" below.

EXTRACT OF REPORT OF THE AUDITORS

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2015.

Basis for qualified opinion

1. Opening balances and corresponding figures

The consolidated financial statements of the Group for the year ended 31 December 2014 which form the basis for the corresponding figures presented in the current year's consolidated financial statements were not audited by us. The predecessor auditor's audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2014 was disclaimed because of the significance of the possible effect of the limitations on the scope of their audit and the material uncertainty relating to the going concern basis, details of which are set out in the predecessor's auditor's report dated 31 March 2015.

There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of certain opening balances and corresponding figures (as further detail explained in the following paragraphs) shown in the current year's consolidated financial statements.

2. Trade receivables and advances to suppliers

Up to the date of this report, we have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves as to (i) the recoverability of trade receivables of RMB137,646,000 and RMB272,990,000 as at 31 December 2015 and 2014 respectively; (ii) the recoverability of advances to suppliers of RMB105,871,000 and RMB298,154,000 as at 31 December 2015 and 2014 respectively; and (iii) whether the allowance for non-recovery for the trade receivables and advances to suppliers amounting to RMB184,988,000 and RMB192,283,000 respectively for the year ended 31 December 2015 and the allowance for non-recovery for the trade receivables and advances to suppliers amounting to RMB26,370,000 and RMB15,010,000 respectively for the year ended 31 December 2014 are properly recorded.

3. Prepayments for development of online marketplace

Up to the date of this report, we have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves whether (i) the prepaid amount of RMB79,554,000 as included in the trade and other receivables as at 31 December 2014; and (ii) the impairment provision for that whole amount of RMB79,554,000 for the year ended 31 December 2015 are properly recorded.

4. Construction in progress

Up to the date of this report, we have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves whether (i) the carrying amount of RMB74,699,000 of the construction in progress as at 31 December 2014 and its impairment provision of RMB51,548,000 for the year ended 31 December 2014 and (ii) the reversal of impairment provision of RMB48,151,000 for the year ended 31 December 2015 are properly recorded.

Any adjustments to the figures as described above might have a consequential effect on the Group's financial performance and cash flows for the years ended 31 December 2014 and 2015, the financial positions of the Group as at 31 December 2014 and 2015, and the related disclosures thereof in the consolidated financial statements.

Qualified opinion

In our opinion, except for the possible effects of the matters as described in the basis for qualified opinion paragraphs, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty relating to the going concern basis

Without further qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates the Group incurred a loss attributable to owners of the Company of approximately RMB544,403,000 and operating cash outflows of RMB286,831,000 for the year ended 31 December 2015. 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.

AUDIT COMMITTEE'S VIEW

The Group's consolidated financial statements for the year ended 31 December 2015 have been reviewed by the audit committee of the Company (the "**Audit Committee**").

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Amidst the sluggish retail atmosphere in the market, the Group has been undergoing transition to adapt to the slower market growth which could probably be the new norm for China, and it made great efforts during the year to introduce new measures to increase its products' competitiveness in the market. The Group implemented a multi-brand strategy and proactively adjusted the operating strategies and integrated existing resources for further brand development. The launch of more functional footwear and design of novel and fashionable footwear to meet the market demand enabled the Group to optimize its product mix and product creation. The Group is also continuously expanding its customer base through innovative product design, so as to further consolidate its business base and increase the sources of income.

Meanwhile, due to overall weakness in the market, the sales of the Group's decreased significantly by 50.3%. In order to cope with the challenging market environment, the Group selected business partners prudently, and also optimize the existing retail network. In addition, the Group decided to tighten its cost control measures and capital expenditure plan in footwear business. Accordingly, the Group decided to terminate the development of the e-commerce O2O platform and currently negotiating with the technology service provider for terms of cancellation of agreement for setting up and operation of online marketplace. As such, there is an impairment of approximately RMB79.6 million in respect of the prepayment to this technology service provider. Overall, the Group continues its cost control measure to cope with the difficulties of current market.

The Group actively carried out the cost control measures and tackled the burden of increasing production costs through strategies such as bulk purchases. However, the Group has lowered branded products prices and provided more discounts to distributors to encourage them to devote more resources to marketing activities thereby enhancing the brand awareness of the Group for market share expansion, the gross profit has thus been affected. Nevertheless, the management believes that, when the market recovers, its solid foundation will help the Group swiftly seize the opportunities to achieve better operating performance.

In addition, the Group also diversified into other profitable business including acquisition of 51% equity interest of Beijing Ah Huo System Networks Co., with principal activities of online game business during the year. Subsequent to year end date, the Group also acquired 100% equity interest in Peak Business Asia Limited and its subsidiaries with principal activities of operating gas stations in the PRC.

