



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)

Interim Report **2021**



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Jinle (*Chairman*)
Mr. Lin Caihuo
Mr. Yuan Hongbing (*Chief Executive Officer*)

Non-Executive Director

Mr. Wang Shoulei

Independent Non-Executive Directors

Mr. Tche Heng Hou Kevin
Mr. Gao Han
Mr. Mak Tin Sang

AUDIT COMMITTEE

Mr. Tche Heng Hou Kevin
(*Chairman of the Committee*)
Mr. Gao Han
Mr. Mak Tin Sang

REMUNERATION COMMITTEE

Mr. Mak Tin Sang
(*Chairman of the Committee*)
Mr. Lin Caihuo
Mr. Yuan Hongbing
Mr. Tche Heng Hou Kevin
Mr. Gao Han

NOMINATION COMMITTEE

Mr. Chen Jinle
(*Chairman of the Committee*)
Mr. Lin Caihuo
Mr. Tche Heng Hou Kevin
Mr. Gao Han
Mr. Mak Tin Sang

AUTHORIZED REPRESENTATIVES

Mr. Zhou Chen
Mr. Yuan Hongbing

COMPANY SECRETARY

Mr. Zhou Chen

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Golden Phoenix Building
No. 111 Liyi Road
Lijin County
Dongying City
Shandong Province
The People's Republic of China

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2601–2603
26/F, Shui On Centre
6–8 Harbour Road
Wan Chai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House — 3rd Floor,
24 Shedden Road, P.O. Box 1586,
Grand Cayman, KY1-1110,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong
Investor Services Limited
Shops 1712–1716, 17th Floor,
Hopewell Centre
183 Queen's Road East
WanChai, Hong Kong

PRINCIPAL BANKERS

Dongying Bank Co., Limited
Industrial and Commercial Bank of
China Limited
Heng Seng Bank Limited
Nanyang Commercial Bank, Limited

LEGAL ADVISER

As to Hong Kong law
Raymond Siu & Lawyers

As to Cayman Islands law
Conyers Dill & Pearman, Cayman

STOCK CODE

2728 (listed on the Main Board of The
Stock Exchange of Hong Kong Limited)

WEBSITE

www.jintaienergy.com

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 of 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 enabled 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.

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

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.

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

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 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) that Ningxia Deliheng provided 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 most countries, the drilling services projects was delayed.

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).

Management Discussion and Analysis

BUSINESS REVIEW *(Continued)*

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 the equity interest in Chuangpu Technology Co., Ltd. which was engaged in the business of trading of electronic products. The Group ceased the business of trading of electronic products segment after the said disposal.

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.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Results of Operations *(Continued)*

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.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Liquidity and Financial Resources *(Continued)*

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 report, 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.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

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 positions. It is the policy of the Group to recruit the most capable person available for each position.

Share Option Scheme

Please refer to the subsection "Share Option Scheme" under the section "Corporate Governance and Other Information" on pages 18–19 of this interim report for further details.

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**").

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Subsequent Events after the Current Period *(Continued)*

Amendments to the Terms and Conditions of the Convertible Notes (Continued)

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).

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Subsequent Events after the Current Period (Continued)

Amendments to the Terms and Conditions of the Convertible Notes (Continued)

As at the date of this report, 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 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 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 report, 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.

Management Discussion and Analysis

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 of Securities on the Stock Exchange (the "**Listing Rules**") 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 as set out in the Model Code throughout the Current Period.

Corporate Governance and Other Information

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 report with the Directors and senior management of the Group. The Audit Committee has no disagreement with the Board on the accounting treatment adopted by the Company and considers that the financial statements fairly present the Group’s financial position and results for the six months ended 30 June 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.

Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity	Number of Shares held/ Interested	Total number of shares	Approximate percentage of the issued Shares
Lin Caihuo ("Mr. Lin")	Beneficial owner	928,284,839 ⁽¹⁾	928,284,839	20.84%
Chen Jinle ("Mr. Chen")	Interest of controlled corporations	892,768,273 ⁽²⁾	916,108,273	20.56%
	Beneficial owner	23,340,000		
Yuan Hongbing ("Mr. Yuan")	Beneficial owner	13,796,000	13,796,000	0.31%

Notes:

- (1) Interests in shares stated above represent long positions.
- (2) These shares were held by Oriental Gold Honour Joy International Holdings Limited, a company wholly-owned by Mr. Chen.

