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JINTAI ENERGY HOLDINGS LIMITED

金泰能源控股有限公司

(formerly known as Yuhua Energy Holdings Limited* 裕華能源控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2728)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Jintai Energy Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Unaudited	
		Six months ended 30 June	
	<i>Notes</i>	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	9,384,672	2,704,176
Cost of sales		(9,067,334)	(2,893,001)
Gross profit/(loss)		317,338	(188,825)
Distribution expenses		(135,115)	(76,537)
Administrative expenses		(36,191)	(28,836)
Other income		4,949	7,363
Other losses — net		(1,324)	(7,828)
Gain on disposal of subsidiaries	9	1,016	803,140
Impairment loss on amount due from disposal group		–	(428,514)
Reversal of impairment loss on trade receivables		1,928	–

		Unaudited	
		Six months ended 30 June	
	<i>Notes</i>	2021	2020
		HK\$'000	HK\$'000
Operating profit		152,601	79,963
Finance income		176	78
Finance expenses		(15,397)	(24,708)
		<hr/>	<hr/>
Finance expenses — net		(15,221)	(24,630)
		<hr/>	<hr/>
Profit before income tax		137,380	55,333
Income tax expense	4	(14,337)	(24)
		<hr/>	<hr/>
Profit for the period		123,043	55,309
		<hr/>	<hr/>
Profit/(loss) for the period attributable to:			
Owners of the Company		112,942	101,280
Non-controlling interests		10,101	(45,971)
		<hr/>	<hr/>
		123,043	55,309
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share attributable to owners of the Company			
Basic earnings per share (in HK cents per share)	5	2.54	2.73
Diluted earnings per share (in HK cents per share)	5	2.36	2.62
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Profit for the period	123,043	55,309
Other comprehensive income for the period		
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	7,590	5,792
— Reclassification of translation reserve upon disposal of subsidiaries	57	1,380
	<u>7,647</u>	<u>7,172</u>
Total comprehensive income for the period	130,690	62,481
Total comprehensive income/(loss) attributable to:		
Owners of the Company	120,626	108,236
Non-controlling interests	10,064	(45,755)
	<u>130,690</u>	<u>62,481</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Note</i>	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		17,644	19,277
Right-of-use assets		–	2,068
Goodwill		612	605
		18,256	21,950
Current assets			
Inventories		1,114,869	495,098
Trade and other receivables and prepayments	7	2,019,577	1,091,676
Financial assets at fair value through profit or loss		1,419	–
Cash and cash equivalents		52,908	116,714
		3,188,773	1,703,488
Total assets		3,207,029	1,725,438
EQUITY			
Equity attributable to owners of the Company			
Share capital		5,569	5,569
Other reserves		455,457	444,813
Accumulated losses		(273,743)	(386,554)
		187,283	63,828
Non-controlling interests		14,646	(7,288)
Total equity		201,929	56,540

	<i>Note</i>	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
LIABILITIES			
Non-current liabilities			
Bond payables		28,288	27,144
Lease liabilities		–	1,638
		<u>28,288</u>	<u>28,782</u>
Current liabilities			
Trade and other payables	8	1,055,502	363,771
Contract liabilities		1,480,454	839,358
Lease liabilities		2,128	3,568
Current income tax liabilities		14,892	3,474
Convertible loan notes		115,279	110,878
Borrowings		308,557	319,067
		<u>2,976,812</u>	<u>1,640,116</u>
Net current assets		<u>211,961</u>	<u>63,372</u>
Total assets less current liabilities		<u>230,217</u>	<u>85,322</u>
Total liabilities		<u>3,005,100</u>	<u>1,668,898</u>
Total equity and liabilities		<u><u>3,207,029</u></u>	<u><u>1,725,438</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

This interim condensed consolidated financial information was unaudited but have been reviewed by the Audit Committee of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of amendments to HKFRSs effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Application of amendments to HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- i. Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2
- ii. Amendments to HKFRS 16, Covid-19 Related to Rent Concessions

The application of those amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in the Group’s condensed consolidated financial statements.

3 SEGMENT INFORMATION

The Company’s board of directors is 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 considers the business from business lines perspective, and assesses the performance of the Group in seven 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, (6) trading of electronic products, and (7) drilling services (31 December 2020: six business lines: (1) energy trading business which comprises mainly the trading of fuel oil and kerosene, (2) speaker manufacturing and trading (3) operation of digital energy trading parks, (4) fuel oil kerosene transportation services business, (5) services business of customs declaration, and (6) trading of electronic products.

