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綠能國際

**SINOGREEN ENERGY INTERNATIONAL GROUP LIMITED**

**中國綠能國際集團有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1159)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE PERIOD ENDED 30 JUNE 2014**

**INTERIM RESULTS**

The board of directors (the “Directors” of the “Board”) of Sinogreen Energy International Group Limited (“the Company”) is pleased to present the unaudited condensed consolidated operating results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014, together with the comparative figures of the corresponding period in 2013 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME**

*For the six months ended 30 June 2014*

		<b>Six months ended 30 June</b>	
		<b>2014</b>	<b>2013</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>Unaudited</b>	<b>Audited</b>
Revenue	5	49,422	1,262
Cost of goods sold		<u>(48,177)</u>	<u>(1,252)</u>
<b>Gross profit</b>		<b>1,245</b>	<b>10</b>
Other revenue		78	285
Other gains and losses		–	319
Gain on derecognition of promissory notes		–	87,500
Gain on derecognition of convertible bonds		–	271,909
Administrative expenses		<b>(7,933)</b>	<b>(5,960)</b>
Finance costs	6	<u><b>(1,672)</b></u>	<u>(10,184)</u>
<b>(Loss)/profit before taxation</b>	<b>7</b>	<b>(8,282)</b>	<b>343,879</b>
Income tax credit	8	<u>–</u>	<u>6,316</u>
<b>(Loss)/profit for the period</b>		<u><b>(8,282)</b></u>	<u><b>350,195</b></u>

	Notes	Six months ended 30 June	
		2014	2013
		HK\$'000	HK\$'000
		Unaudited	Audited
<b>Other comprehensive income</b>	<i>11</i>		
<b>Item that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		(679)	–
Decrease in fair value of available-for-sale investments		(322)	(272)
<b>Other comprehensive income for the period</b>		<u>(1,001)</u>	<u>(272)</u>
<b>Total comprehensive income for the period</b>		<u><u>(9,283)</u></u>	<u><u>349,923</u></u>
<b>(Loss)/earnings per share</b>			
– basic ( <i>expressed in HK cents per share</i> )	<i>9</i>	(0.98)	49.64
– diluted ( <i>expressed in HK cents per share</i> )	<i>9</i>	<u>(0.98)</u>	<u>7.32</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	<i>Notes</i>	As at <b>30 June 2014</b> <i>HK\$'000</i> <b>Unaudited</b>	As at 31 December 2013 <i>HK\$'000</i> Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>12</i>	<b>10,980</b>	11,423
Available-for-sale investments		<b>6,614</b>	6,936
		<b>17,594</b>	18,359
<b>Current assets</b>			
Trade and other receivables	<i>13</i>	<b>20,706</b>	51,773
Pledged bank deposits		–	59,224
Bank balances and cash		<b>24,380</b>	10,101
		<b>45,086</b>	121,098
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>1,068</b>	17,933
Borrowings	<i>15</i>	<b>37,501</b>	88,129
Current tax liabilities		<b>41</b>	42
		<b>38,610</b>	106,104
<b>Net current assets</b>		<b>6,476</b>	14,994
<b>Net assets</b>		<b>24,070</b>	33,353
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	<i>16</i>	<b>84,283</b>	84,283
Reserves		<b>(60,213)</b>	(50,930)
<b>Total equity</b>		<b>24,070</b>	33,353