Sales and Distribution Network

As at 31 December 2015, the Group entered into master sales agreements with 28 distributors and 393 department store customers which operated 1,226 retail sales points located throughout the PRC (31 December 2014: 1,884 retail sales points). In order to adapt to the changing market conditions, the Group has conducted a stringent review over its retail sales points portfolio and made a closure of 618 retail sales points with unsatisfied performance and lower profit efficiency during the year.

Product design and development

As at 31 December 2015, 61 R&D professionals were responsible for maintaining a steady output of high quality new designs. During the year, the Group designed more than 1,324 new styles in the footwear segment. Approximately 65% of the new designs subsequently went into commercial production. Besides high-end products, the Group invests more resources in the R&D of medium-and low-end products to expand into the third-and fourth-tier cities with relatively lower consumption power.

The Group continues to focus on developing and designing stylish and functional footwear to optimize its product portfolio to provide customers with quality products and improve the loyalty of customers.

However, the Group's performance deteriorated significantly during the year, the Group tightened its cost control measures and hence the research and development cost decreased from approximately RMB4.7 million for year ended 31 December 2014 to approximately RMB1.1 million for the current year.

Production

The Group operated ten production lines at its production base in Fujian province with a total production of approximately 3.5 million pairs of footwear for 2015. The utilisation rate had reached around 71.7% during the year. In addition, the new production plant equipped with five production lines located in Suining, Jiangsu province has basically completed construction and is expected to put into production in 2016 and produce around 3 million pairs of footwear and a small quantity of apparel products once it is in full operation. It will facilitate the Group in realising economies of scale and lay a solid foundation for seizing the opportunities during the market recovery.

FINANCIAL ANALYSIS

Revenue

The total revenue of the Group for the year ended 31 December 2015 was approximately RMB290.5 million, representing a decrease of 50.3% as compared to that of 2014. The decrease in revenue was mainly as a result of the overall weak and sluggish retail market during the year.

GROSS PROFIT AND GROSS PROFIT MARGIN

It was another challenging year in terms of rising labour and raw materials costs, gross profit of the Group decreased by 60.5% and reached approximately RMB24.8 million for the year ended 31 December 2015 (2014: approximately RMB62.9 million), while gross profit margin of the Group for the year ended 31 December 2015 was 8.5%, representing a decrease of 2.3 percentage point when compared with 2014.

The decrease in gross profit margin of the Group was mainly contributed by the adjustment on products' selling price to cope with the cut-throat price competition from the peers. Another reason which led to the decrease in gross profit for the year was the increase in unit production cost. The increasing unit production cost was not only driven by the increasing trend in labour and raw material costs, also in order to increase the Group's products' competitive power in the market and in response to the increasing demand over the comfort level, functionality of men's casual footwear and growing health consciousness among consumers in the PRC, the Group introduced more innovative product designs and advanced materials used for production during the year. In addition, certain costs of sales are fixed or semi-fixed in nature. As a result of reduction of sales volume which led to reduction of production volume and the unit cost of production increased accordingly. However, management decided not to pass the increase in production cost to its customers but offered further discounts to them so that they could enjoy a competitive advantage over their peers, in order to enhance the Group's brands recognition and enlarge its market share in the PRC. On the other hand, the Group strives to obtain bulk purchase discount from suppliers by placing orders of purchasing raw materials with larger volume, in order to cope with the pressure of the increasing raw material costs.

The Group believes that when the Group's products have achieved a higher customer loyalty and increased its popularity and market share, and also when the market ends its vicious competitions after the exit of smaller and weaker players in the industry, the Group would decrease its discounts offered to its customers and enjoy a higher gross profit margin afterwards.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses primarily consisted of advertising and promotional expenses, royalties for licensed brands, salaries for sales and marketing staff, and other costs related to sales and distribution.

Selling and distribution expenses were approximately RMB9.7 million, amounted to approximately 3.3% of revenue for the year ended 31 December 2015 (2014: approximately 3.9%), primarily as a result of planned execution of marketing and sales strategy, and less marketing promotion support provided to its customers given more discount was offered by the Group during the year. Due to the deterioration of Group's performance, the Group also tightened its cost control measures and hence the selling and distribution expenses also decreased in current year. The Group believes when customers launch marketing campaign under the Group's suggested framework with its own planning and design, it would improve the efficiency of marketing activities for the promotion of the Group's brands in different provinces in the PRC with customers having different consumption habits.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 203.2% to approximately RMB494.5 million for the year ended 31 December 2015 (2014: approximately RMB163.1 million), mainly caused by the increase in provision of impairment of various assets including trade receivable of approximately RMB185.0 million, trade prepayment of approximately RMB192.3 million, prepayment of approximately RMB79.6 million, intangible assets of approximately RMB2.8 million, inventory of approximately RMB34.5 million which is partly offset by reversal of impairment of other receivable of approximately RMB0.9 million and construction in progress of approximately RMB48.2 million (2014: impairment of trade receivable of approximately RMB26.4 million, trade prepayment of approximately RMB15.0 million and construction in progress of approximately RMB51.5 million).