Save as disclosed above, as at 30 June 2021, none of the Directors and the chief executives of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2021, according to the register kept by the Company under section 336 of the SFO, the corporations or persons (other than a Director or chief executive of the Company) had interests of 5% or more in the Shares or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number of Shares held ⁽¹⁾	Approximate percentage of the issued Shares (as at 30 June 2021)
Lin Aihua ("Ms. Lin" ⁽²⁾)	Interest of spouse	928,284,839	20.84%
Oriental Gold Honour Joy International Holdings Limited ("Oriental Gold" ⁽³⁾)	Beneficial owner	892,768,273	20.04%
Zhongtai International Asset Management Limited ("Zhongtai International" ⁽⁴⁾)	Investment manager	1,821,053,112	40.88%
Win Win International Strategic Investment Funds SPC (acting for and on behalf of Win Win Stable No. 1 Fund SP) ("Win Win" ⁽⁵⁾)	Person having a security interest in shares	1,821,053,112	40.88%
Zhongtai Innovation Capital Management Limited ("Zhongtai Innovation" ⁽⁶⁾)	Investment manager	1,821,053,112	40.88%
Niu Guangchang ⁽⁷⁾	Interest of controlled corporation	742,503,480	16.67%

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Name	Capacity	Number of Shares held ⁽¹⁾	Approximate percentage of the issued Shares (as at 30 June 2021)
Hong Kong Moral Co-operation Investment Limited ("Hong Kong Moral") ⁽⁷⁾	Beneficial owner	742,503,480	16.67%
Cui Xianguo ⁽⁸⁾	Interest of controlled corporation	355,390,000	7.98%
Super Wise International Investment Limited ("Super Wise") ⁽⁸⁾	Beneficial owner	355,390,000	7.98%

Notes:

- (1) Interests in Shares stated above represent long positions.
- (2) Ms. Lin is the spouse of Mr. Lin and therefore by virtue of the SFO, Ms. Lin is deemed or taken to be interest in all the Shares held by Mr. Lin.
- (3) Oriental Gold is wholly owned and controlled by Mr. Chen.
- (4) Zhongtai International is the fund manager of Win Win and therefore by virtue of the SFO, Zhongtai International is deemed or taken to be interested in all the Shares held by Win Win.
- (5) The 1,821,053,112 Shares were charged in favour of Win Win.
- (6) Zhongtai Innovation is the fund manager of Win Win and therefore by virtue of the SFO, Zhongtai Innovation is deemed or taken to be interested in all the Shares held by Win Win.
- (7) Hong Kong Moral is wholly-owned and controlled by Mr. Niu Guangchang.
- (8) Super Wise is wholly-owned and controlled by Mr. Cui Xianguo.

Save as disclosed above, as at 30 June 2021, no other person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares, underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Corporate Governance and Other Information

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 report was 856,700,000 Shares which represents approximately 19.23% of issued share capital of the Company as at the date of this report. 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 <i>HKS</i>	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options				
					As at 01/01/2021	Granted during the period	Exercised during the period	Lapsed during the period	As at 30/06/2021
DIRECTORS									
Mr. Yuan Hongbing	19/6/2020	0.145	19/6/2020	19/6/2020–18/6/2026	37,000,000	-	-	-	37,000,000
				Total	37,000,000	-	-	-	37,000,000

Corporate Governance and Other Information

SHARE OPTION SCHEME (Continued)

Name or category of participants	Date of grant (dd/mm/yyyy)	Exercise price after (before) share subdivision in 2018 <i>HK\$</i>	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options				
					As at 01/01/2021	Granted during the period	Exercised during the period	Lapsed during the period	As at 30/06/2021
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– 18/6/2026	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					694,700,000	125,000,000	–	–	819,700,000

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

UPDATE ON DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

There was no changes in the information of directors of the Company subsequent to the date of 2020 annual report of the Company and up to the date of this report pursuant to Rule 13.51B(1) of the Listing Rules.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	Unaudited	
		2021	2020
		HK\$'000	HK\$'000
Revenue	6	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	18	1,016	803,140
Impairment loss on amount due from disposal group		—	(428,514)
Reversal of impairment loss on trade receivables		1,928	—
Operating profit	6, 7	152,601	79,963
Finance income		176	78
Finance expenses		(15,397)	(24,708)
Finance expenses — net		(15,221)	(24,630)
Profit before income tax		137,380	55,333
Income tax expense	8	(14,337)	(24)
Profit for the period		123,043	55,309
Profit/(loss) for the period attributable to:			
Owners of the Company		112,942	101,280
Non-controlling interests		10,101	(45,971)
		123,043	55,309

Condensed Consolidated Statement of Profit or Loss (Continued)

For the six months ended 30 June 2021

	Notes	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
Earnings per share attributable to owners of the Company			
Basic earnings per share (in HK cents per share)	9	2.54	2.73
Diluted earnings per share (in HK cents per share)	9	2.36	2.62

The notes on pages 29 to 61 form an integral part of this condensed consolidated financial information.

