金泰能源
JINTAINENGYUAN

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2728)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Jintai Energy Holdings Limited (formerly known as "**Yuhua Energy Holdings Limited**") (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 (the "**Reporting Period**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	NOTE	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**3,003,380**	1,848,844
Cost of sales	*5*	**(2,940,496)**	(1,829,373)
Gross profit		**62,884**	19,471
Distribution expenses	*5*	**(52,169)**	(3,909)
Administrative expenses	*5*	**(54,332)**	(36,117)
Other income		**6,681**	2,934
Other gains/(losses) — net	*6*	**(26,053)**	(22,041)
Impairment of trade receivables		**(85,326)**	(21,891)
Impairment of prepayments		**(394,514)**	(285,952)

	NOTE	2019 HK$'000	2018 HK$'000
Operating loss		**(542,829)**	(347,505)
Finance income		**312**	1,510
Finance expenses		**(45,507)**	(26,532)
Finance expenses — net		**(45,195)**	(25,022)
Loss before income tax		**(588,024)**	(372,527)
Income tax (expense)/credit	*7*	**(10,105)**	5,930
Loss for the year from continuing operations		**(598,129)**	(366,597)
Discontinued operations			
Profit for the year from discontinued operations	*14*	**–**	14,786
Loss for the year		**(598,129)**	(351,811)
Loss for the year attributable to:			
Owners of the Company		**(599,250)**	(351,811)
Non-controlling interests		**1,121**	–
		(598,129)	(351,811)
Basic (loss)/earnings per share			
Continuing operations *(in cents per share)*	*8*	**(18.16)**	(11.85)
Discontinued operations *(in cents per share)*	*8*	**–**	0.48
		(18.16)	(11.37)
Diluted (loss)/earnings per share			
Continuing operations *(in cents per share)*	*8*	**(18.16)**	(11.85)
Discontinued operations *(in cents per share)*	*8*	**–**	0.48
		(18.16)	(11.37)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	NOTE	**2019** **HK$'000**	2018 HK$'000
Loss for the year		**(598,129)**	(351,811)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
— Currency translation differences		**4,872**	(11,958)
— Reclassification of translation reserve upon deregistration/disposal of subsidiaries		**142**	(1,117)
Total comprehensive loss for the year		**(593,115)**	(364,886)
Total comprehensive loss attributable to:			
Owners of the Company — Continuing operations		**(594,216)**	(379,356)
Owners of the Company — Discontinued operations		**–**	14,470
Non-controlling interests		**1,101**	–
		(593,115)	(364,886)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTE	2019 HK$'000	2018 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**3,124**	1,372
Investment properties	*9*	**70,910**	95,028
Prepayment for non-current assets	*10*	**3,044**	–
Right-of-use assets		**–**	–
Intangible assets		**–**	–
Deferred income tax assets		**–**	–
Goodwill		**567**	–
		77,645	96,400
Current assets			
Inventories		**365,466**	8,710
Trade and other receivables and prepayments	*10*	**938,713**	522,743
Cash and cash equivalents		**320,284**	16,462
Restricted cash		**153**	19,694
		1,624,616	567,609
Total assets		**1,702,261**	664,009
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**4,641**	3,868
Other reserves		**292,889**	183,243
Accumulated losses		**(725,104)**	(124,410)
		(427,574)	62,701
Non-controlling interests		**1,102**	–
Total equity		**(426,472)**	62,701

	NOTE	2019 HK$'000	2018 HK$'000
Liabilities			
Non-current liabilities			
Lease liabilities		**3,283**	–
Deferred income tax liabilities		**–**	190
		3,283	190
Current liabilities			
Trade and other payables	*11*	**322,707**	132,746
Contract liabilities		**525,413**	67,764
Lease liabilities		**1,861**	–
Current income tax liabilities		**8,097**	4,076
Convertible loan notes		**103,637**	–
Borrowings	*12*	**1,163,735**	396,532
		2,125,450	601,118
Total liabilities		**2,128,733**	601,308
Total equity and liabilities		**1,702,261**	664,009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 change from 40/F, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong to Suite 2601–2603, 26F, Shui On Centre, 6–8 Harbour Road, Wan Chai, Hong Kong on 10 February 2020.

The Company and its subsidiaries (together, "**the Group**") are engaged in energy trading, 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 consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated.

These consolidated financial statements were approved for issue by the Board of Directors on 15 April 2020.

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards and Hong Kong Companies Ordinance

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

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

(b) Going Concern

(i) The Group reported a net loss attributable to the owners of the Company of HK$599,250,000 and had net operation cash outflow of approximately HK$662,439,000 for the year ended 31 December 2019, and as at 31 December 2019, the Group had a net current liabilities of approximately HK$500,834,000.

(ii) As at 31 December 2019, bank loan principal of HK$278,011,000 (included in borrowings of the Group amounting to HK$1,163,735,000), bank loan interest payable HK$27,917,000 and bills payables HK$8,692,000 were not repaid in accordance with the scheduled payment dates. (Up to the date of this announcement, bank loan principal of HK$305,424,000 (included in borrowings of the Group amounting to HK$1,163,735,000), bank loan interest payable HK$28,983,000 and bill payables of HK$8,692,000 were not repaid in accordance with the scheduled payment dates.)

