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 2018

HIGHLIGHTS OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

- Revenue decreased by 46% from approximately RMB192.7 million for the year ended 31 December 2017 to approximately RMB103.5 million for the year ended 31 December 2018.
- Gross profit increased by 94% from approximately gross profit of RMB7.7 million for the year ended 31 December 2017 to gross profit of approximately RMB15.0 million for the year ended 31 December 2018, while gross profit margin increased from 4% to 14.5%.
- Loss attributable to owners of the Company amounted to approximately RMB260.5 million for the year ended 31 December 2018, as compared to a loss of approximately RMB322.3 million for the corresponding period of 2017.
- Loss per share decreased from RMB0.20 per share for the year ended 31 December 2017 to loss per share of RMB0.16 for the year ended 31 December 2018.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2018.

The Board would like to announce the annual results of the Group for the year ended 31 December 2018 together with the comparative figures for 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

(Expressed in Renminbi)

	Notes	2018 *RMB'000*	2017 *RMB'000*
Revenue	*4*	**103,474**	192,717
Cost of sales		**(88,498)**	(184,998)
Gross profit		**14,976**	7,719
Other income	*5*	**6,114**	15,334
Distribution and selling expenses		**(4,887)**	(4,177)
Administrative expenses		**(143,696)**	(202,721)
Loss from operation		**(127,493)**	(183,845)
Finance costs	*7*	**(130,237)**	(139,196)
Loss before tax		**(257,730)**	(323,041)
Income tax	*8*	**(2,737)**	(4,203)
Loss for the year	*9*	**(260,467)**	(327,244)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

(Expressed in Renminbi)

	Notes	**2018** *RMB'000*	2017 *RMB'000*
Loss for the year		**(260,467)**	(327,244)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(52,647)**	52,120
Total comprehensive loss for the year		**(313,114)**	(275,124)
Loss for the year attributable to:			
Owners of the Company		**(260,467)**	(322,344)
Non-controlling interests		**–**	(4,900)
		(260,467)	(327,244)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(313,114)**	(270,224)
Non-controlling interests		**–**	(4,900)
		(313,114)	(275,124)
Loss per share			
Basic and diluted *(RMB)*	*10*	**(0.16)**	(0.20)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

(Expressed in Renminbi)

	Notes	2018 *RMB'000*	2017 *RMB'000* (Restated)
Non-current assets			
Property, plant and equipment		**144,363**	155,796
Prepaid land lease payments		**4,883**	4,988
Investments at fair value through profit or loss	*11*	**40,000**	40,000
Other assets	*12*	**–**	25,000
Goodwill	*13*	**47,568**	47,568
		236,814	273,352
Current assets			
Inventories	*14*	**5,278**	19,541
Trade and other receivables	*15*	**160,181**	320,626
Prepaid land lease payments		**105**	105
Amount due from a director		**82,876**	64,672
Bank and cash balances		**596,151**	592,838
		844,591	997,782
Current liabilities			
Trade and other payables	*16*	**106,672**	112,924
Tax payables		**14,789**	22,266
Amount due to a director		**4,666**	14,792
Borrowings	*17*	**86,292**	105,881
Debentures	*18*	**76,773**	42,217
Convertible bonds	*19*	**387,865**	316,720
		677,057	614,800

	Notes	2018 RMB'000	2017 RMB'000 (Restated)
Net current assets		**167,534**	382,982
Total assets less current liabilities		**404,348**	656,334
Non-current liabilities			
Debentures	*18*	**963,004**	901,876
		963,004	901,876
NET LIABILITIES		**(558,656)**	(245,542)
Capital and reserves			
Share capital		**130,258**	130,258
Reserves		**(686,556)**	(373,442)
Equity attributable to owners of the Company		**(556,298)**	(243,184)
Non-controlling interests		**(2,358)**	(2,358)
TOTAL DEFICIT		**(558,656)**	(245,542)

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 Room 1408B, 14/F., Shun Tak Centre West Tower, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, changed from 27/F, AIA Central, 1 Connaught Road Central, Central, Hong Kong, effective from 23 January 2019 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 gas station 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 RMB260,467,000 for the year ended 31 December 2018 and as at 31 December 2018 the Group had net liabilities of approximately RMB558,656,000. 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 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 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. 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 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 financial statements and amounts reported for the current year and prior years 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:

	31 December 2017	**1 January 2017**
	RMB'000	*RMB'000*
Decrease in other assets	(40,000)	(40,000)
Increase in investments at fair value through profit or loss	40,000	40,000

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 recognised during the year represents manufacturing and sale of casual footwear, apparel and related accessories; and operation of gas station for the year. An analysis of the Group's revenue for the year is as follows:

	2018	2017
	RMB'000	*RMB'000*
Footwear, apparel and related accessories	**8,788**	69,402
Operation of gas station	**94,686**	123,315
	103,474	192,717

Disaggregation of revenue from contracts with customers:

	For the year ended 31 December 2018		
Segments	**Operation of gas stations**	**Manufacturing and sale of casual footwear, apparel and related accessories**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Geographical markets			
The PRC	**94,686**	**8,788**	**103,474**
Major products/service			
Shoes	**–**	**8,788**	**8,788**
Gas	**94,686**	**–**	**94,686**
Total	**94,686**	**8,788**	**103,474**
Timing of revenue recognition			
At a point in time	**94,686**	**8,788**	**103,474**

Segments	Operation of gas stations	Manufacturing and sale of casual footwear, apparel and related accessories	Total
	For the year ended 31 December 2017		
	RMB'000	*RMB'000*	*RMB'000*
Geographical markets			
The PRC	123,315	69,402	192,717
Major products/service			
Shoes	–	69,402	69,402
Gas	123,315	–	123,315
Total	123,315	69,402	192,717
Timing of revenue recognition			
At a point in time	123,315	69,402	192,717

Manufacturing and sale of casual footwear, apparel and related accessories

The Group manufactures and sells casual footwear, apparel and related accessories to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 90 to 180 day. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Operation of gas stations

The Group sells natural gas to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 90 day.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. OTHER INCOME

	2018	2017
	RMB'000	*RMB'000*
Interest income on bank deposits	**864**	1,780
Interest income from other loan receivables	**4,203**	3,913
Gain on early redemption of debentures	**1,023**	4,035
Penalty income from early redeemed debentures	**–**	5,597
Sundry income	**24**	9
	6,114	15,334

6. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. The Group has two reportable segments: manufacturing and sale of casual footwear, apparel and related accessories and operation of gas station.

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. Segment profits or losses do not include unallocated corporate income and expenses.

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.

	Operation of gas station	**Manufacturing and sale of causal footwear, apparel and related accessories and others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2018:			
Reportable segment revenue	**94,686**	**8,788**	**103,474**
Reportable segment profit/(loss)	**7,987**	**(111,291)**	**(103,304)**
Other material non-cash items:			
Impairment loss of trade and other receivables	**–**	**84,512**	**84,512**
Impairment loss of inventories	**–**	**8,534**	**8,534**
Impairment loss of property, plant and equipment	**–**	**5,807**	**5,807**
Year ended 31 December 2017:			
Reportable segment revenue	123,315	69,402	192,717
Reportable segment profit/(loss)	12,277	(156,544)	(144,267)
Other material non-cash items:			
Impairment loss of goodwill	–	21,330	21,330
Impairment loss of trade and other receivables	–	48,926	48,926
Impairment loss of other assets	–	26,692	26,692
Impairment loss of inventories	–	52,680	52,680

Reconciliations of reportable segment revenue and profit or loss:

	2018	2017
	RMB'000	*RMB'000*
Revenue:		
Reportable segment revenue	**103,474**	192,717
Loss:		
Reportable segment loss	**(103,304)**	(144,267)
Elimination of inter-segment revenue	**–**	–
Reportable segment loss derived from the Group's external customers	**(103,304)**	(144,267)
Other revenue and other net income	**3,972**	5,702
Unallocated head office and corporate expenses	**(161,135)**	(188,679)
Consolidated loss for the year	**(260,467)**	(327,244)

7. FINANCE COSTS

	2018	2017
	RMB'000	*RMB'000*
Interest expenses on		
– Interests on bank loans	**6,575**	15,738
– Interests on debentures *(note 18)*	**65,258**	63,188
– Interests on promissory notes	**–**	17,063
– Interests on convertible bonds *(note 19)*	**58,404**	43,207
	130,237	139,196

8. INCOME TAX

	2018	2017
	RMB'000	*RMB'000*
Current tax:		
– Hong Kong Profits Tax for the year	**–**	–
– PRC Enterprise Income Tax for the year	**2,737**	4,098
– PRC Enterprise Income Tax under-provision in the prior year	**–**	105
	2,737	4,203

No provision for Hong Kong Profits Tax is required since the Group did not generate any assessable profit in Hong Kong during the year (2017: RMB 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.

