Sino Energy International Holdings Group Limited
中能國際控股集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1096)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

HIGHLIGHTS OF THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

- Revenue decreased by approximately 47% from approximately RMB47.8 million for the six months ended 30 June 2019 to approximately RMB25.3 million for the six months ended 30 June 2020
- Gross profit of approximately RMB4.3 million for the six months ended 30 June 2020 as compared to gross profit of approximately RMB8.1 million for the six months ended 30 June 2019, while gross profit margin remained stable at approximately 16.9%
- Loss attributable to owners of the Company increased by approximately 49.3% from approximately RMB188.8 million for the six months ended 30 June 2019 to approximately RMB95.9 million for the six months ended 30 June 2020.
- Basic and diluted loss per Share increased from RMB11 cents per Share for the six months ended 30 June 2019 to RMB5 cents per Share for the six months ended 30 June 2020

The Board hereby announces the unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2020 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2020, together with the comparative figures for the six months ended 30 June 2019 and as at 31 December 2019, respectively.

The interim results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2020 but are extracted from that interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 RMB'000 (Unaudited)	Six months ended 30 June 2019 RMB'000 (Unaudited)
Revenue	6	**25,326**	47,806
Cost of sales		**(21,055)**	(39,741)
Gross profit		**4,271**	8,065
Other gains or losses, net		**83**	1,833
Distribution and selling expenses		**(1,500)**	(2,438)
Administrative expenses		**(6,377)**	(114,582)
Loss from operation		**(3,523)**	(107,122)
Finance costs	7	**(92,305)**	(80,429)
Loss before tax		**(95,828)**	(187,551)
Income tax	8	**(56)**	(1,273)
Loss for the period	9	**(95,884)**	(188,824)
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**37,899**	(635)
Total comprehensive loss for the period		**(57,985)**	(189,459)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(95,884)**	(188,824)
Non-controlling interests		**–**	–
		(95,884)	(188,824)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(57,985)**	(189,459)
Non-controlling interests		**–**	–
		(57,985)	(189,459)
Loss per share			
Basic and diluted *(RMB)*	*11*	**(0.05)**	(0.11)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020
(Expressed in RMB)

	Notes	**As at 30 June 2020 RMB'000 (Unaudited)**	As at 31 December 2019 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*12*	**5,243**	4,304
Right-of-use assets		**470**	481
Prepayment		**44,124**	43,421
Goodwill		**23,300**	23,300
		73,137	71,506
Current assets			
Inventories		**217**	73
Trade and other receivables	*13*	**41,385**	44,082
Amount due from a director		**35,440**	38,437
Bank and cash balances		**45,984**	45,578
		123,026	128,206
Current liabilities			
Trade and other payables	*14*	**43,835**	46,205
Tax payables		**324**	554
Lease liabilities		**232**	240
Borrowings		**20,894**	18,227
Debentures		**203,240**	162,849
Convertible bonds		**550,232**	533,422
		818,757	761,497
Net current liabilities		**(695,731)**	(633,291)
Total assets less current liabilities		**(622,594)**	(561,785)

	Notes	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		**221**	231
Debentures		**836,982**	839,796
		837,203	840,027
NET LIABILITIES		**(1,459,797)**	(1,401,812)
Capital and reserves			
Share capital		**158,995**	158,995
Reserves		**(1,618,792)**	(1,560,807)
Equity attributable to owners of the Company		**(1,459,797)**	(1,401,812)
Non-controlling interests		**–**	–
TOTAL DEFICIT		**(1,459,797)**	(1,401,812)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL INFORMATION

Sino Energy International Holdings Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office and principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Suite, 2703, 27/F., Shui On Centre, Nos 6-8 Harbour Road, Wanchai, Hong Kong, respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. During the period, the Company and its subsidiaries (collectively the "Group") were principally engaged in manufacturing and sale of casual footwear, apparel and related accessories and operating gas stations in the People's Republic of China (the "PRC").

2. DISCONSOLATION OF SUBSIDIARIES OF THE GROUP

At the adjourned hearing of the Winding-up Petition on 27 May 2020, the Quanzhou Intermediate People's Court in People's Republic of China ordered among other things that the Company's wholly-owned subsidiary, Fujian Jinmaiwang Shoes and Garments Products Co., Ltd ("FJSGP"), be wound up and designated Fujian Shangmin Law Firm* as the bankruptcy administrator of FJSGP (the "Bankruptcy Administrator").

The books and records of FJSGP Group were kept and maintained by the Bankruptcy Manager, which were not made available to the Group's management after 27 May 2020. The directors of the Company has been unable to access the books and records of the FJSGP Group. The Company had the management account of each company within FJSGP Group for the year ended 31 December 2019 and 2020 only but unable to obtain and access the books and records of the FJSGP Group.