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company								
	Share capital	Share premium	Capital redemption reserve	Special reserve	Investment revaluation reserve	Convertible bonds reserve	Exchange reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 1 January 2013</b>	70,236	102,675	1,564	(123)	1,478	120,398	-	(636,878)	(340,650)
Profit for the period	-	-	-	-	-	-	-	350,195	350,195
Decrease in fair value of available-for-sale investments	-	-	-	-	(272)	-	-	-	(272)
Total comprehensive income for the period	-	-	-	-	(272)	-	-	350,195	349,923
Placing of new shares	14,047	15,451	-	-	-	-	-	-	29,498
Share issue expenses	-	(414)	-	-	-	-	-	-	(414)
Transfer of convertible bonds reserve upon derecognition of convertible bonds	-	-	-	-	-	(120,398)	-	120,398	-
<b>At 30 June 2013 (audited)</b>	<b>84,283</b>	<b>117,712</b>	<b>1,564</b>	<b>(123)</b>	<b>1,206</b>	<b>-</b>	<b>-</b>	<b>(166,285)</b>	<b>38,357</b>
<b>At 1 January 2014</b>	<b>84,283</b>	<b>117,712</b>	<b>1,564</b>	<b>(123)</b>	<b>1,702</b>	<b>-</b>	<b>384</b>	<b>(172,169)</b>	<b>33,353</b>
Loss for the period	-	-	-	-	-	-	-	(8,282)	(8,282)
Exchange difference on translating of foreign operation	-	-	-	-	-	-	(679)	-	(679)
Decrease in fair value of available-for-sale investments	-	-	-	-	(322)	-	-	-	(322)
Total comprehensive income for the period	-	-	-	-	(322)	-	(679)	(8,282)	(9,283)
<b>At 30 June 2014 (unaudited)</b>	<b>84,283</b>	<b>117,712</b>	<b>1,564</b>	<b>(123)</b>	<b>1,380</b>	<b>-</b>	<b>(295)</b>	<b>(180,451)</b>	<b>24,070</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Net cash from/(used in) operating activities	7,692	(4,663)
Net cash generated from investing activities	43	–
Net cash generated from financing activities	<u>6,668</u>	<u>29,084</u>
Net increase in cash and cash equivalents	14,403	24,421
Cash and cash equivalents at beginning of the period	10,101	9,917
Effect of exchange rate changes on cash and cash equivalents	<u>(124)</u>	<u>–</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u><u>24,380</u></u>	<u><u>34,338</u></u>

# **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the six months ended 30 June 2014*

## **1 GENERAL INFORMATION**

Sinogreen Energy International Group Limited is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Room 703-704, 7/F, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wan Chai, Hong Kong, respectively.

The Company is an investment holding company where the Group, comprising the Company and its subsidiaries, is principally engaged in trading of chemical products, and energy conservation and environmental protection products.

## **2 BASIS OF PREPARATION**

The condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with applicable disclosure requirements of Appendix 16 of the Listing Rule and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountant (the “HKICPA”). The condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statement as at 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the HKICPA.

The condensed consolidated financial statements have not been audited.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company’s registered office. The auditors have expressed a disclaimer of opinion on those financial statements in their report dated 25 March 2014.

### 3 ACCOUNTING POLICIES

Except as described below, the condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group's annual financial statement as at 31 December 2013.

The Group has adopted the following standards, amendments and interpretations to published standards issued by the HKICPA, which are effective for the accounting periods beginning on or after 1 January 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS27 (2011)	Investment entities

The adoption of the abovementioned new or revised standards, amendments and interpretation did not result in any substantial changes to the Group's significant accounting policies and presentation of the condensed consolidated financial statements.

The HKICPA has also issued the following new or revised standards, amendments or interpretations which are not yet effective for the financial period beginning on 1 January 2014:

HKFRS 9	Financial Instruments <sup>4</sup>
Amendments to HKAS 16	Property, Plant and Equipment <sup>3</sup>
Amendments to HKAS 38	Intangible Assets <sup>3</sup>
HKFRS15	Revenue from contracts with Customers <sup>5</sup>
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle <sup>2</sup>
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle <sup>1</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 July 2014*

<sup>2</sup> *Effective for annual periods beginning or transactions occurring, on or after 1 July 2014*

<sup>3</sup> *Effective for annual periods beginning on or after 1 January 2016*

<sup>4</sup> *No mandatory effective date yet determined but is available for adoption*

<sup>5</sup> *Effective for annual periods beginning on or after 1 January 2017*

The Group has not early adopted the above new or revised standards, amendments or interpretations in the condensed consolidated financial statements. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies or presentation of the Group's consolidated financial statements will be resulted.

## **4 FINANCIAL RISK MANAGEMENT**

### **4.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the risk management department since 31 December 2013 or in any risk management policies.

