



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)

2022

Interim Report



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Han Jinfeng (*Chairman*)
(*appointed on 11 March 2022*)
Mr. Yuan Hongbing (*Chief Executive Officer*)
Mr. Lin Caihuo
Mr. Chen Jinle (*Chairman*)
(*resigned on 11 March 2022*)

Non-Executive Director

Mr. Chen Yunwei

Independent Non-Executive Directors

Mr. Tche Heng Hou Kevin
Mr. Mak Tin Sang
Mr. Jiang Hao

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Han Jinfeng (*Chairman of the Committee*)
(*appointed on 11 March 2022*)
Mr. Lin Caihuo
Mr. Tche Heng Hou Kevin
Mr. Mak Tin Sang
Mr. Jiang Hao
Mr. Chen Jinle (*Chairman of the Committee*)
(*resigned on 11 March 2022*)

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
Wan Chai, 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 four businesses: (i) energy trading which comprised mainly the trading of fuel oil and kerosene; (ii) operation of digital energy trading park; (iii) drilling services; and (iv) customs declaration services during the six months ended 30 June 2022 (the **"Current Period"**). The Group has no longer operated the business of (i) speaker manufacturing and trading; (ii) energy transportation services; and (iii) trading of electronic products since late 2021. The Group's revenue during the Current Period was approximately HK\$111.05 million, representing a significant decrease of approximately 98.82% as compared to approximately HK\$9,384.67 million for the corresponding period in 2021 (the **"Corresponding Period"**). The gross profit during the Current Period was approximately HK\$28.36 million (2021 interim: gross profit approximately HK\$317.34 million), representing a significant decrease of approximately 91.06% or HK\$288.98 million.

Energy trading business

Since October 2021, taken into account the best interest of the Company and its shareholders, the Group has temporarily suspended a substantial part of its energy trading business due to the reason that energy trading business exposed to a higher risk due to the volatility in crude oil price as a result of the persistent COVID-19 pandemic worldwide and the military conflict between Ukraine and Russia. The Group will consider resuming such business when the global oil price becomes stable as well as the crude oil transportation problems caused by the COVID-19 pandemic are gradually relieved.

During the Current Period, revenue derived from the energy trading business was HK\$78.93 million (2021 interim: approximately HK\$9,078.62 million).

Digital energy trading parks

The business operation of the digital energy trading parks has been rapidly expanding since its commencement in second half of 2020. The Group has signed cooperation agreements with various entities in 13 cities/regions of China, and successfully introduced not less than 236 enterprises into the digital energy trading parks as at the date of this report. The operation and service business of digital energy trading parks generates stable 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; and (3) applying for tax incentives or financial subsidies from local governments based on the economic benefits of the operation of the trading parks.

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

Digital energy trading parks (Continued)

During the Current Period, the revenue derived from the operation of digital energy trading parks was approximately HK\$32.12 million (2021 interim: approximately HK\$26.30 million). The Company believes that the digital energy trading parks business will 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 completed several 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) ("**Ningxia Deliheng**") in 2021. Ningxia Deliheng had entered into the SL16-5-4 and SL27 Well Agreement in late 2019 with Beijing Huaye Jinqun Petroleum Energy Technology Development Company Limited, Yanchi Branch Company* (北京華燁金泉石油能源技術開發有限公司鹽池分公司) ("**Beijing Huaye**") that Ningxia Deliheng provided drilling services of 19 oil wells for Beijing Huaye for the purpose of extraction of oil and the drilling work of oil wells under the SL16-5-4 and SL27 Well Agreement were commenced by 4 June 2021 and has been completed in June 2021.

The Group has further entered into another new drilling service agreement with Beijing Huaye to provide drilling services for 63 oil wells with a contract sum of over RMB748 million in the second half of 2021. As certain conditions precedent have not yet been fulfilled and the situation of the COVID-19 pandemic remains uncertain, the new drilling services of the 63 oil wells of the Group has been deferred and has not yet commenced at the date of this report.

During the Current Period, the revenue derived from the drilling services business was nil (2021 interim: approximately HK\$258.79 million).

Customs declaration services

The Group 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 been a non-wholly owned subsidiary of the Company. Shandong Ruiyuan is principally engaged in the provision of customs declaration services. Since then, the Group has commenced its customs declaration services business. During the Current Period, no revenue was derived from the customs declaration services business due to the substantial logistic challenges as a result of the persistent COVID-19 pandemics (2021 interim: approximately HK\$3.04 million).

Management Discussion and Analysis

PROSPECTS

Looking forward to second half of 2022, the risk of stagflation in the global economy is expected to increase and the overall market conditions remain uncertain. The Group expects to face challenges due to the continued volatility in oil price caused by the expected implementation of certain controls, restrictions and precautionary measures against the prolonged COVID-19 pandemic and the continuation of the military conflict between Ukraine and Russia.

1. Energy Trading

The Group will continue to explore the opportunities of the development of new energy-related products and services in order to strengthen the energy trading business and to enhance the business competitiveness and profitability. Firstly, the Group will conduct business cooperation with large state-owned enterprises in order to minimize the risk of energy trading business. Secondly, the Group will resume to develop the energy trading business after the global oil price become relatively stable and the crude oil transportation problems caused by the COVID-19 pandemic are in general relieved.

2. Digital Trading Industry Park Operation

The Group has been successful in developing the “digital trading industry park” operation service for the petrochemical energy industry and has signed cooperative contracts with various enterprises in 13 cities and regions to co-build the Jintai Energy Digital Trading Industry Park since its commencement. The Group has introduced not less than 236 enterprises into the digital park. This business project of the Group aims to achieve an operation of 30 industry digital parks, introducing more than 1,000 enterprises. The Group will continue to broaden its customer base to the digital trading industry in order to achieve a constant growth in the coming future.

