Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

金泰能源
JINTAINENGYUAN

JINTAI ENERGY HOLDINGS LIMITED
金泰能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2728)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board (the "**Board**") of directors (the "**Directors**") of Jintai Energy Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2020

	NOTES	**2020** *HK$'000*	2019 *HK$'000*
Revenue	*4*	**14,078,809**	3,003,380
Cost of sales	*5*	**(13,845,832)**	(2,940,496)
Gross profit		**232,977**	62,884
Distribution expenses	*5*	**(217,106)**	(52,169)
Administrative expenses	*5*	**(57,601)**	(54,332)
Other income		**27,321**	6,681
Other losses — net	*6*	**(6,589)**	(29,191)
Gain on disposal of subsidiaries	*14*	**803,140**	3,138
Impairment loss on amount due from disposal group	*14*	**(428,514)**	–
Impairment loss on trade receivables		**(1,873)**	(85,326)
Reversal of impairment loss/(impairment loss) on prepayments	*10*	**7,481**	(394,514)

	NOTES	2020 HK$'000	2019 HK$'000
Operating profit/(loss)		**359,236**	(542,829)
Finance income		**166**	312
Finance expenses		**(41,753)**	(45,507)
Finance expenses — net		**(41,587)**	(45,195)
Profit/(loss) before income tax		**317,649**	(588,024)
Income tax expense	*7*	**(3,620)**	(10,105)
Profit/(loss) for the year		**314,029**	(598,129)
Profit/(loss) for the year attributable to:			
Owners of the Company		**321,803**	(599,250)
Non-controlling interests		**(7,774)**	1,121
		314,029	(598,129)
Earnings/(loss) per share			
— Basic (in cents)	*8*	**8.01**	(18.16)
— Diluted (in cents)	*8*	**7.36**	(18.16)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
Profit/(loss) for the year	**314,029**	(598,129)
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
— Currency translation differences	**32,782**	4,872
— Reclassification of translation reserve upon disposal/deregistration of subsidiaries	**1,369**	142
Total comprehensive income/(loss) for the year	**348,180**	(593,115)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**356,399**	(594,216)
Non-controlling interests	**(8,219)**	1,101
	348,180	(593,115)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	NOTES	2020 HK$'000	2019 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**19,277**	3,124
Investment properties	9	**–**	70,910
Prepayment for non-current assets	10	**–**	3,044
Right-of-use assets		**2,068**	–
Goodwill		**605**	567
		21,950	77,645
Current assets			
Inventories		**495,098**	365,466
Trade and other receivables and prepayments	10	**1,091,676**	938,713
Cash and cash equivalents		**116,714**	320,284
Restricted cash		**–**	153
		1,703,488	1,624,616
Total assets		**1,725,438**	1,702,261
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**5,569**	4,641
Other reserves		**444,813**	292,889
Accumulated losses		**(386,554)**	(725,104)
		63,828	(427,574)
Non-controlling interests		**(7,288)**	1,102
Total equity		**56,540**	(426,472)
Liabilities			
Non-current liabilities			
Bond payables		**27,144**	–
Lease liabilities		**1,638**	3,283
		28,782	3,283

	NOTES	2020 HK$'000	2019 HK$'000
Current liabilities			
Trade and other payables	*11*	**363,771**	322,707
Contract liabilities		**839,358**	525,413
Lease liabilities		**3,568**	1,861
Current income tax liabilities		**3,474**	8,097
Convertible loan notes		**110,878**	103,637
Borrowings	*12*	**319,067**	1,163,735
		1,640,116	2,125,450
Net current assets/(liabilities)		**63,372**	(500,834)
Total assets less current liabilities		**85,322**	(423,189)
Total liabilities		**1,668,898**	2,128,733
Total equity and liabilities		**1,725,438**	1,702,261

1. GENERAL INFORMATION

Jintai Energy Holdings Limited ("**the Company**") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office is Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the principal place of business is Suite 2601–2603, 26/F, Shui On Centre, 6–8 Harbour Road, Wan Chai, Hong Kong.

The Company and its subsidiaries (together, "**the Group**") are engaged in energy trading, including mainly trading of fuel oil and kerosene, speaker manufacturing and trading business, operation of digital trading parks, kerosene transportation services, service business of customs declaration and trading of electronic products. The Group has operations mainly in Hong Kong and the People's Republic of China ("**PRC**").

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated.

These consolidated financial statements were approved for issue by the Board of Directors on 31 March 2021.

2. BASIS OF PREPARATION

Compliance with Hong Kong Financial Reporting Standards and Hong Kong Companies Ordinance

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance (Cap. 622).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The financial statements have been prepared on a historical cost basis, except for investment properties, which are measured at fair value.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Changes in accounting policy and disclosures

(a) Amended standards adopted by the Group

The following amendments to standards relevant to the Group have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2020:

— Amendments to HKFRS 3, Definition of a Business

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

There was no material impact on the financial statements of the Group as the new HKFRSs and amendments to HKFRSs were consistent with policies already adopted by the Group except for adoption of the following developments:

Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020

Up to the date of issue these financial statements, the HKFRS has issued a new standard and a number of amendments which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SEGMENT INFORMATION

The Company's board of directors are the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance.

The board of directors consider the business from business lines perspective, and assesses the performance of the Group in six business lines, (1) energy trading which comprises mainly the trading of fuel oil and kerosene, (2) speaker manufacturing and trading business, (3) operation of digital energy trading parks, (4) fuel oil and kerosene transportation services business, (5) services business of customs declaration, and (6) trading of electronic products (2019: two business lines: (1) energy trading which comprises mainly the trading of fuel oil and kerosene, and (2) speaker manufacturing and trading).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss from each segment without allocation of finance income or expenses, rental income from investment properties, fair value loss on investment properties, share-based payment expenses, and the unallocated operating expenses since these activities are driven by the central function and the related income or expenses are individual between segments.

The Group's investment properties are not considered to be segment assets and the Group's bond payables, borrowings, convertible loan notes, and current income tax liabilities are not considered to be segment liabilities for reporting to the board of directors as they are managed on a central basis.