These constituted events of defaults which resulted in significant increase in finance costs. As at 31 December 2019, its cash and cash equivalents and restricted cash amounted to HK$320,437,000 were not sufficient to meet the borrowings.

This indicates the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate delayed repayments to financial institutions, which are set out as below:

(i) negotiating with the lenders for the renewal of or extension of repayment of existing borrowings upon maturity;

(ii) obtaining additional new sources of financing as and when needed;

(iii) implementation of its operation plan to accelerate the Group's sales;

(iv) speeding up the collection of the outstanding sales proceeds;

(v) controlling cost and containing capital expenditures;

(vi) maintaining relationship with the Group's existing lenders so as to ensure that no action will be taken by those lenders to demand immediate repayment in respect of defaults in the past; and

(vii) obtaining continuing financial supports from shareholders.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful negotiations with the lenders for the renewal of or extension of repayment of existing borrowings upon maturity; (ii) whether the Group is able to obtain additional new sources of financing as and when needed; (iii) the successful implementation of its operation plan to accelerate the Group's sales, to speed up the collection of the outstanding sales proceeds and to control costs and contain capital expenditures; (iv) successful maintaining relationship with the Group's existing lenders and to strictly comply with the terms and obligations under the facility agreements so as to ensure that there will be no default in the future and that no action will be taken by those lenders to demand immediate repayment in respect of defaults in the past; and (v) the successful obtaining continuing financial supports from shareholders, to meet obligations as and when their fall due.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

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

Changes in accounting policy and disclosures

(a) New standards adopted by the Group

The following new standard relevant to the Group has been adopted by the Group for the first time for the financial year beginning on or after 1 January 2019:

— HKFRS 16 *Leases*

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

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

(i) Adoption of HKFRS 16

The Group has applied HKFRS 16 for the first time in the year ended 31 December 2019. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations.

<u>Key changes in accounting policies resulting from application of HKFRS 16</u>

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application.

	At 1 January 2019
	HK$'000
Operating lease commitments disclosed as at 31 December 2018	146
Less: Recognition exemption — short-term leases	
Practical expedient — leases with lease term ending within 12 months from the date of initial application	(146)
Lease liabilities as at 1 January 2019	–

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Effective on 1 January 2019, the Group has applied HKFRS 15 Revenue from Contracts with Customers ("**HKFRS 15**") to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

No adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019.

(b) New and amendments to standards not yet adopted

Certain new accounting standards and amendments to standards have been published that are not mandatory for 31 December 2019 reporting year and have not been early adopted by the Group. These new and amendments to standards are set out below:

Standards and amendments	**Effective for annual periods beginning on or after**
Amendments to HKAS 1 and HKAS 8 'Definition of Material'	1 January 2020
Amendments to HKFRS 3 'Definition of a Business'	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS7 'Interest Rate Benchmark Reform'	1 January 2020
HKFRS 17 'Insurance Contracts'	1 January 2021
Amendments to HKFRS 10 and HKAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

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

4. SEGMENT INFORMATION

The Company's board of directors 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 four business lines, (1) energy trading which comprises mainly the trading of fuel oil and kerosene, and (2) speaker manufacturing and trading (2018: four business lines: (1) energy trading which comprises mainly the trading of fuel oil and kerosene, (2) speaker manufacturing (3) speaker trading and (4) oil tanker transportation). The segments of speaker manufacturing and oil tanker transportation were classified as discontinued operations during the year ended 31 December 2018.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of finance income or expenses, rental income from investment properties, fair value changes 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 undividual between segments.

The Group's deferred income tax assets, intangible assets, prepayment for non-current assets and investment properties are not considered to be segment assets and the Group's liabilities, borrowings, convertible loan notes, deferred income tax 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.

Segment information of continuing operations is as follows:

	2019		
	Energy business *HK$'000*	**Speaker business** *HK$'000*	**Total** *HK$'000*
Segment results			
Year ended 31 December			
Disaggregated by timing of revenue recognition:			
At a point in time	**2,967,855**	**35,525**	**3,003,380**
	2,967,855	**35,525**	**3,003,380**
Segment loss	**(454,341)**	**(28,240)**	**(482,581)**
Rental income from investment properties			**53**
Fair value loss on investment properties			**(22,279)**
Share-based payment expenses			**(14,411)**
Unallocated operating expenses			**(23,611)**
Operating loss			**(542,829)**
Finance expenses — net			**(45,195)**
Loss before income tax			**(588,024)**
Income tax			**(10,105)**
Loss for the year from continuing operations			**(598,129)**
Depreciation charge	**671**	**103**	**774**
Capital expenditure	**376**	**5,253**	**5,629**
Impairment of trade receivables *(Note 10)*	**85,326**	**–**	**85,326**
Gain on disposal of property, plant and equipment *(Note 6)*	**(61)**	**–**	**(61)**
Impairment of prepayments *(Note 10)*	**394,514**	**–**	**394,514**
Gain on disposal of subsidiaries *(Note 6)*	**(3,138)**	**–**	**(3,138)**
Gain on deregistration of subsidiaries *(Note 6)*	**(41)**	**–**	**(41)**
Assets			
As at 31 December			
Segment assets	**1,595,660**	**33,051**	**1,628,711**
Unallocated assets			**2,640**
Investment properties *(Note 9)*			**70,910**
Total			**1,702,261**
Liabilities			
As at 31 December			
Segment liabilities	**781,312**	**17,089**	**798,401**
Unallocated liabilities			**54,863**
Borrowings *(Note 12)*			**1,163,735**
Convertible loan notes			**103,637**
Current income tax liabilities			**8,097**
Total			**2,128,733**