3. Business Expansion

The Group will continue to explore new investment and business opportunities in various fields including oil exploration and development. In July 2022, the Group entered into a memorandum of understanding with an intended vendor regarding a possible acquisition of a company which is engaged in oil exploration and development business and holds a 25-year oil exploration and extraction rights in an oil shale in Inner Mongolia Autonomous Region of the PRC from the year 2017. The Group intends to develop oil exploration business in order to enhance the Company's competitiveness and profitability.

Management Discussion and Analysis

PROSPECTS (Continued)

3. Business Expansion (Continued)

In August 2022, the Company entered into an oil sands mines (oil and gas) exploration and development cooperation agreement (the “**Exploration and Development Agreement**”), pursuant to which the Company and Tacheng Xingta Energy Investment Development and Construction Co., Ltd.* (塔城興塔能源投資開發建設有限公司) (“**Tacheng Xingta**”) agreed to explore and develop jointly the Aladesai Oil Sand Mine* (阿拉德賽油砂礦) and Xinan Chanreng Oil Sands Mine* (希南查仍油砂礦) (collectively “**Xinjiang Oil Sands Mines**”), both locating in Xinjiang Autonomous Region of the PRC and the Company agreed to contribute an initial cost of the exploration of Xinjiang Oil Sands Mines at around RMB2.43 million (equivalent to approximately HK\$2.84 million). Pursuant to the Exploration and Development Agreement, the Company is granted with an option to decide whether to proceed further with the Exploration and Development Agreement after the exploration results of the hydrocarbons emissions from the oil sands of Xinjiang Oil Sands Mines are available.

The Group will continue to endeavour to cooperate with large state-owned enterprises to jointly develop valuable oil fields, accomplish the two-way driving of oil field exploitation, construction and oil product trading.

To cope with the challenging environment, the Group will continue to evaluate various business development opportunities to strengthen our competitive advantages through deployment of more resources for seizing the market potentials and broaden its source of revenue so as to create value for shareholders. The Directors are confident to achieve sustainable growth and bring greater returns to our shareholders.

Management Discussion and Analysis

FINANCIAL REVIEW

Results of Operations

Revenue

During the Current Period, the revenue of the Group decreased significantly to approximately HK\$111.05 million (2021 interim: HK\$9,384.67 million), representing a decrease of approximately 98.82% as compared to the Corresponding Period. The decrease in revenue was mainly attributable to the temporary suspension of a substantial part of its energy trading business since October 2021.

Net Profit

During the Current Period, the Group recorded a net profit attributable to the owner of the Company of approximately HK\$14.08 million (2021 interim: net profit of approximately HK\$112.94 million). The decrease in net profit was mainly attributable to the temporary suspension of a substantial part of its energy trading business since October 2021 and there was no performance of new oil drilling agreement since the completion of oil drilling service under the well agreements in June 2021.

Operating Costs

The operating costs were approximately HK\$19.34 million during the Current Period (2021 interim: approximately HK\$171.31 million), representing a decrease of approximately 88.71% as compared to the Corresponding Period. The decrease was in line with the decrease in revenue for the Current Period.

Finance Costs

The finance costs of the Group were approximately HK\$4.56 million during the Current Period, representing a decrease of approximately 70.39% as compared with approximately HK\$15.40 million for the Corresponding Period.

Earning per Share

For the Current Period, the basic earnings per share was approximately HK\$0.32 cents (2021: basic earnings per share of approximately HK\$2.54 cents), representing a decrease of approximately 87.40% as compared with the Corresponding Period.

Management Discussion and Analysis

FINANCIAL POSITION

Liquidity and Financial Resources

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$613.52 million (as at 31 December 2021: approximately HK\$55.68 million), which were mainly denominated in Hong Kong dollars (HK\$), US dollars (US\$) and Renminbi (RMB).

As at 30 June 2022, the Group's net current assets were approximately HK\$240.45 million (as at 31 December 2021: approximately HK\$188.32 million). The Group's current ratio, being the ratio of total current assets to total current liabilities, was approximately 1.43 as compared to approximately 1.23 as at 31 December 2021.

The Group had bank and other borrowings of approximately HK\$301.02 million (as at 31 December 2021: approximately HK\$307.08 million) which were denominated in Renminbi and Hong Kong dollars. The aforesaid bank and other borrowings were accounted for as current liabilities of the Group and repayable within one year.

As at 30 June 2022, the carrying amount of the principal and the interest payables of the convertible notes issued by the Group was approximately HK\$111.33 million (as at 31 December 2021: approximately HK\$113.29 million).

The Group had issued bonds in the principal amount of RMB23,481,678.65 as consideration for the acquisition of entire equity interest of Lijin Shuntong Logistics Company Limited (利津順通物流有限公司) in August 2020. As at 30 June 2022, the carrying amount of the bonds was approximately HK\$29.27 million (as at 31 December 2021: approximately HK\$29.72 million). The bonds bear interest at 5% per annum, payable on the maturity date of 23 October 2023.

Capital Structure and Gearing Ratio

As at 30 June 2022, the total number of issued shares of the Company was 4,455,020,888 shares.

As at 30 June 2022, the share capital and equity attributable to owners of the Company amounted to approximately HK\$5.57 million and approximately HK\$237.28 million respectively (as at 31 December 2021: approximately HK\$5.57 million and approximately HK\$190.59 million respectively).

As at 30 June 2022, the gearing ratio of the Group was approximately 174% (as at 31 December 2021: approximately 221%), which was computed by dividing the total borrowings of approximately HK\$412.35 million (as at 31 December 2021: approximately HK\$420.37 million) by shareholder's equity of approximately HK\$237.28 million (as at 31 December 2021: approximately HK\$190.59 million).

Management Discussion and Analysis

FINANCIAL POSITION *(Continued)*

Pledge on the Group's assets

As at 30 June 2022, no assets of the Group have been pledged as security for the borrowings of the Group (as at 31 December 2021: 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 2022.