At the end of the reporting period, the Group has unused tax losses of approximately RMB186,022,000 (2017: approximately RMB132,951,000) available for offset against future assessable profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

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

	2018	2017
	RMB'000	*RMB'000*
Loss before tax	**(257,730)**	(323,041)
Notional tax on loss before taxation, calculated at the rates applicable in the tax jurisdictions concerned	**(53,504)**	(70,531)
Tax effect of non-taxable income	**(319)**	(1,662)
Tax effect of non-deductible expenses	**44,741**	65,954
Under-provision in prior years	**–**	105
Tax effect of tax losses not recognised	**11,819**	10,337
Income tax for the year	**2,737**	4,203

9. LOSS FOR THE YEAR

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

	2018	2017
	RMB'000	*RMB'000*
Auditor's remuneration	**1,200**	1,218
Cost of inventories sold	**88,498**	184,998
Depreciation	**5,264**	5,534
Amortisation of prepaid land lease payments	**105**	105
Loss on disposal of property, plant and equipment	**39**	–
Minimum lease payments under operating leases in respect of office premises	**5,239**	8,003
Impairment loss of goodwill	**–**	21,330
Impairment loss of trade receivables	**32,429**	39,766
Impairment loss of property, plant and equipment	**5,807**	–
Impairment loss of trade prepayments	**52,163**	8,580
(Reversal of impairment)/impairment loss of other receivables	**(80)**	580
Impairment loss of inventories	**8,534**	52,680
Impairment loss of other assets	**–**	26,692
Loss on deregistration of a subsidiary	**13**	–
Loss on early redemption of promissory note	**–**	283
Gain on early redemption of debenture *(note 18)*	**(1,023)**	(4,035)
Loss on fair value changes on derivative financial instrument	**–**	2,824
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	**21,388**	17,544
Contributions to defined contribution retirement schemes	**82**	111

10. 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 RMB260,467,000 (2017: approximately RMB322,344,000) and the weighted average of 1,606,498,000 ordinary shares (2017: 1,606,498,000) in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2017 and 2018.

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	RMB'000	*RMB'000*
Non-current assets		
Investments		
– Agricultural cooperation project in Fujian	**40,000**	40,000

The amount represents an investment amount in relation to an agricultural cooperation agreement entered into between a subsidiary of the Company and a local partner who has an agricultural land of approximately 20,000 acre in Fujian. According to the cooperation agreement, the amount is mainly for expansion of agricultural infrastructure and development of green houses which are under construction and in healthy progress in align with the expectation of the Group.

12. OTHER ASSETS

The amount represented the money placed with a local capital investment and fund management company for investing into real-estate related projects and/or some other short-term financial products with good potential of profits growth/yield. During the year, the investment agreement is cancelled and the amount is refunded to the Group.

13. GOODWILL

	RMB'000
Cost	
At 31 December 2017 and 31 December 2018	96,931
Accumulated impairment losses	
At 1 January 2017	28,033
Impairment loss recognised	21,330
At 31 December 2017 and 1 January 2018	49,363
Impairment loss recognised	–
At 31 December 2018	49,363
Carrying amounts	
At 31 December 2018	47,568
At 31 December 2017	47,568

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 units as follows:

	2018	2017
	RMB'000	*RMB'000*
Operation of gas station	**47,568**	47,568

Impairment testing of goodwill

Gas station cash-generating unit

Goodwill is tested for impairment for this cash-generating unit by the management by estimating the recoverable amount of the cash-generating unit based on value in use calculations. The value in use calculation uses cash flow projections based on the financial budgets approved by the management covering a 5 year period. The performance of gas station during the year ended 31 December 2018 met with the forecast, hence no impairment loss has been recognised on gas station for the year ended 31 December 2018 as a result of the impairment test. 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 12.89%.

14. INVENTORIES

	2018	2017
	RMB'000	*RMB'000*
Raw materials	**16**	4,340
Work in progress	**296**	1,420
Finished goods	**4,966**	13,781
	5,278	19,541

15. TRADE AND OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**330,444**	388,078
Less: allowance for trade receivables	**(308,695)**	(276,266)
	21,749	111,812
Deposit, prepayments and other receivables	**138,432**	208,814
	160,181	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 RMB7,760,000 net of impairment provision of approximately RMB249,311,000 (2017: approximately RMB94,840,000 net of impairment provision of approximately RMB197,148,000); (ii) other loans receivable of approximately RMB114,129,000 (2017: approximately RMB96,506,000) to independent third parties with effective interest rate of 0% to 8% per annum; and (iii) other receivables amounting to approximately RMB16,543,000 net of impairment provision of approximately RMB81,053,000 (2017: approximately RMB17,468,000 net of impairment provision of approximately RMB81,053,000).