	2018		
	Energy trading *HK$'000*	Speaker trading *HK$'000*	Total *HK$'000*
Segment results			
Year ended 31 December			
Disaggregated by timing of revenue recognition:			
At a point in time	1,766,199	82,645	1,848,844
	1,766,199	82,645	1,848,844
Segment loss	(302,371)	(14,082)	(316,453)
Rental income from investment properties			335
Fair value loss on investment properties			(22,130)
Unallocated operating expenses			(9,257)
Operating loss			(347,505)
Finance expenses — net			(25,022)
Loss before income tax			(372,527)
Income tax credit			5,930
Loss for the year			(366,597)
Depreciation charge	711	161	872
Capital expenditure	458	–	458
Impairment of trade receivables	21,891	–	21,891
Loss on disposal of property, plant and equipment	271	–	271
Impairment of prepayments	285,952	–	285,952
Loss on disposal of intangible assets	–	598	598
Written-off of inventories	–	236	236
Assets			
As at 31 December			
Segment assets	515,838	52,093	567,931
Unallocated assets			1,050
Investment properties			95,028
Total			664,009
Liabilities			
As at 31 December			
Segment liabilities	177,399	8,004	185,403
Unallocated liabilities			15,107
Borrowings			396,532
Current income tax liabilities			4,076
Deferred income tax liabilities			190
Total			601,308

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

Continuing operation	**2019**	2018
	HK$'000	*HK$'000*
PRC	**3,003,380**	1,769,860
Japan	**–**	78,766
The United States of America	**–**	218
Total	**3,003,380**	1,848,844

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

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

	2018
	HK$'000
Revenue from customer attributable to energy business Company E	203,849
Revenue from customer attributable to energy business Company F	198,610
Revenue from customer attributable to energy business Company G	196,475
Revenue from customer attributable to energy business Company H	185,743

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

	2019	2018
	HK$'000	*HK$'000*
PRC	**75,457**	96,196
Hong Kong	**2,188**	204
	77,645	96,400

5. EXPENSES BY NATURE

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Changes in inventories of finished goods and work in progress	**–**	(8,710)
Cost of goods sold	**2,914,864**	1,837,608
Employee benefit expense	**45,199**	23,640
Short-term lease expense	**2,086**	–
Storage fees	**8,557**	828
Customs, levies and other taxes	**254**	177
Delivery	**31,279**	336
Utilities	**14**	45
Depreciation — property, plant and equipment	**1,125**	872
Depreciation — right-of-use assets	**944**	–
Research and development cost	**2,426**	3,068
Repairs and maintenance expenses	**3**	55
Legal and professional fees	**8,516**	2,638
Auditors' remuneration — annual report	**752**	552
Auditors' remuneration — others	**203**	10
Written-off of inventories	**–**	236
Loading fee	**9,134**	–
Operating lease payments	**–**	3,131
Other equity-settled share-based payment	**9,919**	–
Other expenses	**11,722**	4,913
Total cost of sales, distribution expenses and administrative expenses	**3,046,997**	1,869,399

	2019	2018
	HK$'000	*HK$'000*
Discontinued operations		
Changes in inventories finished goods and work in progress	**–**	54,167
Raw materials and consumables used	**–**	111,013
Employee benefit expense	**–**	44,099
Port disbursement and refueling figures	**–**	12,204
Operating lease payments	**–**	4,440
Customs, levies and other taxes	**–**	1,015
Utilities	**–**	2,221
Depreciation	**–**	1,614
Repairs and maintenance expenses	**–**	624
Legal and professional fees	**–**	317
Auditors' remuneration — others	**–**	71
Written-off of inventories	**–**	118
Other expenses	**–**	10,396
Total cost of sales, distribution expenses and administrative expenses	**–**	242,299