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. The Group is of the view 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

Save for disclosed in this report, as at 30 June 2022, the Group did not have any material contingent liabilities.

Human Resources and Remuneration

The Group has employed a total of approximately 131 employees as at 30 June 2022 (as at 30 June 2021: approximately 218) in Hong Kong and the PRC. Staff costs (excluding Directors' emoluments) during the Current Period amounted to approximately HK\$6.7 million (2021 interim: approximately HK\$22.9 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.

The remuneration package of the Group's employees includes salary and bonus, which are generally determined by their qualifications, industry experiences, positions and experience. The Group makes contributions to social insurances and housing provident funds as required by the PRC laws and regulations.

Management Discussion and Analysis

CONNECTED TRANSACTIONS

Provision of drilling services

On 10 August 2021, Ningxia Deliheng, an indirect wholly-owned subsidiary of the Company and 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.

Mr. Han Jinfeng, an executive Director and the chairman of the Company, is a majority ultimate beneficial shareholder of Beijing Huaye (holding 64% effective interest thereof). Therefore, the Well Agreement constituted a connected transaction of the Company.

As at the date of this report, as certain conditions precedent of the Well Agreement have not yet been fulfilled, including, inter alia, the approval from the independent shareholders, the drilling services of the Group has been deferred.

For further details regarding the Well Agreement, please refer to the announcements of the Company dated 10 August 2021 and 19 August 2021.

SUBSEQUENT EVENTS AFTER THE CURRENT PERIOD

Save as disclosed below, there were no significant subsequent events that needed to be disclosed by the Group since 30 June 2022 and up to the date of this report.

Memorandum of Understanding regarding a potential acquisition

The Company entered into a memorandum of understanding (the **“MOU”**) with the intended vendor (the **“Vendor”**) on 13 July 2022, pursuant to which the Company intended to acquire the entire equity interest of a company based in Inner Mongolia Autonomous Region, the PRC (the **“Target Company”**) and the Vendor intended to sell the same (the **“Possible Acquisition”**). The Target Company is principally engaged in oil exploration and development business in China and holds a 25-year oil exploration and extraction rights in an oil shale with an estimated area of 50.3 square kilometres located at the Inner Mongolia Autonomous Region from the year 2017. The consideration of the Possible Acquisition is expected to in the region of RMB85,000,000.

Management Discussion and Analysis

SUBSEQUENT EVENTS AFTER THE CURRENT PERIOD *(Continued)*

Memorandum of Understanding regarding a potential acquisition *(Continued)*

As at the date of this report, no formal agreement has been entered into between the Company and the Vendor. For details, please refer to the announcement of the Company dated 13 July 2022.

Amendments to the Terms and Conditions of the Convertible Notes

On 29 May 2019, the Company has entered into a subscription agreement with Win Win International Strategic Investment Funds SPC (for the account and on behalf of Win Win Stable No. 1 Fund SP) ("**Win Win**"), pursuant to which the Company has issued the convertible notes in the principal amount of HK\$110,952,907. Win Win has subsequently transferred its interest in the convertible notes to Qilu International Funds SPC (for the account and on behalf of Zhongtai Dingfeng Classified Fund SP) ("**Qilu**") on 4 May 2020. The original maturity date was 17 July 2020 and the original conversion price was HK\$0.184 per conversion share.

On 16 July 2020, the Company has entered into a supplemental deed with Qilu to (a) amend the conversion price to HK\$0.134; (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, and extend the end of the conversion period to 4:00 p.m. (Hong Kong time) on the maturity date; and (d) the interest payment dates shall be 18 January 2021 and 17 July 2021.

On 4 August 2021, the Company entered into the second supplemental deed with Qilu to (a) extend the maturity date to 17 July 2022 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.

As at 31 December 2021, all of the net proceeds have already been used for redemption of the notes issued by the Company in 2017 and the repayment of bank loans.

As at the date of this report, the Company is still negotiating with Qilu on the further extension of the extended maturity date of the subscription agreement and the interest payment dates. The Company will make further announcement in relation to the said further extension as and when appropriate.

Further details of the issuance of Convertible Notes, the supplemental deed and the second 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, 3 November 2020, 4 August 2021, 31 August 2021 and 20 October 2021 and the circulars of the Company dated 8 October 2020 and 4 October 2021.

Management Discussion and Analysis

SUBSEQUENT EVENTS AFTER THE CURRENT PERIOD *(Continued)*

Exploration and Development Agreement

In August 2022, the Company entered into the Exploration and Development Agreement, pursuant to which the Company and Tacheng Xingta agreed to explore and develop jointly the Xinjiang Oil Sands Mines and the Company agreed to contribute an initial cost of the exploration of Xinjiang Oil Sands Mines at around RMB2.43 million (equivalent to approximately HK\$2.84 million). Pursuant to the Exploration and Development Agreement, the Company is granted with an option to decide whether to proceed further with the Exploration and Development Agreement after the exploration results of the hydrocarbons emissions from the oil sands of Xinjiang Oil Sands Mines are available.

Tacheng Xingta is the holder of the exploration permit of Xinjiang Oil Sands Mines, covering an area of approximately 39.37 square kilometres, for a term of 5 years commencing on 11 August 2020.

For details, please refer to the announcement of the Company dated 26 August 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investments, acquisitions and capital assets during the Current Period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021: nil).

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND THE ARTICLES OF ASSOCIATION

In order to conform to the Core Standards for Shareholder protection as reflected in the amendments to the Appendix 3 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 1 January 2022, the Board resolved on 27 May 2022 to propose to make amendments (the “**Proposed Amendments**”) to certain provisions/articles in the memorandum of association and the articles of association of the Company. The special resolution in relation to the Proposed Amendments has been passed at the annual general meeting of the Company on 29 June 2022 and the second amended and restated memorandum and articles of association have been adopted on 29 June 2022.

