

# ***Sino-Excel Energy Limited***

ACN 085 162 456

Results for Announcement to the Market

Appendix 4D – Half Year Report

Given to ASX under Listing Rule 4, 2A

Financial report for the half-year ended 30 June 2013

## 1. Results for announcement to market

Summary financial information for the company for the half year 30 June 2013 financial year is set out below. Full financial details and explanations of the figures are attached to this announcement.

Summary Information	30 Jun 2013 USD\$'000	Consolidated		Inc/(Dec) %
		6 months ended 30 Jun 2012 USD\$'000	Inc/(Dec) USD\$'000	
Revenue from Ordinary Activities	-	4,307	(4,307)	NA
Profit/(Loss) after Tax from Ordinary Activities	(526)	3,337	(3,863)	NA
Net Profit/(Loss) after Tax Attributable to Members	(526)	3,337	(3,863)	NA
Basic Earnings – US Cents Per Share	(0.32)	2.28	(2.60)	NA
Dilute Earnings – US Cents Per Share	(0.30)	2.12	(2.44)	NA
Net Tangible Assets – US Cents Per Share	(1.02)	8.36	(9.32)	NA

\*NA – not meaningful

Dividends (Distributions)	As per security – US Cents	Franked amount per security-US cents
Dividends Paid during Year	Nil	Nil
Proposed Final Dividend	Nil	Nil
Proposed payment date for final dividend	Nil	Nil

## 2. Modified opinion to independent auditors review report

The independent auditors review report on page 8 of the half year-report includes a disclaimer of opinion. The Directors of the company did not keep written financial records that correctly record and explain the transactions and financial position of the company which enable the half-year financial report to prepared and reviewed for the period ended 30 June 2013.

Consequently, the auditors were unable to determine whether any adjustments were necessary. As a result the Auditors were unable to obtain sufficient appropriate evidence to form a conclusion on the half-year financial report. Accordingly, they do not express a conclusion on the half-year financial report.

### **3. Significant changes in the state of affairs**

On 30 August 2013, the Company had entered into a Heads of Agreement to acquire Precious Area Investment Limited and Silver Mind Investment Limited (collectively the “Targets”) to acquire a 100% interest in each of the Targets. The Targets are currently proposing and under negotiation to acquire certain assets in PRC and Australia, including producing vineyards located in Australia.

In accordance with the terms of the Agreement, the parties will enter into negotiations in relation to executing an agreement to effect the proposed transaction (“Proposed Transaction”)

Under the Proposed Transaction, the Company will acquire all of the issued shares in the Targets. On satisfaction of the relevant conditions, the Shareholders will receive fully paid ordinary shares in the Company, representing approximately 68% of the fully diluted share capital of the Company. Conditions to the Proposed Transaction includes the completion of the acquisition, by the Targets, of assets valued at no less than an agreed amount, and the satisfaction and receipt of all necessary legal and regulatory approvals.

As part of the Proposed Transaction, it is intended that a capital raising will be undertaken by the Company, including for the purpose of satisfying the listing requirements of the ASX. Because the Proposed Transaction represents a new business activity, upon completion of due diligence, a prospectus will be circulated and an extraordinary general meeting held to approve the relevant resolutions required to implement the various aspects of the Proposed Transactions.

The Company believes that a change in activities is in the best interest of shareholders.

On 21 August 2014 has entered into a Convertible Bond Deed (“CB Deed”) with the Targets. Under the CB Deed, the Targets have agreed to subscribe for and the Company has agreed to issue convertible unsecured bonds to the Targets in their Respective Proportions (being 50% each) of an amount of AUD10,000,000. The Bonds are tranching, with a first tranche of \$2,000,000 and second tranche of \$8,000,000.

The bonds’ proceeds of up to AUD10 million are to be used by the Company to acquire vineyard in Australia and a multi-national group in the People’s Republic of China known as Aohua Rong Chuang (Aohua). A potential vineyard in Australia has been shortlisted for acquisitions. Aohua is ultimately owned by the Targets. The acquisition is in the midst of negotiations.

On 1 July 2013 the consolidated entity sold its subsidiary Guizhou Sino-Excel Investment Management Ltd to a related party Trechance Holdings Limited.