6. OTHER GAINS/(LOSSES) — NET

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Fair value losses on investment properties *(Note 9)*	**(22,279)**	(22,130)
Net foreign exchange gain	**1,868**	637
Gain on disposal of subsidiaries	**3,138**	–
Gain on deregistration of subsidiaries	**41**	–
Gain/(loss) on disposal of property, plant and equipment	**61**	(271)
Loss on disposal of intangible assets	**–**	(598)
Written-off of other payable	**–**	316
Other gains	**–**	5
Impairment loss of property, plant and equipment	**(4,161)**	–
Impairment loss of right-of-use assets	**(4,721)**	–
	(26,053)	(22,041)
Discontinued operations		
Net foreign exchange loss	**–**	(1,990)
Gain on disposal of property, plant and equipment	**–**	1,880
Other gains	**–**	247
Impairment loss of property, plant and equipment	**–**	(116)
	–	21

7. INCOME TAX EXPENSE/(CREDIT)

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Current income tax:		
Overprovision in prior years — Hong Kong	**–**	(1,271)
Current income tax on profits for the year — PRC	**10,105**	1,218
Underprovision in prior years — PRC	**–**	796
	10,105	2,014
Total current income tax	**10,105**	743
Deferred income tax	**–**	(6,673)
Income tax expense/(credit)	**10,105**	(5,930)

	2019	2018
	HK$'000	*HK$'000*
Discontinued operations		
Current income tax:		
Current income tax on profits for the year — Hong Kong	–	3,075
Current income tax on profits for the year — PRC	–	302
Underprovision in prior years — PRC	–	716
	–	1,018
Total current income tax	–	4,093
Deferred income tax	–	(671)
Income tax expense	–	3,422

No provision for Hong Kong profits tax has been made, as the Group's subsidiaries in Hong Kong did not derive any assessable profit (2018:16.5% on the estimated assessable profits of the Group's subsidiaries in Hong Kong).

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates. The Company's subsidiaries incorporated in the PRC are subject to Enterprise Income Tax ("**EIT**") at the rate of 25% (2018: 25% except for Dongguan Shinhint Audio Technology Limited (Discontinued Operations) which are subject to EIT at the rate of 15%). Dongguan Shinhint Audio Technology Limited obtained the "Certificate of High and New Technology Enterprises" issued by Guangdong Provincial Department of Science and Technology, Department of Finance, State Administration of Taxation and Local Administration of Taxation. The certificate is valid for 3 years from October 2015 to October 2018.

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

8. (LOSS)/EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company from continuing operations	**(599,250)**	(366,597)
Profit for the year from discontinued operations	**–**	14,786
	(599,250)	(351,811)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares at 31 December for the purpose of basic (loss)/earnings per share	**3,299,832**	3,094,517
(Loss)/earnings per share		
— Basic (loss)/earnings per share (in cents per share)		
Continuing operations	**(18.16)**	(11.85)
Discontinued operations	**–**	0.48
	(18.16)	(11.37)

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

For the year ended 31 December 2018, the Company's share options granted have no dilutive effect on the (loss)/earnings per share. Calculations are done to determine the number of shares that could have been acquired at fair value (determined by using average market share price of the Company's shares for the twelve months ended 31 December 2018) based on the monetary value of the subscription rights attached to outstanding share options.

Diluted (loss)/earnings per share is therefore equal to basic (loss)/earnings per share. There were no dilutive potential ordinary shares outstanding during the years.

9. INVESTMENT PROPERTIES

	2019	2018
	HK$'000	*HK$'000*
Investment properties — at fair value		
Opening balance at 1 January	**95,028**	122,005
Fair value losses on investment properties *(Note 6)*	**(22,279)**	(22,130)
Currency translation differences	**(1,839)**	(4,847)
Closing balance at 31 December	**70,910**	95,028

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

The investment properties have been pledged as security for the borrowings of the Group.

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables from third parties	**362,849**	131,089
Trade receivables from related parties	**–**	187
Less: allowance for impairment of trade receivables	**(104,419)**	(21,137)
Trade receivables — net	**258,430**	110,139
Prepayment to suppliers	**1,277,136**	683,267
Less: allowance for impairment of prepayment to suppliers	**(656,952)**	(276,097)
Prepayment to suppliers — net	**620,184**	407,170
Export tax rebate receivables	**49,496**	1,343
Other receivables and deposits	**13,647**	4,091
	941,757	522,743
Deduct: Non-current portion	**(3,044)**	–
Total	**938,713**	522,743

The Group's normally allows a credit period of 45 days to 75 days for speaker business and cash on delivery for energy business to its customers and may further extend the credit period to selected customers depending on their trade volume and settlement history. At 31 December 2019 and 2018, the aging analysis of trade receivables based on invoice date was as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**256,501**	9,787
31 to 60 days	**1,155**	9,018
61 to 90 days	**204**	7,605
91 to 120 days	**1**	–
121 to 365 days	**–**	83,620
Over 365 days	**569**	109
	258,430	110,139

Included in the provision for impairment of trade and other receivables is a provision for individually impaired trade receivables and prepayments of approximately RMB75,183,000 (2018: RMB18,520,000) (equivalent to HK$85,326,000 (2018: HK$21,891,000)) and RMB347,617,000 (2018: RMB241,916,000) (equivalent to HK$394,514,000 (2018: HK$285,952,000), respectively. The individually impaired trade receivables and prepayments related to customers and suppliers that were in financial difficulties. The directors of the Company estimated the amounts of impairment is after taking into consideration the below events:

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

* *For identification purpose only*

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

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

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**276,097**	–
Provision for impairment recognised during the year	**394,514**	285,952
Currency translation differences	**(13,659)**	(9,855)
At 31 December	**656,952**	276,097

11. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables to third parties	**216,222**	53,625
Trade payables to related parties	**–**	284
Trade payables	**216,222**	53,909
Bills payables	**8,692**	55,923
Payroll and welfare payables	**5,093**	1,077
Amounts due to related parties	**32,354**	7,051
Other payable and accrued expenses	**28,297**	2,027
Interest payable	**32,049**	12,759
	322,707	132,746

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

The bills payables as at 31 December 2018 were secured by (i) restricted bank deposits of the Group amounting to HK$19,694,000, and (ii) guarantees provided by Mr. Lin and a related company beneficially owned by Mr. Lin.

As at 31 December 2019 and up to the date of this announcement, the bills payable amounting to HK$8,692,000 were not repaid in accordance with the scheduled payment dates.

As at 31 December 2018, the bank loan principal of HK$204,738,000 (included in the Group's borrowings) and the interest payables amounting to HK$12,759,000 were not repaid in accordance with the scheduled payment dates. This constituted event of defaults resulted in cross-default of bills payables amounting to HK$55,923,000 as at 31 December 2018, of which had original contractual repayment dates beyond 31 December 2018. Partly as a result of the above cross-default, the Group's bills payables became repayable on demand.

The suppliers normally allow a credit period of 60 days for speaker business and cash on delivery for energy business of the Group. At 31 December 2019 and 2018, the aging analysis of the trade payables (including bills payables) based on invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**172,959**	6,366
31 to 60 days	**448**	12,712
61 to 90 days	**912**	5,767
91 to 120 days	**1,107**	28,871
Over 120 days	**49,488**	56,116
	224,914	109,832

12. BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Current		
Bank borrowings		
— secured	**279,595**	258,322
— unsecured	**25,829**	39,821
	305,424	298,143
Notes payable	**–**	98,389
Other borrowings	**209,362**	–
Loans from related companies	**152,670**	–
A loan from the non-controlling interests of a subsidiary	**3,343**	–
Shareholders' loan	**492,936**	–
Total borrowings	**1,163,735**	396,532

As at 31 December 2019, bank borrowings with principal and interest payables of HK$278,011,000 (2018: HK$204,738,000) and HK$27,917,000 (2018: HK$3,610,000) were default and not repaid in accordance with the scheduled payment dates. In this connection, as at 31 December 2019 and 2018, the investment properties of the Group were seized (note 9).

Up to the date of this announcement, bank loan principal of HK$305,424,000 and bank loan interest payable of HK$28,983,000 were default and not repaid in accordance with the scheduled payment dates.

13. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

14. DISCONTINUED OPERATIONS

(a)(1) Description

On 25 May 2018, 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, Crown Million Industries (International) Limited (冠萬實業(國際)有限公司) (the "**Target Company**" together with its subsidiary, collectively the "**Target Group**") ("**the Disposal**"). The Target Group is principally engaged in manufacturing and trading of home theatre and automotive speaker systems.

The Target Group was sold on 4 June 2018 (the "**Completion Date**") for a cash consideration of HK$32,655,000 pursuant to the Amendment to the Share Purchase Agreement dated on 5 December 2018. The results of the Target Group are presented in the consolidated statement of profit or loss as a discontinued operation.

(a)(2) Financial performance and cash flow information

Financial information relating to the Target Group for the period to the date of disposal of 4 June 2018 is set out below.

	2018.01.01– 2018.06.04 *HK$'000*
Revenue	229,868
Cost of sales	(209,187)
Gross profit	20,681
Distribution expenses	(1,455)
Administrative expenses	(13,409)
Other income	18
Other losses — net	(3,485)
Operating profit	2,350
Finance income	12
Profit before income tax	2,362
Income tax expense	(1,164)
Profit after income tax	1,198

The profit from the discontinued operations is analysed as follows:

	2018.01.01– 2018.06.04 *HK$'000*
Profit of discontinued operations for the period	1,198
Gain on disposal of the Target Group	1,117
	2,315
Currency translation differences from discontinued operations	801
Reclassification of translation reserve upon disposal of subsidiaries	(1,117)
Other comprehensive from discontinued operations	(316)
Net cash outflow from operating activities	(7,778)
Net cash outflow from investing activities	(340)
Net cash outflow from financing activities	–
Net decrease in cash from discontinued operation	(8,118)

(a)(3) Gain on disposal of the Target Group

	2018 *HK$'000*
Net assets disposed of	32,655
Reclassification of translation reserve upon disposal of subsidiaries	(1,117)
	31,538
Gain on disposal	1,117
Total consideration	32,655
Satisfied by:	
Cash received or receivable as consideration	32,655
Net cash inflow arising on disposal:	
Cash received or receivable as consideration	32,655
Consideration receivable	(3,265)
Total cash consideration received	29,390
Less: bank balance and cash disposed of	(4,857)
	24,533

The consideration was determined by reference of the net asset value of the Target Group as at the Completion Date. As at 31 December 2018, the consideration has been 90% paid according to the disposal agreement.