For details, please refer to the announcements of the Company dated 27 May 2022 and 29 June 2022 and the circular of the Company dated 27 May 2022.

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 Listing Rules for the Current Period, except for the following deviation:

Pursuant to code provision C.1.6 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 non-executive Director, Mr. Chen Yunwei was unable to attend the annual general meeting of the Company held on 29 June 2022 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 and the Company's own code of conduct regarding Director's securities transactions 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. Mak Tin Sang and Mr. Jiang Hao. 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 2022 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 2022 and this report with the Directors and senior management of the Group.

Corporate Governance and Other Information

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 2022.

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

As at 30 June 2022, 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 ⁽¹⁾	Total number of shares	Approximate percentage of the issued Shares
Lin Caihuo (" Mr. Lin ")	Beneficial owner	928,284,839	928,284,839	20.84%
Yuan Hongbing (" Mr. Yuan ")	Beneficial owner	13,796,000	13,796,000	0.31%

Note:

(1) Interests in shares stated above represent long positions.

Save as disclosed above, as at 30 June 2022, 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 2022, 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 2022)
Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP) (" Qilu International ")	Person having a security interest in shares	2,649,059,881	59.46%
Zhongtai International Asset Management (Singapore) Pte. Ltd. (" Zhongtai Singapore ") ⁽²⁾	Investment manager	2,649,059,881	59.46%
Zhongtai International Asset Management Limited (" Zhongtai International ") ⁽³⁾	Investment manager	2,649,059,881	59.46%
Win Win International Strategic Investment Funds SPC (acting for and on behalf of Win Win Stable No. 1 Fund SP) (" Win Win ") ⁽⁴⁾	Person having a security interest in shares	1,821,053,112	40.88%
Zhongtai Innovation Capital Management Limited (" Zhongtai Innovation ") ⁽⁵⁾	Investment manager	1,821,053,112	40.88%
Lin Aihua (" Ms. Lin ") ⁽⁶⁾	Interest of spouse	928,284,839	20.84%
Chen Jinle (" Mr. Chen ")	Interest of controlled corporations ⁽⁷⁾	892,768,273	20.56%
	Beneficial owner	23,340,000	
Oriental Gold Honour Joy International Holdings Limited (" Oriental Gold ") ⁽⁷⁾	Beneficial owner	892,768,273	20.04%

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 2022)
Niu Guangchang ⁽⁸⁾	Interest of controlled corporation	742,503,480	16.67%
Hong Kong Moral Co-operation Investment Limited ("Hong Kong Moral") ⁽⁸⁾	Beneficial owner	742,503,480	16.67%
Cui Xianguo ⁽⁹⁾	Interest of controlled corporation	355,390,000	7.98%
Super Wise International Investment Limited ("Super Wise") ⁽⁹⁾	Beneficial owner	355,390,000	7.98%

Notes:

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

Save as disclosed above, as at 30 June 2022, 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 share options of the Company (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.

Corporate Governance and Other Information

SHARE OPTION SCHEME (Continued)

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 share subdivision in 2018 (HK\$)	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options				
					As at 01/01/2022	Granted during the period	Exercised during the period	Lapsed during the period	As at 30/06/2022
DIRECTOR									
Mr. Yuan Hongbing	19/6/2020	0.145	19/6/2020	19/6/2020–18/6/2025	37,000,000	–	–	–	37,000,000
Total					37,000,000	–	–	–	37,000,000
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⁾	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					769,700,000	–	–	–	769,700,000

Note:

- 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).

Corporate Governance and Other Information

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

Pursuant to Rule 13.51B of the Listing Rules, the changes of information of the Directors during the Current Period are set out below:

On 11 March 2022, Mr. Chen Jinle ("**Mr. Chen**") has resigned as an executive Director, the chairman of the Board and the chairman of the nomination committee of the Company (the "**Nomination Committee**"). Upon Mr. Chen's resignation, Mr. Han Jinfeng has been appointed as an executive Director, the chairman of the Board and the chairman of the Nomination Committee with effect from 11 March 2022. Further details were disclosed in the Company's announcement dated 11 March 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules, throughout the six months ended 30 June 2022.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim results announcement and this interim report have been published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at www.jintaienergy.com.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	Unaudited Six months ended 30 June	
		2022 HK\$'000	2021 HK\$'000
Revenue	6	111,050	9,384,672
Cost of sales		(82,692)	(9,067,334)
Gross profit		28,358	317,338
Distribution expenses		(2,811)	(135,115)
Administrative expenses		(16,527)	(36,191)
Other income		14,616	4,949
Other gains/(losses) — net		4,371	(1,324)
Gain on disposal of subsidiaries	18	—	1,016
(Impairment loss)/reversal of impairment loss on trade and other receivables		(4)	1,928
Operating profit	6, 7	28,003	152,601
Finance income		681	176
Finance expenses		(4,556)	(15,397)
Finance expenses — net		(3,875)	(15,221)
Profit before income tax		24,128	137,380
Income tax credit/(expense)	8	729	(14,337)
Profit for the period		24,857	123,043
Profit for the period attributable to:			
Owners of the Company		14,084	112,942
Non-controlling interests		10,773	10,101
		24,857	123,043
Earnings per share attributable to owners of the Company			
Basic earnings per share (HK cents)	9	0.32	2.54
Diluted earnings per share (HK cents)	9	0.32	2.36

The notes on pages 28 to 59 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Profit for the period	24,857	123,043
Other comprehensive income for the period		
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	33,693	7,590
— Reclassification of translation reserve upon disposal of subsidiaries	7	57
Total comprehensive income for the period	58,557	130,690
Total comprehensive income attributable to:		
Owners of the Company	46,690	120,626
Non-controlling interests	11,867	10,064
	58,557	130,690