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
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)
	130,690	62,481

The notes on pages 29 to 61 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	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	12	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	13	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

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2021

	Notes	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
		28,288	28,782
Current liabilities			
Trade and other payables	15	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	16	115,279	110,878
Borrowings	17	308,557	319,067
		2,976,812	1,640,116
Net current assets		211,961	63,372
Total assets less current liabilities		230,217	85,322
Total liabilities		3,005,100	1,668,898
Total equity and liabilities		3,207,029	1,725,438

The notes on pages 29 to 61 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Unaudited					Total equity HK\$'000
	Attributable to owners of the Company					
	Share Capital HK\$'000	Other Reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
Balance at 1 January 2021	5,569	444,813	(386,554)	63,828	(7,288)	56,540
Profit for the period	-	-	112,942	112,942	10,101	123,043
Currency translation differences	-	7,627	-	7,627	(37)	7,590
Release of translation reserve upon disposal of subsidiaries	-	57	-	57	-	57
Total comprehensive income for the six months ended 30 June 2021	-	7,684	112,942	120,626	10,064	130,690
Recognition of equity-settled share-based payments	-	2,960	-	2,960	-	2,960
Capital injection by non-controlling interest	-	-	-	-	11,972	11,972
Deemed disposal of a subsidiary	-	-	(131)	(131)	131	-
Disposal of a subsidiary	-	-	-	-	(233)	(233)
Balance at 30 June 2021	5,569	455,457	(273,743)	187,283	14,646	201,929

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2021

	Unaudited Attributable to owners of the Company				Non- controlling interests HK\$'000	Total equity HK\$'000
	Share Capital HK\$'000	Other Reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
Balance at 1 January 2020	4,641	292,889	(725,104)	(427,574)	1,102	(426,472)
Profit/(loss) for the period	-	-	101,280	101,280	(45,971)	55,309
Currency translation differences	-	5,576	-	5,576	216	5,792
Release of translation reserve upon disposal of subsidiaries	-	1,380	-	1,380	-	1,380
Total comprehensive income/(loss) for the six months ended 30 June 2020	-	6,956	101,280	108,236	(45,755)	62,481
Recognition of equity-settled share-based payments	-	11,425	-	11,425	-	11,425
Liabilities waived by a shareholder	-	26,736	-	26,736	-	26,736
Reclassification of capital reserve to accumulated losses upon disposal of subsidiaries	-	(12,505)	12,505	-	-	-
Reclassification of statutory reserve to accumulated losses upon disposal of subsidiaries	-	(7,314)	7,314	-	-	-
Non-controlling interests on acquisition of subsidiary	-	-	-	-	(2)	(2)
Balance at 30 June 2020	4,641	318,187	(604,005)	(281,177)	(44,655)	(325,832)

The notes on pages 29 to 61 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
Cash flows from operating activities			
Cash used in operations		(54,705)	(798,054)
Interest received		176	78
Income tax paid		(2,948)	(7,039)
Net cash used in operating activities		(57,477)	(805,015)
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(1,677)	(1,215)
Net cash inflow/(outflow) from disposal of subsidiaries	18	101	(52)
Proceeds from disposal of property, plant and equipment		158	-
Net cash used in investing activities		(1,418)	(1,267)
Cash flows from financing activities			
Proceeds from bank borrowings		36,043	-
Capital injection from non-controlling interests of a subsidiary		11,972	-
Interest paid		(9,386)	(5,717)
Advance from related parties		-	2,528
Repayment to related parties		(893)	-
Loan proceeds from shareholders		150,112	443,380
Loan repayment to shareholders		(143,692)	(766,800)
Loan proceeds from related parties		1,063,701	894,492
Loan repayments to related parties		(1,102,970)	(655,867)
Loan proceeds from other borrowings		240	1,072,264
Loan repayment to other borrowings		(8,891)	(435,260)
Repayment of lease liabilities		(1,052)	(928)
Repayment to non-controlling interests of a subsidiary		(3,604)	-

Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Net cash (used in)/ generated from financing activities	(8,420)	548,092
Net decrease in cash and cash equivalents	(67,315)	(258,190)
Cash and cash equivalents at beginning of the period	116,714	320,284
Effect of foreign exchange rate changes	3,509	(3,523)
Cash and cash equivalents at end of the period	52,908	58,571

The notes on pages 29 to 61 form an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2021

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, 26F, Shui On Centre, 6–8 Harbour Road, Wan Chai, Hong Kong.