(a)(4) Analysis of assets and liabilities over which control was lost:

	2018
	HK$'000
Assets	
Non-current assets	
Property, plant and equipment	2,315
Rental deposits	624
Deferred income tax assets	232
	3,171
Current assets	
Inventories	44,206
Trade and other receivables and prepayments	124,212
Cash and cash equivalents	4,857
	173,275
Total assets	176,446
Liabilities	
Non-current liabilities	
Deferred income tax liabilities	1,074
Current liabilities	
Trade and other payables	142,419
Current income tax liabilities	298
	142,717
Total liabilities	143,791
Net assets disposal of	32,655

(b)(1) Description

On 17 August 2018, the Group entered into a disposal agreement with an independent third party in relation to the disposal of a vessel owned by a wholly owned subsidiary of the Company.

The vessel was sold on 17 August 2018 (the "**Completion Date**") for cash consideration of approximately HK$45,702,000. Gain of HK$3,317,000 was resulted from the disposal. Subsequent to the disposal of vessel, the segment of oil tanker transportation was discontinued. The results of the segment of oil tanker transportation are presented in the consolidated statement of profit or loss as a discontinued operation.

(b)(2) Financial performance and cash flow information

Financial information relating to the oil tanker transportation segment for the year is set out below.

	2018 *HK$'000*
Revenue	29,471
Cost of services	(17,712)
Gross profit	11,759
Administrative expenses	(536)
Other gains — net	3,506
Profit before income tax	14,729
Income tax expense	(2,258)
Profit after tax	12,471
Net cash inflow from operating activities	11,894
Net cash inflow from investing activities	45,703
Net cash outflow from financing activities	(58,299)
Net decrease in cash from discontinued operation	(702)

15. EVENT OCCURRING AFTER THE REPORTING PERIOD

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

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

The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of this announcement, the assessment 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 2020 interim and annual financial statements.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Cheng & Cheng Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of the independent auditor's report regarding the consolidated financial statements of the Group for the year ended 31 December 2019.

Basis for qualified of opinion

1. *Opening balances and corresponding figures*

   Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2018, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit, details of which are set out in our auditor's report dated 29 March 2019.

   As a result of the limitation of scope encountered in respect of our audit of the consolidated financial statements for the year ended 31 December 2018 and the possible impact of any adjustments that may have been necessary in respect of the opening balances as at 1 January 2019 and the impact on the results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2018. Our opinion on the current year's consolidated financial statements is modified because of the possible effect of this matter on the comparability of the current year's figures and corresponding figures.

2. *Impairments of trade and other receivables*

   Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2018 set out in our auditor's report dated 29 March 2019 was also disclaimed because we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of the trade and other receivables as at 31 December 2018. There are no other satisfactory audit procedures that we could adopt to determine whether the impairment provided on the trade and other receivables during the year ended 31 December 2019 should be recorded in the consolidated financial statements of 31 December 2018 or 31 December 2019.

   Any adjustment found necessary to the carrying amount of the trade and other receivables as at 31 December 2018 would have a consequential impact on the impairment loss of the trade and other receivables for the year ended 31 December 2019 and would have affected the net assets and accumulated losses as at 31 December 2018 and loss for the years ended 31 December 2018 and 31 December 2019.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the consolidated financial statements, which indicates that the Group reported a net loss attributable to the owners of the Company of approximately HK$599,250,000 and had net operating cash outflow of approximately HK$662,439,000 for the year ended 31 December 2019, and as at 31 December 2019, the Group had net current liabilities of approximately HK$500,834,000. As at 31 December 2019, bank loan principal of HK$278,011,000 (included in borrowings of the Group amounting to HK$1,163,735,000), bank loan interest payable HK$27,917,000 and bills payables HK$8,692,000 were not repaid in accordance with the scheduled payment dates. (Up to the date of this announcement, bank loan principal of HK$305,424,000 (included in borrowings of the Group amounting to HK$1,163,735,000), bank loan interest payable HK$28,983,000 and bill payables of HK$8,692,000 were not repaid in accordance with the scheduled payment dates.)

These constituted events of defaults which resulted in significant increase in finance costs. As at 31 December 2019, its cash and cash equivalents and restricted cash amounted to HK$320,437,000 were not sufficient to meet the borrowings.

These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group was principally engaged in two operating business including: (i) energy trading business which comprised mainly the trading of fuel oil and kerosene and (ii) speaker trading business.

Energy trading business

During the Reporting Period, revenue from energy trading business increased significantly and amounted to approximately HK$2,967.86 million (2018: approximately HK$1,766.20 million), representing a year on year increase of 68.04%. The increase in revenue was mainly attributable to an increase in the number of stable customers and expansion of the Group's product portfolio.