# Financial report for the half-year ended 30 June 2013

	<b>Page</b>
<i>Directors' report</i>	<i>5</i>
<i>Auditor's independence declaration</i>	<i>7</i>
<i>Independent auditor's review report</i>	<i>8</i>
<i>Directors' declaration</i>	<i>10</i>
<i>Condensed consolidated statement of profit or loss and other comprehensive income</i>	<i>11</i>
<i>Condensed consolidated statement of financial position</i>	<i>12</i>
<i>Condensed consolidated statement of changes in equity</i>	<i>13</i>
<i>Condensed consolidated statement of cash flows</i>	<i>14</i>
<i>Notes to the condensed consolidated financial statements</i>	<i>15</i>

## Directors' report

The Directors of Sino-Excel Energy Limited ("SLE") submit herewith the financial report of Sino-Excel Energy Limited and its subsidiaries for the half-year ended 30 June 2013. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Ms Meng Jia Ping	Executive Director
M Li Geng	Executive Director
Mr Leo Peng Wei Le	Executive Director
Mr Michael Bin Guo	Independent Director
Mr Jiang Si Yao	Independent Director
Mr Spencer Chan – resigned May 2014	Chairman, Independent Director
Mr Rohan Boman – resigned September 2014	Independent Director
Mr Wong Chin Hong – resigned May 2014	Independent Director
Dr Charlie In – resigned September 2014	Executive Director
Ms Lucy Zhang LiYing – resigned September 2014	Executive Director
Mr Jiao ManHong – resigned May 2014	Executive Director

## Review of operations

Sino-Excel Energy Limited's ("SLE") net operating loss of US\$526 thousand for the current six months against the profit of US\$3,337 thousand of the previous six months ended 30 June 2012. This is attributable to the fact that the dampening of the coal business and the company and the operations has stopped. It was suspended on 2 September 2013 due to potential acquisition announced on 2 August 2013. The Company is currently in preparation to seek approval for a reverse take over to inject a winery businesses in PRC and acquisition of vineyards with production capacities in Australia.

## Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 7 of the half-year report.

## Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors



*Leo Peng Wei Le*  
Executive Director  
18 December 2014



Tel: +61 7 4046 0000  
Fax: +61 7 4051 3484  
[www.bdo.com.au](http://www.bdo.com.au)

Level 1, 15 Lake St  
Cairns QLD 4870  
PO Box 6771 Cairns QLD 4870  
AUSTRALIA

## DECLARATION OF INDEPENDENCE BY GREG MITCHELL TO THE DIRECTORS OF SINO-EXCEL ENERGY LIMITED

As lead auditor for the review of Sino-Excel Energy Limited for the half-year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sino-Excel Energy Limited and the entities it controlled during the period.

Greg Mitchell

Director

**BDO Audit (NTH QLD) Pty Ltd**

Cairns, 22 December 2014



Tel: +61 7 4046 0000  
Fax: +61 7 4051 3484  
[www.bdo.com.au](http://www.bdo.com.au)

Level 1, 15 Lake St  
Cairns QLD 4870  
PO Box 6771 Cairns QLD 4870  
AUSTRALIA

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sino-Excel Energy Limited

We were engaged to review the accompanying half-year financial report of Sino-Excel Energy Limited and Controlled Entities, which comprises the condensed consolidated statement of financial position as at 30 June 2013, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end of from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on conducting a review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, however, we were not able to obtain sufficient appropriate evidence as a basis for expressing a conclusion on the half-year financial report.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Sino-Excel Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



### **Basis for Disclaimer of Conclusion**

The Directors of the company did not keep written financial records that correctly record and explain the transactions and financial position of the company which enable the half-year financial report to be prepared and reviewed for the period ended 30 June 2013.

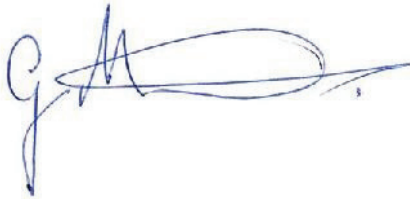
Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

### **Disclaimer of Conclusion**

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on the accompanying half-year financial report. Accordingly, we do not express a conclusion on the half-year financial report.