### **4.2 Liquidity risk**

Compared to 31 December 2013, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

### **4.3 Fair value estimation**

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

Financial instruments that are measured subsequently to initial recognition at fair value, represent the Group's investments in listed securities in Hong Kong accounted for as available-for-sale investments, amounted to HK\$6,614,000 (31 December 2013: HK\$6,936,000), is based on Level 1 measurement which is determined by quoted prices in active markets.



## 5 SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purpose of resource allocation and assessment of segment performance focuses on types of goods sold.

The Group currently has only one continuing operating segment, namely chemical products, and energy conservation and environmental protection products, which engages in the business of trading of chemical products, and energy conservation and environmental protection products.

### Segment revenue and results

The following is an analysis of the Group’s revenue and results by operating segments:

**For the six-months ended 30 June 2014 (unaudited)**

	<b>Chemical products, and energy conservation and environmental protection products segment and consolidated total <i>HK\$’000</i></b>
<b>Revenue – External sales</b>	<b>49,422</b>
Segment loss	(481)
<b>Unallocated income/(expense) items:</b>	
Central administration costs and directors’ salaries	(6,207)
Other revenue	78
Finance costs	(1,672)
<b>Loss before taxation</b>	<b>(8,282)</b>

For the six-months ended 30 June 2013 (audited)

	Conductive silicon rubber keypads segment and consolidated total <i>HK\$'000</i>
<b>Revenue – External sales</b>	<b>1,262</b>
Segment profit	10
<b>Unallocated income/(expense) items:</b>	
Central administration costs and directors' salaries	(5,960)
Other revenue	285
Other gains and losses	319
Gain on derecognition of promissory notes	87,500
Gain on derecognition of convertible bonds	271,909
Finance costs	(10,184)
<b>Profit before taxation</b>	<b>343,879</b>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss)/profit represents (loss)/profit earned by each segment without absorption of unallocated income/(expense) items, details of which are set out above. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Segment assets and liabilities

The reconciliation between the segment assets and liabilities and the respective consolidated balances is as follows:

	<b>Chemical products, and energy conservation and environmental protection products segment and consolidated total</b>	
	<b>As at 30 June 2014 <i>HK\$'000</i> Unaudited</b>	<b>As at 31 December 2013 <i>HK\$'000</i> Audited</b>
<b>Assets</b>		
Segment assets	<u>14,209</u>	<u>109,613</u>
Bank balances and cash	24,380	10,101
Other unallocated assets	<u>24,091</u>	<u>19,743</u>
Consolidated assets	<u><b>62,680</b></u>	<u><b>139,457</b></u>
<b>Liabilities</b>		
Segment Liabilities	1,068	35,287
Unallocated liabilities	<u>37,542</u>	<u>70,817</u>
Consolidated liabilities	<u><b>38,610</b></u>	<u><b>106,104</b></u>

For the purpose of monitoring to segments performance and allocating resources between segments:

- All assets are allocated to operating segments other than property, plant and equipment, available-for-sale investments, other receivables and bank balances and cash; and
- All liabilities are allocated to operating segments other than other loans and current tax liabilities.

## Other segment information

For the six-months ended 30 June 2014 (unaudited)

	Chemical products, and energy conservation and environmental protection products segment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets	–	15	15
Depreciation of property, plant and equipment	351	75	426
Finance costs	–	1,672	1,672
	<u>–</u>	<u>1,672</u>	<u>1,672</u>

For the six-months ended 30 June 2013 (audited)

	Conductive silicon rubber keypads segment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:			
Depreciation of property, plant and equipment	–	(4)	(4)
Finance costs	–	(10,184)	(10,184)
Gain on derecognition of promissory notes	–	87,500	87,500
Gain on derecognition of convertible bonds	–	271,909	271,909
	<u>–</u>	<u>271,909</u>	<u>271,909</u>

### Information about major customers

Revenues from customers of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Customer A	24,251	–
Customer B	8,305	–
Customer C	7,614	–
Customer D	–	1,262
	<u>40,170</u>	<u>1,262</u>

### Geographical information

The Group's operations are mainly located in Hong Kong and the PRC.