OTHER INCOME

Other income for the year ended 31 December 2015 mainly represented interest income yielded from bank deposits during the year of approximately RMB2.5 million (2014: approximately RMB1.9 million).

FINANCE COSTS

Finance costs represented interest expenses on interest-bearing short-term bank loans and debentures. Interest expenses increased by approximately 219.5% from approximately RMB17.2 million for the year ended 31 December 2014 to approximately RMB54.8 million for the year ended 31 December 2015, primarily due to additional working capital bank loan drawn during the year and increase in issuance of debentures during the current year.

INCOME TAX

Income tax recorded for the year ended 31 December 2015 mainly represented provision of PRC corporate income tax for approximately RMB1.2 million, and write off of deferred income tax assets and liabilities of approximately RMB9.9 million brought forward from prior years.

LOSS FOR THE YEAR

Loss for the year was approximately RMB542.7 million, as compared to a loss of approximately RMB130.3 million during the corresponding period in 2014. The loss was mainly due to the decline in gross profit earnings from Group's branded products and OEM products, provision for impairment of various assets (net of reversal of impairment) of approximately RMB445.1 million (2014: approximately RMB92.9 million) recorded for the year ended 31 December 2015 as more detailed in "ADMINISTRATIVE EXPENSE".

LIQUIDITY AND CAPITAL RESOURCES

In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in RMB. As at 31 December 2015, the Group had net current assets of approximately RMB895.8 million (31 December 2014: approximately RMB778.9 million), of which cash and cash equivalents amounted to approximately RMB262.2 million (31 December 2014: approximately RMB104.0 million).

The Group has always been pursuing a prudent treasury management policy and is in a strong liquidity position with sufficient standby banking facilities to cope with daily operations and future development demands for capital. As at 31 December 2015, including the banking facilities as secured by the Group's pledged deposits, total available banking facilities of the Group amounted to approximately RMB517.4 million, among which approximately RMB466.4 million was utilised by the Group for its bank loans and bills payable. The ratio of outstanding bank loans to total assets was 10.5% (31 December 2014: 13.8%).

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 2015 and has not entered into any interest rate swap arrangements to hedge against interest rate risks.

As at 31 December 2015, cash and cash equivalents, including bank deposits with original maturities not exceeding three months, amounted to approximately RMB262.2 million. The increase of approximately RMB158.2 million as compared to the Group's position as at 31 December 2014 was mainly attributable to:

- Net cash used in operating activities amounted to approximately RMB283.3 million (excluding income tax paid for approximately RMB3.5 million), mainly resulted from the net increase of trade and bills receivables amounted to approximately RMB162.3 million, together with the decrease of advance payments to suppliers of approximately approximately RMB44.9 million for securing raw materials and outsourcing production in advance for future inflation, though partially offset by the increase in trade and other payables of approximately RMB104.1 million and the effect of loss before taxation of approximately RMB531.6 million;

- Net cash generated from investing activities amounting to approximately RMB3.9 million (excluding net increase in placement of pledged deposits for secured bank loan and bills payables amounting to approximately RMB39.0 million), which was partially offset by interest of approximately RMB2.5 million received;

- Net cash generated from financing activities amounted to approximately RMB403.8 million, which was mainly attributable to proceeds from bank loans and issue of debentures of approximately RMB179.0 million and approximately RMB488.5 million respectively, and proceeds from issue of shares after grantees vested the share option to subscribe for 25,000,000 new ordinary shares with exercise price of HK$0.72 per Share for approximately RMB21.3 million and proceeds from issuance of shares under general mandate of approximately RMB123.2 million, which was partially offset by the repayment of bank loans of approximately RMB200.0 million and interest payment of approximately RMB39.7 million.

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 are denominated in Hong Kong Dollars.

During the year, 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.

PLEDGE OF ASSETS

As at 31 December 2015, the Group secured its bank loans and bills payables by a charge over land use rights with an aggregate carrying amount of approximately RMB5.3 million (2014: approximately RMB5.4 million), buildings with net book value of approximately RMB37.9 million (2014: approximately RMB29.7 million) and pledged deposits with an aggregate carrying amount of approximately RMB78.1 million (2014: approximately RMB117.0 million).

Included in secured and unsecured bank loans as at 31 December 2015 were bills discounted with recourse totaling RMBNil million and RMBNil million (31 December 2014: approximately RMB16.0 million and approximately RMB4.0 million), respectively.