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

	2018	2017
	RMB'000	*RMB'000*
Within 90 days	**7,827**	26,211
91 days – 180 days	**7,143**	1,641
181 days – 360 days	**5,135**	9,972
Over 360 days	**1,644**	73,988
	21,749	111,812

Trade receivables and bills receivables are normally due within 90 to 180 days (2017: within 90 to 180 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.

16. TRADE AND OTHER PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**35,964**	39,748
Contract liabilities	**4,944**	9,051
Other payables and accruals	**65,764**	64,125
	106,672	112,924

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

	2018	2017
	RMB'000	*RMB'000*
Within 2 months	**5,002**	1,083
More than 2 months but within 3 months	**200**	616
More than 3 months but within 12 months	**21,462**	10,316
More than 12 months	**9,300**	27,733
	35,964	39,748

17. BORROWINGS

	2018	2017
	RMB'000	*RMB'000*
Analysed as:		
Bank loans – secured	**62,545**	82,751
Bank loans – unsecured	**9,106**	8,489
Other loans – secured	**14,641**	14,641
	86,292	105,881

At 31 December 2018 and 2017, all of the Group's banking facilities were subject to the fulfillment of certain covenants as are commonly found in lending arrangements with financial institutions. If the Group breached the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

At 31 December 2018, the borrowings with principal amount of approximately RMB77,415,000 (2017: approximately RMB102,385,000), together with accrued interests and penalties of approximately RMB8,877,000 (2017: approximately RMB3,496,000) were overdue by the Group. As a result, the Group is subjected to a penalty interest expense. In which, borrowings with principal amount of approximately RMB14,641,000 and RMB54,674,000 (2017: approximately RMB14,641,000 and RMB79,644,000) were secured by a charge over the Group's prepaid land lease payments and personal guarantee from a director, respectively.

The effective interest rates per annum at the end of the reporting period were as follows:

	2018	2017
Short-term borrowings:		
Variable-rate	**N/A**	N/A
Fixed-rate	**6.69% – 10.86%**	4.44% – 7.12%

18. DEBENTURES

(a) The debentures are repayable as follows:

	2018	2017
	RMB'000	*RMB'000*
As 1 January	**944,093**	895,181
Addition	**54,607**	122,013
Repayment	**(56,805)**	(51,461)
Gain on early redemption of debentures	**(1,023)**	(4,035)
Interests charge	**65,258**	63,188
Interests paid	**(19,782)**	(13,746)
Exchange difference	**53,429**	(67,047)
At 31 December	**1,039,777**	944,093
Current portion	**(76,773)**	(42,217)
Non-current portion	**963,004**	901,876

During the year ended 31 December 2018, the Group has repaid a total amount of approximately RMB56,805,000 (2017: approximately RMB51,461,000) which included an early redemption of debetures approximately RMB25,322,000 (2017: approximately RMB39,900,000), resulting in a gain on early redemption of debentures amounting to approximately RMB1,023,000 (2017: approximately RMB4,035,000).

As at the end of the reporting period, the debentures will principal amount of approximately RMB20,430,000 (2017: RMB Nil), together with accrued interests and penalties of approximately RMB90,000 (2017: RMB Nil) are matured and become repayable on demand.

(b) Significant terms and repayment schedule of debentures:

During the year ended 31 December 2018, the Group issued a number of HKD denominated debentures with an aggregate principal of approximately HK$68,900,000 (2017: approximately HK$1,361,497,000).

The debentures are unsecured, bearing interest rate at a range of 3.4%-10.5% per annum (2017: 3.4%-10.5% per annum), and repayable during the period from June 2018 to December 2028. The interest expenses are calculated using the effective interest method by applying the effective rates at a range of 3.4%-25.9%. The aging of the carrying amount of the debentures is analysed as follows:

	2018	2017
	RMB'000	*RMB'000*
Within one year	**76,773**	42,217
In the second year	**95,006**	47,641
In the third to fifth years, inclusive	**687,650**	392,550
After five years	**180,348**	461,685
	1,039,777	944,093

During the year ended 31 December 2018, interest expense totalling of approximately RMB19,782,000 (2017: approximately RMB13,746,000) were paid to debenture holders.

19. CONVERTIBLE BONDS

(a) Convertible Bonds CB-A and CB-B

On 21 November 2016, the Group issued CB-A and CB-B with a principal amount of HK$92,000,000 and HK$120,000,000, respectively. Both CB-A and CB-B have a maturity period of two years from the date of completion to 20 November 2018 and entitle the holders to convert the bonds into new ordinary shares of the Company at an initial conversion price of HK$0.4378 and HK$0.46805 per share, respectively, subject to adjustments as stipulated in the terms and conditions of the convertible bonds subscription agreement. The Group shall not redeem the convertible bonds at its option prior to the maturity date. Interest of 7.5% per annual on the principal amount of the convertible bonds will be paid half-yearly in arrears. The maturity redemption value shall be repaid as 127% of the principal amount and deduct the interest paid or payable in respect of the convertible bond. As at the end of the reporting period, the CB-A and CB-B are matured and become repayable on demand.