Segment information is as follows:

	2020						
	Energy business *HK$'000*	Speaker business *HK$'000*	Operation of digital energy trading parks *HK$'000*	Transportation services *HK$'000*	Services business of customs declaration *HK$'000*	Electronic products *HK$'000*	Total *HK$'000*
Segment results							
Year ended 31 December							
Disaggregated by timing of revenue recognition:							
At a point in time	14,017,279	27,932	52	5,234	3,991	21,015	14,075,503
Over time	–	–	3,306	–	–	–	3,306
	14,017,279	27,932	3,358	5,234	3,991	21,015	14,078,809
Segment profit/(loss)	414,602	(14,007)	(3,545)	(262)	(5,218)	(1,830)	389,740
Fair value loss on investment properties							(15,276)
Share-based payment expenses							(11,425)
Unallocated operating expenses							(3,803)
Operating profit							359,236
Finance expenses — net							(41,587)
Profit before income tax							317,649
Income tax							(3,620)
Profit for the year							314,029
Depreciation charge	265	774	502	724	–	258	2,523
Capital expenditure	1,150	332	897	–	–	231	2,610
Reversal of impairment loss on prepayments	(7,481)	–	–	–	–	–	(7,481)
Gain on disposal of subsidiaries	(803,140)	–	–	–	–	–	(803,140)
Impairment loss on amount due from disposal group	428,514	–	–	–	–	–	428,514
Impairment loss on trade receivables	1,873	–	–	–	–	–	1,873
Impairment loss on property, plant and equipment	–	1,263	–	–	–	–	1,263
Loss on disposal of property, plant and equipment	–	–	–	187	–	–	187
Assets							
As at 31 December							
Segment assets	1,675,080	8,000	6,927	25,274	2,254	6,123	1,723,658
Unallocated assets							1,780
Total							1,725,438
Liabilities							
As at 31 December							
Segment liabilities	1,111,208	6,019	15,157	2,988	1,804	3,020	1,140,196
Unallocated liabilities							68,139
Bond payables							27,144
Borrowings							319,067
Convertible loan notes							110,878
Current income tax liabilities							3,474
Total							1,668,898

	2019		
	Energy business *HK$'000*	Speaker business *HK$'000*	Total *HK$'000*
Segment results			
Year ended 31 December			
Disaggregated by timing of revenue recognition:			
At a point in time	2,967,855	35,525	3,003,380
	2,967,855	35,525	3,003,380
Segment loss	(454,341)	(28,240)	(482,581)
Rental income from investment properties			53
Fair value loss on investment properties			(22,279)
Share-based payment expenses			(14,411)
Unallocated operating expenses			(23,611)
Operating loss			(542,829)
Finance expenses — net			(45,195)
Loss before income tax			(588,024)
Income tax			(10,105)
Loss for the year			(598,129)
Depreciation charge	671	103	774
Capital expenditure	376	5,253	5,629
Impairment loss on trade receivables	85,326	–	85,326
Gain on disposal of property, plant and equipment	(61)	–	(61)
Impairment loss on prepayments	394,514	–	394,514
Gain on disposal of subsidiaries	(3,138)	–	(3,138)
Gain on deregistration of subsidiaries	(41)	–	(41)
Assets			
As at 31 December			
Segment assets	1,595,660	33,051	1,628,711
Unallocated assets			2,640
Investment properties			70,910
Total			1,702,261
Liabilities			
As at 31 December			
Segment liabilities	781,312	17,089	798,401
Unallocated liabilities			54,863
Borrowings			1,163,735
Convertible loan notes			103,637
Current income tax liabilities			8,097
Total			2,128,733

Revenue from external customers by country, based on the destination of the customers is as follows:

	2020	2019
	HK$'000	*HK$'000*
PRC	**14,078,809**	3,003,380

Revenue from major customers which individually accounts for 10% or more of the Group's revenue is as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from customer attributable to energy business Company A	**1,606,399**	375,729
Revenue from customer attributable to energy business Company B	**N/A***	712,945
Revenue from customer attributable to energy business Company C	**N/A***	520,907
Revenue from customer attributable to energy business Company D	**N/A***	483,581

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Non-current assets, other than financial instruments by country is as follows:

	2020	2019
	HK$'000	*HK$'000*
PRC	**21,522**	75,457
Hong Kong	**428**	2,188
	21,950	77,645

5. EXPENSES BY NATURE

	2020 *HK$'000*	2019 *HK$'000*
Cost of goods sold	**13,824,067**	2,914,864
Employee benefit expense	**54,090**	45,199
Short-term lease expense	**287**	2,086
Storage fees	**28,308**	8,557
Customs, levies and other taxes	**251**	254
Delivery	**142,930**	31,279
Utilities	**1,223**	14
Depreciation — property, plant and equipment	**2,031**	1,125
Depreciation — right-of-use assets	**593**	944
Research and development cost	**–**	2,426
Repairs and maintenance expenses	**32**	3
Legal and professional fees	**6,052**	8,516
Auditors' remuneration — annual report	**1,070**	752
Auditors' remuneration — others	**350**	203
Loading fee	**42,956**	9,134
Other equity-settled share-based payment	**–**	9,919
Other expenses	**16,299**	11,722
Total cost of sales, distribution expenses and administrative expenses	**14,120,539**	3,046,997

6. OTHER LOSSES — NET

	2020 *HK$'000*	2019 *HK$'000*
Fair value losses on investment properties *(Note 9)*	**(15,276)**	(22,279)
Net foreign exchange (loss)/gain	**(2,267)**	1,868
Gain on deregistration of subsidiaries	**–**	41
Gain on modification of convertible loan notes	**13,186**	–
(Loss)/gain on disposal of property, plant and equipment	**(187)**	61
Written-off of other receivables	**(782)**	–
Impairment loss of property, plant and equipment	**(1,263)**	(4,161)
Impairment loss of right-of-use assets	**–**	(4,721)
	(6,589)	(29,191)

7. INCOME TAX EXPENSE

	2020 *HK$'000*	2019 *HK$'000*
Current income tax on profits for the year — HK	**1,413**	–
Current income tax on profits for the year — PRC	**2,203**	10,105
Underprovision in prior years — PRC	**4**	–
Income tax expense	**3,620**	10,105

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2019 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million (2019: no assessable profits of the Group's subsidiaries in Hong Kong).

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates. The Company's subsidiaries incorporated in the PRC are subject to Enterprise Income Tax ("**EIT**") at the rate of 25% (2019: 25%).

Pursuant to the PRC Enterprise Income Tax Law and its detailed implementation rules, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax upon the distribution of such profits to foreign investors. For the year ended 31 December 2018, deferred income tax liabilities have been provided for at the applicable tax rate of 10% in this regard based on the expected dividends to be distributed from the Group's PRC subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

8. EARNINGS/(LOSS) PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Earnings/(loss) for the year attributable to owners of the Company used in calculating basic earnings/(loss) per share	**321,803**	(599,250)
Effective interest on the liability components of convertible loan notes	**25,975**	–
Earnings/(loss) for the year attributable to owners of the Company used in calculating diluted earnings/(loss) per share	**347,778**	(599,250)
	Shares	Shares
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**4,018,851**	3,299,832
Adjustment for potential dilutive effect in respect of:		
Convertible loan notes	**706,567**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**4,725,418**	3,299,832
Basic earnings/(loss) per share (in HK cents per share)	**8.01**	(18.16)
Diluted earnings/(loss) per share (in HK cents per share)	**7.36**	(18.16)

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue for the year ended 31 December 2020.

For the year ended 31 December 2020, the calculation of diluted earnings per share amount is based on the earnings attributable to owners of the Company, adjusted to reflect the effective interest on the liability components of convertible loan notes. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares assuming conversion of all convertible loan notes into ordinary shares at the beginning of the year ended 31 December 2020 or if later, the date of issue of the convertible loan notes.