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of finance income or expenses, 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 not divided between segments.

The Group's financial assets at fair value through profit or loss is 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.

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Revenue from external customers		
Energy business	9,078,620	2,689,962
Speaker business	194	14,214
Operation of digital energy trading parks	26,301	–
Transportation services	17,727	–
Services business of customs declaration	3,041	–
Electronic products	–	–
Drilling services	258,789	–
	<u>9,384,672</u>	<u>2,704,176</u>
Total		
	<u>9,384,672</u>	<u>2,704,176</u>
Timing of revenue recognition		
At a point in time	9,099,634	2,704,176
Over time	285,038	–
	<u>9,384,672</u>	<u>2,704,176</u>
Total		
	<u>9,384,672</u>	<u>2,704,176</u>
Segment profit/(loss)		
Energy business	56,789	122,350
Speaker business	(1,223)	(8,818)
Operation of digital energy trading parks	13,984	–
Transportation services	(5,268)	–
Services business of customs declaration	1,945	–
Electronic products	1,016	–
Drilling services	95,020	–
	<u>162,263</u>	<u>113,532</u>
Total		
	<u>162,263</u>	<u>113,532</u>
	Unaudited	Audited
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Segment assets		
Energy business	2,932,858	1,675,080
Speaker business	761	8,000
Operation of digital energy trading parks	8,711	6,927
Transportation services	18,247	25,274
Services business of customs declaration	1,806	2,254
Electronic products	–	6,123
Drilling services	241,901	–
	<u>3,204,284</u>	<u>1,723,658</u>
Total		
	<u>3,204,284</u>	<u>1,723,658</u>

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Segment liabilities		
Energy business	2,306,403	1,111,208
Speaker business	3	6,019
Operation of digital energy trading parks	8,273	15,157
Transportation services	4,527	2,988
Services business of customs declaration	2,203	1,804
Electronic products	–	3,020
Drilling services	201,817	–
	<u>2,523,226</u>	<u>1,140,196</u>
Total	<u><u>2,523,226</u></u>	<u><u>1,140,196</u></u>

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

	Unaudited Six months ended 30 June 2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PRC	<u>9,384,672</u>	<u>2,704,176</u>

A reconciliation of total segment profit/(loss) to net profit is provided as follows:

	Unaudited Six months ended 30 June 2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Segment profit/(loss)	162,263	113,532
Fair value loss on investment properties	–	(15,276)
Share-based payment expenses	(2,960)	(11,425)
Unallocated operating expenses	(6,702)	(6,868)
	<u>152,601</u>	<u>79,963</u>
Operating profit	152,601	79,963
Finance income	176	78
Finance expenses	(15,397)	(24,708)
	<u>137,380</u>	<u>55,333</u>
Profit before income tax	137,380	55,333
Income tax expense	(14,337)	(24)
	<u>123,043</u>	<u>55,309</u>
Profit for the period	<u><u>123,043</u></u>	<u><u>55,309</u></u>

Reportable segments' assets are reconciled to total assets as follows:

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Total segment assets	3,204,284	1,723,658
Unallocated assets	1,326	1,780
Financial assets at fair value through profit or loss	1,419	–
Total assets	<u>3,207,029</u>	<u>1,725,438</u>

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Total segment liabilities	2,523,226	1,140,196
Unallocated liabilities	14,858	68,139
Bond payables	28,288	27,144
Borrowings	308,557	319,067
Convertible loan notes	115,279	110,878
Current income tax liabilities	14,892	3,474
Total liabilities	<u>3,005,100</u>	<u>1,668,898</u>

4 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June 2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
— PRC income tax	14,337	24
Deferred income tax	–	–
	<u>14,337</u>	<u>24</u>

No provision for Hong Kong profits tax has been made, as the Group's subsidiaries in Hong Kong did not derive any assessable profit for the six months ended 30 June 2021 and 30 June 2020.

Taxation on PRC income has been calculated on the estimated assessable profit for the period 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% (six months ended 30 June 2020: 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.