(b) Convertible Bonds CB-C

On 28 December 2016, the Group issued CB-C with a principal amount of HK$150,000,000. The CB-C has a maturity period of 22nd month from the date of completion and entitles the holders to convert the bonds into new ordinary shares of the Company at an initial conversion price of HK$0.48 per share, subject to adjustments in accordance with the terms and conditions of the convertible bonds subscription agreement. The Group shall not redeem the convertible bonds at its option prior to the maturity date. Interest of 7.5% per annual on the principal amount of the convertible bonds will be paid half-yearly in arrears. The maturity redemption value shall be repaid as 122% of the principal amount and deduct the interest paid or payable in respect of the convertible bond. As at the end of the reporting period, the CB-C are matured and become repayable on demand.

On 18 January 2019, the Company, a holder and the guarantors entered into the supplemental agreement in respect of the proposed amendments on certain terms and conditions of the CB-C in the principal amount of HK$100,000,000. For details, please refer to announcements of the Company dated 18 January 2019, 27 February 2019 and 15 March 2019.

The net proceeds received from the issue of the convertible bonds have been split between the liability element and an equity component, as follows:

	CB-A	**CB-B**	**CB-C**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	82,683	107,989	129,501	320,173
Interests charged	10,992	14,264	17,951	43,207
Interests paid	(5,985)	(7,805)	(9,758)	(23,548)
Exchange difference	(5,966)	(7,788)	(9,858)	(23,112)
At 31 December 2017 and 1 January 2018	81,724	106,660	128,336	316,720
Interests charged	13,891	17,951	26,562	58,404
Interest paid	(2,912)	(3,798)	–	(6,710)
Exchange difference	4,923	6,418	8,110	19,451
At 31 December 2018	97,626	127,231	163,008	387,865

The interest charged for the year is calculated by applying an effective interest rate of 12.51%-12.73% to the liability component for the 20-24 month period since the bonds were issued.

The convertible bonds with principal amount of approximately RMB351,203,000 (2017: RMB Nil), together with accrued interests and penalties of approximately RMB36,662,000 (2017: RMB Nil) have matured during the year ended 31 December 2018 and the Group is in negotiations on the extension of the convertible bonds with the bond holders.

20. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2018 (2017: RMB Nil).

AUDIT OPINION

The auditor of the Company will issue a modified opinion on the consolidated financial statements of the Group for the year ended 31 December 2018. An extract of the auditor's report is set out in the section headed "Extract of report of the auditor" below.

EXTRACT OF REPORT OF THE AUDITOR

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2018.

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Sino Energy International Holdings Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Material uncertainty related to going concern

As at 31 December 2018, there were conditions which indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

As disclosed in note 17 to the consolidated financial statements, the Group was in default on repayments of the borrowings with principal amount of approximately RMB77,415,000, together with accrued interests and penalties of approximately RMB8,877,000 as at 31 December 2018. In which, borrowings with principal amount of approximately RMB14,641,000 and RMB54,674,000 were secured by a charge over the Group's prepaid land lease payments and personal guarantee from a director, respectively.

As disclosed in note 18 to the consolidated financial statements, the Company was in default on repayments of several debentures with principal amount of approximately RMB20,430,000, together with accrued interests and penalties of approximately RMB90,000 as at 31 December 2018.

As disclosed in note 19 to the consolidated financial statements, the Company was in default on repayments of the convertible bonds with principal amount of approximately RMB351,203,000, together with accrued interests and penalties of approximately RMB36,662,000 as at 31 December 2018.

In addition to the default of the Group's borrowings, debentures and convertible bonds, we draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss attributable to owners of the Company of approximately RMB260,467,000 for the year ended 31 December 2018 and as at 31 December 2018 the Group had net liabilities of approximately RMB558,656,000. The consolidated 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 consolidated financial statements do not include any adjustments that would result from the failure to obtain the financial support. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements.

However, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity of the financial support from the controlling shareholder and major shareholders as described above. There are no other satisfactory audit procedures that we could adopt to determine whether the controlling shareholder has the financial ability to honour the financial support to the Group. We disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Emphasis of Matter – Winding Up Petition

We draw attention to the consolidated financial statements which describes the petition received by the Company from Lin Cangze in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) filed in the High Court of The Hong Kong Special Administrative Region (the "High Court") under Companies Winding-up Proceedings No. 43 of 2019 that the Company may be wound up by the High Court on the ground that the Company is insolvent and unable to pay its debt. The High Court subsequently ordered petition be withdrawn.