The Company's share options have no dilutive effect on the earnings per share. Calculations are done to determine the number of shares that could have been acquired at fair value (determined by using average market price of the Company's shares for the year ended 31 December 2020) based on the monetary value of the subscription rights attached to outstanding share options.

For the year ended 31 December 2019, the Company's share options granted and convertible loan notes were anti-dilutive since their assumed exercise would result in decrease in loss per share.

9. INVESTMENT PROPERTIES

	2020	2019
	HK$'000	*HK$'000*
Investment properties — at fair value		
Opening balance at 1 January	**70,910**	95,028
Fair value losses on investment properties *(Note 6)*	**(15,276)**	(22,279)
Currency translation differences	**(1,139)**	(1,839)
Disposal of subsidiaries *(Note 14 (a))*	**(54,495)**	–
Closing balance at 31 December	**–**	70,910

The investment properties of the Group are certain office floors with area of 6,344 sqm. The properties are located in Xiamen city of Fujian Province, the PRC.

As at 31 December 2019, the investment properties have been pledged as security for the borrowings of the Group.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2020	2019
	HK$'000	*HK$'000*
Trade receivables from third parties	**697,044**	362,849
Less: allowance for impairment of trade receivables	**(1,978)**	(104,419)
Trade receivables — net	**695,066**	258,430
Prepayment to suppliers	**316,083**	1,277,136
Less: allowance for impairment of prepayment to suppliers	**–**	(656,952)
Prepayment to suppliers — net	**316,083**	620,184
Value added tax rebate receivables	**52,873**	49,496
Other receivables and deposits	**27,654**	13,647
	1,091,676	941,757
Deduct: Non-current portion	**–**	(3,044)
Total	**1,091,676**	938,713

The Group normally allows a credit period of 60 days for speaker business and 0–90 days upon receipt of invoice (2019: cash on delivery) for energy business to its customers and may further extend the credit period to selected customers depending on their trade volume and settlement history. At 31 December 2020 and 2019, the aging analysis of trade receivables based on invoice date was as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**572,897**	256,501
31 to 60 days	**44,838**	1,155
61 to 90 days	**312**	204
91 to 120 days	**195**	1
121 to 365 days	**76,822**	–
Over 365 days	**2**	569
	695,066	258,430

As at 31 December 2019, included in the provision for impairment of trade and other receivables is a provision for individually impaired trade receivables and prepayments of approximately RMB75,183,000 (equivalent to HK$85,326,000)and RMB347,617,000 (equivalent to HK$394,514,000), respectively. The individually impaired trade receivables and prepayments related to customers and suppliers that were in financial difficulties. The directors of the Company estimated the amounts of impairment is after taking into consideration the below events:

It came to the attention of management that there were media reports about the liquidity problem of a customer, Zhangjiagang Free Trade Zone Baota Petrochemical Co., Ltd* (張家港保税區寶塔石化有限公司) and a supplier, Shanghai Baota Petrochemical Co., Ltd* (上海寶塔石化有限公司), and their performance on subsequent settlements of the Group's trade receivables and prepayments respectively.

The Group's prepayments to suppliers are mainly related to the energy business. The Group pays prepayment to suppliers to secure the supply of fuel oil and kerosene. The prepayments are normally utilised for a period of 30 to 90 days.

Movements in the provision for impairment of prepayments to suppliers that are assessed for impairment are as follows:

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**656,952**	276,097
Provision for impairment recognised during the year	**–**	394,514
Reversal of provision for impairment	**(7,481)**	–
Currency translation differences	**(11,865)**	(13,659)
Eliminations on disposal of subsidiaries	**(637,606)**	–
At 31 December	**–**	656,952

* *For identification purpose only*

11. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**317,801**	216,222
Bills payables	**–**	8,692
Payroll and welfare payables	**6,401**	5,093
Amounts due to related parties	**893**	32,354
Other payable and accrued expenses	**35,209**	28,297
Interest payable	**3,390**	32,049
Payable for acquisition of property, plant and equipment	**77**	–
	363,771	322,707

The bills payables as at 31 December 2019 were secured by (i) guarantees provided by the Company and (ii) Mr. Lin Caihuo ("**Mr. Lin**"), a director and substantial shareholder of the Company.

During the year ended 31 December 2020, the amounts of HK$24,936,000, included in amounts due to related parties, and payroll and welfare payables of HK$1,800,000 were waived by Mr. Lin respectively. Interest payable of HK$1,408,000 and HK$448,000 were waived by the substantial shareholders, Mr. Chen Jinle and Mr. Cui Xianguo respectively.

The suppliers normally allow a credit period of 60 days for speaker business and cash on delivery for energy business of the Group. At 31 December 2020 and 2019, the aging analysis of the trade payables (including bills payables) based on invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**198,240**	172,959
31 to 60 days	**115,725**	448
61 to 90 days	**709**	912
91 to 120 days	**709**	1,107
Over 120 days	**2,418**	49,488
	317,801	224,914

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2020	2019
	HK$'000	*HK$'000*
RMB	**346,238**	271,649
HK$	**17,533**	51,058
	363,771	322,707

12. BORROWINGS

	2020	2019
	HK$'000	*HK$'000*
Current		
Bank borrowings		
— secured	**10,689**	279,595
— unsecured	**31,203**	25,829
	41,892	305,424
Other borrowings	**8,552**	209,362
Loans from related parties	**45,460**	152,670
A loan from the non-controlling interests of a subsidiary	**3,563**	3,343
Shareholders' loans	**219,600**	492,936
Total borrowings	**319,067**	1,163,735

As at 31 December 2020, bank borrowings with principal and interest payables of HK$13,387,000 and HK$3,257,000 were default and not repaid in accordance with scheduled payment dates.

As at 31 December 2019, bank borrowings with principal and interest payables of HK$278,011,000 and HK$27,917,000 were default and not repaid in accordance with the scheduled payment dates. In this connection, as at 31 December 2019, the investment properties of the Group were seized.

13. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: nil).

14 DISPOSAL OF SUBSIDIARIES

(a) On 24 April 2020, the Group entered into a disposal agreement with an independent third party in relation to the disposal of the entire issued share capital in a wholly-owned subsidiary of the Company, Chuang Hui Group Limited (創惠集團有限公司) (the "**Disposal Company**" together with its subsidiary, collectively the "**Disposal Group A**").

An impairment loss on amount due from Disposal Group A of HK$428,514,000 has been recognized in profit or loss. The directors of the Company estimated the amounts of impairments after taking into consideration of the financial situation of the Disposal Group A.

The disposal was completed on 24 April 2020 (the "**Completion Date**") at a cash consideration of HK$100,000.

