Shineroad International Holdings Limited
欣融國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1587)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHT

- The Group's unaudited revenue for the six months ended 30 June 2018 was RMB243.1 million, representing an increase of 7.4% as compared to that of the unaudited revenue for the corresponding period in 2017 of RMB226.3 million.

- The unaudited gross profit of the Group for the six months ended 30 June 2018 was RMB46.6 million, representing an increase of 27.3% as compared to that of the unaudited gross profit for the corresponding period in 2017 of RMB36.6 million.

- The unaudited profit for the period and attributable to owners of the parent for the six months ended 30 June 2018 was RMB12.7 million, representing an increase of 7.7% as compared to that of the unaudited profit for the period and attributable to owners of the parent for the corresponding period in 2017 of RMB11.8 million.

- The unaudited basic and diluted earnings per share remained stable of RMB0.02 (30 June 2017: RMB0.02).

- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2018 (30 June 2017: Nil million).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shineroad International Holdings Limited (the "**Company**") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 (the "**Period**"), together with the comparative figures for the corresponding period in 2017 (the "**Previous Period**"). Unless otherwise specified, terms used herein shall have the same meanings as those defined in with the prospectus of the Company dated 14 June 2018 (the "**Prospectus**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	4	**243,108**	226,260
Cost of sales		**(196,539)**	(189,671)
Gross profit		**46,569**	36,589
Other income and gains, net	4	**3,055**	2,166
Selling and distribution expenses		**(11,032)**	(9,877)
Administrative expenses		**(18,010)**	(10,025)
Other expenses		**(432)**	(1,251)
Finance costs		**(807)**	(1,056)
PROFIT BEFORE TAX	5	**19,343**	16,546
Income tax expense	6	**(6,652)**	(4,677)
PROFIT FOR THE PERIOD		**12,691**	11,869
Attributable to:			
Owners of the parent		**12,691**	11,798
Non-controlling interests		**—**	71
		12,691	11,869

		Six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Earnings per share (EPS):	8		
— Basic and diluted, profit for the period attributable to ordinary equity holders of the parent *(RMB)*		**0.02**	0.02
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements into presentation currency		**1,012**	(1,213)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**1,012**	(1,213)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**13,703**	10,656
Attributable to:			
Owners of the parent		**13,703**	10,585
Non-controlling interests		**—**	71
		13,703	10,656

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 June 2018	31 December 2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9	**881**	717
Other intangible assets	10	**112**	—
Deferred tax assets		**242**	225
Total non-current assets		**1,235**	942
Current assets			
Inventories	11	**49,176**	37,906
Trade and bills receivables	12	**57,893**	85,633
Prepayments, deposits and other receivables		**6,895**	10,736
Pledged deposits	13	**25,059**	18,955
Cash and cash equivalents	13	**170,153**	88,690
Total current assets		**309,176**	241,920
Total assets		**310,411**	242,862
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables	12	**21,897**	38,394
Other payables and accruals		**10,547**	14,695
Amounts due to related parties	16	**4,299**	2,172
Interest-bearing bank loans and other borrowings	12	**5,000**	—
Tax payable		**3,574**	3,788
Total current liabilities		**45,317**	59,049
Net current assets		**263,859**	182,871
Total assets less current liabilities		**265,094**	183,813

		As at	
		30 June	31 December
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Audited)
Non-current liabilities			
Interest-bearing bank loans and other borrowings	12	**10,000**	40,000
Total non-current liabilities		**10,000**	40,000
Total liabilities		**55,317**	99,049
NET ASSETS		**255,094**	143,813
Equity			
Equity attributable to owners of the parent			
Share capital		**5,681**	—
Reserves		**249,413**	143,813
Equity attributable to owners of the Company		**255,094**	143,813
Total equity		**255,094**	143,813

NOTES TO THE CONDENSED COMBINED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated as an investment holding company under the laws of the Cayman Islands on 26 November 2015. The registered office of the Company is located at the offices of Appleby Trust (Cayman) Ltd., P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1109, Cayman Islands. The Group is principally engaged in the distribution of food ingredients and food additives.

The Company and its subsidiaries now comparing the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017 which has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2017, except as stated below.

The adoption of new standards and amendments and interpretation to standards

The Group has applied, for the first time, the following amendments to HKASs issued by HKICPA that are relevant for the preparation of the Group's interim condensed consolidated financial statements.

Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts With Customers
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The application of the above amendments to HKASs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in the Group's interim condensed consolidated financial statements and did not require retrospective adjustments.

3. OPERATING SEGMENT INFORMATION

The Group's principal business is the distribution of food ingredients and additives. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the distribution of food ingredients and additives.

Information about geographical area

Since all of the Group's revenue was generated from the distribution of food ingredients and additives in Mainland China and over 95% of the Group's identifiable non-current assets were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 Operating Segments.

Information about major customers

Revenue from continuing operations of RMB16,197,000 and RMB17,602,000 in the six months ended 30 June 2017 and 2018, respectively was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains, net is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
REVENUE		
Food ingredients	**135,733**	130,691
Food additives	**103,397**	91,639
Packaging materials	**3,978**	3,930
	243,108	226,260
Other income and gains, net		
Bank interest income	**502**	170
Government grants*	**1,946**	1,485
Others	**607**	511
	3,055	2,166

* There were no unfulfilled conditions and other contingencies attaching to government grants that had been recognised.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Six months ended 30 June	
		2018	2017
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
(a) Cost of sales:			
Cost of inventories sold		**196,539**	189,671
(b) Employee benefit expenses (excluding directors' and chief executive's remuneration):			
Wages and salaries		**8,859**	7,332
Pension scheme contributions		**2,751**	2,062
Other welfare		**177**	288
		11,787	9,682
(c) Other items:			
Depreciation	8	**250**	170
Amortisation of other intangible assets	9	**6**	96
Research and development costs:			
Current year expenditure		**1,199**	1,006
Minimum lease payments under operating leases		**2,052**	1,680
Auditor's remuneration		**1,027**	594
Transportation expenses		**2,315**	2,432
Travel expenses		**595**	695
Foreign exchange differences, net		**422**	1,241
Write-down of inventories to net realisable value		**86**	—
Bank interest income		**(502)**	(170)

6. INCOME TAX EXPENSE

The major components of income tax expense of the Group in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax in the PRC	**6,669**	4,677
Deferred income tax expense relating to origination and reversal of temporary differences	**(17)**	—
Total tax charge for the period	**6,652**	4,677

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Company and certain of its subsidiaries are not subject to any income tax in the Cayman Islands and BVI.

The provision for current income tax in the PRC is based on a statutory rate of 25% of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

The statutory tax rate for subsidiaries in Hong Kong is 16.5%. No Hong Kong profits tax on the Group's subsidiary has been provided as there is no assessable profit arising in Hong Kong during the Relevant Periods.

7. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

The dividends declared by the Company's subsidiaries to the then shareholders during the Relevant Periods before the Reorganisation are as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Dividends declared	**—**	59,013

8. EARNINGS PER SHARE

Basic earnings per share amount is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue for the six months ended 30 June 2018 and 2017. The Company has no potentially dilutive ordinary shares in issue for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the parent *(RMB'000)*	**12,691**	11,798
Shares		
Weighted average number of ordinary shares in issue	**513,756,906**	510,000,000
Earnings per share		
Basic and Diluted (RMB)	**0.02**	0.02

9. PROPERTY, PLANT AND EQUIPMENT

	Machinery	**Motor vehicles**	**Office equipment**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2017				
At 31 December 2016 and 1 January 2017:				
Cost	261	548	1,774	2,583
Accumulated depreciation	(199)	(524)	(1,280)	(2,003)
Net carrying amount	62	24	494	580
At 1 January 2017, net of accumulated depreciation	62	24	494	580
Additions	—	252	28	280
Depreciation provided during the period	(21)	(5)	(144)	(170)
At 30 June 2017, net of accumulated depreciation	41	271	378	690

	Machinery *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Total *RMB'000*
At 30 June 2017:				
Cost	261	720	1,802	2,783
Accumulated depreciation	(220)	(449)	(1,424)	(2,093)
Net carrying amount	41	271	378	690
Six months ended 30 June 2018				
At 31 December 2017 and 1 January 2018:				
Cost	**264**	**720**	**2,044**	**3,028**
Accumulated depreciation	**(247)**	**(481)**	**(1,581)**	**(2,311)**
Net carrying amount	**17**	**239**	**461**	**717**
At 1 January 2018, net of accumulated depreciation	**17**	**239**	**461**	**717**
Additions	**36**	**—**	**378**	**414**
Depreciation provided during the period	**(15)**	**(32)**	**(203)**	**(250)**
At 30 June 2018, net of accumulated depreciation	**38**	**207**	**636**	**881**
At 30 June 2018:				
Cost	**300**	**720**	**2,422**	**3,442**
Accumulated depreciation	**(262)**	**(513)**	**(1,786)**	**(2,561)**
Net carrying amount	**38**	**207**	**636**	**881**