The notes on pages 28 to 59 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	3,084	2,108
Right-of-use assets		3,625	4,325
Goodwill		–	–
		6,709	6,433
Current assets			
Inventories		5,290	4,774
Trade and other receivables and prepayments	12	181,934	962,094
Cash and cash equivalents		613,516	55,681
		800,740	1,022,549
Total assets		807,449	1,028,982
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	5,569	5,569
Other reserves		492,279	458,374
Accumulated losses		(260,570)	(273,355)
		237,278	190,588
Non-controlling interests		(22,092)	(28,229)
Total equity		215,186	162,359

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2022

	Notes	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
LIABILITIES			
Non-current liabilities			
Bond payables		29,274	29,718
Lease liabilities		2,699	2,677
		31,973	32,395
Current liabilities			
Trade and other payables	15	141,467	359,278
Contract liabilities		2,747	24,717
Borrowings	17	301,020	307,079
Lease liabilities		987	2,521
Current income tax liabilities		1,565	26,112
Convertible loan notes	16	111,328	113,291
Derivative financial liabilities		1,176	1,230
		560,290	834,228
Net current assets		240,450	188,321
Total assets less current liabilities		247,159	194,754
Total liabilities		592,263	866,623
Total equity and liabilities		807,449	1,028,982

The notes on pages 28 to 59 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Unaudited Attributable to owners of the Company				Non-	Total equity HK\$'000
	Share Capital HK\$'000	Other Reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	controlling interests HK\$'000	
Balance at 1 January 2022	5,569	458,374	(273,355)	190,588	(28,229)	162,359
Profit for the period	-	-	14,084	14,084	10,773	24,857
Currency translation differences	-	32,599	-	32,599	1,094	33,693
Release of translation reserve upon disposal of subsidiaries	-	7	-	7	-	7
Total comprehensive income for the six months ended 30 June 2022	-	32,606	14,084	46,690	11,867	58,557
Appropriation to statutory reserve	-	1,299	(1,299)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	(5,730)	(5,730)
Balance at 30 June 2022	5,569	492,279	(260,570)	237,278	(22,092)	215,186

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2022

	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 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

The notes on pages 28 to 59 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
Cash flows from operating activities			
Cash generated from/(used in) operations		559,731	(54,705)
Interest received		681	176
Income tax paid		(23,442)	(2,948)
Net cash generated from/(used in) operating activities		536,970	(57,477)
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(1,465)	(1,677)
Net cash inflow from disposal of subsidiaries	18	–	101
Proceeds from disposal of property, plant and equipment		–	158
Net cash used in investing activities		(1,465)	(1,418)
Cash flows from financing activities			
Proceeds from bank borrowings		–	36,043
Capital injection from non-controlling interests of a subsidiary		–	11,972
Interest paid		(5,522)	(9,386)
Dividend paid to non-controlling shareholders		(5,730)	–
Repayment to related parties		–	(893)
Loan proceeds from shareholders		–	150,112
Loan repayment to shareholders		(4,793)	(143,692)
Loan proceeds from related parties		5,190	1,063,701
Loan repayments to related parties		(3,881)	(1,102,970)
Loan proceeds from other borrowings		–	240
Loan repayment to other borrowings		–	(8,891)
Repayment of lease liabilities		(1,675)	(1,052)
Repayment to non-controlling interests of a subsidiary		–	(3,604)

Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Net cash used in financing activities	(16,411)	(8,420)
Net increase/(decrease) in cash and cash equivalents	519,094	(67,315)
Cash and cash equivalents at beginning of the period	55,681	116,714
Effect of foreign exchange rate changes	38,741	3,509
Cash and cash equivalents at end of the period	613,516	52,908

The notes on pages 28 to 59 form an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2022

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 trading, including mainly trading of fuel oil and kerosene, speaker manufacturing and trading business, operation of digital energy trading parks, fuel and kerosene transportation services, services business of customs declaration and trading of electronic products. The Group has operations mainly in Hong Kong and the People’s Republic of China (“**PRC**”).

In prior years, the Company’s functional currency was Hong Kong dollar (“**HK\$**”). The Company is an investment holding company. Due to the continuing expansion of the Group’s business operations in the PRC which are transacted mainly in Renminbi (“**RMB**”), the directors have determined that the functional currency of the Company be changed from HK\$ to RMB on the prospective basis from 1 January 2021. The condensed financial statements are presented in HK\$ as the directors are of the view that the HK\$ is the appropriate presentation currency for the users of the Group’s financial statements given that the shares of the Company are listed on the Stock Exchange.

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 31 August 2022.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2022 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.

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 2021, except for the adoption of amendments to HKFRSs effective as of 1 January 2022. 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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

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 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 2021.

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 2022

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				Carrying amount
	Within 1 year or on demand	After		Total	
		1 year but within 2 years	2 years but within 3 years		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 June 2022					
Trade and other payables (excluding non-financial liabilities)	128,682	-	-	128,682	128,682
Borrowings	301,274	-	-	301,274	301,020
Convertible loan notes (Note)	111,986	-	-	111,986	111,328
Lease liabilities	1,568	1,699	630	3,897	3,686
Bond payables	-	31,632	-	31,632	29,274
At 31 December 2021					
Trade and other payables (excluding non-financial liabilities)	341,767	-	-	341,767	341,767
Borrowings	307,204	-	-	307,204	307,079
Convertible loan notes (Note)	117,488	-	-	117,488	113,291
Lease liabilities	2,697	2,168	659	5,524	5,198
Bond payables	-	-	34,796	34,796	29,718

Note: This is categorised based on the contractual terms of redemption at maturity on the assumption that there were no redemption or conversion of the convertible loan notes outstanding at the end of the reporting period before the maturity date.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

5 FINANCIAL RISK MANAGEMENT (Continued)

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 2022

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 2022 and 31 December 2021 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

The Group's derivative financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial liabilities is determined (in particular, the valuation technique(s) and inputs used).