	As at 24 April 2020
	HK$'000
Cash receivables	**100**
Total consideration receivables	**100**

Analysis of assets and liabilities over which control was lost:

	As at 24 April 2020 *HK$'000*
Non-current assets	
Property, plant and equipment	**456**
Investment properties *(Note 9)*	**54,495**
	54,951
Current assets	
Trade and other receivables and prepayments	**2,480**
Cash and cash equivalent	**52**
Restricted cash	**150**
	2,682
Total assets	**57,633**
Current liabilities	
Trade and other payables	**77,083**
Amounts due to Jintai Energy Holdings Limited and its subsidiaries	**428,514**
Contract liabilities	**57,959**
Current income tax liabilities	**959**
Borrowings	**297,527**
	862,042
Net liabilities disposed of	**(804,409)**

Gain on disposal of subsidiaries:

	2020 *HK$'000*
Consideration receivables	**100**
Exchange reserve deficiency released upon disposal	**(1,369)**
Less: net liabilities disposed of	**804,409**
Gain on disposal	**803,140**

Net cash outflow arising on disposal:

	2020
	HK$'000
Cash consideration	**–**
Less: bank balances and cash disposed of	**(52)**
	(52)

(b) On 30 November 2019, the Group entered into a disposal agreement with Zurich Equities Ltd. to dispose of its subsidiaries, Silver Lane Global Limited, Yuhua Energy (Hong Kong) Limited and Yuhua Tankers Corporation Limited ("**Disposal Group B**"). The disposal was completed on 30 December 2019. The net assets of the Disposal Group B at the date of disposal were as follows:

	2019
	HK$'000
Cash receivables	100
Total consideration receivables	100

Analysis of assets and liabilities over which control was lost:

	2019
	HK$'000
Bank balances and cash	37
Current tax liabilities	(3,075)
Net liabilities disposed of	(3,038)

Gain on disposal of subsidiaries:

	2019
	HK$'000
Consideration receivables	100
Less: net liabilities disposed of	(3,038)
Gain on disposal	3,138

Net cash outflow arising on disposal:

	2019
	HK$'000
Cash consideration	–
Less: bank balances and cash disposed of	(37)
	(37)

15. EVENT OCCURRING AFTER THE REPORTING PERIOD

After the end of the reporting period, the outbreak of novel coronavirus (COVID-19) continues to spread across the world.

The COVID-19 has impact on the business operations of the Group and the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic.

The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of this announcement, the assessment as well as the close monitoring is still in progress.

Given the dynamic nature of these circumstances, the related impact on the Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2021 interim and annual financial statements.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year's presentation.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Cheng & Cheng Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of the independent auditor's report regarding the consolidated financial statements of the Group for the year ended 31 December 2020.

Basis for qualified opinion

Corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2019, which forms the corresponding figures presented in the current year's consolidated financial statements, was modified because we had not been able to obtain sufficient appropriate audit evidence, details of which are set out in our auditor's report dated 15 April 2020.

Because we had not been able to obtain sufficient appropriate audit evidence in respect of our audit of the consolidated financial statements for the year ended 31 December 2019 and the impact on the results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2019. Our opinion on the current year's consolidated financial statements is modified because of the possible effect of this matter on the comparability of the figures of the current year and corresponding figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2020 (the "**Reporting Period**"), the Group was principally engaged in six businesses: (i) energy trading which comprised mainly the trading of fuel oil and kerosene; (ii) energy transportation; (iii) operation of digital energy trading park; (iv) customs declaration services; (v) speaker manufacturing and trading business; and (vi) trading of electronic products. The major business are stated as below:

Energy trading business

During the Reporting Period, revenue from energy trading business increased significantly to approximately HK$14,017.28 million (2019: approximately HK$2,967.86 million), representing a year-on-year increase of approximately 372%. The increase in revenue was mainly attributable to an increase in the number of customers, an increase in the market share on the energy trading business in PRC and an enhancement on the Group's product portfolio.

During the Reporting Period, the Group experienced the challenges including geopolitics, the US-China trade war and the extreme fluctuations in crude oil price as a result of the outbreak of COVID-19 pandemic worldwide. In view of that, the Group has been actively implementing different strategies for minimizing the impact of the challenges and pandemic crisis including but not limited to seeking new customers, expanding its market share, enhancing its product portfolio and sourcing from new suppliers. The implementation of the aforesaid strategies was quite effective and the performance of the energy trading business has shown significant improvement as compared with that in the previous year. The aforesaid strategies also brought forth the better optimisation of the Group's energy trading business. In addition, the gradual rebound on the crude oil price in the second half of 2020 and the rapid recovery of the overall economy of China attributed to the effective controls and measures on the COVID-19 pandemic in China resulted in a positive impact on the energy trading business environment.

During the Reporting Period, the Company has completed the placing of new shares of the Company for the purpose of sustaining the scale of energy trading business, developing new energy products and strengthening the financial position of the Company.

Energy transportation business

During the Reporting Period, the Company has acquired the entire equity interest of Lijin Shuntong Logistics Company Limited (利津順通物流有限公司) ("**Lijin Shuntong**"), which is engaged in the provision of energy transportation service. Lijin Shuntong holds a road transportation business license for hazardous chemicals and owns a fleet of more than 90 tanker trucks with a carrying capacity of 32 tons for each vehicle. The energy transportation business allows the Group to effectively reduce transportation costs and enhance transportation efficiency and provides the Group with a good opportunity for vertical expansion with an aim to enhance customers' loyalty through providing our customers with diversified services, such as transporting the Group's products or other suppliers' products from the ports to the customers' refineries or oil depots. The revenue derived from the energy transportation business amounted to approximately HK$5.23 million (2019: nil). In addition, owning a logistics services company can enhance the delivery time control, cost control and create synergy effect with other energy business of the Group.

Digital energy trading parks

The business operation of the digital energy trading parks has commenced and expanded with rapid development during the Reporting Period. The Group has signed cooperation agreements with enterprises or entities in 13 cities/regions of China, and successfully introduced not less than 236 enterprises into the digital energy trading parks. The operation and service business of digital energy trading parks generates income to the Group through: (1) receiving fixed service fees from enterprises in the trading parks on an annual basis; (2) receiving service fees based on the value-added services provided to the enterprises in the trading parks including the supply chain services and tax planning; (3) applying for tax incentives or financial subsidies from local governments based on the economic benefits of the operation of the trading parks. The revenue derived from the operation of digital energy trading parks for the Reporting Period was approximately HK$3.36 million (2019: nil). The Company believes that the digital energy trading park business can continue to contribute economic benefits and bring new opportunities for the energy trading business of the Group in the future.

Services business of customs declaration

During the Reporting Period, the Group has commenced the customs declaration services business. The Company has, through its wholly-owned subsidiary, incorporated Shandong Ruiyuan Shipping Company Limited* (山東瑞源船務有限公司) ("**Shandong Ruiyuan**") in April 2020 in Shandong, China with an independent third party. The Group holds 60% of the entire equity interest of Shandong Ruiyaun and accordingly Shandong Ruiyuan has become a non-wholly owned subsidiary of the Group. Shandong Ruiyuan is principally engaged in the provision of customs declaration services. The revenue derived from the customs declaration services business for the Reporting Period amounted to approximately HK$3.99 million (2019: nil).

The Group will adopt a cautious approach in operating the said new business. The Board believes the new business will provide a new source of income to the Group.