The Company and its subsidiaries (together, the “**Group**”) are engaged in energy business, including mainly trading of fuel oil and kerosene and speaker manufacturing and trading business. The Group has operations mainly in Hong Kong and 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 condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

This condensed consolidated financial information was approved for issue by the Board of Directors on 30 August 2021.

2 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.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for financial instruments, that are measured at fair values at the end of each reporting period.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

3 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 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.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

Actual results may differ from these estimates.

In preparing this condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due.

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its operation needs and business commitments.

In the opinion of the directors, the Group should have adequate resources to meet its obligations in the forthcoming year.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Liquidity risk (Continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Contractual undiscounted cash outflow			Total	Carrying amount
	Within 1 year or on demand	After 1 year but	After 2 years but		
		within 2 years	within 3 years		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2021					
Trade and other payables (excluding non-financial liabilities)	1,023,623	-	-	1,023,623	1,023,623
Borrowings	310,716	-	-	310,716	308,557
Convertible loan notes	116,562	-	-	116,562	115,279
Lease liabilities	2,209	-	-	2,209	2,128
Bond payables	-	-	32,456	32,456	28,288
Financial guarantees (Note)	15,937	-	33,834	49,771	-
At 31 December 2020					
Trade and other payables (excluding non-financial liabilities)	352,022	-	-	352,022	352,022
Borrowings	322,046	-	-	322,046	319,067
Convertible loan notes	123,774	-	-	123,774	110,878
Lease liabilities	3,902	1,568	-	5,470	5,206
Bond payables	-	-	32,073	32,073	27,144
Financial guarantees (Note)	16,675	33,805	-	50,480	-

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Liquidity risk (Continued)

Note: The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

5.3 Fair value estimation

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

(a) Financial assets and liabilities

The fair value of the following financial assets and liabilities approximate their carrying amount as at dates of 30 June 2021 and 31 December 2020 due to their short term maturity:

- Trade and other receivables (excluding prepayments to suppliers, prepayments and value added tax rebate receivables)
- Cash and cash equivalents
- Rental deposits
- Trade and other payables (excluding payroll and welfare payables and taxes payables)
- Convertible loan notes
- Borrowings
- Lease liabilities

(i) Fair value hierarchy

The Group has classified its financial assets at fair value through profit and loss into the three levels prescribed under the accounting standards.

	As at 30 June 2021 HK\$'000	As at 31 December 2020 HK\$'000
Level 1		
Financial assets at fair value through profit and loss	1,419	–
Total financial assets	1,419	–

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

6 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, and (6) trading of electronic products, (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 and kerosene transportation service 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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

6 SEGMENT INFORMATION (Continued)

	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	–
Total	9,384,672	2,704,176
Timing of revenue recognition		
At a point in time	9,099,634	2,704,176
Over time	285,038	–
Total	9,384,672	2,704,176
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	–
Total	162,263	113,532

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

6 SEGMENT INFORMATION (Continued)

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 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	–
Total	3,204,284	1,723,658
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	–
Total	2,523,226	1,140,196

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

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

6 SEGMENT INFORMATION (Continued)

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
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)
Operating profit	152,601	79,963
Finance income	176	78
Finance expenses	(15,397)	(24,708)
Profit before income tax	137,380	55,333
Income tax expense	(14,337)	(24)
Profit for the period	123,043	55,309

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

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

6 SEGMENT INFORMATION (Continued)

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

	Unaudited	Audited
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
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	3,005,100	1,668,898

7 OPERATING PROFIT

An analysis of the amounts presented as operating items in the financial information is given below.