5 EARNINGS PER SHARE

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Earnings attributable to owners of the Company used in calculating basic earnings per share	112,942	101,280
Effective interest on the liability components of convertible loan notes	11,613	11,745
	<u>124,555</u>	<u>113,025</u>
Earnings attributable to owners of the Company used in calculating diluted earnings per share		
	shares	shares
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,455,021	3,712,517
Adjustment for potential dilutive effect in respect of:		
Share options	3,910	2,026
Convertible loan notes	828,006	603,005
	<u>5,286,937</u>	<u>4,317,548</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share		
	2.54	2.73
Basic earnings per share (in HK cents per share)		
	2.36	2.62
Diluted earnings per share (in HK cents per share)		

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue for the six months ended 30 June 2021 and 30 June 2020.

6 DIVIDENDS

The Board of Directors did not propose any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Trade receivables from third parties	452,939	697,044
Trade receivables from related parties	225,936	–
Less: allowance for impairment of trade receivables	(72)	(1,978)
	<hr/>	<hr/>
Trade receivables — net	678,803	695,066
Prepayments to suppliers	1,245,484	316,083
Value added tax rebate receivables	81,515	52,873
Other receivables, deposits and prepaid expenses	13,775	27,654
	<hr/>	<hr/>
	2,019,577	1,091,676
	<hr/> <hr/>	<hr/> <hr/>

The Group's normally allows a credit period of 0–90 days upon receipt of invoice for energy business to its customers and may further extend the credit period to selected customers depending on their trade volume and settlement history. As at 30 June 2021 and 31 December 2020, the aging analysis of trade receivables based on date of revenue recognition was as follows:

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Within 30 days	490,566	572,897
31–60 days	131,751	44,838
61–90 days	234	312
91–120 days	53,665	195
121–365 days	256	76,822
Over 365 days	2,331	2
	<hr/>	<hr/>
	678,803	695,066
	<hr/> <hr/>	<hr/> <hr/>

8 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Trade payables	990,379	317,801
Payroll and welfare payables	7,433	6,401
Amounts due to related parties (i)	–	893
Interest payable	4,183	3,390
Other payable and accrued expenses	53,507	35,209
Payable for acquisition on property, plant and equipment	–	77
	<u>1,055,502</u>	<u>363,771</u>

(i) The amounts due to related parties are all unsecured, interest free and repayable on demand.

As at 30 June 2021 and 31 December 2020, the aging analysis of trade payables based on invoice date was as follows:

	Unaudited 30 June 2021 <i>HK\$'000</i>	Audited 31 December 2020 <i>HK\$'000</i>
Within 30 days	916,398	198,240
31–60 days	4	115,725
61–90 days	539	709
91–120 days	73,371	709
Over 120 days	67	2,418
	<u>990,379</u>	<u>317,801</u>

9. DISPOSAL OF SUBSIDIARIES

Description

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 “**Target Company**” together with its subsidiary, collectively the “**Target Group**”) (the “**Disposal**”).

The Disposal was completed on 24 April 2020 (the “**Completion Date**”) at an estimated cash consideration of HK\$100,000. The net assets of the Target Group at the date of disposal were as follows:

	As at 24 April 2020 <i>HK\$'000</i>
Cash receivables	<u>100</u>
Total consideration receivables	<u><u>100</u></u>

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	54,495
	<u>54,951</u>
Current assets	
Trade and other receivables and prepayments	2,480
Cash and cash equivalent	52
Restricted cash	150
	<u>2,682</u>
Total assets	<u>57,633</u>
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
	<u>862,042</u>
Net liabilities disposed of	<u><u>(804,409)</u></u>
Gain on disposal of subsidiaries:	
	As at 24 April 2020 HK\$'000
Total consideration receivables	100
Exchange reserve deficiency released upon disposal	(1,369)
Net liabilities disposed of	804,409
	<u>803,140</u>
Gain on disposal	<u><u>803,140</u></u>
Net cash outflow arising on disposal:	
	As at 24 April 2020 HK\$'000
Cash consideration received	–
Less: bank balances and cash disposed of	(52)
	<u>(52)</u>
Net cash outflow	<u><u>(52)</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in seven 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) drilling services; (v) customs declaration services; (vi) speaker manufacturing and trading business; and (vii) trading of electronic products during the six months ended 30 June 2021 (the “**Current Period**”). The Group has ceased the business of trading of electronic products during the Current Period. The Group’s revenue was approximately HK\$9,384.68 million, representing a significant increase of approximately 247.04% as compared to approximately HK\$2,704.18 million for the corresponding period in 2020 (the “**Corresponding Period**”). The gross profit during the Current Period was approximately HK\$317.34 million (2020 interim: gross loss approximately HK\$188.83 million), representing an increase of approximately HK\$506.17 million.