Speaker manufacturing and trading business

The speaker trading business recorded revenue of approximately HK$27.93 million during the Reporting Period (2019: approximately HK$35.53 million from continuing operation), representing a drop of approximately 21.4% (2019: decreased by approximately 57.01%). The decrease was mainly due to a decrease in sales orders from existing customers. Nonetheless, its revenue only accounted for approximately 0.20% (2019: approximately 1.18%) of the consolidated revenue from continuing operations of the Group.

The speaker trading business remained as a non-core business of the Group. The management of the Company has formulated its business plans to improve the business which includes selling more high-end products and ceasing to sell products with low or no profit margin and strengthening our product costs control. The Group will continue to adopt a cautious and conservative approach in managing the operation of, and making any further investments into, such non-core business.

Trading of electronic products

During the Reporting Period, the Group has commenced a new business on trading of electronic products in the PRC. The Company has, through its wholly-owned subsidiary, incorporated Chuangpu Technology Co., Ltd. ("**Chuangpu**") in June 2020 in Shenzhen, China with two independent third parties. The Group holds 51% of the entire equity interest of Chaungpu and accordingly Chuangpu has become a non-wholly owned subsidiary of the Group. Chuangpu is principally engaged in trading of electronic products. The revenue from the trading of electronic products amounted to approximately HK$21.02 million (2019: nil).

The Group will adopt a cautious approach in operating the newly commenced business. The Board is confident that a sustainable income can be made through trading of electronic products.

FINANCIAL REVIEW

Results of Operations

During the Reporting Period, the revenue of the Group increased significantly by 368.8% to approximately HK$14,078.81 million (2019: approximately HK$3,003.38 million). The significant increase in revenue was mainly attributable to the increase in trading volume of fuel oil in the second half of the year due to the increase in fuel oil price and the better cost optimisation of the Company's energy trading business.

During the Reporting Period, the Group recorded a net profit attributable to the Company's equity holders of approximately HK$321.80 million (2019: net loss attributable to the Company's equity holders of approximately HK$599.25 million). The increase in net profit was mainly attributable to a gain on the disposal of subsidiaries of approximately HK$803.14 million which was partially offset by the impairment loss of the other receivables due from the aforesaid disposed subsidiaries of approximately HK$428.51 million.

The operating costs during the Reporting Period were approximately HK$274.71 million (2019: approximately HK$106.50 million), representing an increase of approximately 157.9% as compared with the corresponding period in 2019. The increase in the operating costs was in line with the increase in revenue for the Reporting Period.

The finance costs of the Group during the Reporting Period were approximately HK$41.75 million, representing a decrease of approximately 8.3% as compared with approximately HK$45.51 million for the corresponding period in 2019.

For the Reporting Period, the basic gain per share of continuing operations was approximately HK8.01 cents (2019: basic loss per share of continuing operations of approximately HK18.16 cents).

The Group did not recommend any payment of interim dividend for the six months ended 30 June 2020. The Board does not recommend the payment of a final dividend for the Reporting Period (2019: nil).

Liquidity and Financial Resources

As at 31 December 2020, the Group had cash and cash equivalents of approximately HK$116.71 million (31 December 2019: approximately HK$320.28 million), which were mainly denominated in Hong Kong dollars (HK$), US dollars (US$) and Renminbi (RMB).

As at 31 December 2020, the Group's net current assets were of approximately HK$63.37 million (2019: net current liabilities were approximately HK$500.83 million). The Group's current ratio as at 31 December 2020, being the ratio of total current assets to total current liabilities, was approximately 1.03 as compared to approximately 0.79 as at 31 December 2019.

The Group had bank and other borrowings of approximately HK$319.07 million (2019: approximately HK$1,163.74 million) which were denominated in Renminbi and Hong Kong dollars. The annual interest rates of the bank and other borrowings for the year ended 31 December 2020 ranged from approximately 3.74% to approximately 12.28% (2019: ranged from 5.87% to 10.62%) per annum. The above bank and other borrowings was accounted for the current liabilities of the Group and repayable within one year. The secured bank borrowings amounted to approximately HK$10,689,000 as at 31 December 2020 were secured by a leasehold land of Dongying Guoxin Chemical Co., Ltd.* (東營市國鑫化工有限責任公司), an independent third party.

The unsecured bank borrowings amounted to approximately HK$31,203,000 as at 31 December 2020 were guaranteed by (i) guarantee provided by Mr. Lin, (ii) guarantee provided by Mr. Chen Jinle, an executive Director and substantial shareholder of the Company, (iii) guarantee provided by Chen Qiusan, the uncle and an associate of Mr. Chen Jinle, (iv) guarantee provided by Chen Guangsan, (v) guarantee provided by Chen Jinhui, (vi) guarantee provided by Han Jinfeng, and (vii) guarantee provided by Dongying Jinfeng Petroleum Technology Group Co., Ltd.* (東營金峰石油科技集團有限公司), a third party of the Group (2019: guarantees provided by Mr. Lin).

As at 31 December 2020, bank borrowings with principal and interest payables of HK$13,387,000 (2019: HK$278,011,000) and HK$3,257,000 (2019: HK$27,917,000) were in default and not repaid in accordance with the scheduled payment dates respectively. As at 31 December 2020, the carrying amount of the principal and the interest payables of the issued convertible notes of the Group was approximately HK$110.88 million (2019: approximately HK$103.64 million).

During the year, the Group has issued bonds in the principal amount of RMB23,481,678.65 as consideration for the acquisition of entire interest of Linjin Shuntong. As at 31 December 2020, the carrying amount of bonds was approximately HK$27,144,000 (2019: Nil). The bonds bear interest at 5% per annum, payable on maturity date and the maturity date is 23 October 2023.

Capital Structure and Gearing Ratio

As at 31 December 2020, the total issued shares of the Company was 4,455,020,888 shares.

As at 31 December 2020, the share capital and equity attributable to owners of the Company amounted to approximately HK$5,569,000 and approximately HK$63,828,000 respectively (2019: approximately HK$4,641,000 and approximately (HK$427,574,000) respectively).

As at 31 December 2020, the Group repaid its debts mainly through recurring cash flows generated by its operations and other means of financing. The gearing ratio of the Group was 674% (as at 31 December 2019: nil), which was computed by dividing the total borrowings of approximately HK$429.95 million (2019: approximately HK$1,267.37 million) by shareholder's equity of approximately HK$63.83 million (2019: approximately (HK$427.57 million)).

Lapse of Memorandum of understanding in relation to the possible acquisition of 51% equity interest in target company

On 12 February 2020, the Company (as the intended purchaser) has entered into a memorandum of understanding (the "**MOU**") with two vendors, pursuant to which the Company intended to acquire an aggregate of 51% of the equity interest in a target company and the first vendor and the second vendor intended to sell 26.01% and 24.99% of the equity interest in the target company respectively. The first vendor and the second vendor held respectively 51.00% and 49.00% of the entire equity interest of the Target Company at the date of the MOU. The target company is principally engaged in the provision of operational services for digital energy trading parks of energy business sector in China.