**BDO Audit (NTH QLD) Pty Ltd**



Greg Mitchell

Director

Cairns, 22 December 2014

## Directors' declaration

The Directors of Sino-Excel Energy Limited declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached half-year financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  - i) compliance with Australian Accounting Standard AASB 134 – *Interim Financial Reporting* and the Corporations Regulations 2001; and
  - ii) giving a true and fair view of the financial position as at 30 June 2013 and the performance of the consolidated entity for the half year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Leo Peng Wei Le  
Executive Director  
18 December 2014

## Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2013

	<u>Note</u>	<b>Consolidated</b>	
		<b>Half-year ended</b>	
		<b>30 Jun 2013 US\$'000</b>	<b>30 Jun 2012 US\$'000</b>
<b>Continuing Operations</b>			
Revenue		-	4,307
Other income	3	-	443
Marketing expenses		(13)	(43)
Administration expenses		(426)	(811)
Finance costs		(58)	(62)
Other expenses		(29)	(66)
<b>Profit (loss) before income tax expense</b>		<b>(526)</b>	<b>3,768</b>
Income tax expense		-	(431)
<b>Profit (loss) for the half year</b>		<b>(526)</b>	<b>3,337</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(526)</b>	<b>3,337</b>
<b>Earnings per share:</b>			
Basic (cents per share)		(0.32)	2.28
Diluted (cents per share)		(0.30)	2.12

Notes to the financial statements are included on pages 15 to 17

## Condensed consolidated statement of financial position as at 30 June 2013

	<u>Note</u>	<b>Consolidated</b>	
		<b>30 Jun 2013 US\$'000</b>	<b>31 Dec 2012 US\$'000</b>
<b>Current assets</b>			
Cash and cash equivalents		1,284	838
Trade and other receivables		407	2,086
Available for sale financial assets	5	507	-
<b>Total current assets</b>		<b>2,198</b>	<b>2,924</b>
<b>Non-current assets</b>			
Furniture & Equipment		-	13
<b>Total non-current assets</b>		<b>-</b>	<b>13</b>
<b>Total assets</b>		<b>2,198</b>	<b>2,937</b>
<b>Current liabilities</b>			
Trade and Other Payables		1,070	1,090
Provision for taxation		1,747	1,712
Employee benefits		-	76
<b>Total current liabilities</b>		<b>2,817</b>	<b>2,878</b>
<b>Non-current liabilities</b>			
Borrowing		1,079	1,231
<b>Total non-current liabilities</b>		<b>1,079</b>	<b>1,231</b>
<b>Total liabilities</b>		<b>3,896</b>	<b>4,109</b>
<b>Net assets</b>		<b>(1,698)</b>	<b>(1,172)</b>
<b>Equity</b>			
Issued capital	4	4,744	4,744
Equity (Convertible Note)		495	495
Retained Profits		(7,284)	(6,758)
Reserves		347	347
<b>Total equity</b>		<b>(1,698)</b>	<b>(1,172)</b>

Notes to the financial statements are included on pages 15 to 17

## Condensed Consolidated Statement of changes in equity for the half-year ended 30 June 2013

	Issued Capital	Capital Reserves	Equity Convertible Notes	Retained Profits	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Consolidated</b>					
<b>Opening balance at 1 January 2012</b>	<b>2,575</b>	<b>347</b>	<b>495</b>	<b>4,941</b>	<b>8,358</b>
Total comprehensive income					
Profit for the period	-	-	-	3,337	3,337
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,337</b>	<b>3,337</b>
Transactions with owners in their capacity as owners					
<b>Conversion of Convertible Notes</b>	<b>530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>530</b>
Closing balance at 30 June 2012	<b>3,105</b>	<b>347</b>	<b>495</b>	<b>8,278</b>	<b>12,225</b>
<b>Opening balance at 1 January 2013</b>	<b>4,744</b>	<b>347</b>	<b>495</b>	<b>(6,758)</b>	<b>(1,172)</b>
Total comprehensive income					
Profit for the period	-	-	-	(526)	(526)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(526)</b>	<b>(526)</b>
Transactions with owners in their capacity as owners					
Conversion of Convertible Notes	-	-	-	-	-
<b>Balance at 30 June 2013</b>	<b>4,744</b>	<b>347</b>	<b>495</b>	<b>(7,284)</b>	<b>(1,698)</b>

Notes to the financial statements are included on pages 15 to 17

## Condensed consolidated statement of cash flows for the half-year ended 30 June 2013

	<b>Consolidated</b>	
	<b>Half-year ended</b>	
<b>Note</b>	<b>30 Jun 2013 US\$'000</b>	<b>30 Jun 2012 US\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	1,766	3,465
Payments to suppliers and employees	(670)	(2,571)
Interest received	-	7
Interest paid	(56)	(62)
<b>Net cash from operating activities</b>	<b>1,040</b>	<b>1,839</b>
<b>Cash flows from investing activities</b>		
Marketable Securities	(594)	-
Option Deposits Paid	-	(1,577)
<b>Net cash used in investing activities</b>	<b>(594)</b>	<b>(1,577)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	1,558
<b>Net cash from financing activities</b>	<b>-</b>	<b>1,558</b>
<b>Net increase in cash and cash equivalents</b>	<b>446</b>	<b>1,820</b>
Cash and cash equivalents at the beginning of the half year	838	162
<b>Cash and cash equivalents at the end of the half year</b>	<b>1,284</b>	<b>1,982</b>