The following table provides an analysis of revenue from external customers derived from Hong Kong, which is the country of domicile of the Group for the purpose of HKFRS 8, and non-Hong Kong, irrespective of the origin of the goods and information about its non-current assets by geographical location of the assets.

	Revenue from external customers	
	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Sales of chemical products, and energy conservation and environmental protection products:		
PRC (excluding Hong Kong)	41,808	–
South America	7,614	–
	<u>49,422</u>	<u>–</u>
Sales of conductive silicon rubber keypads:		
Hong Kong	–	1,262
	<u>–</u>	<u>1,262</u>

	<b>Non-current assets</b>	
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Audited</b>
Hong Kong	<b>9,900</b>	10,114
PRC (excluding Hong Kong)	<b>1,080</b>	1,309
	<b>10,980</b>	11,423

## 6 FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	<b>Audited</b>
Effective interests on borrowings wholly repayable within five years:		
Convertible bonds	–	10,184
Borrowings	<b>1,672</b>	–
	<b>1,672</b>	10,184

## 7 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation for the period has been arrived at after charging the following:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Unaudited</b>	Audited
Directors' remuneration	<b>1,948</b>	434
Other staff costs		
– salaries and other benefits	<b>2,444</b>	423
– retirement benefits scheme contribution	<b>104</b>	21
	<b>2,548</b>	444
Total staff costs	<b>4,496</b>	878
Depreciation of property, plant and equipment ( <i>note 12</i> )	<b>426</b>	4
Cost of inventories recognised as expense	<b>48,177</b>	1,252
Management fee (included in administrative expenses, note)	<b>–</b>	480
	<b>–</b>	–

*Note:*

The above amount is paid to Man Lee Management Limited, a company beneficially held and significantly influenced by an entity which is also a shareholder that has significant influence over the Company, for the Group's share of administrative and management services for an office premise, including in which an amount of HK\$Nil (2013: HK\$384,000) representing the share of the rental expenses for the period under an operating lease.

## 8 INCOME TAX CREDIT

The amount of taxation credited to the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Deferred tax credit – current period	–	6,316

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong profits tax has been made as the group entities have no assessable profits in Hong Kong for the six months ended 30 June 2014 and 2013.

## 9 (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
<b>(Loss)/profit</b>		
(Loss)/profit for the purpose of basic		
(loss)/earnings per share	(8,282)	350,195
<b>Effects of dilutive potential ordinary shares:</b>		
Gain on derecognition of convertible bonds	–	(271,909)
Release of deferred tax liabilities arising from		
convertible bonds upon derecognition	–	(4,635)
Interest on convertible bonds (net of tax)	–	8,503
<b>(Loss)/profit for the purpose of diluted</b>		
(loss)/earnings per share	(8,282)	82,154



**Six months ended 30 June**

<b>2014</b>	<b>2013</b>
<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Unaudited</b>	<b>Audited</b>

**Number of shares**

Number of ordinary shares for the purpose of basic  
(loss)/earnings per share

<b>842,824</b>	<b>705,460</b>
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Number of ordinary shares for the purpose of diluted  
(loss)/earnings per share

<b>842,824</b>	<b>1,122,875</b>
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**10 DIVIDEND**

No interim dividend has been paid or declared during each of the periods ended 30 June 2014 and 2013.

**11 OTHER COMPREHENSIVE INCOME****Available-for-sale investments****Six months ended 30 June**

<b>2014</b>	<b>2013</b>
<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Unaudited</b>	<b>Audited</b>