On 14 May 2020, the MOU has lapsed as no formal agreement has been entered into between the Company and the vendors. For details, please refer to the announcements of the Company dated 12 February 2020 and 14 May 2020.

Amendments to the Terms and Conditions of Convertible Notes

On 29 May 2019, the Company has entered into a subscription agreement with Win Win International Strategic Investment Funds SPC (for the account and on behalf of Win Win Stable No. 1 Fund SP) ("**Win Win**"), pursuant to which the Company has issued the convertible notes in the principal amount of HK$110,952,907. The original maturity date was 17 July 2020 and the original conversion price was HK$0.184 per conversion share. Win Win has subsequently transferred its interest in the convertible notes to Qilu International Funds SPC (for the account and on behalf of Zhongtai Dingfeng Classified Fund SP) ("**Qilu**").

On 16 July 2020, the Company has entered into a supplemental deed with Qilu, pursuant to which, the Company and Qilu conditionally agreed to amend the maturity date and the conversion price. Pursuant to the supplemental deed, the parties agree to: (a) amend the conversion price to HK$0.134, representing a premium of approximately 3.88% to the closing price of HK$0.129 on the date of the supplemental deed and a premium of approximately 0.30% to the average closing price of HK$0.1336 per Share as quoted on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the last 5 trading days immediately before the date of the supplemental deed; (b) amend the number of conversion shares in light of the amendment to the conversion price; (c) extend the maturity date to 17 July 2021 (or, if that is not a business day, the first business day thereafter), and extend the end of the conversion period to 4:00 p.m. (Hong Kong time) on the maturity date; (d) the interest payment dates shall be 18 January 2021 and 17 July 2021 (or, if that is not a business day, the first business day thereafter). On 23 October 2020, ordinary resolutions have been passed by the shareholders of the Company by way of poll.

As at 31 December 2020, all of the net proceeds have already been used for redemption of the 2017 notes and repayment of bank loans.

Further details of the issuance of Convertible Notes and the supplemental deed are set out in the announcements of the Company dated 29 May 2019, 11 June 2019, 2 July 2019, 7 July 2019,17 July 2019, 16 July 2020, 23 October 2020 and 3 November 2020 and the circular of the Company dated 8 October 2020.

Placing of new shares to Hong Kong Moral Co-Operation Investment Limited

On 24 June 2020, the Company has entered into a subscription agreement with Hong Kong Moral Co-Operation Investment Limited ("**Hong Kong Moral**"), pursuant to which the Company has agreed to issue, and Hong Kong Moral has agreed to subscribe for, an aggregate of 742,503,480 new shares of the Company (the "**Shares**") for an aggregate consideration of HK$95,040,400 at the subscription price of HK$0.128 per share. Hong Kong Moral is an investment holding company.

The subscription shares were issued under the general mandate and no separate shareholders' approval was required to be obtained. The subscription price of HK$0.128 per share represented a discount of approximately 9.22% on a closing price of HK$0.141 per share as quoted on the Stock Exchange on 24 June 2020, being the date of the subscription agreement and at a discount of approximately 9.60% to the average closing price of HK$0.1416 per share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the subscription agreement.

The 742,503,480 new Shares represented approximately 20.00% of the issued share capital of the Company before the issue of the subscription shares and approximately 16.67% of its issued share capital of the Company as enlarged by the allotment and issuance of the subscription shares. The subscription shares were issued under the general mandate and rank equally with all other Shares. The completion of the aforesaid placing took place on 3 August 2020.

The net proceeds from the subscription amounted to approximately HK$94,840,000 after deducting professional fees and all related expenses. Among the net proceeds from the subscription, (i) approximately HK$66.4 million would be allocated for the fund of purchases under energy trading business; (ii) approximately HK$9.5 million would be allocated for the payment of interest expenses; and (iii) approximately HK$19 million would be allocated for general working capital of the Group.

As at 31 December 2020, all of net proceeds have already been used, including approximately 10% for repayments of interest expenses and approximately 90% for the general working capital in energy trading business.

As a result of the issuance of the new Shares, the Company's total issued Shares increased to 4,455,020,888 Shares as at 3 August 2020. Details of the above-mentioned placing are set out in the announcements of the Company dated 24 June 2020, 2 July 2020 and 3 August 2020.

CONNECTED TRANSACTION

Acquisition of the entire interest of Lijin Shuntong Logistics Company Limited ("Lijin Shuntong")

On 7 August 2020, the Company, Beijing Century Energy Co., Ltd (北京金寶世紀能源有限公司) ("**Beijing Century**"), a wholly-owned subsidiary of the Company, and Mr. Chen Qiusan ("**Mr. Chen**"), entered into a sale and purchase agreement, pursuant to which Mr. Chen has agreed to sell, and Beijing Century has agreed to acquire, 100% of the equity interest of Lijin Shuntong (the "**Equity Interest**") at the consideration of RMB23,481,678.65 to be settled by way of issue of a bond by the Company to Mr. Chen (the "**Bond**"). The Bond is unsecured, bearing interest rate of 5% per annum with maturity date falling the third anniversary of the date of issue of the Bond.

The original acquisition cost of the Equity Interest to Mr. Chen was RMB23,481,678.65.

Mr. Chen is the uncle and an associate of Mr. Chen Jinle, an executive Director, a substantial shareholder and the chairman of the Company. Therefore, Mr. Chen is a connected person of the Company and the entering into of the sale and purchase agreement and the transactions contemplated thereunder and the issue of the Bond constitute connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The consideration represented the net assets value of Lijin Shuntong as at 30 June 2020. The terms of the Bond were determined after arm's length negotiation among the parties with reference to the net assets value of Lijin Shuntong, the current market situation, the prospects of the business of Lijin Shuntong and the financial performance of Lijin Shuntong from 1 January 2018 to 30 June 2020.

On 23 October 2020, ordinary resolutions were passed by the independent shareholders of the Company by way of poll. As at 31 December 2020, the issue of the Bond and the acquisition of Equity Interest have been completed.

Further details of the aforesaid acquisition and the issue of the Bond are set out in the announcement of the Company dated 7 August 2020, 29 September 2020, 8 October 2020, 23 October 2020 and the circular of the Company dated 8 October 2020.

