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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)

CONNECTED TRANSACTION

WELL AGREEMENT

On 10 August 2021 (after trading hour), Ningxia Deliheng and Beijing Huaye entered into the Well Agreement, pursuant to which Ningxia Deliheng agreed to provide drilling services of an aggregate of 63 oil wells for Beijing Huaye for the purpose of extraction of petroleum.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Han Jinfeng is the 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. The highest percentage ratio is more than 25%. The Well Agreement and the transactions contemplated thereunder constituted connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WELL AGREEMENT

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The principal terms of the Well Agreement are set out below:

Date: 10 August 2021

Parties: (1) Beijing Huaye as developer; and
(2) Ningxia Deliheng as contractor.

Construction Period: Construction period for each oil well is 15 days commencing from the date on which Beijing Huaye issues a notice of commencement of construction to Ningxia Deliheng

Nature of transactions: Ningxia Deliheng shall provide drilling services of 63 oil wells for Beijing Huaye. Ningxia Deliheng shall prepare all equipment, materials and manpower..

Beijing Huaye has the right to inspect the conditions of the drilling sites and supervise the works of Ningxia Deliheng and may prohibit any designs or works which do not comply with the relevant requirements.

It is anticipated that the drilling work will be completed in 2022.

Fee: The total fee shall be in the aggregate sum of RMB748,171,700.00

For each oil well, Beijing Huaye shall pay Ningxia Deliheng:

- (a) 10% of the fee as initiation fee;
- (b) 10% of the fee upon completion of drilling of each oil well;
- (c) the remaining 80% of the fee for each oil well within 3 months after completion of inspection of each completed well, subject to keeping of retention money equivalent to 10% of the fee, which shall be released upon expiry of the warranty period.

The fee under the Well Agreement was determined on a cost-plus basis and represents a mark-up rate of 30%, which is within the industry range of 20–50%. In determining the fee, the Board worked with the operation team and finance department to estimate the total costs, which mainly include, inter alia, the costs of preparation of well drilling, the cost for drilling work (including, inter alia, equipment, staff cost, electricity and water expenses, etc.) and monitoring cost. The fee was arrived at after taking into account the mark-up rate.

Warranty period: Ningxia Deliheng shall provide a warranty period of 6 months after delivery of each completed oil well, during which Ningxia Deliheng shall be responsible for the repair and maintenance of the oil well.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE WELL AGREEMENT

The Company is principally engaged in energy-related business. Therefore, the oil well drilling business is within its ordinary and usual course of business. The Company has developed its expertise in drilling works of oil well. The Board believes that by entering into the Well Agreement, the Company can further enhance the Group's market exposure and brand name in construction of energy-related facilities.

The Group has satisfied the relevant eligibility requirement of oil well drilling and has established the necessary staff team to carry out the same. It is believed that the Well Agreement can enhance the profitability of the Company and to further accumulate experiences and develop expertise in construction of energy-related facilities, so that the Company can collaborate with other business parties in this field in the future.

VIEWS OF THE DIRECTORS

The Directors (including the independent non-executive Directors) consider that the terms of the Well Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Mr. Chen Jinle, the Chairman, an executive Director and a substantial Shareholder who has interests in the transactions contemplated under the Well Agreement by virtue of his family relationship with the majority ultimate beneficial owner of Beijing Huaye, has abstained from voting on the board resolutions approving the Well Agreement.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) energy trading; (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.

Ningxia Deliheng is principally engaged in oil well construction and repairment.

INFORMATION ON BEIJING HUAYE

Based on the information available to the Group, Beijing Huaye is principally engaged in energy technology development, technology transfer, project investment, sale of electric devices, sale of computer and construction materials.

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An EGM will be convened and held to consider and, if thought fit, to approve the Well Agreement and the transactions contemplated thereunder. A circular containing, among other things, further details of the Well Agreement and the transactions contemplated thereunder, is expected to be despatched to the Shareholders on or before 31 October 2021 as additional time is required to prepare and finalise the information to be included in the circular.

Details of the connected transaction of the Company will be disclosed in the Company's annual report and accounts in accordance with Rule 14A.49 of the Listing Rules.

APPOINTMENT OF INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The independent board committee of the Company comprising all the independent non-executive Directors has been established to advise and give recommendation to the Independent Shareholders on the Well Agreement.

An independent financial adviser will be appointed to make recommendations to the independent board committee of the Company and the Independent Shareholders in respect of the Well Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Beijing Huaye”	Beijing Huaye Jinqun 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), a company incorporated in the PRC and a connected person of the Company
“Board”	the board of directors of the Company
“Company”	Jintai Energy Holdings Limited (stock code: 2728), a company incorporated in the Cayman Islands, whose Shares are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, to approve, the Well Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the Shareholders who are independent and not connected with Beijing Huaye and its associates and are not required to abstain from voting at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningxia Deliheng”	Ningxia Deliheng Oil and Gas Technology Service Company (寧夏德力恒油氣技術服務有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, excluding Hong Kong and the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder of Shares in the Company
“Shares”	ordinary share(s) of HK\$0.00125 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Well Agreement”	an agreement dated 10 August 2021 entered into between Beijing Huaye and Ningxia Deliheng regarding oil well drilling in an area in Huian Oil Field (惠安油田), the PRC
“%”	per cent

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

Hong Kong, 10 August 2021

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