10. OTHER INTANGIBLE ASSETS

	Software *RMB'000* (Unaudited)
Six months ended 30 June 2017	
Cost at 1 January 2017, net of accumulated amortisation	81
Additions during the period	15
Amortisation provided during the period	(96)
At 30 June 2017	—
At 30 June 2017	
Cost	111
Accumulated amortisation	(111)
Net carrying amount	—

	Software ***RMB'000*** **(Unaudited)**
Six months ended 30 June 2018	
Cost at 1 January 2018, net of accumulated amortisation	**—**
Additions during the period	**118**
Amortisation provided during the period	**(6)**
At 30 June 2018	**112**
At 30 June 2018:	
Cost	**118**
Accumulated amortisation	**(6)**
Net carrying amount	**112**

11. INVENTORIES

	As at	
	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Food ingredients	**27,122**	19,894
Food additives	**21,910**	17,950
Packaging materials	**230**	62
	49,262	37,906
Provision for inventories	**(86)**	—
	49,176	37,906

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	As at	
	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Debt instruments at amortised cost:		
Trade and bills receivables	**57,893**	85,633
Financial liabilities at amortised cost:		
Trade payables	**21,897**	38,394
Interest-bearing bank loans and other borrowings	**15,000**	40,000
Total	**36,897**	78,394

An ageing analysis of the trade and bills receivables as at 30 June 2018, based on the invoice date and net of provisions, is as follows:

	As at	
	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**49,598**	83,324
3 to 6 months	**8,243**	2,059
Over 6 months	**52**	250
	57,893	85,633

An ageing analysis of the trade payables as at 30 June 2018, based on the invoice date, is as follows:

	As at	
	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**21,705**	38,209
3 to 6 months	**7**	7
6 to 12 months	**7**	3
Over 1 year	**178**	175
	21,897	38,394

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

GROUP

	As at	
	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances	**195,212**	107,645
Less: Pledged time deposits:		
Pledged for letters of credit	**(25,059)**	(18,955)
Cash and cash equivalents	**170,153**	88,690

At 31 December 2017 and 30 June 2018, the cash and bank balances of the Group denominated in RMB amounted to RMB86,278,000 and RMB95,206,149, respectively.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

14. SHARE CAPITAL

	As at 31 December 2017 *RMB'000* (Audited)
Authorised:	
38,000,000 shares of HK$0.01 each	318
Issued:	
2,000 shares of HK$0.01 each	—
Fully paid:	
2,000 shares of HK$0.01 each	—

	Six months ended 30 June 2018 ***RMB'000*** **(Unaudited)**
Authorised:	
2,000,000,000 shares of HK$0.01 each	**16,708**
Issued:	
680,000,000 shares of HK$0.01 each	**5,681**
Fully paid:	
680,000,000 shares of HK$0.01 each	**5,681**

A summary of movements in the Company's share capital is as follows:

	Number of shares (Unaudited)	**Share capital** *RMB* (Unaudited)
At 31 December 2017 and 1 January 2018	2,000	18
Issue of new shares	170,000,000	1,420,180
Capitalisation of share premium into ordinary shares	509,998,000	4,260,523
At 30 June 2018	680,000,000	5,680,721

15. COMMITMENTS

a) Capital commitments

At 30 June 2018, the Group did not have any significant capital commitments.

b) Operating lease arrangements

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to four years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at	
	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year	**3,062**	2,684
In the second to fifth years, inclusive	**4,271**	4,227
	7,333	6,911

16. RELATED PARTY DISCLOSURE

a) Related party transactions and balances

The following table provides the total amount of transactions that have been entered into with related parties during the six months 30 June 2018 and 2017, as well as balances with related parties as at 30 June 2018 and 31 December 2017:

		Sales to related parties	**Purchases from related parties**	**Rental Expenses**	**Amounts owed to related parties**
Entity controlled by the controlling shareholder	2018	4,242	11,188	84	4,299
	2017	2,833	7,927	88	2,172
Mr. Huang Haixiao	2018	—	—	315	—
	2017	—	—	320	—

b) Key management personnel

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other emoluments:		
Salaries, allowances and benefits in kind	**1,310**	513
Pension scheme contributions	**168**	94
	1,478	607

There were no arrangements under which a director or the chief executive waived or agreed to waive any remuneration during the six months ended 30 June 2017 and 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is a distributor in the food ingredients and additives distribution industry with a focus on supplying food ingredients and food additives to food manufacturers in the PRC.