	30 June 2022	31 December 2021
Financial liabilities	HK\$'000	HK\$'000
Derivative financial liabilities	1,176	1,230

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

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 business which comprises mainly the trading of fuel oil and kerosene; (2) drilling services which represent provision of drilling services; (3) speaker business which represents speaker manufacturing and trading; (4) operation of digital energy trading parks; (5) transportation services which represent fuel oil and kerosene transportation services; and (6) services business of customs declaration; and (7) electronic products which represent trading of electronic products.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss from each segment without allocation of finance income or expenses, 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 bond payables, borrowings, convertible loan notes, derivative financial liabilities, 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 2022

6 SEGMENT INFORMATION (Continued)

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue from external customers		
Energy business	78,928	9,078,620
Speaker business	–	194
Drilling services	–	258,789
Operation of digital energy trading parks	32,122	26,301
Transportation services	–	17,727
Services business of customs declaration	–	3,041
Total	111,050	9,384,672
Timing of revenue recognition		
At a point in time	78,928	9,099,634
Over time	32,122	285,038
Total	111,050	9,384,672
Segment profit/(loss)		
Energy business	(1,539)	56,789
Speaker business	–	(1,223)
Drilling services	–	95,020
Operation of digital energy trading parks	22,077	13,984
Transportation services	–	(5,268)
Services business of customs declaration	–	1,945
Electronic products	–	1,016
Total	20,538	162,263

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

6 SEGMENT INFORMATION (Continued)

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Segment assets		
Energy business	760,579	738,794
Drilling services	15,828	232,403
Operation of digital energy trading parks	30,068	56,250
Services business of customs declaration	36	144
Total	806,511	1,027,591
Segment liabilities		
Energy business	112,716	119,933
Drilling services	9	215,808
Operation of digital energy trading parks	20,362	30,091
Services business of customs declaration	8	146
Total	133,095	365,978

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

	Unaudited Six months ended 30 June 2022 HK\$'000	2021 HK\$'000
PRC	111,050	9,384,672

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

6 SEGMENT INFORMATION (Continued)

A reconciliation of total segment profit to net profit is provided as follows:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Segment profit	20,538	162,263
Share-based payment expenses	–	(2,960)
Unallocated operating income	12,058	–
Unallocated operating expenses	(4,593)	(6,702)
Operating profit	28,003	152,601
Finance income	681	176
Finance expenses	(4,556)	(15,397)
Profit before income tax	24,128	137,380
Income tax credit/(expense)	729	(14,337)
Profit for the period	24,857	123,043

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

	Unaudited	Audited
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Total segment assets	806,511	1,027,591
Unallocated assets	938	1,391
Total assets	807,449	1,028,982

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

6 SEGMENT INFORMATION (Continued)

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

	Unaudited	Audited
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Total segment liabilities	133,095	365,978
Unallocated liabilities	14,805	23,215
Bond payables	29,274	29,718
Borrowings	301,020	307,079
Convertible loan notes	111,328	113,291
Derivative financial liabilities	1,176	1,230
Current income tax liabilities	1,565	26,112
Total liabilities	592,263	866,623

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	
	2022	2021
	HK\$'000	HK\$'000
Employee benefit expense	6,741	22,936
Equity-settled share-based payment	–	2,960
Depreciation of right-of-use assets	764	56
Depreciation of property, plant and equipment (Note 11)	363	2,722
Net foreign exchange (gain)/loss	(4,328)	322
Government grant related to income (Note)	(5,618)	(4,297)

Note: During the period, the Group recognised government grant of HK\$5,618,000 provided by PRC government which relates to the operation of digital energy trading parks.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

8 INCOME TAX CREDIT/(EXPENSE)

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
— PRC income tax	729	(14,337)

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 2022 and 30 June 2021.

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 2021: 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 are 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 2022

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	
	2022	2021
	HK\$'000	HK\$'000
Earnings		
Earnings for the purpose of basic earnings per share	14,084	112,942
Effect of dilutive potential ordinary shares:		
Effective interest on the liability components of convertible loan notes	–	11,613
Earnings for the purpose of diluted earnings per share	14,084	124,555
	shares	shares
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,455,021	4,455,021
Effect of dilutive potential ordinary shares:		
Share options	–	3,910
Convertible loan notes	–	828,006
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,455,021	5,286,937
	30 June	30 June
	2022	2021
	HK Cents	HK Cents
Basic earnings per share	0.32	2.54
Diluted earnings per share	0.32	2.36

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 2022 and 30 June 2021.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

9 EARNINGS PER SHARE (Continued)

The computation of the diluted earnings per share for the six months ended 30 June 2022 does not assume the conversion of the Company's outstanding convertible loan notes since their assumed exercise would result in an increase in earnings per share for the six months ended 30 June 2022.

The computation of diluted earnings per share for the six months ended 30 June 2022 does not assume the exercise of the Company's share options granted because the exercise price of these share options was higher than the average market price for shares for the six months 30 June 2022.

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.

10 DIVIDENDS

The Board of Directors did not propose any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

11 PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment
	HK\$'000
Six months ended 30 June 2022 — Unaudited	
Net book value	
Opening amount as at 1 January 2022	2,108
Additions	1,465
Depreciation	(363)
Currency translation differences	(126)
Closing amount as at 30 June 2022	3,084
Year ended 31 December 2021 — Audited	
Net book value	
Opening amount as at 1 January 2021	19,277
Additions	3,564
Depreciation	(7,756)
Currency translation differences	630
Disposal	(2,136)
Disposal of a subsidiary	(11,471)
Closing amount as at 31 December 2021	2,108

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Trade receivables from third parties	53,926	230,338
Less: allowance for impairment of trade receivables	–	–
Trade receivables — net of impairment recognised	53,926	230,338
Consideration receivable for disposal of subsidiaries	42,760	42,709
Other receivables	30,263	2,649
Value added tax receivables	2,186	1,666
Prepayments to suppliers	51,032	682,975
Deposits paid	874	914
Prepaid expenses	893	843
Total	181,934	962,094