On 18 May 2018, the Intermediate People's Court of Xuzhou City, Jiangsu Province (the "Jiangsu Province Court") accepted the filing of statements of claim (the "Statement of Claim") by China Huarong Asset Management Co., Ltd. ("Huarong Asset Management") against the Company and two indirect wholly-owned subsidiaries of the Company, namely, Fujian Jinmaiwang and Jiangsu Active for breach of loan agreements due to default in repayments of loans (the "Loans") (collectively, the "Legal Proceedings").

On 25 May 2018, the Company received the enforcement notice from the Jiangsu Province Court in relation the compulsory enforcement action against above claims. According to the enforcement notice, the Jiangsu Province Court ordered that (i) the bank deposits of the Company, FJSGP, Jiangsu Active and directors of the companies in the amount of RMB17,500,000 be frozen and appropriated; (ii) in the case of insufficient funds in these bank accounts, the assets of the Company, FJSGP and Jiangsu Active be sealed up. distrained, auctioned or sold.

As the Company, FJSGP and Jiangsu Active failed to comply with its repayment obligations such enforcement notices, on 18 October 2018, the Jiangsu Province Court sealed up the properties and right-of-use assets of Jiangsu Active. On 2 November 2018, the Jiangsu Province Court confirmed that Jiangsu Active has no other assets other than the sealed up properties and right-of-use assets. On 25 February 2019 and 30 June 2019, the properties and right-of-use assets had been put for action on Taobao auction with a reserve price of RMB27,450,000. As the properties and right-of-use assets had not been successfully bid, and the method of expiating debts in kind was not adopted by Huarong Asset Management, the properties and right-of-use assets were returned to Jiangsu Active by the court on 25 October 2019 and Huarong Asset Management is entitled to any assets of Jiangsu Active, if those assets were recognised.

As Jiangsu Province Court sealed-up properties and right-of-use assets during 2018 and 2019, all staff of Jiangsu Active resigned and had Jiangsu Active ceased operation since then. The Company had requested Mr. Zhang Wenbin ("Mr. Zhang"), the legal representative of Jiangsu Active and a former executive director of the Company who resigned on 8 April 2022, to submit the books and records of Jiangsu Active to the Company. However, despite repeated requests by the Company, Mr. Zhang submitted the management account of Jiangsu Active for the year ended 31 December 2019 and 2020 only but the relevant supporting documents and the company seal could not be provided.

The management further considered the influence of Mr. Zhang and Ms. Cai over the subsidiaries incorporated in Fujian Provence. The directors of the Company decided to deconsolidate Luotuo (Quanzhou) Shoes and Garments Co., Ltd. ("Luotuo (Quanzhou)"), a company of which Mr. Zhang was a director and Ms. Cai was the duty chairman, and Quanzhou Jialong Shoes Industry Co., Ltd. ("Quanzhou Jialong"), a company of which Ms. Zhang Pingping, a daughter of Mr. Zhang and Ms. Cai, is the legal representative and the sole director.

The directors of the Company considered Luotuo (Quanzhou) and Quanzhou Jialong were highly relied on the financial support by Mr. Zhang. The Company obtained the management account of Luotuo (Quanzhou) and Quanzhou Jialong for the year ended 31 December 2019 and 2020 only but the relevant supporting documents could not be provided.

The directors of the Company were unable to obtain complete set of books and records together with the supporting documents of FJSGP Group, Jiangsu Active, Luotuo (Quanzhou) and Quanzhou Jialong (collectively referred to as the "Deconsolidated Subsidiaries"). The directors of the Company considered that the Group had lost control over the Deconsolidated Subsidiaries and in the absence of complete set of books and records, the Deconsolidated Subsidiaries had been deconsolidated from the consolidated financial statements of the Group as from 1 January 2019.

The comparative figures of the unaudited condensed consolidated results have not been restated and the previous results of the Group for the period from 1 January 2019 to 30 June 2019 were included in the comparative figures, based on the books and records maintained by the deconsolidated subsidiaries at that time.

3. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately RMB95.9 million for the six months ended 30 June 2020 and as at 30 June 2020, the Group had net current liabilities and net liabilities of approximately RMB695.7 million and approximately RMB1,459.8 million, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

4. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

These condensed financial statements should be read in conjunction with the 2019 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

5. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. IFRSs comprise International Financial Reporting Standards; International Accounting Standards and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior periods.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

6. REVENUE AND SEGMENT INFORMATION

(a) Segment results

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group manages its businesses by its operating subsidiaries in the PRC including (i) the manufacturing and sales of casual footwear, apparel and related accessories; and (ii) operating of gas stations in the PRC.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Operation of gas stations	Manufacturing and sale of casual footwear, apparel and related accessories and others	Total
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2020 (Unaudited):			
Reportable segment revenue from the external customers	**25,326**	**–**	**25,326**
Reportable segment profit	**201**	**–**	**201**
Six months ended 30 June 2019 (Unaudited):			
Reportable segment revenue from the external customers	43,501	4,305	47,806
Reportable segment profit/(loss)	3,412	(20,223)	(16,811)

(b) Reconciliations of reportable segment and profit or loss

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit or loss		
Reportable segment profit/(loss)	**201**	(16,811)
Unallocated other gains or losses, net	**57**	462
Unallocated head office and corporate expenses	**(96,142)**	(172,475)
Consolidated loss after taxation	**(95,884)**	(188,824)

Disaggregation of revenue from contracts with customers:

	For the six months ended 30 June 2020		
Segments	**Operation of gas stations**	**Manufacturing and sale of casual footwear, apparel and related accessories and others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Geographical markets			
PRC	**25,326**	**–**	**25,326**
Major products/services			
Shoes	**–**	**–**	**–**
Gas	**25,326**	**–**	**25,326**
Total	**25,326**	**–**	**25,326**
Timing of revenue recognition			
At a point in time	**25,326**	**–**	**25,326**

Segments	Operation of gas stations	Manufacturing and sale of casual footwear, apparel and related accessories and others	Total
	For the six months ended 30 June 2019		
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Geographical markets			
PRC	43,501	4,305	47,806
Major products/services			
Shoes	–	4,305	4,305
Gas	43,501	–	43,501
Total	43,501	4,305	47,806
Timing of revenue recognition			
At a point in time	43,501	4,305	47,806

7. FINANCE COSTS

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on borrowings	**2,376**	3,534
Interest on debentures	**33,798**	28,172
Interest on convertible bonds	**56,131**	48,723
	92,305	80,429

8. INCOME TAX

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax for the period	**56**	1,273

No provision for Hong Kong Profits Tax is required since the Group did not generate any assessable profit arising in Hong Kong during for the period (2019: 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.

9. LOSS FOR THE PERIOD

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**21,055**	39,741
Depreciation of property, plant and equipment	**369**	1,865
Depreciation of right-of-use assets	**10**	52
Minimum lease payments under operating leases in respect of office premises	**1,273**	339
Reversal of impairment of other receivables	**–**	(1,371)
Loss on fair value changes on modification of debentures	**–**	89,332
Directors' emoluments	**867**	897
Staff costs (including directors' remuneration):		
Salaries, bonuses and allowances	**1,100**	8,472
Retirement benefits scheme contributions	**16**	18

10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately RMB95,884,000 (2019: approximately RMB188,824,000) and the weighted average of 1,926,834,000 ordinary shares (2019: 1,704,942,000) in issue during the period.

(b) Diluted loss per share

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

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, there is addition in property, plant and equipment of approximately RMB1,213,000 (2019: Nil).

13. TRADE AND OTHER RECEIVABLES

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**4,035**	7,806
Less: allowance for trade receivables	**(435)**	(435)
	3,600	7,371
Loan receivables	**46,700**	46,700
Deposits and other receivables	**21,101**	20,027
Less: allowance for credit loss	**(30,016)**	(30,016)
	41,385	44,082

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

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

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**3,600**	7,371
91 – 180 days	**–**	–
181 – 360 days	**–**	–
Over 360 days	**–**	–
	3,600	7,371

14. TRADE AND OTHER PAYABLES

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**1,726**	1,115
Contract liabilities	**141**	195
Provisions for legal claims	**22,717**	22,717
Other payables and accruals	**19,251**	22,178
	43,835	46,205

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

	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 2 months	**1,726**	1,115
More than 2 months but within 3 months	**–**	–
More than 3 months but within 12 months	**–**	–
More than 12 months	**–**	–
	1,726	1,115

INTERIM DIVIDEND

The Board resolved that no interim dividend would be declared in respect of the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Business Review

During the review period, the Group has continued to implement its strategic transformation plan; actively seeking opportunities to expand its revenue sources, as well as boost its overall long-term profitability by seizing business opportunities in the energy business.

The retail market in China has suffered the impact of trade war between United States and China during the first half of 2020. During the period, through careful examination and review of the Group's store network, gross profit decreased by approximately 47% for the six months ended 30 June 2020 as compared to gross profit for the corresponding period in 2019.

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 REVIEW

Revenue

Revenue of the Group for the six months ended 30 June 2020 was approximately RMB25.3 million, representing a decrease of approximately 47% as compared to that of the corresponding period in 2019. It was mainly due to the decline of revenue of gas station operation caused by the economic downturn and preference switch from traditional vehicles to electric vehicles.