The shares ("**Shares**") of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 27 June 2018 (the "**Listing Date**") when 170,000,000 ordinary Shares of the Company (comprising a public offer of 68,000,000 Shares and a placing of 102,000,000 Shares) have been offered for subscription and for sale at an offer price of HK$0.75 per Share (the "**Listing**").

Currently, the Group will continue to engage in the food ingredients and additives distribution industry.

Outlook and prospects

Further regulatory reform is expected in the PRC and the geopolitical and economic climate around the world will remain uncertain and challenge in the immediate future. The Group's long-term profitability and business growth may be affected by the volatility and uncertainty of macroeconomic conditions of the PRC. In spite of the uncertainties, the Group and the Directors shall continue to strive and achieve the business objectives as stated in the Prospectus. We believe that the Group can have opportunities during challenging times, and remains cautiously optimistic towards the business performance for the following year.

The Group will continue to put more efforts on enhancing our research and development capabilities in providing value-added service to our customers. The Group believes that our sensitivity to market trends and developments and prompt responses to rapidly changing consumer preference are critical to our success in the food ingredients and additives distribution industry.

FINANCIAL REVIEW

Revenue

Revenue of the Group represents the net invoiced value of goods sold, after allowances for returns and trade discounts. The Group derives its revenue mainly from the distribution of food ingredients, food additives and packaging materials in the PRC. The Group's revenue for the Period was RMB243.1 million, representing an increase of 7.4% as compared with that of RMB226.3 million for the Previous Period. The increase in revenue is due to growth in demand from our existing customers and new customers as compared to the Previous Period.

An analysis of revenue, net is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
REVENUE		
Food ingredients	**135,733**	130,691
Food additives	**103,397**	91,639
Packaging materials	**3,978**	3,930
	243,108	226,260

Cost of sales

The Group's cost of sales solely represented cost of goods sold, which mainly represented the cost of food ingredients and food additives purchased from suppliers. The Group's cost of sales for the Period was RMB196.5 million, representing an increase of 3.6% as compared with that of RMB189.7 million for the Previous Period. The increase in cost of sales is generally in line with the increase in revenue.

Gross profit and gross profit margin

Gross profit of the Group for the Period rose by RMB10.0 million to RMB46.7 million (Previous Period: RMB36.6 million), and the gross profit margin increased to 19.2% for the Period (Previous Period: 16.2%). The increase in the gross profit margin was mainly due to the increase in revenue from food additives that have a relatively high gross profit margin.

Other income and gains

Other income and gains primarily consist of bank interest income, government grants, services fee income and others. Other income increased by RMB0.9 million or 41.0% from RMB2.2 million for the Previous Period to RMB3.1 million for the Period primarily due to the increase from government grants.

An analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income and gains, net		
Bank interest income	**502**	170
Government grants*	**1,946**	1,485
Others	**607**	511
	3,055	2,166

* There were no unfulfilled conditions and other contingencies attaching to government grants that had been recognised.

Selling and distribution expenses

Selling and distribution expenses primarily consist of staff salaries and benefits, transportation expenses, travelling expenses, rent and rates and others. The selling and distribution expenses increased by RMB1.2 million, a 11.7% increase to RMB11.0 million for the Period from RMB9.9 million for the Previous Period. The increase was mainly attributed to the increase from staff salaries and benefits.

Administrative expenses

Administrative expenses primarily consist of depreciation, entertainment, listing expense, rent and rates, research and development, staff salaries and benefits and others. The administrative expenses increased by RMB8.0 million, an 79.7% increase to RMB18.0 million for the Period from RMB10.0 million for the Previous Period. The increase was mainly attributed to the listing expenses incurred in the Listing of the Shares of the Company.

Finance costs

The finance costs represented interests on other loans. Finance costs decreased by RMB0.3 million to RMB0.8 million for the Period from RMB1.1 million for the Previous Period. The decrease was mainly due to the decrease in principal amount of other loans during the Period.

Income tax expenses

The Group's income tax expenses increased by RMB2.0 million from RMB4.7 million for the Previous Period to RMB6.7 million for the Period. The increase was primarily due to the increase in gross profit and the non-deductible listing expenses according to PRC Corporate Income Tax Law.