USE OF PROCEEDS

The Group was listed on the Main Board of the Stock Exchange on 28 September 2011. All of the net proceeds of approximately HK$337.4 million (after deducting the underwriting commission and relevant expenses) from the global offering have been fully utilised prior to 31 December 2015.

EMPLOYEES AND EMOLUMENTS

As at 31 December 2015, the Group employed a total of 897 full-time employees in the PRC and Hong Kong, which included management staff, product designers, technicians, salespersons and workers. Remuneration for the entire full-time workforce amounted to approximately RMB44.6 million for the reporting year, which is equivalent to 15.4% of the Group's revenue. The Group's emolument policies are formulated based on the performance of individual employees, whose performance are reviewed and evaluated periodically. Apart from contributions to the provident fund scheme (operation in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) and social security fund (including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance for the PRC employees), discretionary bonuses are also awarded to employees according to individual performance. In addition, the Company adopted the share option scheme on 4 September 2011 for the purpose of providing incentives to directors and eligible employees.

PROSPECTS

Looking ahead, as China's economic growth is slowing down and the US is increasingly likely to further raise the interest rate in the future, it is still difficult to predict the development of the macro-economic environment. As a result of the heavy pressure on the domestic retail market exerted by the weak consumption sentiment, the footwear industry in China still faces enormous challenges in the year of 2016. The Group maintains a prudent attitude towards the business performance of the Group.

The recent depreciation of RMB reduces the cost of raw materials for the production of footwear. It also reduces the production cost of the Group in the OEM, making the business optimistic about its performance in 2016. In addition, the Group will continue to enhance in cost control measures to face the difficult market. On the other hand, the depreciation of RMB will stimulate the export demand. As a result, the Group will promote overseas sale to maintain the sale of footwear products.

The Group will continue to put resources in the R&D of functional footwear products to provide customers of different ages and levels with quality and innovative footwear products and enlarge its customer base.

The management of the Group believes that with the strong business development models, it has sufficient resources to deal with the currently weak economic conditions and strengthen its position as one of the leading multiple brand operators of men's casual footwear and ultimately create best values for the Shareholders. In addition, the Group is also in the process of pursuing investment opportunities in addition to the acquisitions during current year and subsequent to year end date in order to provide stable income to the Group in the near future. These acquisitions have diversified the Group's business to online game business and operation of gas stations in the PRC. The Group will continue to seek opportunities to further expand in the energy-related business.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2015, there were increases in the issued shares of the Company through the following issuance of ordinary shares of the Company:

1) the issuance of 25,000,000 new ordinary shares at par value of HK$0.72 as a result of the exercise of share options to the share option holders of the Company;

2) the issuance of 64,998,422 new ordinary shares at a price of HK$1.097 as the consideration shares of the acquisition of 51% equity interest in Beijing Ah Huo System Networks Co., Ltd. which was completed on 16 April 2015; and

3) the issuance of 175,000,000 new ordinary shares at a price of HK$0.65 per share and issuance of 60,000,000 new ordinary shares at a price of HK$0.70 per share by means of placing.

The total number of issued shares of the Company as at 31 December 2015 was 1,606,498,422 ordinary shares.

Save as disclosed above, the Company did not redeem any of its listed securities during the year and neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2015, 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, and 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 year ended 31 December 2015.

SCOPE OF WORK PERFORMED BY AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

The audit committee, comprising three of the independent non-executive Directors, has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2015 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to internal control and financial reporting of the Group.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.

GENERAL

A further announcement in respect of the closure of register of members of the Company for determining the entitlements to attend and vote at the Annual General Meeting will be published by the Company.

A circular containing the information required by the Listing Rules, together with the notice of the Annual General Meeting, will be despatched to the Shareholders in due course.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the Company's and the Stock Exchange's websites. The Company's annual report for the year ended 31 December 2015 in accordance with the relevant requirements of the Listing Rules will be dispatched to the Shareholders and published on the Company's and the Stock Exchange's websites in due course.

DEFINITIONS

"Annual General Meeting"	an annual general meeting of the Company to be held in respect of the financial year ended 31 December 2015 or any adjournment thereof
"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"	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
"O2O"	Online-to-Offline commerce
"OEM"	original equipment manufacturing
"PRC"	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
"R&D"	research and development
"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 of
Sino Energy International Holdings Group Limited
Chen Jianbao
Joint Chairman

Hong Kong, 31 March 2016

As at the date of this announcement, the executive Directors are Mr. Chen Jianbao, Ms. Cai Xiuman, Mr. Wang Wei, Mr. Zhang Wenbin, Mr. Huang Jianren, Mr. Chen Yuanjian and Mr. Sun Hui Ding and the independent non-executive Directors are Mr. Wu Xiaoqiu, Mr. Ye Lin, Mr. Lee Ho Yiu Thomas and Mr. Gu Renliang.