AUDIT COMMITTEE'S VIEW

The Group's consolidated financial statements for the year ended 31 December 2018 have been reviewed by the Audit Committee.

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 other business sectors.

Although the overall retail market in China has improved during the year, companies in the industry have had to face a transformed landscape arising from the integration of online and offline operations in their quest for innovation, which has resulted in more intense market competition. Moreover, cost pressures including the constant rise in rental expenses and staff costs have brought challenges to the operating environment. During the period, through careful examination and review of the Group's store network, gross profit rose by 94.0% for the year ended 31 December 2018 from the corresponding period in 2017.

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 by entering into the strategic cooperation agreement with Sino-Russian Grain Innovation and Innovation Center (Yingkou) Co., Ltd ("Grain Innovation") and China (Liaoning) Free Trade Zone, Yingkou Area Management Committee on 31 October 2018. The Board is optimistic for the prospects for grain industry. The strategic cooperation agreement enables the Group to obtain from Grain Innovation the supply of grain which the Group can trade for profit. Further, with strong support from the PRC government, the Board believes that the strategic cooperation agreement offers a good opportunity to the Group to diversify its business into grain business and 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 ANALYSIS

Revenue

The total revenue of the Group for the year ended 31 December 2018 was approximately RMB103.5 million, representing a decrease of 46.3% as compared to that of 2017. The decrease in revenue was mainly as a result of the decline of revenue of footwear apparel and related accessories business caused by the rapid development of online shopping, the consistent deterioration of the market conditions, and the continuous sluggish retail environment and the decline of revenue of operation of gas station caused by less demand of the gas consumption.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 December 2018 was approximately RMB15.0 million, as compared with the gross profit of approximately RMB7.7 million for the year ended 31 December 2017. The gross profit margin of the Group for the year ended 31 December 2018 was approximately 14.5% (2017: gross profit margin of approximately 4.0%).

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 RMB4.9 million, accounted for approximately 4.7% of revenue for the year ended 31 December 2018 (2017: approximately 2.2%). The distribution and selling expenses increased from approximately RMB4.2 million for the year ended 31 December 2017 to approximately RMB4.9 million for the year ended 31 December 2018, primarily as a result of more promotion and advertising work were done during the year.

Administrative Expenses

Administrative expenses decreased by approximately RMB59.0 million to approximately RMB143.7 million for the year ended 31 December 2018 from approximately RMB202.7 million for the year ended 31 December 2017, which was mainly attributable to no impairment loss of goodwill (2017: approximately RMB21.3 million) and no impairment loss of other assets (2017: approximately RMB26.7 million) during the year.

Other Income

The decrease in other income from approximately RMB15.3 million for the year ended 31 December 2017 to approximately RMB6.1 million for the year ended 31 December 2018 was mainly due to gain on early redemption of debenture decreased by approximately RMB3.0 million to approximately RMB1.0 million for the year ended 31 December 2018 (2017: approximately RMB4.0 million) and penalty income from early redeemed debenture decreased by approximately RMB5.6 million to approximately RMB0 million for the year ended 31 December 2018 (2017: approximately RMB5.6 million) for the year ended 31 December 2018.

Finance Costs

Finance costs represented interest expenses on interest-bearing short-term bank loans, debentures, promissory notes and convertible bonds. Interest expenses decreased by approximately 6.4% from approximately RMB139.2 million for the year ended 31 December 2017 to approximately RMB130.2 million for the year ended 31 December 2018, primarily due to decrease of interests on bank loans and no interests on promissory notes during the year.

Income Tax

Income tax recorded for the year ended 31 December 2018 mainly represented provision of PRC corporate income tax for approximately RMB2.7 million.

Loss for the Year

Loss for the year was approximately RMB260.5 million, as compared to a loss of approximately RMB327.2 million during the corresponding period in 2017.

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 2018, the Group had net current assets of approximately RMB167.5 million (31 December 2017: approximately RMB383.0 million), of which bank and cash balances and pledged deposits were approximately RMB596.2 million (2017: approximately 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 and convertible bonds) divided by total assets, increased from 107.5% as at 31 December 2017 to 140.0% as at 31 December 2018.