Decrease in fair value recognised during the period

<b>(322)</b>	<b>(272)</b>
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## 12 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Lands and building <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>						
At 31 December 2012	–	36	–	–	–	36
Additions	89	159	9,800	1,225	229	11,502
Exchange realignment	–	2	–	18	–	20
Disposals	–	(29)	–	–	–	(29)
At 31 December 2013 (audited)	89	168	9,800	1,243	229	11,529
Additions	11	4	–	–	–	15
Exchange realignment	–	(3)	–	(32)	–	(35)
At 30 June 2014 (unaudited)	<u>100</u>	<u>169</u>	<u>9,800</u>	<u>1,211</u>	<u>229</u>	<u>11,509</u>
<b>Accumulated depreciation</b>						
At 31 December 2012	–	15	–	–	–	15
Charge for the year	7	11	–	54	32	104
Eliminated on disposals	–	(13)	–	–	–	(13)
At 31 December 2013 (audited)	7	13	–	54	32	106
Charge for the period	13	20	153	183	57	426
Exchange realignment	–	–	–	(3)	–	(3)
At 30 June 2014 (unaudited)	<u>20</u>	<u>33</u>	<u>153</u>	<u>234</u>	<u>89</u>	<u>529</u>
<b>Net book value</b>						
At 30 June 2014 (unaudited)	<u>80</u>	<u>136</u>	<u>9,647</u>	<u>977</u>	<u>140</u>	<u>10,980</u>
At 31 December 2013 (audited)	<u>82</u>	<u>155</u>	<u>9,800</u>	<u>1,189</u>	<u>197</u>	<u>11,423</u>

Management has reviewed the recoverable amounts of the Group's key operating assets and concluded that the recoverable amounts of these key operating assets exceed their carrying amounts. The recoverable amounts of these key operating assets have been determined based on value-in-use calculations.

### 13 TRADE AND OTHER RECEIVABLES

	As at 30 June 2014 <i>HK\$'000</i> Unaudited	As at 31 December 2013 <i>HK\$'000</i> Audited
Trade receivables ( <i>note</i> )	11,249	50,389
Note receivables	2,960	–
Prepayments, deposits and other receivables	<u>6,497</u>	<u>1,384</u>
	<u><b>20,706</b></u>	<u><b>51,773</b></u>

*Notes:*

The Group generally allows credit periods of 30 to 180 days to its trade customers. An aging analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	As at 30 June 2014 <i>HK\$'000</i> Unaudited	As at 31 December 2013 <i>HK\$'000</i> Audited
0 – 30 days	–	50,389
31 – 90 days	6,206	–
91 – 180 days	<u>5,043</u>	<u>–</u>
	<u><b>11,249</b></u>	<u><b>50,389</b></u>

The Group closely monitors the granting of credit and periodically reviews the recoverability of each trade debt. None of the trade receivables that are neither past due nor impaired has any default payment history. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.

There are no trade receivables which are past due as at 30 June 2014 and the Group does not hold any collateral over these balances.

**14 TRADE AND OTHER PAYABLES**

	As at <b>30 June</b> <b>2014</b> <i>HK\$'000</i> <b>Unaudited</b>	As at 31 December 2013 <i>HK\$'000</i> Audited
Trade payables ( <i>note (i)</i> )	<b>648</b>	8,818
Other payables and accruals	<b>420</b>	1,502
Trade deposit received	–	7,613
	<b>1,068</b>	17,933

*Note:*

(i) Aging analysis of the trade payables at the respective reporting dates are as follows:

	As at <b>30 June</b> <b>2014</b> <i>HK\$'000</i> <b>Unaudited</b>	As at 31 December 2013 <i>HK\$'000</i> Audited
0 – 30 days	–	8,818
31 – 90 days	<b>61</b>	–
91 – 365 days	<b>587</b>	–
	<b>648</b>	8,818

## 15 BORROWINGS

	As at 30 June 2014 <i>HK\$'000</i> Unaudited	As at 31 December 2013 <i>HK\$'000</i> Audited
<b>Current</b>		
<b>Interest bearing</b>		
Unsecured – other loans ( <i>note (i)</i> )	37,501	70,775
<b>Non-interest bearing</b>		
Secured – bank loans ( <i>note (ii)</i> )	–	17,354
<b>Total borrowings</b>	<b>37,501</b>	<b>88,129</b>

### Notes:

- (i) HK\$37,501,000 of other loans are repayable on 16 December 2014 (2013: HK\$25,510,000, HK\$7,755,000 and HK\$37,510,000 of the other loans are repayable on 5 May 2014, 15 June 2014 and 17 June 2014 respectively). Interest is charged at 6% per annum.
- (ii) The bank loans represent trust receipt loans which are secured by bank deposits of HK\$59,224,000.