Gross profit and gross profit margin

The gross profit of the Group for the six months ended 30 June 2020 was approximately RMB4.3 million, as compared with the gross profit of approximately RMB8.1 million in same period of 2019. The gross profit margin of the Group for the six months ended 30 June 2020 was approximately 16.9% (six months ended 30 June 2019: gross profit margin of approximately 16.9%). The gross profit margin remained stable throughout the periods.

Other gains or losses, net

The decrease in other gains or losses, net from approximately RMB1.8 million for the six months ended 30 June 2019 to approximately RMB0.1 million for six months ended 30 June 2020 was mainly due to the reversal of impairment of other receivables of approximately RMB1.4 million for the six months ended 30 June 2019 while no such items in the corresponding period in 2019.

Distribution and selling expenses

The Group's distribution and selling expenses primarily consisted of advertising and promotional expenses, royalties for licensed brands, salaries for the sales and marketing staff, and other costs related to sales and distribution. Distribution and selling expenses was approximately RMB1.5 million, accounted for approximately 5.9% of revenue during the six months ended 30 June 2020 (six months ended 30 June 2019: approximately 5.1%). The distribution and selling expenses decreased from approximately RMB2.4 million for the six months ended 30 June 2019 to approximately RMB1.5 million for the six months ended 30 June 2020, which is due to the tighten cost control.

Administrative expenses

Administrative expenses decreased by approximately 94.4% to approximately RMB6.4 million for the six months ended 30 June 2020 from approximately RMB114.6 million for the six months ended 30 June 2019, which is mainly due to deconsolidation of subsidiaries.

Finance costs

Finance costs increased by approximately 14.8% to approximately RMB92.3 million for the six months ended 30 June 2020 from approximately RMB80.4 million for the six months ended 30 June 2019, primarily due to the increase of convertible bonds interest incurred during the period.

Effective tax rate

As the Group incurred loss for six months ended 30 June 2020, the tax charge is mainly due to under provision of income tax from one of the subsidiaries.

Loss attributable to owners of the Company

The loss attributable to owners of the Company of approximately RMB95.9 million for six months ended 30 June 2020 decreased by approximately 49.2%, as compared with the loss attributable to owners of the Company of approximately RMB188.8 million for six months ended 30 June 2019, was primarily due to the deconsolidation of loss-making subsidiaries.

LIQUIDITY AND FINANCIAL RESOURCES

In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in RMB. As at 30 June 2020, the Group had bank and cash balances were approximately RMB46.0 million (as at 31 December 2019: approximately RMB45.6 million). The Group has always been pursuing a prudent treasury management policy and is in a strong liquidity position. The gearing ratio, calculated as total borrowings (including borrowings, debentures and convertible bonds) divided by total assets, increased from approximately 154% as at 30 June 2019 to approximately 821% as at 30 June 2020.

The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2020.

CAPITAL STRUCTURE

As at 30 June 2020, the total number of issued Shares was 1,926,834,248 (31 December 2019: 1,926,834,248).

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

Save as disclosed herein, there were no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the six months ended 30 June 2020.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC with most of the transactions settled in RMB. Part of the Group's cash and bank deposits, bank loans and debentures are denominated in HK$ and United States Dollars.

During the six months ended 30 June 2020, the Group did not hedge any foreign exchange exposure against foreign currency risk. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

CHARGE ON ASSETS

As at 30 June 2020, the Group had pledged its land use rights for the purpose of securing bank loans.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

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

CONTINGENT LIABILITIES

There were no significant contingent liabilities for the Group as at 30 June 2020.

HUMAN RESOURCES

As at 30 June 2020, the Group employed 33 employees (as at 30 June 2019: 147 employees) with total staff costs of approximately RMB1.1 million incurred for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately RMB8.5 million). The Group offered competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees.

EVENTS AFTER REPORTING PERIOD

Save as disclosed herein, there were no significant events after the six months ended 30 June 2020 up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted all the requirements of the code provisions of the Corporate Governance Code. During the six months ended 30 June 2020, the Company has complied with all the code provisions of the Corporate Governance Code.

MODEL CODE

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with the Directors, all Directors confirmed in writing that they have complied with the required standards set out in the Model Code regarding their securities transactions for the six months ended 30 June 2020.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters, and also reviewed the unaudited interim results for the six months ended 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company and the Stock Exchange. The Company's 2020 interim report for the six months ended 30 June 2020 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the said websites in due course.

APPRECIATION

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

DEFINITIONS

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

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

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

Hong Kong, 30 June 2022

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

* *For identification purpose only*