Energy trading business

During the Current Period, the revenue from energy trading has increased to approximately HK\$9,078.63 million (2020 interim: approximately HK\$2,689.96 million), representing an increase of approximately 2.38 times from the Corresponding Period. Its revenue also accounted for approximately 96.74% (2020 interim: approximately 99.47%) of the consolidated revenue of the Group. The increase in revenue was mainly attributable to an increase in the number of new customers and the expansion of the Group’s product portfolio.

During the Current 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 in 2021.

Energy transportation business

In 2020, 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 in the PRC and owns a fleet of more than 90 tanker trucks with 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. 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.

During the Current Period, the revenue derived from the energy transportation business amounted to approximately HK\$17.73 million (2020 interim: nil). Since the acquisition of Lijin Shuntong was completed on 30 October 2020, no income was derived from energy transportation business in the corresponding period of 2020.

Digital energy trading parks

The business operation of the digital energy trading parks has commenced and expanded with rapid development during the Current 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.

During the Current Period, the revenue derived from the operation of digital energy trading parks was approximately HK\$26.30 million (2020 interim: nil). This business segment was commenced in the second half year of 2020. The Company believes that the digital energy trading parts business can continue to contribute economic benefits and bring new opportunities for the energy trading business of the Group in the future.

Drilling Services

The Group has commenced the drilling services of oil wells through its wholly-owned subsidiary Ningxia Deliheng Oil and Gas Technology Service Company* (寧夏德力恒油氣技術服務有限公司) in the year of 2021. Ningxia Deliheng had entered into the SL16-5-4 and SL27 Well Agreement with Beijing Huaye Jinqian 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) that Ningxia Deliheng provide drilling services of 19 oil wells for Beijing Huaye for the purpose of extraction of oil. This transaction was approved in February 2020. Due to the outbreak of COVID-19 in 2020 resulting in lockdown of majority countries, the drilling services projects was deferred.

The drilling work of oil wells under the SL16–5–4 and SL27 Well Agreement were commenced by 4 June 2021 and those agreement were completed before 30 June 2021. During the Current Period, the revenue derived from the drilling services business amounted to approximately HK\$258.79 million (2020 interim: nil).

Customs declaration services

In 2020, the Group has commenced the customs declaration services business. The Company has, through its wholly-owned subsidiary, established 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% equity interest of Shandong Ruiyuan 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. During the Current Period, the revenue derived from the customs declaration services business amounted to approximately HK\$3.04 million (2020 interim: nil).

Speaker manufacturing and trading business

The revenue from speaker manufacturing and trading business recorded a decrease during the Current Period. Its revenue amounted to approximately HK\$0.19 million (2020 interim: approximately HK\$14.21 million), representing a decrease of approximately 98.66% as compared with that of the Corresponding Period. Its revenue only accounted for approximately 0.002% (2020 interim: approximately 0.53%) of the total revenue of the Group during the Current Period.

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 Current Period, the Group has disposed of Chuangpu Technology Co., Ltd. that was the subsidiary of the Company which is engaged in the business on trading of electronic products. The Group ceased the business of trading of electronic products segment.

FINANCIAL REVIEW

Results of Operations

During the Current Period, the revenue of the Group increased significantly to approximately HK\$9,384.68 million (2020 interim: HK\$2,704.18 million), representing an increase of approximately 2.47 times as compared to the Corresponding Period. The increase in revenue was mainly attributable to the increase in the crude oil price and the number of new customers and the expansion of the product portfolio in the energy trading business as well as the revenue from other new business segment such as drilling services.

During the Current Period, the Group recorded a net profit attributable to the owner of the Company of approximately HK\$112.94 million (2020 interim: net profit of approximately HK\$101.28 million). The increase in net profit was mainly attributable to the significant increase in net profit from energy trading business as the increase in the crude oil price, the increase in the number of new customers, and the expansion of the product portfolio, and also the net profit derived from the new business segment of drilling services.

The operating costs were approximately HK\$171.31 million during the Current Period (2020 interim: approximately HK\$105.37 million), representing an increase of approximately 62.57% as compared with that in the Corresponding Period. The increase was in line with the increase in revenue for the Current Period.