Total current other loans and bank loans were scheduled to repay as follows:

	As at 30 June 2014 <i>HK\$'000</i> Unaudited	As at 31 December 2013 <i>HK\$'000</i> Audited
Within one year	37,501	88,129

The amounts due are based on the scheduled repayment dates in the loan agreements and no repayment on demand clause is noted for the other borrowings.

## 16 SHARE CAPITAL

	Number of shares '000	Nominal values HK\$'000
Ordinary shares of HK\$0.1 each		
<b>Authorised:</b>		
At 1 January 2013, 31 December 2013 and 30 June 2014	<u>20,000,000</u>	<u>2,000,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2013	702,356	70,236
Placing of new shares ( <i>note</i> )	<u>140,468</u>	<u>14,047</u>
At 31 December 2013 and 30 June 2014	<u>842,824</u>	<u>84,283</u>

### Notes:

On 6 June 2013, the Company entered into the placing agreement with the placing agent pursuant to which the Company conditionally agreed to place, through the placing agent on a best effort basis, a maximum of 140,468,000 placing shares. On 7 June 2013, the placing agent procured Mega Start Limited (the "Placee") to subscribe for the 140,468,000 placing shares at the price of HK\$0.21 per placing share. The placing price of HK\$0.21 represented a discount of approximately 16.0% to the closing price of HK\$0.25 per share as quoted on the Stock Exchange on 7 June 2013, being the date of confirmation of the placing price with the Placee. The placing shares rank pari passu in all respects with the existing ordinary shares of the Company in issue.

The placing was completed on 26 June 2013. The gross proceeds from the placing were HK\$29,498,000. The excess of the gross proceeds over the nominal value of the placing shares of HK\$14,047,000 amounting to HK\$15,451,000 has been recorded in the share premium account. The net proceeds of the placing were approximately HK\$29,084,000, which represented a net price of HK\$0.207 per placing share. The Company has applied HK\$18,983,000 of the net proceeds from the placing for acquisition of fixed assets and purchase of goods up to 31 December 2013.

## 17 COMMITMENTS

### (a) Operating commitments

#### *Operating lease – lessee*

The lease payments recognised as an expenses are as follows:

	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
Minimum leases payments paid under operating leases	<u><b>526</b></u>	<u>–</u>

At the end of reporting period, the Group had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
No later than one year	<b>1,063</b>	1,040
Later than one year and not later than five years	<u><b>88</b></u>	<u>606</u>
	<u><b>1,151</b></u>	<u>1,646</u>

### (b) Capital commitments

The Group did not have any significant capital commitment as at 30 June 2014 and 31 December 2013.

## 18 RELATED PARTY DISCLOSURES

Other than those disclosed in note 7, during the period and at the end of the reporting period, the Group had the following transactions and balance respectively with related parties. These transactions do not constitute either connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules.

### (i) Key management compensation

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Short-term benefits	1,940	550
Retirement benefits scheme contributions	<u>8</u>	<u>10</u>
	<u><b>1,948</b></u>	<u><b>560</b></u>

The remuneration of directors and other members of key management is determined by the board of directors having regard to the performance of individual and market trends.

## 19 EVENT AFTER THE REPORTING PERIOD

On 25 July 2014, the Board proposed to put forward to the shareholders of the Company the proposal for the capital reorganisation which would involve the share consolidation, the capital reduction, the share premium reduction and the transfer. Details of the capital reorganisation can be referred to the joint announcement published by the Company and Reach Luck International Limited (the "Offeror") dated 25 July 2014 and the circular published by the Company dated 18 August 2014.

In addition, as set out in the above joint announcement and circular, on 11 July 2014, the Company and the subscribers entered into the subscription agreement pursuant to which (i) the Company has conditionally agreed to issue to each subscriber, and each subscriber has conditionally agreed to subscribe for the subscription shares; and (ii) the Company has conditionally agreed to issue to the Offeror, and the Offeror has conditionally agreed to subscribe for, the convertible notes.