The Group normally allows a credit period of 0–180 days from invoice date to its customers and may further extend the credit period to selected customers depending on their trade volume and settlement history. At 30 June 2022 and 31 December 2021, the aging analysis of trade receivables based on invoice date was as follows:

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Within 30 days	44,617	–
31–60 days	–	–
61–90 days	–	–
91–120 days	–	–
121–365 days	9,309	230,338
Over 365 days	–	–
	53,926	230,338

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

13 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares	Share capital HK\$'000
Unaudited		
At 1 January 2022 and 30 June 2022 (HK\$0.00125 each)	4,455,020,888	5,569
Unaudited		
At 1 January 2021 and 30 June 2021 (HK\$0.00125 each)	4,455,020,888	5,569

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 2022

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\$16,012,000. The closing price of the Company's shares immediately before 20 May 2021, the date of grant, was HK\$0.148 per share.

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 per share.

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 2022

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.

No share-based payments was recognised for the six months ended 30 June 2022.

The Group recognised the share-based payments of HK\$2,960,000 for the six months ended 30 June 2021 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 2022, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 806,700,000, which totally representing 18.11% 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 2022

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 2022 to 30 June 2022:

Category of participants	Grant date	Exercise price (before) share subdivision	Vesting date	Exercisable period	Number of share options		
					As at 01/01/2022	Granted	As at 30/06/2022
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	20/05/2021	HK\$0.15	20/05/2021	20/05/2021 – 19/05/2027	125,000,000	–	125,000,000
Total					806,700,000	–	806,700,000

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

14 SHARE-BASED PAYMENTS (Continued)

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	Lapsed	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
Total					731,700,000	125,000,000	(50,000,000)	806,700,000

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

15 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Trade payables	44,343	182,004
Accrued salaries	1,035	8,784
Amounts due to related parties (i)	730	–
Accrued expenses	11,750	8,727
Other payable	80,451	156,459
Interest payable	3,158	3,304
	141,467	359,278

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

The suppliers normally allow credit periods ranging from 60 to 365 days for the Group. As at 30 June 2022 and 31 December 2021, the aging analysis of trade payables based on invoice date was as follows:

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Within 30 days	44,334	–
31–60 days	–	9
61–90 days	–	–
91–120 days	–	–
Over 120 days	9	181,995
	44,343	182,004

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

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 supplemental agreement to revise the terms of Convertible Notes under which the Convertible Notes would be redeemed on 17 July 2021 at a conversion price of HK\$0.1340 per Convertible Notes. The effective interest adopted in the valuation of the liability component was 23.70% per annum. Except for the above mentioned, all other terms of the Convertible Notes remain unchanged.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

16 CONVERTIBLE LOAN NOTES (Continued)

On 4 August 2021, the Company and the noteholder signed the second supplemental agreement to revise the terms of the Convertible Notes. Pursuant to this supplemental agreement, the Convertible Notes would be redeemed on 17 July 2022 and the interest on the notes was charged at 10% per annum until the settlement date. Except for the above, all other terms of the Convertible Notes remain unchanged.

Following the change of the functional currency of the Company for the year ended 31 December 2021 as detailed in note 1, upon the modification of the terms of the Convertible Notes, the Convertible Notes contained liability component and conversion option derivative component. The fair value of the Convertible Notes at 4 August 2021 was estimated to be HK\$161,924,000, which was valued by an independent financial advisor. The fair value of the Convertible Notes comprised the liability component amounted to HK\$114,871,000. The effective interest rate adopted in the valuation of liability component was 6.36% per annum.

The movement of the liability component of the convertible loan notes for the six months ended 30 June 2022 is set out below:

	30 June 2022 HK\$'000
Carrying amount at 31 December 2021 (Audited)	113,291
Interest charge	3,553
Interest paid	(5,522)
Exchange difference	6
Carrying amount at 30 June 2022 (Unaudited)	111,328

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

17 BORROWINGS

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Bank borrowings — unsecured (a)	12,798	13,387
Other borrowings (b)	3,488	3,488
Loans from related parties (c)	13,173	11,864
Shareholders' loan (d)	271,561	278,340
Total borrowings	301,020	307,079

- (a) As at 30 June 2022, bank borrowings with principal and interest payables of HK\$12,798,000 and HK\$3,114,000 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\$12,798,000 and HK\$3,114,000 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 3.37% (2021: 7.23%) per annum and are repayable within one year.

- (b) Borrowings from other third parties as at 31 December 2021 are unsecured, interest-free and are repayable within one year.
- (c) The amount due to related parties is unsecured, interest-free and are repayable within one year.
- (d) The shareholders' loans are unsecured and repayable within one year. These shareholders' loans to the extent of HK\$269,804,000 (2021: HK\$276,502,000) are interest-free with the remaining balance of HK\$1,757,000 (2021: HK\$1,838,000) carried interest rate at 4.35% (2021: 4.35%) per annum.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

18 DISPOSAL OF SUBSIDIARIES

- (a) On 31 December 2021, the Group entered into a sale and purchase agreement with a third party in relation to the disposal of the entire issued share capital of a subsidiary, Shinhint Industrial Holdings Limited together with its subsidiaries ("**Shinhint Group**").

The disposal was completed on 31 December 2021 and the consideration for disposal amounted to approximately HK\$8, which remained outstanding at 31 December 2021.

- (b) On 3 December 2021, the Group entered into a sale and purchase agreement with a third party in relation to the disposal of the entire issued share capital of a subsidiary, Lijin Shuntong Logistics Company Limited ("**Shuntong Logistics**").

The disposal was completed on 3 December 2021 and the consideration for disposal amounted to approximately RMB23,482,000 (equivalent to HK\$28,297,000), which remained outstanding at 31 December 2021.