The finance costs of the Group were approximately HK\$15.40 million during the Current Period, representing a decrease of approximately 37.68% as compared with approximately HK\$24.71 million for the Corresponding Period in 2020.

Liquidity and Financial Resources

As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$52.91 million (as at 31 December 2020: approximately HK\$116.71 million), which were mainly denominated in Hong Kong dollars, US dollars and Renminbi.

As at 30 June 2021, the Group's net current assets were HK\$211.96 million (as at 31 December 2020: approximately HK\$63.37 million). The Group's current ratio, being the ratio of total current assets to total current liabilities, was approximately 1.07 as compared to approximately 1.04 as at 31 December 2020. The Group had bank and other borrowings of approximately HK\$308.56 million (as at 31 December 2020: approximately HK\$319.07 million) which were denominated in Renminbi and Hong Kong dollars. The effective interest rates of the bank borrowings for the Current Period was 7.23% (as at 31 December 2020: 4.53%) per annum. The above bank and other borrowings were accounted for as current liabilities of the Group and repayable within one year.

As at 30 June 2021, the gearing ratio of the Group was 225.51% (as at 31 December 2020: 674%), which was computed by dividing the total borrowings of approximately HK\$423.84 million (as at 31 December 2020: approximately HK\$429.95 million) by shareholder's equity of approximately HK\$187.28 million (as at 31 December 2020: approximately HK\$63.83 million).

Pledge on the Group's assets

As at 30 June 2021, no assets of the Group have been pledged as security for the borrowings of the Group (as at 31 December 2020: nil).

Significant Investments and Material Acquisitions or Disposals

Save as disclosed in this announcement, the Group has made no significant investment or any material acquisition or disposal of subsidiaries for the six months ended 30 June 2021.

Treasury Policies

The Group does not engage in any leverage or derivative products. Since most of the Group's assets and liabilities are denominated in HK dollars, Renminbi and US dollars and the exchange rates of such currencies were relatively stable during the Current Period, the Group believes that the exposure to fluctuation in the exchange rates of the above currencies does not have any material adverse effect to the Group. Nonetheless, the Group will closely monitor the foreign currency exposure and arrange for hedging facilities when necessary.

Contingent Liabilities

As at 30 June 2021, the Group has no material contingent liabilities.

Human Resources

The Group has employed a total of approximately 218 employees as at 30 June 2021 (as at 30 June 2020: approximately 40) in Hong Kong and the PRC. Staff costs (excluding Directors' emoluments) during the Current Period amounted to approximately HK\$22.9 million (2020 interim: approximately HK\$20.6 million). The Group recruits and selects candidates based on their qualifications and suitability for the position. It is the policy of the Group to recruit the most capable person available for each position.

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 20 May 2021, the Company granted the options (the “Share Options”) to 5 grantees (including 5 employees) 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 856,700,000 Shares which represents approximately 19.23% of issued share capital of the Company as at the date of this announcement. For details, please refer to the circular of the Company dated 28 August 2019 and 27 April 2020 and the announcement of the Company dated 25 September 2019, 29 May 2020, 19 June 2020 and 20 May 2021 respectively.

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

Name or category of participants	Date of grant (dd/mm/yyyy)	Exercise price after (before) share subdivision in 2018 HK\$	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options				
					As at 01/01/2021	Granted during the period	Exercise during the period	Lapse during the period	As at 30/06/2021
DIRECTORS									
Mr. Yuan Hongbing	19/6/2020	0.145	19/6/2020	19/6/2020–18/6/2025	37,000,000	–	–	–	37,000,000
				Total	<u>37,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>37,000,000</u>
OTHER PARTICIPANTS									
Eligible employees ⁽¹⁾	19/6/2015	0.64125 (1.2825)	19/6/2015	19/6/2015–18/6/2025	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
Eligible employees ⁽¹⁾⁽²⁾	19/6/2020	0.145	19/6/2021	19/6/2021–18/6/2026	50,000,000	–	–	–	50,000,000
Eligible employees ⁽¹⁾	19/6/2020	0.145	19/6/2021	19/6/2020–18/6/2025	159,000,000	–	–	–	159,000,000
Eligible employees ⁽¹⁾	20/5/2021	0.15	20/5/2021	20/5/2021–19/5/2027	–	125,000,000	–	–	125,000,000
				Total	<u>694,700,000</u>	<u>125,000,000</u>	<u>–</u>	<u>–</u>	<u>819,700,000</u>

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 Chuangpu Technology Co., Ltd. For details, please refer to the announcement of the Company dated 19 June 2020.