The Group primarily met its funding requirement by cash flows from operations and financing activities. During the year ended 31 December 2018, the net cash generated from operating activities and net cash used in financing activities were approximately RMB40.1 million (2017: operating activities of approximately RMB92.6 million) and approximately RMB65.0 million (2017: net cash used in financial activities of approximately RMB273.3 million) respectively. The total bank borrowings decreased to approximately RMB86.3 million (2017: approximately RMB105.9 million). The bank loans were repayable within one year. The Group's bank borrowings were denominated in RMB.

During the year ended 31 December 2018, the Group newly issued unlisted debentures of approximately RMB54.6 million (2017: approximately RMB122.0 million) and made a settlements of approximately RMB56.8 million (2017: approximately RMB51.5 million). As at 31 December 2018, the outstanding unlisted debentures amounted to approximately RMB1,039.8 million (31 December 2017: approximately RMB944.1 million). The debentures are repayable from June 2018 to December 2028.

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 year ended 31 December 2018.

CAPITAL STRUCTURE

During the year ended 31 December 2018, the Company did not issue new Shares. As at 31 December 2018, the total number of issued Shares was 1,606,498,422.

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 2018, the Group secured its bank loans and bills payables by a charge over land use rights with an aggregate carrying amount of approximately RMB1.1 million (2017: approximately RMB1.1 million), buildings with net book value of RMB Nil (2017: approximately RMB103.1 million).

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

There was no significant investment, material acquisitions and disposal of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2018.

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

As at 31 December 2018, the Group had no significant contingent liabilities (31 December 2017: RMB Nil).

EMPLOYEES AND EMOLUMENTS

As at 31 December 2018, the Group employed a total of 127 full-time employees in the PRC and Hong Kong, which included Directors, management staff, product designers, technicians, salespersons and workers. Remuneration for the entire full-time workforce amounted to approximately RMB21.5 million for the reporting year, which is equivalent to 20.8% 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 Group adopted the share option scheme on 4 September 2011 for the purpose of providing incentives to Directors and eligible employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

EVENTS AFTER THE REPORTING PERIOD

Issue of Convertible Bonds under general mandate

On 30 November 2018, the Company entered into the subscription agreement with China Russia Food Innovation & Entrepreneurship Center (YingKou) Co., Ltd.*（中俄糧食創新創業中心（營口）有限公司）(“China Russia Food Innovation”), an independent third party of the Company, pursuant to which the Company has conditionally agreed to issue, and China Russia Food Innovation has conditionally agreed to subscribe for the convertible bonds in the principal amount of HK$50,000,000. Based on the initial conversion price of HK$0.1563, a maximum number of 319,897,632 conversion shares shall be allotted and issued upon exercise in full of the conversion right. The general mandate to allot and issue of shares was granted to the Directors at the general meeting of the Company held on 28 June 2018.

On 28 February 2019, the Company and China Russia Food Innovation entered into a supplemental agreement to the subscription agreement to amend the conversion price, from HK$0.1563 to HK$0.26, which a maximum number of 192,307,692 conversion shares shall be allotted and issued upon exercise in full of the conversion rights.

For details of the Subscription, please refer to the announcements of the Company dated 30 November 2018, 2 January 2019, 31 January 2019 and 28 February 2019 respectively.

Joint Venture Agreement and Management Agreement

On 10 January 2019, the Company entered into a joint venture agreement (the “Joint Venture Agreement”) with Central and Easter Europe International Trading Co., Limited*（中東歐國際商貿有限公司）(“CEE International Trading”) and Shenyang Yulinglong Business Management Company Limited*（瀋陽玉玲瓏商業管理有限公司）(“Shenyang Yulinglong”), pursuant to which the parties agreed to establish a joint venture company named Northeast Asia Digital Economy Innovation Entrepreneurship Center (Shenyang) Co., Ltd*（東北亞數字經濟創新創業中心（瀋陽）有限公司）(the “Northeast Asia Digital”) to principally engage in property management in respect of a property located at Jiulong Harbour, Middle Street in Shenyang*（瀋陽中街九龍港）with an area of approximately 9,884 square metres (the “Property”). The Property will be used as the operating center for the Sino-Russian Grain Corridor*（中俄糧食走廊）project, which aims to introduce quality goods from Russia, Central and Eastern Europe and Northeast Asian countries and to become a display and sales platform in the mainland China for such quality goods from the above regions. Northeast Asia Digital will also aim to obtain the Jiulong Harbour Shopping Mall*（九龍港商城）tax-free store status*（免稅店資質）for the Property.

The registered capital of Northeast Asia Digital will be RMB10,000,000, which will be contributed as to 51% (equivalent to RMB5,100,000) in cash by the Company, as to 34.3% (equivalent to RMB3,430,000) in cash by CEE International Trading, and as to 14.7% (equivalent to RMB1,470,000) in cash by Shenyang Yulinglong. Northeast Asia Digital will be owned as to 51% by the Company, as to 34.3% by CEE International Trading and as to 14.7% by Shenyang Yulinglong.