Provision of drilling services

On 24 October 2019, Ningxia Deliheng Oil and Gas Technology Service Company Ltd. (寧夏德力恒油氣技術服務有限公司) ("**Ningxia Deliheng**") and Beijing Huaye Jinquan Petroleum Energy Technology Development Company Limited, Yanchi Branch Company (北京華燁金泉石油能源技術開發有限公司鹽池分公司) ("**Beijing Huaye**") entered into the SL16-5-4 Well Agreement and the SL27 Well Agreement, pursuant to which Ningxia Deliheng agreed to provide drilling services of (i) an aggregate of 18 oil wells under the SL16-5-4 Well Agreement at the consideration of RMB225,536,750 and (ii) 1 oil well under the SL27 Well Agreement at the consideration of RMB8,486,219.50 for Beijing Huaye for the purpose of extraction of oil. Mr. Han Jinfeng is a majority ultimate beneficial shareholder of Beijing Huaye (holding 64% effective interest thereof). Mr. Han Jinfeng is a cousin of Mr. Chen Jinle, the Chairman, an executive Director and substantial shareholder of the Company. Therefore, Beijing Huaye is an associate of a connected person of the Company and is therefore a connected person of the Company. Accordingly, the aforesaid agreements constituted connected transactions of the Company. On 11 February 2020, ordinary resolutions have been passed by the independent shareholders of the Company by way of poll. Due to the outbreak of COVID-19 and the low crude oil price amid of pandemic, the drilling works for the oil well were delayed during the year 2020. However, with more signs of robust recovery on global crude oil price, the Board commenced to actively negotiate with the counterparty for the operation to be continued in the second quarter of 2021 with commercial terms remain unchanged. Details of the SL16-5-4 Well Agreement and the SL27 Well Agreement are set out in the announcements of the Company dated 24 October 2019, 27 November 2019, 9 January 2020 and 11 February 2020 respectively, and the circular of the Company dated 22 January 2020.

NEW SHARE OPTION SCHEME

The former share option scheme of the Company expired on 25 June 2015. Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 16 September 2019, a new share option scheme of the Company (the "**New Scheme**") was adopted by the Company accordingly and will expire on 15 September 2029. The Company operates the New Scheme for the purpose of providing incentives or rewards to selected eligible participants who contribute to the success of the Group's operations. Selected eligible participants of the New Scheme include directors, employees of the Company or any of its subsidiaries and any officers or consultants who will provide or have provided services to the Group.

On 19 June 2020, the Company granted the options (the "**Share Options**") to (i) a director of the Company (the "**Director**") and (ii) 9 other eligible persons (collectively, the "**Grantees**") under the New Scheme adopted by the Company on 16 September 2019 and refreshed on 29 May 2020.

The total number of securities available for issue under the New Scheme as at the date of this announcement was 740,500,000 Shares which represents approximately 16.62% of issued share capital of the Company as at the date of this announcement. For details, please refer to the circular and the announcement of the Company dated 28 August 2019, 25 September 2019 and 19 June 2020 respectively.

Details of the share options granted, exercised, lapsed and outstanding under the New Scheme during the Reporting Period are as follows:

Category of participants	Date of grant (dd/mm/yyyy)	Exercise price after (before) share subdivision in 2018	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options As at 01/01/2020	Granted during the year	As at 31/12/2020
Eligible employees[1]	19/6/2015	0.64125 (1.2825)	19/06/2015	19/06/2015–18/06/2025	123,200,000	–	123,200,000
Eligible employees[1] and consultants	24/9/2019	0.15	24/9/2019	24/9/2019–23/9/2029	362,500,000	–	362,500,000
Director Mr. Yuan Hongbing	19/6/2020	0.145	19/6/2020	19/6/2020–18/6/2025	–	37,000,000	37,000,000
Eligible employees[1] and consultants	19/6/2020	0.145	19/6/2021	19/6/2020–18/6/2025	–	159,000,000	159,000,000
Eligible employees[1]	19/6/2020	0.145	19/6/2021[2]	19/6/2021–18/6/2026	–	50,000,000	50,000,000

Notes:

(1) Eligible employees are working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

(2) The vesting of an aggregate of 50,000,000 Share Options to be granted to 4 of the Grantees, who are staff of 創普科技有限公司 (Chuangpu Technology Co., Ltd.), a non-wholly owned subsidiary of the Company, are also subject to the attainment of performance target of the Chuangpu Technology Co., Ltd. For details, please refer to the announcement of the Company dated 19 June 2020.

Capital Expenditure

During the Reporting Period, the Group’s total capital expenditure amounted to approximately HK$2.6 million (2019: approximately HK$5.63 million).

Treasury Policies

The Group does not engage in any leveraged or derivative products. Since most of the Group’s assets and liabilities are denominated in HK dollars, Renminbi or US dollars and the exchange rates of such currencies were relatively stable over the Reporting Period, the Directors believe that the Group’s exposure to fluctuation in those currencies does not have any significant adverse effect to the Group. Nonetheless, the Group will closely monitor its foreign currency exposure and arrange for hedging facilities when necessary.

Employees

As at 31 December 2020, the Group has employed a total of approximately 349 employees (2019: 93) in Hong Kong and the PRC. Staff costs (excluding Directors' emoluments) from continuing operations amounted to approximately HK$54.1 million (2019: approximately HK$45.20 million). The Group recruits and selects candidates for employment on the basis of their qualifications and suitability for the position. It is the Group's policy to recruit the most competent person available for each position.

CAPITAL COMMITMENT

Contingent Liabilities

As at 31 December 2020, the Group has no material contingent liabilities.

Pledge on the Group's Assets

As at 31 December 2020, there was no investment properties (2019: approximately HK$70.91 million) which have been pledged as security for the borrowings of the Group.

Significant Investments and Material Acquisitions and Disposals

Save for those acquisitions and disposals disclosed in this announcement, there were no significant investment or any material acquisition or disposal of subsidiaries during the year ended 31 December 2020.

PROSPECTS

During the Reporting Period, the Company recorded a robust growth, with its revenue ascending to RMB14 billion; representing approximately 3.7 times comparing to that of the corresponding period in 2019. Both the team building and internal administration have been significantly enhanced, and the Group's management was highly confident to further broaden existing businesses and at the same time strive to explore new energy-related opportunities, allowing the Group's business scale and profitability to reach to a new height.

1. *Energy Trading*

   The Group will continue to expand the market share and range to exploit new large-scale target clients, and to simultaneously continue with the development of new energy-related products and services, in order to strengthen the energy trading business and to achieve sustainable growth in the year of 2021.

2. *Digital Trading Industry Park Operation*

   The Group has been successful in developing the "digital trading industry park" operation service of the petrochemical energy industry and have signed cooperative contracts with enterprises in 13 cities and regions to co-build the Jintai Energy Digital Trading Industry Park. The Group has introduced not less than 236 enterprises into the digital park. This business project aims to achieve an operation of 30 industry digital parks, an introduction of more than 1,000 enterprises and the achievement of RMB80 million of service revenue in the year 2021.

3. *Business Expansion*

   The Group has completed an acquisition of a company engaging in the transportation of petroleum products. The Group expected synergy effect can be achieved with the Group's energy trading sector, to lower the transport costs and to safeguard the transport efficiency.

   In the meantime, the Group will continue to explore new investment and business opportunities in various fields such as energy exploitation, energy transport, petroleum exploration technology service, petroleum refining service, petroleum product retail, Energy Internet and energy finance, with the strategic review of building up an ecosystem within the petrochemical energy industry and enhance the Company's business competitiveness and business profitability.