Notes to the financial statements are included on pages 15 to 17

# Notes to the condensed consolidated financial statements

## 1. Basis of preparation

These general purpose financial statements for the half-year reporting period ended 30 June 2013 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001. The historical cost basis has been used except for financial liabilities and derivatives which have been measured at fair value.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2012 and any public announcements made by Sino-Excel Energy Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

## 2. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Director, decision maker in order to allocate resources to the segment and to assess its performance. SLE management's internal operating segment disclosures are consistent with financial information presented in the financial reports. SLE reports only one reportable segment being the trading and providing service in mining related industry to the People's Republic of China's market but due to the downtrend of the mining related industry, SLE has not able to operate in this industry.

Consolidated Half-year ended	
30 Jun 2013 US\$'000	30 Jun 2012 US\$'000

## 3. Other income

Profit for the period has been arrived at after crediting/charging the following gains and losses from continued operations:

Reduction in additional share consideration	-	437
Interest received	-	6
	-	443

## 4. Issued capital

Fully paid ordinary shares

4,744	4,744
4,744	4,744

Movements in share capital are as follows:

	No.	US\$'000
Balance at 31 December 2012	167,003,062	4,744
Notes converted to share capital	-	-
Balance at 30 June 2013	167,003,062	4,744

	Consolidated Half-year ended	
	30 Jun 2013 US\$'000	30 Jun 2012 US\$'000
<b>5. Available for sale financial assets</b>		
Unlisted shares	507	-
	507	-

Available for sale financial assets are recorded at cost because the fair value can't be reasonably determined.

## 6. Subsequent events

On 30 August 2013, the Company had entered into a Heads of Agreement to acquire Precious Area Investment Limited and Silver Mind Investment Limited (collectively the "Targets") to acquire a 100% interest in each of the Targets. The Targets are currently proposing and under negotiation to acquire certain assets in PRC and Australia, including producing vineyards located in Australia.

In accordance with the terms of the Agreement, the parties will enter into negotiations in relation to executing an agreement to effect the proposed transaction ("Proposed Transaction")

Under the Proposed Transaction, the Company will acquire all of the issued shares in the Targets. On satisfaction of the relevant conditions, the Shareholders will receive fully paid ordinary shares in the Company, representing approximately 68% of the fully diluted share capital of the Company. Conditions to the Proposed Transaction includes the completion of the acquisition, by the Targets, of assets valued at no less than an agreed amount, and the satisfaction and receipt of all necessary legal and regulatory approvals.

As part of the Proposed Transaction, it is intended that a capital raising will be undertaken by the Company, including for the purpose of satisfying the listing requirements of the ASX. Because the Proposed Transaction represents a new business activity, upon completion of due diligence, a prospectus will be circulated and an extraordinary general meeting held to approve the relevant resolutions required to implement the various aspects of the Proposed Transactions.

The Company believes that a change in activities is in the best interest of shareholders.

On 21 August 2014 has entered into a Convertible Bond Deed ("CB Deed") with the Targets. Under the CB Deed, the Targets have agreed to subscribe for and the Company has agreed to issue convertible unsecured bonds to the Targets in their Respective Proportions (being 50% each) of an amount of AUD10,000,000. The Bonds are tranching, with a first tranche of \$2,000,000 and second tranche of \$8,000,000.

The bonds' proceeds of up to AUD10 million are to be used by the Company to acquire vineyard in Australia and a multi-national group in the People's Republic of China known as Aohua Rong Chuang (Aohua). A potential vineyard in Australia has been shortlisted for acquisitions. Aohua is ultimately owned by the Targets. The acquisition is in the midst of negotiations.



**6. Subsequent events (continued)**

The Company had transferred RMB6.8 million to Trechance being returned of funds provided for settlement of Receivables and this amount was written off in FY 2013. The Company has signed an agreement with Westcombe Capital Limited being advisory fee for deal introduction and fund raising of a commission of 5% on the entire deal including gross amount of funds raised and are payable in Sino tradeable shares.

On 1 July 2013 the consolidated entity sold its subsidiary Guizhou Sino-Excel Investment Management Ltd to a related party Trechance Holdings Limited.