- (c) On 2 July 2021, the Group entered into a sale and purchase agreement with third party in relation to the disposal of 54% issued share capital of a subsidiary, Shandong Jinhai Shengda Energy Co., Ltd. (山東金海盛達能源有限公司) ("**Shandong Jinhai**").

The disposal was completed on 2 July 2021 and the consideration for disposal amounted to approximately RMB12,000,000 (equivalent to HK\$14,412,000), which remained outstanding at 31 December 2021.

- (d) On 1 January 2021, the Group entered into a sale and purchase agreement with a third party in relation to the disposal of 51% issued share capital in a subsidiary, Chuangpu Technology Co., Ltd. (創普科技有限公司) ("**Chuangpu Technology**").

The disposal was completed on 1 January 2021 and the consideration for disposal amounted to approximately RMB1,020,000 (equivalent to HK\$1,211,000), which was fully settled at 31 December 2021.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

18 DISPOSAL OF SUBSIDIARIES (Continued)

Net assets/(liabilities) disposed of

Assets and liabilities over which control was lost are as follows:

Year ended 31 December 2021

	(a) Shinhint Group HK\$'000	(b) Shuntong Logistic HK\$'000	(c) Shandong Jinhai HK\$'000	(d) Chuangpu Technology HK\$'000	Total HK\$'000
Non-current assets					
Property, plant and equipment	249	10,950	34	238	11,471
Right-of-use assets	–	–	–	1,399	1,399
Current assets					
Inventories	–	866	–	686	1,552
Trade and other receivables	5	60,666	98,595	1,818	161,084
Prepayments to suppliers	–	–	12,029	873	12,902
Cash and cash equivalents	111	113	69	1,110	1,403
Total assets	365	72,595	110,727	6,124	189,811
Current liabilities					
Trade and other payables	600	774	47,313	432	49,119
Amounts due to Group companies	–	23,458	–	–	23,458
Contract liabilities	–	–	–	1,201	1,201
Lease liabilities	–	–	–	831	831
Current income tax liabilities	–	–	2	–	2
Shareholder's loan	–	–	–	2,732	2,732
Bank borrowings	–	29,159	36,087	–	65,246
Non-current liabilities					
Lease liabilities	–	–	–	556	556
Total liabilities	600	53,391	83,402	5,752	143,145
Net assets/(liabilities) disposed of	(235)	19,204	27,325	372	46,666

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

18 DISPOSAL OF SUBSIDIARIES (Continued)

Gain on disposal of subsidiaries

Year ended 31 December 2021

	(a) Shinhint Group HK\$'000	(b) Shuntong Logistic HK\$'000	(c) Shandong Jinhai HK\$'000	(d) Chuangpu Technology HK\$'000	Total HK\$'000
Consideration for disposal					
— Received	–	–	–	1,211	1,211
— Receivable	–	28,297	14,412	–	42,709
Total consideration for disposal	–	28,297	14,412	1,211	43,920
Net (assets)/liabilities disposed of	235	(19,204)	(27,325)	(372)	(46,666)
Non-controlling interests	–	–	11,973	233	12,206
Exchange reserve released upon disposal	–	1,591	699	(112)	2,178
Gain/(loss) on disposal	235	10,684	(241)	960	11,638

Cash inflow/(outflow) on disposal of subsidiaries

Year ended 31 December 2021

	(a) Shinhint Group HK\$'000	(b) Shuntong Logistic HK\$'000	(c) Shandong Jinhai HK\$'000	(d) Chuangpu Technology HK\$'000	Total HK\$'000
Consideration for disposal received	–	–	–	1,211	1,211
Less: Bank balances and cash disposed of	(111)	(113)	(69)	(1,110)	(1,403)
Net cash inflow/(outflow) on disposal	(111)	(113)	(69)	101	(192)

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

19 CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no significant contingent liability.

During the prior year ended 31 December 2021, the subsidiary that had given the guarantee was disposed of by the Group. In the opinion of the directors, following the completion of the disposal of the subsidiary, the Group was no longer liable to any obligations and liabilities under the guarantees given by this former subsidiary, accordingly, the Group had no contingent liabilities in respect of the financial guarantees as at 31 December 2021.

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	
	2022	2021
	HK\$'000	HK\$'000
Salaries and other short-term benefits	1,690	5,870

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

20 RELATED-PARTY TRANSACTIONS (Continued)

(b) Related parties

Name of related parties	Relationship
陳金潔 (“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
陳秋叁 (“Chen Qiusan”)	Relative of Mr. Chen Jinle
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	
		2022 HK\$'000	2021 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 2022

20 RELATED-PARTY TRANSACTIONS (Continued)

(d) Related party balances

The balances with related parties as at 30 June 2022 and 31 December 2021 were as follows:

	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
Loans from related parties		
— Yuan Hongbing	13,173	11,864
Shareholders' loans		
— Chen Jinle	244,887	200,097
— Cui Xianguo	26,674	78,243
	271,561	278,340

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2022

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.

Exploration and Development Agreement

In August 2022, the Company entered into the Exploration and Development Agreement, pursuant to which the Company and Tacheng Xingta agreed to explore and develop jointly the Xinjiang Oil Sands Mines and the Company agreed to contribute an initial cost of the exploration of Xinjiang Oil Sands Mines at around RMB2.43 million (equivalent to approximately HK\$2.84 million). Pursuant to the Exploration and Development Agreement, the Company is granted with an option to decide whether to proceed further with the Exploration and Development Agreement after the exploration results of the hydrocarbons emissions from the oil sands of Xinjiang Oil Sands Mines are available.

Tacheng Xingta is the holder of the exploration permit of Xinjiang Oil Sands Mines, covering an area of approximately 39.37 square kilometres, for a term of 5 years commencing on 11 August 2020.