As at the date of this interim report, the above proposed capital reorganisation and the issue of shares and convertible notes have not been completed.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business and Operational Review**

Turnover for the six months ended 30 June 2014 amounted to HK\$49.4 million (six months ended 30 June 2013: HK\$1.3 million). Loss attributable to the owners of the Company for the period amounted to HK\$8.3 million (six months ended 30 June 2013: profits of HK\$350.2 million). The huge amount of profits of HK\$350.2 million for the six months ended 30 June 2013 was mainly attributable to the credit amounts of HK\$359.4 million derived from derecognition of convertible bonds and promissory notes of the Company.

As at 30 June 2014, the Group's equity attributable to the owners of the Company amounted to HK\$24.1 million, representing a decrease of HK\$9.3 million over the figure as at 31 December 2013 of HK\$33.4 million. The net asset value per share attributable to the owners of the Company as at 30 June 2014 was HK\$0.029 (31 December 2013: approximately HK\$0.040).

## **SEGMENTAL ANALYSIS**

### **Trading of chemical products, and energy conservation and environmental protection products (chemical products includes conductive silicon rubber keypads)**

During the period under review, the Group continued to develop its trading businesses. As a result, the Group's revenue increased to HK\$49.4 million with a gross profit of HK\$1.2 million, as compared with a revenue of HK\$1.3 million with a gross profit of HK\$10,000 for the corresponding period in 2013.

### **LCoS Television**

In the first half of 2013, the Group made a breakthrough in terminating the Acquisition with the vendors ("Vendors") of the LCoS television business.

The Group had made tremendous efforts to unwind the Acquisition since it lost control over the acquired PRC company ("PRC Subsidiary") responsible for carrying out the LCoS television operations and subsequently deconsolidated the PRC Subsidiary from its financial statements in 2009.

In March 2013, the Group succeeded in completing the disposal (“Disposal”) of the patents related to the LCoS television production to Taiwan Micro Display Corp. (“TMDC”), the original vendor who sold the LCoS television business to the Vendors. The Group also terminated several TMDC agreements (“Termination Deeds”) in relation to the Acquisition. Upon completion of the Termination Deeds in February 2013, TMDC had returned HK\$187,200,000 convertible bonds to the Group for cancellation.

Meanwhile, the Group had applied to the High Court for a default judgment to declare the Acquisition agreement null and void, after the Vendors failed to file their acknowledgement of service or defence before the deadlines. On 20 June 2013, the High Court passed down a judgement in favour of the Group, declaring that the Group was entitled to terminate the Acquisition agreement for total failure of consideration; the return to the Group of convertible bonds of HK\$112,800,000 and promissory notes of HK\$87,500,000, and cash of HK\$275,000,000 from the Vendors, plus relevant interests thereof.

Following the completion of the Disposal and the High Court judgement, the Group cancelled the convertible bonds of HK\$187,200,000 issued to TMDC, as well as the convertible bonds of HK\$112,800,000 and promissory notes of HK\$87,500,000 issued to the Vendors. For accounting treatment of such cancellations, certain assets and liabilities of the Group were derecognised, resulting in a profit attributable to owners of the Company of HK\$350,200,000 for the six-month ended 30 June 2013 and net asset value of HK\$33,353,000 as of 31 December 2013.

## **MATERIAL ACQUISITION AND DISPOSAL**

There is no material acquisition and disposal during the period ended 30 June 2014.

## **SUBSEQUENT EVENTS**

On 25 July 2014, the Board proposed to put forward to the shareholders of the Company the proposal for the capital reorganisation which would involve the share consolidation, the capital reduction, the share premium reduction and the transfer. Details of the capital reorganisation can be referred to the joint announcement published by the Company and Reach Luck International Limited dated 25 July 2014 and the circular published by the Company dated 18 August 2014.

In addition, as set out in the above joint announcement and circular, on 11 July 2014, the Company and the Subscribers entered into the Subscription Agreement pursuant to which (i) the Company has conditionally agreed to issue to each Subscriber, and each Subscriber has conditionally agreed to subscribe for the Subscription Shares; and (ii) the Company has conditionally agreed to issue to the Offeror, and the Offeror has conditionally agreed to subscribe for, the Convertible Notes.