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Employee benefit expense	22,936	20,600
Fair value loss on investment properties	–	15,276
Equity-settled share-based payment	2,960	11,425
Depreciation of right-of-use assets	56	34
Depreciation of property, plant and equipment (Note 11)	2,722	267
Net foreign exchange loss	322	33
Government grant related to income (Note)	(4,297)	(7,174)

Note: During the period, the Group recognised government grant of HK\$4,297,000 provided by PRC government, of which HK\$4,200,000 related to digital energy trading parks which is cooperate with the local government in China and other subsidies of HK\$97,000.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

8 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current income tax		
— PRC income tax	14,337	24
Deferred income tax	—	—
	14,337	24

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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

9 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
Earnings attributable to owners of the Company used in calculating diluted earnings per share	124,555	113,025
	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
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,286,937	4,317,548
Basic earnings per share (in HK cents per share)	2.54	2.73
Diluted earnings per share (in HK cents per share)	2.36	2.62

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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

9 EARNINGS PER SHARE (Continued)

For the six months ended 30 June 2021, 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 (i) conversion of share options. 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 six months ended 30 June 2021) based on the monetary value of the subscription rights attached to outstanding share options, and (ii) conversion of all convertible loan notes into ordinary shares at the beginning of the six months ended 30 June 2021.

For the six months ended 30 June 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 (i) conversion of share options. 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 six months ended 30 June 2020) based on the monetary value of the subscription rights attached to outstanding share options, and (ii) conversion of all convertible loan notes into ordinary shares at the beginning of the six months ended 30 June 2020.

10 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).

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

11 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment HK\$'000	Investment properties HK\$'000
Six months ended 30 June 2021 — Unaudited		
Net book value		
Opening amount as at 1 January 2021	19,277	–
Additions	1,677	–
Depreciation and amortisation	(2,722)	–
Currency translation differences	218	–
Disposal	(568)	–
Disposal of a subsidiary	(238)	–
Closing amount as at 30 June 2021	17,644	–
Six months ended 30 June 2020 — Unaudited		
Net book value		
Opening amount as at 1 January 2020	3,124	70,910
Additions	1,580	–
Depreciation and amortisation	(267)	–
Fair value losses	–	(15,276)
Currency translation differences	(19)	(1,139)
Disposal of subsidiaries	(456)	(54,495)
Closing amount as at 30 June 2020	3,962	–

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
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)
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
	2,019,577	1,091,676

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 HK\$'000	Audited 31 December 2020 HK\$'000
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
	678,803	695,066

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

13 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares	Share capital HK\$'000
Unaudited		
At 1 January 2021 and 30 June 2021 (HK\$0.00125 each)	4,455,020,888	5,569
Unaudited		
At 1 January 2020 and 30 June 2020 (HK\$0.00125 each)	3,712,517,408	4,641

14 SHARE-BASED PAYMENTS

On 25 June 2005, a share option scheme was approved and adopted by the shareholders of the Company. Subsequently on 16 September 2019, a new share option scheme (the “**Share Option Scheme**”) was approved and adopted by the shareholders of the Company. Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 29 May 2020, the scheme mandate limits of the Scheme were refreshed and renewed. The particulars of the Share Option Scheme are as follows:

Purpose

To enable the Company to grant options to selected eligible participants as incentives or rewards for their contributions to the Group.

Eligible Participants

Eligible participants of the Share Option Scheme include any director or officer or full time or part time employee of or any person who has accepted an employment offer (whether full time or part time) and other persons and parties as defined in the scheme document.

Total number of ordinary shares available for issue

The total number of ordinary shares available for issue under the Share Option Scheme and any other schemes must not exceed 10% of the shares of the Company in issue at the date of shareholders' approval of the Share Option Scheme.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

14 SHARE-BASED PAYMENTS (Continued)

Maximum entitlement of each eligible participant

The maximum number of ordinary shares in respect of which options may be granted to each eligible participant in any 12-month period up to the date of grant is not permitted to exceed 1% of the ordinary shares in issue at the date of grant without prior approval from the Company's shareholders.

Period within which the ordinary shares must be taken up under a share option

Within 10 years from the date of grant of the share option or such shorter period as the board of directors of the Company determines at the time of grant.

On 20 May 2021, share options were granted with an aggregate estimated fair value of approximately HK\$2,960,000.

On 19 June 2020, share options were granted with an aggregate estimated fair value of approximately HK\$14,798,000.

The closing price of the Company's shares immediately before 19 June 2020, the date of grant, was HK\$0.142.

The closing price of the Company's share immediately before 20 May 2021, the date of grant was HK\$0.148.