During the Reporting Period, the Company faced challenges on the energy trading business due to geopolitics and US China Trade War. In view of that, the Group has been actively seeking new customers, expanding its product portfolio and sourcing from new suppliers. The implementation of the aforesaid strategies have been successful and the performance of energy trading business has shown a significant improvement in the second half of 2019.

During the second half of 2019, the Company has completed several fundraising exercises including placing of new shares and issuance of convertible notes for, among others, refinancing part of its existing borrowings and replenishing its working capital. With such new capital, the Group has been gradually resuming its sales operation to a normal level. The Group entered into long-term agreements with two new customers in August 2019, namely (i) a framework agreement dated 23 August 2019 with Guangxi Yongsheng Petrochemical Co. Ltd.* (廣西永盛石油化工有限公司) ("**Guangxi Yongsheng**"), a wholly-owned subsidiary of a state-controlled A-shares company listed on the Shanghai Stock Exchange (stock code: 600310.SH), pursuant to which Guangxi Yongsheng will procure from the Group fuel oil products and petrochemical products of no less than 2 million tonnes with amount not less than RMB10 billion from 23 August 2019 to 31 December 2022; and (ii) a framework agreement dated 29 August 2019 with Dalian Bonded Area Shengyang Petrochemical Co. Ltd.* (大連保稅區盛洋石化有限公司) ("**Dalian Shengyang**"), a Dalian-based company principally engaged in petrochemical business, pursuant to which Dalian Shengyang will procure from the Group fuel oil products and petrochemical products of no less than 1.2 million tonnes with amount not less than RMB6 billion from 1 September 2019 to 31 December 2021.

During the year 2019, the Group secured several new customers, including but not limit to Guangxi Yongsheng and Dalian Shengyang. Instead of selling to purely trading companies previously, the Group secured more new end-user corporate customers with sound financial background and sizeable business and assets, such as petrochemical refinery companies, gas station operators and sizeable trading companies with oil depots, state-owned enterprises and listed companies (such as Guangxi Yongsheng), which have good credit history and have more stable orders.

The Group had also been exploring new products to expand its product portfolio. During the Reporting Period, the Group traded two new types of products, which increased the sales contribution as compared with previous year. The management of the Company expected that the sales volume would gradually increase when the Group builds up relationship with the new customers. The Group focused on exploring new customers and did not actively promote sales to previous customers in 2018.

The Group has also been actively identifying new suppliers to expand its supplier base instead of relying on any single largest supplier. For the Reporting Period, the Group has engaged certain number of new suppliers in order to diversify its supplier base to reduce concentration risk. The Group also reduced the prepayment percentage of the transaction amount. The Group continued to further diversify its supplier base and assess the payment terms periodically to optimise its financial positions.

Speaker trading business

The speaker trading business recorded revenue of approximately HK$35.53 million during the Reporting Period (2018: approximately HK$82.65 million from continuing operation), representing a drop of approximately 57.01% (2018: increased by approximately 23.38%). The decrease was mainly due to decrease in sales orders from existing customers. Nonetheless, its revenue accounted for approximately 1.18% (2018: approximately 4.47%) of the consolidated revenue from continuing operations only.

The speaker trading business remained as a non-core business of the Group. The management of the Company formulated a business plan to turnaround the business, including increasing the price by selling more high-end products and ceasing selling products with low or no profit margin and control product costs. The Group also exercised caution and adopted conservative approach in managing the operation of and making investments into such non-core business.

Oil tanker transportation business

Upon the transfer of ownership of vessels in August 2018, this segment ceased to have any contribution to the business of the Group during the year 2019. The oil tanker transportation business was disposed of by the Group in December 2019.

FINANCIAL REVIEW

Results of Operations

For the Reporting Period, revenue of the Group increased significantly by 62.45% to approximately HK$3,003.38 million (2018: approximately HK$1,848.84 million). The increase in revenue was mainly attributable to increase in revenue in the energy trading business. The Group recorded a net loss attributable to the Company's equity holders of approximately HK$599.25 million (2018: approximately HK$351.81 million). The loss was mainly due to the impairment of prepayments of approximately HK$394.51 million, the impairment of trade receivables of approximately HK$85.33 million and increase of finance cost.

For the Reporting Period, basic loss per share of continuing operations of approximately HK$18.16 cents (2018: basic loss per share of continuing operations of approximately HK$11.85 cents). The Group did not pay any interim dividend during the Period. The Board did not recommend the payment of a final dividend for the Reporting Period (2018: nil).

Liquidity and Financial Resources

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$320.28 million (31 December 2018: approximately HK$16.46 million), which were mainly denominated in Hong Kong dollars, US dollars and Renminbi.

As at 31 December 2019, the Group's net current liabilities were HK$500.83 million (2018: approximately HK$33.51 million). The Group's current ratio, being the ratio of total current assets to total current liabilities, was approximately 0.76 as compared to approximately 0.94 as at 31 December 2018.