Northeast Asia Digital will be recognised as a non-wholly owned subsidiary of the Company. As a result, the financial results, assets and liabilities of Northeast Asia Digital will be consolidated into the accounts of the Group.

On 10 January 2019, the Company entered into a management agreement (the "Management Agreement") with CEE International Trading and Shenyang Yulinglong for a term from the date of the Management Agreement to 31 December 2027, whereby Northeast Asia Digital will provide property management services (including property sales and rental operation), projects operation, advertising and planning services to Shenyang Yulinglong in respect of the Property.

Each of the Company, CEE International Trading and Shenyang Yulinglong shall bear the operating costs (including but not limited to property rental, utilities fee, advertising, salary and decoration fee) and shall be entitled to the income generated by the Property in proportion to their respective shareholding in Northeast Asia Digital.

Please refer to the announcement of the Company dated 10 January 2019 for details.

Amendments of the Terms and Conditions of the Convertible Bonds

On 18 January 2019, the Company, Central China International Investment Company Limited ("Central China"), Mr. Chen Jianbao and Ms. Song Lin entered into a supplemental agreement pursuant to which the Company agreed with Central China to amend certain terms and conditions of the convertible bonds issued on 28 December 2016. Please refer to the announcements of the Company dated 18 January 2019 for details.

Discloseable Transaction in relation to the Equity Transfer and Capital Contribution Agreement

On 20 February 2019, the Company, China Russia Food Innovation and China Russia Food Industry Fund (Yingkou) Co., Ltd.*（中俄糧食產業基金（營口）有限公司）(the "China Russia Food Industry") entered into an agreement (the "Equity Transfer and Capital Contribution Agreement"), pursuant to which (i) the Company (or its wholly-owned subsidiary) shall acquire 51% equity interest in China Russia Food Industry from China Russia Food Innovation at the consideration of RMB1 (the "Equity Acquisition"); and (ii) the Company shall inject RMB25,500,000 (equivalent to approximately HK$29,613,285.33) into China Russia Food Industry as paid-up capital, representing 51% of the registered capital of China Russia Food Industry (the "Capital Contribution"). Upon completion of the Equity Acquisition and the Capital Contribution, the Group will be interested in 51% equity interest in China Russia Food Industry. Please refer to the announcement of the Company dated 20 February 2019 for details.

Subscription of New Shares under general mandate

On 11 March 2019 (after trading hours), the Company entered into a subscription agreement with Chengdu Huasu Network Technology Service Co., Ltd.*（成都華速網絡技術服務有限公司）("Chengdu Huasu") pursuant to which Chengdu Huasu has conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, an aggregate of 77,335,826 subscription Shares at the subscription price of HK$0.2565 per subscription Share. Please refer to the announcements of the Company dated 11 March 2019 and 12 March 2019 for details.

Save as disclosed above, there were no significant events after the year ended 31 December 2018 up to the date of this announcement.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2018, the Company complied with all the code provisions of the Corporate Governance Code, except for the following deviation:

Code Provision E.1.2

The 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, was unable to attend the annual general meeting of the Company which was held on 28 June 2018 due to his other business engagement.

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 2018.

SCOPE OF WORK PERFORMED BY AUDITOR

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 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2018. 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 2018 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to risk management and internal control systems 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 2018.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend the Annual General Meeting, the register of members of the Company will be closed from 30 May 2019 to 5 June 2019 (both days inclusive), during which period no transfer of Shares can be registered. The holders of Shares whose names appear on the register of members of the Company on 5 June 2019 will be entitled to attend and vote at the Annual General Meeting. In order to qualify for attending the Annual General Meeting, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 29 May 2019.

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

This announcement is published on the websites of the Company and the Stock Exchange. The Company's annual report for the year ended 31 December 2018 in accordance with the relevant requirements of the Listing Rules will be dispatched to the Shareholders and published on the websites of the Company and the Stock Exchange 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 2018 or any adjournment thereof
"Audit Committee"	the audit committee of the Company
"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
"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, 28 March 2019

As at the date of this announcement, the executive Directors are Mr. Chen Jianbao, Ms. Cai Xiuman, Mr. Zhang Wenbin, Mr. Wang Qingshan and Mr. Zhu Tianxiang; and the independent non-executive Directors are Mr. Chen Jinzhong, Roy, Mr. Wang Xianzhang and Mr. Chai Chung Wai.

* *For identification purpose only*