These fair values were calculated using the Binominal model. The inputs into the model were as follows:

Date of grant	20.5.2021	19.6.2020
Share price at grant date	HK\$0.148	HK\$0.142
Exercise price	HK\$0.15	HK\$0.145
Expected volatility	121.70%	100.59%
Expected life	6 years	6 years
Risk-free rate	0.76%	0.39%
Expected dividend yield	0%	0%
Sub-optimal exercise factor	0 for the employees of the Group	2.47 for director of the Group, 1.6 for employees of the Group

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

14 SHARE-BASED PAYMENTS (Continued)

Expected volatility was determined by using the annualised standard deviation of historical share price daily movements of the Company. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the share-based payments of HK\$2,960,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$11,425,000) in relation to share options granted on 20 May 2021.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

At 30 June 2021, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 856,700,000, which totally representing 19.23% of the shares of the Company in issue at that date.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

14 SHARE-BASED PAYMENTS (Continued)

Details of the movement of the outstanding share options issued under the Share Option Scheme are as follows:

For the period from 1 January 2021 to 30 June 2021:

Category of participants	Grant date	Exercise price (before) share subdivision	Vesting date	Exercisable period	Number of share options		
					As at 01/01/2021	Granted	As at 30/06/2021
Employees	19/06/2015	HK\$0.64125 HK\$(1.2825)	19/06/2015	19/06/2015 – 18/06/2025	123,200,000	–	123,200,000
Employees	24/09/2019	HK\$0.15	24/09/2019	24/09/2019 – 23/09/2029	113,000,000	–	113,000,000
Consultants	24/09/2019	HK\$0.15	24/09/2019	24/09/2019 – 23/09/2029	249,500,000	–	249,500,000
Director	19/06/2020	HK\$0.145	19/06/2020	19/06/2020 – 18/06/2026	37,000,000	–	37,000,000
Employees	19/06/2020	HK\$0.145	19/06/2020	19/06/2020 – 18/06/2026	159,000,000	–	159,000,000
Employees	19/06/2020	HK\$0.145	19/06/2021	19/06/2021 – 18/06/2026	50,000,000	–	50,000,000
Employees	20/05/2021	HK\$0.15	20/05/2021	20/05/2021 – 19/05/2027	–	125,000,000	125,000,000

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

14 SHARE-BASED PAYMENTS (Continued)

For the period from 1 January 2020 to 30 June 2020:

Category of participants	Grant date	Exercise price (before) share subdivision	Vesting date	Exercisable period	Number of share options		
					As at 01/01/2020	Granted	As at 30/06/2020
Employees	19/06/2015	HK\$0.64125 HK\$(1.2825)	19/06/2015	19/06/2015 – 18/06/2025	123,200,000	–	123,200,000
Employees	24/09/2019	HK\$0.15	24/09/2019	24/09/2019 – 23/09/2029	113,000,000	–	113,000,000
Consultants	24/09/2019	HK\$0.15	24/09/2019	24/09/2019 – 23/09/2029	249,500,000	–	249,500,000
Director	19/06/2020	HK\$0.145	19/06/2020	19/06/2020 – 18/06/2026	–	37,000,000	37,000,000
Employees	19/06/2020	HK\$0.145	19/06/2020	19/06/2020 – 18/06/2026	–	159,000,000	159,000,000
Employees	19/06/2020	HK\$0.145	19/06/2021	19/06/2021 – 18/06/2026	–	50,000,000	50,000,000

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

15 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
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
	1,055,502	363,771

- (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 HK\$'000	Audited 31 December 2020 HK\$'000
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
	990,379	317,801

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

16 CONVERTIBLE LOAN NOTES

The Company issued HK\$110,952,907, 10% convertible loan notes (“**Convertible Notes**”) at a par value of HK\$1,000,000 each on 17 July 2019. The Convertible Notes are denominated in Hong Kong dollars and are secured by shareholders of the Company, who have jointly, severally unconditionally and irrevocably guaranteed the due and punctual payment of all sums expressed to be payable by the Company under the Convertible Notes. The Convertible Notes entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the Convertible Notes and their settlement date on 17 July 2020 at a conversion price of HK\$0.184 per Convertible Notes. The Company have the options to redeem all or some of the Convertible Notes at par value plus accrued interest at any time between the date of issue of the Convertible Notes and the settlement date. If the Convertible Notes have not been converted or redeemed, they will be redeemed on 17 July 2020 at par. Interest of 10% were paid in November of 2019 and May of 2020.

On 4 May 2020, a convertible notes holder signed a deed of assignment to transfer all rights and obligation of the Convertible Notes to another party. On 16 July 2020, the Company and the new holder signed a supplementary agreement to revised the terms of Convertible Notes. The Convertible Notes will be redeemed on 17 July 2021, if the Convertible Notes have not been converted at a conversion price of HK\$0.1340 per Convertible Notes. The effective interest of the liability component is 23.70%. Except for the above mentioned, all other terms of the Convertible Notes remain unchanged.