Future Prospects

During the Current Period, the Company recorded a robust growth, with its revenue ascending to RMB9 billion, representing approximately 2.47 times comparing to that of the corresponding period in 2020. Both the team building and internal administration have been significantly enhanced, and the Group's management is highly confident to further broaden existing businesses and at the same time will strive to explore new energy-related opportunities.

Subsequent Events after the Current Period

Amendments to the Terms and Conditions of the Convertible Notes

The Company 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**”) on 29 May 2019, 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) (the “**New Subscriber**”).

On 16 July 2020, the Company entered into a supplemental deed with the New Subscriber, pursuant to which, the Company and the New Subscriber 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 HK0.129 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 from the issue of the convertible notes have already been used for redemption of the 2017 notes and repayment of bank loans.

Further details of the issue 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.

On 4 August 2021 (after trading hours), the Company entered into the second supplemental deed (the “**Second Supplemental Deed**”) with the New Subscriber, pursuant to which, the Company and the New Subscriber conditionally agreed to (a) extend the Maturity Date to 17 July 2022 (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 extended Maturity Date; and (b) the interest payment dates shall be 17 January 2022 and 17 July 2022 (or, if that is not a Business Day, the first Business Day thereafter).

As at the date of this announcement, the Second Supplemental Deed is still subject to the fulfillment of the certain conditions precedent set out in the announcement dated 4 August 2021, including but not limited to the independent shareholders of the Company having approved the Second Supplemental Deed. If the conditions precedent are not fulfilled on or before 31 October 2021 or such other date as may be agreed in writing between the Company and the New Subscriber, the Second Supplemental Deed will lapse and become null and void and the parties will be released from all obligations hereunder, save for liabilities for any antecedent breaches hereof.

The conversion shares will be issued under the specific mandate of the Company. An extraordinary general meeting will be held for the Shareholders to consider and, if thought fit, approve the ordinary resolutions approving the Second Supplemental Deed and the grant of the specific mandate of the Company.

For further details regarding the Second Supplemental Deed, please refer to the announcement of the Company dated 4 August 2021.

Well Agreement

On 10 August 2021, Ningxia Deliheng Oil and Gas Technology Service Company (寧夏德力恒油氣技術服務有限公司) (“**Ningxia Deliheng**”), an indirect wholly-owned subsidiary of the Company and Beijing Huaye Jinqian 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 an agreement regarding oil well drilling in Huian Oil Field (惠安油田), the PRC (the “**Well Agreement**”). Pursuant to the Well Agreement, Ningxia Deliheng agreed to provide drilling services of an aggregate of 63 oil wells for Beijing Huaye for the purpose of extraction of oil at an aggregate consideration of RMB748,171,700.00.

As at the date of this announcement, the Well Agreement is still subject to the fulfillment of the condition precedent that the independent shareholders of the Company having approved the Well Agreement.

For further details regarding the Well Agreement, please refer to the announcement of the Company dated 10 August 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company devotes to the corporate governance, and has complied with the code provisions of the Corporate Governance Code (the “**Code**”) as set out in Appendix 14 of the Rules Governing the Listing (the “**Listing Rules**”) of Securities on the Stock Exchange for the Current Period, except for the following deviation:

Pursuant to code provision A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Our independent non-executive Directors, Mr. Gao Han, and our non-executive Director, Mr. Wang Shoulei were unable to attend the annual general meeting of the Company held on 28 May 2021 due to other commitments.

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 pertaining to securities transactions by the Directors. Having made specific enquiry of all Directors, all the Directors have confirmed that they have fully complied with the required standards set out in the Model Code throughout the Current Period.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) assists the Board in discharging its responsibilities for corporate governance, financial reporting and corporate control. The primary duties of the Audit Committee are to, among others, review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee currently consists 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 interim results of the Group for the six months ended 30 June 2021 have not been audited. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 and this announcement with the Directors and senior management of the Group.

ACKNOWLEDGEMENT

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

PUBLICATION OF INTERIM REPORT

This interim results announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jintaienergy.com), and the interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 August 2021

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.