4. *Fundraising*

   The Group has raised sufficient fund to support its business development by means of equity financing and establishment of joint ventures with large corporations, and will also actively seek strategic investors on an ongoing basis, and strengthen the sources of financing in terms of equity, loans and supply-chain funding to serve as strong backup for the Group's further development.

Moreover, there are still many uncertainties in COVID-19 situation, the Group will continue to monitor its business strategy to cope with the challenges and potential impacts. The Group will further optimize its management team, risk exposure and cost control measures in order to enhance its competitiveness and profitability.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Impact of COVID-19

Since the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented in the PRC and across the globe. The outbreak of the COVID-19 in the PRC and the subsequent quarantine measures imposed by the PRC Government in early 2020 had a certain temporary impact on the operations of the Group in the 1st half of 2020.

In view of the risk management measures taken by the Group and the precautionary control and measures imposed by the PRC government, it believes that the COVID-19 pandemic will not have a material adverse impact on the Group's overall financial position and operating results as the Company mainly carries out its business in the PRC.

At present, the Group's operation is generally stable. The Group will continue to pay close attention to the development of, and the disruption to business and economic activities caused by the COVID-19 outbreak and evaluate its impact on the financial position, cash flows and operating results of the Group.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Litigations

A claim in respect of disputes over loan agreement was made by the Xiamen Branch of Hua Xia Bank Co., Limited ("**Hua Xia Bank**") against two subsidiaries of the Company, namely YuHua Energy (Xiamen) Co. Ltd. ("**Yuhua Xiamen**")* (裕華能源(廈門)有限公司) and YuHua Energy Holdings Group (Fujian) Co., Ltd. ("**Yuhua Fujian**")* (裕華能源控股集團(福建)有限公司), Xiamen Oceanstar Shipping Co., Ltd. ("**Xiamen Oceanstar**")* (廈門海之星航運有限公司), Fujian Yuhua Petrochemical Company Limited ("**Yuhua Petrochemical**")* (福建裕華石油化工有限公司), Mr. Lin Caihuo ("**Mr. Lin**") and his wife, Ms. Lin Aihua ("**Ms. Lin**"). On 12 September 2019, the Intermediate People's Court of Xiamen City, Fujian Province issued, inter alia, the following orders: (i) freezing order be granted against Yuhua Xiamen, Yuhua Fujian, Xiamen Oceanstar, Yuhua Petrochemical, Mr. Lin and Ms. Lin for assets equivalent to the amount of RMB30,350,000; (ii) the real property in Xiamen mortgaged by Mr. Lin Caihuo and Ms. Lin Aihua to Hua Xia Bank be seized, auctioned or realized; and (iii) the real property in Xiamen mortgaged by Xiamen Oceanstar to Hua Xia Bank be seized, auctioned or realized. The Company is currently liaising with Hua Xia Bank to discuss the appropriate arrangement.

Another claim in respect of disputes over loan agreement was made by the Xiamen Branch of Bank of Communications Limited ("**Bank of Communication**") against one subsidiary of the Company, namely Yuhua Xiamen, Xiamen Oceanstar, Fujian Yuhua Group Limited ("**Fujian Yuhua Group**")* (福建裕華集團有限公司), Mr. Lin and Ms. Lin. On 8 November 2019, the Intermediate People's Court of Xiamen, Fujian Province issued the following orders: (i) freezing order be granted against Yuhua Xiamen, Xiamen Oceanstar, Fujian Yuhua Group, Mr. Lin and Ms. Lin for assets or properties in the amount of RMB206,000,000; (ii) the assets mortgaged by Yuhua Xiamen and Xiamen Oceanstar in favour of the Bank of Communication be seized, auctioned or realized; and (iii) the equity interest of Yuhua Petrochemical in the sum of RMB150,000,000 charged by Fujian Yuhua Group to Bank of Communication be seized, auctioned or realized. The Company is currently liaising with Bank of Communication to discuss the appropriate arrangement and is also taking legal advice.

The Directors have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remedy delayed repayments to financial institutions.

On 24 April 2020, the Group entered into a disposal agreement with an independent third party in relation to the disposal of the entire issued share capital in Chuang Hui Group Limited (創惠集團有限公司), a wholly-owned subsidiary of the Company and the parent company of the subsidiaries involved in the abovementioned claims. After the completion of the disposal of Chuang Hui Group Limited, the Group has no liabilities in respect of the abovementioned loan agreements and the relevant claims thereto.

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance and has put in place self regulatory corporate practices to protect the interests of the shareholders of the Company ("**Shareholder(s)**") and the enhancement of Shareholders' value. Our mission in terms of corporate governance is to provide high-quality products and services to the satisfaction of our customers and maintain high standards of business ethics and achieve these goals while, at the same time, providing satisfactory and sustainable returns to the Shareholders.

In addition, the Group acts in a socially responsible manner through a variety of initiatives and considers this as a part of its overall commitment to good corporate governance.

The Company has a code of business conduct that sets out the principles, values and standards of conduct expected of the management and staff of the Group, and stipulates our operating procedures and policies.

The Company has, throughout the Reporting Period, applied and complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Upon specific enquiries made by the Company, all Directors have confirmed that they have fully complied with the required standards as set out in the Model Code throughout the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

None of the Company or any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the Reporting Period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021 (both days inclusive), in order to determine the eligibility of the holders of shares to attend and vote at the annual general meeting to be held on Friday, 28 May 2021 (the "**AGM**"). In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Monday, 24 May 2021.

SCOPE OF WORK OF CHENG & CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2020, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group's auditor, Cheng & Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Cheng & Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Cheng & Cheng Limited on the preliminary announcement.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee of the Company (the "**Audit Committee**") comprises of three independent non-executive Directors, namely Mr. Tche Heng Hou Kevin, Mr. Gao Han and Mr. Mak Tin Sang. The chairman of the Audit Committee is Mr. Tche Heng Hou Kevin, who holds the appropriate professional accounting qualification and financial management expertise as required under the Listing Rules.

The annual results of the Company for the year ended 31 December 2020 and this announcement has been reviewed by the Audit Committee before presented to the Board for approval and confirmed that this announcement has complied with the Listing Rules.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement are published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jintaienergy.com) and the 2020 annual report of the Company will be dispatched to the shareholders of the Company and published on the Company's and the Stock Exchange's websites in due course.

ACKNOWLEDGEMENT

The Group would like to extend its sincere gratitude to its business partners and shareholders for their continued support. The management team and all staff members shall also be lauded for their unwavering efforts and dedication to the Group.

By Order of the Board
Jintai Energy Holdings Limited
Yuan Hongbing
Executive Director and Chief Executive Officer

Hong Kong, 31 March 2021

* *The English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the Company has three executive Directors, namely Mr. Chen Jinle (Chairman), Mr. Lin Caihuo and Mr. Yuan Hongbing (Chief Executive Officer), one non-executive Director, namely Mr. Wang Shoulei, and three independent non-executive Directors, namely Mr. Tche Heng Hou Kevin, Mr. Gao Han and Mr. Mak Tin Sang.