The movement of the liability component of the convertible loan notes for the six months ended 30 June 2021 is set out below:

	30 June 2021 HK\$'000
Carrying amount at 31 December 2020 (Audited)	110,878
Interest charge	11,613
Interest paid	(7,212)
Carrying amount at 30 June 2021 (Unaudited)	115,279

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

16 CONVERTIBLE LOAN NOTES (Continued)

	31 December 2020
The 2019 Convertible Loan Notes	HK\$'000
At 1 January 2020	103,637
Interest charge	12,864
Interest paid	(5,548)
At 16 July 2020	110,953
Modification	(110,953)
At 31 December 2020	–
	31 December 2020
The 2020 Convertible Loan Notes	HK\$'000
At 17 July 2020	97,767
Interest charge	13,111
At 31 December 2020	110,878

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

17 BORROWINGS

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Current		
Bank borrowings (a)		
— secured	22,836	10,689
— unsecured	55,454	31,203
	78,290	41,892
Other borrowings (b)	—	8,552
Loans from related parties (c)	6,682	45,460
A loan from the non-controlling interests of a subsidiary (d)	—	3,563
Shareholders' loan (e)	223,585	219,600
Total borrowings	308,557	319,067

- (a) The secured bank borrowings as at 30 June 2021 were secured by (i) a leasehold land of Dongying Guoxin Chemical Co., Ltd.* (東營市國鑫化工有限責任公司), a third party of the Group and (ii) leasehold land of Shandong Taiyi Metal Technology Co., Ltd.* (山東泰義金屬科技有限公司), a third party of the Group.

The unsecured bank borrowings as at 30 June 2021 were supported by guarantees provided by (i) Mr. Lin, (ii) Mr. Chen Jinle, a director and substantial shareholder of the Company, (iii) a close family member of Mr. Chen Jinle, (iv) the relatives of Mr. Chen Jinle, (v) Dongying Jinfeng Petroleum Technology Group Co., Ltd.* (東營金峰石油科技集團有限公司), owned by a relative of Mr. Chen Jinle and (vi) Binzhou Guotou Investment Management Co., Ltd.* (濱州國投投資管理有限公司), the non-controlling interests of a subsidiary.

As at 30 June 2021, bank borrowings with principal and interest payables of HK\$13,387,000 and HK\$4,079,000 were default and not repaid in accordance with scheduled payment dates. Up to the date of this report, the default bank borrowings with principal and interest payables of HK\$13,387,000 and HK\$4,354,000 are still outstanding and the Group is negotiating with the bank for the settlement.

The outstanding bank borrowings of the Group carry interest at effective interest rate 7.23% (2020: 4.53%) per annum and are repayable within one year.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

17 BORROWINGS (Continued)

- (b) Borrowings from other third parties as at 31 December 2020 are unsecured, with an average effective annual interest rate of 15% and are repayable within one year.

The borrowings from other third parties as at 31 December 2020 were supported by guarantees provided by (i) Mr. Chen Jinle, (ii) a close family member of Mr. Chen Jinle, (iii) the relatives of Mr. Chen Jinle, (iv) Dongheng Energy (Hainan) Co., Ltd.* (東恆能源(海南)有限公司), owned by a relative of Mr. Chen Jinle, (v) Dongying Xinghai Petrochemical Co., Ltd.* (東營市興海石油化工有限公司), owned by a relative of Mr. Chen Jinle, (vi) Dongying Jinfeng Petroleum Technology Group Co., Ltd.* (東營金峰石油科技集團有限公司), owned by a relative of Mr. Chen Jinle, (vii) Dongying Shengda Shipping Co., Ltd.* (東營市盛達船務有限公司), a third party of the Group, (viii) Dongying Guoxin Chemical Co., Ltd.* (東營市國鑫化工有限公司), a third party of the Group, (ix) Mr. Yu Meng, a third party of the Group, (x) Mr. Xu Weiming, a third party of the Group, and (xi) Mr. Cheng Peizhong, a third party of the Group.

- (c) The amount due to related parties is unsecured, interest-free and are repayable within one year.
- (d) A loan from the non-controlling interests of a subsidiary is unsecured, interest-free and are repayable within one year.
- (e) The balance of HK\$1,803,000 (2020: HK\$4,513,000) is unsecured, with an average effective annual interest of 4.35% (2020: 4.35% to 8%) and are repayable within one year. The balance of HK\$221,782,00 (2020: HK\$215,087,000) is unsecured, with interest-free and are repayable within one year.