The major components of income tax expense of the Group in the interim condensed consolidated statement of profit or loss are:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax in the PRC	**6,669**	4,677
Deferred income tax expense relating to origination and reversal of temporary differences	**(17)**	—
Total tax charge for the period	**6,652**	4,677

Profit for the Period

As a result of the foregoing, the profit for the period increased by RMB0.8 million, or 6.9%, from RMB11.7 million for the Previous Period to RMB12.7 million for the Period. The Group remains in a healthy and sound liquidity position during the six months ended 30 June 2018.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2018.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group did not have any significant capital commitments.

CAPITAL STRUCTURE

The Shares were listed on the Main Board of the Stock Exchange on 27 June 2018. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises RMB255.1 million.

USE OF PROCEEDS

The Company successfully listed its Shares on the Main Board of the Stock Exchange on 27 June 2018 and issued a total of 170,000,000 Shares by way of share offer at the offer price of HK$0.75 on Listing. The net proceeds from the share offer in association with the Listing amounted to HK$93.7 million (equivalent to RMB78.3 million).

As of the date of this announcement, the Directors are not aware of material change to the planned use of the proceeds from the plan as stated in the Prospectus.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group's receivable turnover days as at 30 June 2018 decreased to 53 days as compared to 55 days as at 31 December 2017, mainly due to improvement of credit control.

The Group's cash and cash equivalents balances as at 30 June 2018 amounted to RMB170.2 million, representing an increase of RMB81.5 million as compared to RMB88.7 million as at 31 December 2017, which was attributable to the proceeds from the Listing.

As at 30 June 2018, the Group's indebtedness comprised bank borrowings of RMB15.0 million and amount due to related companies of RMB4.3 million. The Group's bank loans were in the amount of RMB40.0 million as at 31 December 2017. None of the indebtedness was secured at 30 June 2018 and 31 December 2017.

As at 30 June 2018, the gearing ratio, calculated as debt divided by total equity plus debt, was 5.9%, as compared with 27.8% as at 31 December 2017. Debt includes interest-bearing loan and other borrowings. Total equity includes equity attributable to owners of the parent and non-controlling interests.

The Group's equity balance increased to RMB255.1 million as at 30 June 2018 from that of RMB143.8 million as at 31 December 2017, which was attributable to the proceeds from the Listing.

The Group has certain bank balances denominated in US$ other than the functional currency of respective group entities as at 30 June 2018, which expose the Group to foreign currency risk. The Group manages the risk by closely monitoring the movement of the foreign currency rate.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2018, there were no charges on the Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 143 employees as at 30 June 2018. Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee.

The Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate. The local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group.

EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period up to the date of the approval of the unaudited interim condensed consolidated financial statements.

SHARE OPTION SCHEME

On 31 May 2018, the then shareholders of the Company approved and conditionally adopted a share option scheme (the "**Share Option Scheme**") to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. The principal terms of the Share Option Scheme were summarized in the section headed "Share Option Scheme" in Appendix IV to the Prospectus. No option has been granted up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Listing Date and up to 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Since the Listing Date and up to 30 June 2018, the Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standard as set out in the Model Code since the Listing Date and up to 30 June 2018.

DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend payment of any dividend in respect of the Period.

AUDIT COMMITTEE

The audit committee of the Company, comprising three independent non-executive Directors, namely Mr. Tan Wee Seng, Mr. Chan Ka Kit and Mr. Meng Yuecheng, has reviewed with the management the interim results for the six months ended 30 June 2018, accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited interim financial information.

The audit committee considered that the interim results had complied with all applicable accounting standard and the Listing Rules. The audit committee has also reviewed this announcement.

PUBLICATION OF THE DETAILED INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at ***www.hkexnews.hk*** and the Company's website at ***www.shineroad.com***. The 2018 interim report of the Company containing all the information required by the Listing Rules will be dispatched to its shareholders and published on the above websites in due course.

By order of the Board
Shineroad International Holdings Limited
Huang Haixiao
Chairman

Hong Kong, 23 August 2018

As at the date of this announcement, the executive Directors are Mr. Huang Haixiao and Mr. Li Junkui; the non-executive Director is Ms. Huang Xin Rong; and the independent non-executive Directors are Mr. Tan Wee Seng, Mr. Chan Ka Kit and Mr. Meng Yuecheng.