As at the date of this interim report, the above proposed capital reorganisation and the issue of shares and convertible notes have not been completed.

## **FUTURE PLANS AND PROSPECTS**

China injected an extra RMB200 billion in environmental protection each year during the first three years of the national “12th Five-Year Plan” and the total fund to be injected during the “12th Five-Year Plan” period will be expected to exceed RMB5 trillion. At the same time, as being the core element of energy conservation and environmental protection industry, the water industry is dragging more and more attention from capital markets under the facilitation of national strategy.

The Group will continue to diversify its trading businesses by exploring various sales channel and possible related products for trading and at the same time, diversify its business and revenue base by developing and providing green solutions to today’s critical challenges of energy efficiency and environmental protection. Furthermore, the Company will continue to explore opportunities for investments in companies or projects with solid business platforms and prospects in energy conservation and environmental protection industry as part of its strategies for long-term development.

In addition, as mentioned in the circular of the Company dated 18 August 2014, upon the completion of the issue of shares and convertible notes, the Company may explore the business opportunity in the Macau’s gaming business in the near future.

However, taking into account the uncertain economic conditions, the Group will adopt a prudent approach in investment to safeguard shareholders’ interest.

## **INTERIM DIVIDEND**

The Directors do not recommend any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: nil).

## **CAPITAL STRUCTURE**

As at 30 June 2014, the Group's shareholders' equity was approximately HK\$24,070,000 (31 December 2013: HK\$33,353,000). As as 30 June 2014, the short term and long term interest bearing debts to shareholders' equity was 1.56 (31 December 2013: 2.12).

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its operation by internally generated cash flow.

Prudent financial management and selective investment criteria have enabled the Group to maintain a stable financial position. As at 30 June 2014, the Group's cash balances amounted to approximately HK\$24,380,000 (31 December 2013: approximately HK\$10,101,000).

As at 30 June 2014, the current ratio was approximately 1.17 (31 December 2013: approximately 1.14) based on current assets of approximately HK\$45,086,000 and current liabilities of approximately HK\$38,610,000.

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong Dollars, Renminbi and US Dollars which have been relatively stable during the period. The Group was not exposed to material exchange risk and had not employed any financial instruments for hedging purposes.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2014, the Group employed approximately 12 employees in Hong Kong. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Employees may also participate in the share option scheme of the Group.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme on 1 June 2012 ("Share Option Scheme"). No options have been granted under the Share Option Scheme since its adoption.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the period ended 30 June 2014.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the interim results for the six months ended 30 June 2014.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## **CORPORATE GOVERNANCE PRACTICES**

The Company recognizes the importance of maintaining a high standard of corporate governance with an aim to protect the interest of shareholders.

The Company has adopted the Corporate Governance Code (formerly the "Code on Corporate Governance Practices") contained in Appendix 14 (the "Code") of the Listing Rules including those revised code provisions which became effective on 1 April 2012 and 1 September 2013. During the period ended 30 June 2014, the Company complied with all applicable provisions of the Code for their respective applicable periods except for deviation as stated below:–

### **Code Provision A.2.1**

Under code provision A.2.1, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. Detail of deviation of this code is explained in the relevant paragraph headed under 'CHAIRMAN AND CHIEF EXECUTIVE OFFICER' below.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Under the code provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing. The roles of the chairman and the CEO of the Company were not separated and were performed by the same individual, Mr. Chau Chit during the period ended 30 June 2014.

The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

## **PUBLICATION OF OTHER FINANCIAL INFORMATION**

Other financial information containing all the information required by Appendix 16 of the Listing Rules will be available on the website of Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) under “Latest Listed Companies Information” and the website of the Company at [www.aplushk.com/clients/1159](http://www.aplushk.com/clients/1159) in due course.

By Order of the Board  
**Sinogreen Energy International Group Limited**  
**Chau Chit**  
*Chairman*

Hong Kong, 22 August 2014

*As at the date of this announcement, the Board consists of two executive directors, Mr. Chau Chit and Mr. Tang Hao; and three independent non-executive directors, Mr. Lum Pak Sum, Mr. Wong Wai Kwan and Ms. Zhou Jianhong.*