* For identification purpose only

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

18 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 HK\$'000
Cash receivables	100
Total consideration receivables	100

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

18 DISPOSAL OF SUBSIDIARIES (Continued)

Description (Continued)

Analysis of assets and liabilities over which control was lost:

	As at 24 April 2020 HK\$ '000
<hr/>	
Non-current assets	
Property, plant and equipment	456
Investment properties	54,495
	<hr/>
	54,951
Current assets	
Trade and other receivables and prepayments	2,480
Cash and cash equivalent	52
Restricted cash	150
	<hr/>
	2,682
Total assets	<hr/> 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
	<hr/>
	862,042
Net liabilities disposed of	<hr/> (804,409)

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

18 DISPOSAL OF SUBSIDIARIES (Continued)

Description (Continued)

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
Gain on disposal	803,140

Net cash outflow arising on disposal:

	As at 24 April 2020 HK\$'000
Cash consideration received	–
Less: bank balances and cash disposed of	(52)
Net cash outflow	(52)

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

19 CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no significant contingent liability.

As at 31 December 2020, the Company has issued the following guarantees:

— financial guarantees to banks in respect of banking facilities granted to Dongying Guoxin Chemical Co., Ltd.* (東營市國鑫化工有限責任公司), a third party of the Group, Mr. Yu Meng, a third party of the Group, and Dongying Xinghai Petrochemical Co., Ltd.* (東營市興海石油化工有限公司), owned by a relative of Mr. Chen Jinle.

The Company is also one of the entities covered by cross guarantee arrangements issued by the Company and third parties to banks in respect of banking facilities granted to those parties. Under the guarantees, the Company and third parties that are parties to the guarantee are liable for all and any of the borrowings of each of them from the banks which is the beneficiary of the guarantee.

As at 31 December 2020, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company as at 31 December 2020 under the cross guarantees are the amount of the facilities drawn down by three companies that are covered by the cross guarantees, being RMB42,503,000 (equivalent to approximately HK\$50,480,000).

20 RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

Except for disclosed elsewhere in this condensed consolidated financial information, during the period the Group had the following significant related party transactions:

(a) Compensation of key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	Unaudited Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Salaries and other short-term benefits	5,870	5,487

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

20 RELATED-PARTY TRANSACTIONS (Continued)

(b) Related parties

Name of related parties	Relationship
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 Jinquan Petroleum Energy Technology Development Company Limited, Yanchi Branch Company")*	Majority ultimate beneficial shareholder of related party is relative of Mr. Chen Jinle
Tai Sing Industrial Company Limited ("Tai Sing")	Beneficially owned by a director of certain speaker subsidiaries of the Company
陳金樂 ("Chen Jinjie")	Legal representative of certain subsidiaries
北京眾誠嘉業化工貿易有限公司 ("Beijing Zhongcheng Jiaye Huagong Trading Company")*	Director of the related party is legal representative of a subsidiary
袁紅兵 ("Yuan Hongbing")	Director of the Company

(c) Related party transactions

The significant transactions carried out with related parties during the period were as follows:

	Transactions	Unaudited	
		Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
Beijing Huaye Jinguan Petroleum Energy Technology Development Company Limited, Yanchi Branch Company	— Revenue of drilling services	258,789	—

- i. The drilling services were conducted on mutually agreed terms based on estimated market price.

* For identification purpose only

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

20 RELATED-PARTY TRANSACTIONS (Continued)

(d) Related party balances

The balances with related parties as at 30 June 2021 and 31 December 2020 were as follows:

	Unaudited 30 June 2021 HK\$'000	Audited 31 December 2020 HK\$'000
Amount due to a related party		
— Tai Sing	–	893
Trade receivable		
— Beijing Huaye Jinqun Petroleum Energy Technology Development Company Limited, Yanchi Branch Company	225,936	–
Loans from related parties		
— Chen Jinjie	–	15,167
— Beijing Zhongcheng Jiaye Huagong Trading Company	–	27,320
— Yuan Hongbing	6,682	2,973
	6,682	45,460
Shareholders' loans		
— Chen Jinle	145,341	130,620
— Cui Xianguo	78,244	88,980
	223,585	219,600

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

21 EVENTS AFTER THE REPORTING PERIOD

Except for the events after the reporting period which have been disclosed elsewhere in this condensed consolidated financial information, the other material subsequent events of the Group are as follows.

Impact of the outbreak of novel coronavirus (COVID-19)

After the end of the reporting period, the outbreak of 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 report, the assessment 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 annual financial statements.