The Group had bank and other borrowings of approximately HK$1,163.74 million (unaudited) (31 December 2018: approximately HK$396.53 million) which were denominated in Renminbi and Hong Kong dollars. The annual interest rates of the bank and other borrowings for the year ended 31 December 2019 was ranged from approximately 3% to approximately 10.44% (31 December 2018: ranged from 4.437% to 6%) per annum. The above bank and other borrowings was accounted for as current liabilities of the Group and repayable within one year. As at 31 December 2019, bank borrowings with principal and interest payables of HK$278.01 million and HK$27.92 million were default and not repaid in accordance with the scheduled payment dates. As at 31 December 2019, the Group had convertible notes of approximately HK$103.64 million (31 December 2018: nil).

As at 31 December 2019, the Group repaid its debts mainly through recurrent cash flows generated by its operations and by other financings. The gearing ratio of the Group was nil (as at 31 December 2018: approximately 632%), which was computed by dividing the total borrowings of approximately HK$1,267.37 million (31 December 2018: approximately HK$396.53 million) by shareholder's equity of approximately negative HK$427.57 million (31 December 2018: approximately HK$62.70 million).

Issue of Convertible Notes

On 29 May 2019, the Company as the issuer, Win Win International Strategic Investment Funds SPC ("**Win Win**") as the subscriber, Mr. Lin Caihuo, Mr. Chen Jinle and Mr. Han Jinfeng as the Guarantors, entered into a subscription agreement, pursuant to which, on the terms and subject to the conditions therein, the Company has agreed to issue and Win Win has agreed to subscribe for the convertible notes in the aggregate principal amount of HK$110,952,907 at the interest rate of 10% per annum and at initial conversion price of HK$0.184. Completion on issue of convertible notes took place on 17 July 2019.

Assuming full conversion of the convertible notes at the conversion price, the convertible notes will be convertible into 603,004,929 shares, representing approximately 19.49% of the issued share capital of the Company at the date of subscription agreement and approximately 16.31% of the issued share capital of the Company as enlarged by the issue of the conversion shares upon full conversion of the convertible notes (based on the issued share capital as at the date of subscription agreement). The conversion shares will be allotted and issued pursuant to the general mandate upon conversion of the convertible notes.

The Company intends to use the proceeds from the issue of the convertible notes for redemption of the 2017 Notes and settlement of any outstanding indebtedness in relation thereto.

As at 31 December 2019, all of the net proceeds have already been use for redemption of the 2017 notes and repayment of bank loans respectively.

Further details of the issuance of Convertible Notes are set out in the announcement of the Company dated 29 May 2019, 11 June 2019, 2 July 2019, 7 July 2019 and 17 July 2019.

Placing of new shares to Super Wise International Investment Limited

On 7 August 2019, the Company entered into a subscription agreement with Super Wise International Investment Limited ("**Super Wise**") pursuant to which the Company has agreed to issue and Super Wise has agreed to subscribe for an aggregate of 540,000,000 new shares at the subscription price of HK$0.125 per share. Super Wise is an investment holding company, the sole shareholder of which, Mr. Cui Xianguo, has been working in the oil trading business since 2000 and is the general manager of Dongying Hengfeng Chemical Co., Ltd. (東營市恒豐化工有限公司).

The subscription shares were issued under the general mandate and no separate shareholders' approval were obtained. The subscription price of HK$0.125 per share represents a discount of approximately 19.35% on the closing price of HK$0.155 per share as quoted on the Stock Exchange on 7 August 2019, being the date of the subscription agreement and a discount of approximately 17.22% on an average closing price of HK$0.151 per share as quoted on the Stock Exchange for the last five trading days immediately before the date of the subscription agreement.

The net proceeds from the subscription amounted to approximately HK$67,300,000 after deducting professional fee and all related expenses. Among the net proceeds from the subscription, (i) approximately HK$54.3 million will be allocated for the general working capital of the Company; (ii) approximately HK$5 million would be allocated for the acquisition of business (if any); and (iii) approximately HK$8 million would be allocated for the repayment of some of the indebtedness of the Group. The completion of the aforesaid placing took place on 21 August 2019.

As at 31 December 2019, approximately 18% and 82% of the net proceeds have already been used for repayment of debts and interest expenses and general working capital in energy trading business respectively.

As a result of the above, the Company's total issued share capital increased to 3,634,517,408 shares as at 22 August 2019. Details of the above, mentioned placing are set out in the announcements of the Company dated 7 August 2019, 12 August 2019 and 22 August 2019.

Placing of new shares to Mr. Li Junbin

On 23 September 2019, the Company has entered into a subscription agreement with Mr. Li Junbin for the subscription of an aggregate 78,000,000 new shares for an aggregate consideration of HK$9,516,000 at the subscription price of HK$0.122 per subscription share. The subscription price represented a discount of approximately 6.87% on a closing price of HK$0.131 per share as quoted on the Stock Exchange on 23 September 2019, being the date of the subscription agreement.

The subscription shares of 78,000,000 new shares represent approximately 2.15% of the issued share capital at the date of the subscription agreement and approximately 2.10% of its enlarged share capital (based on the issued share capital as at the date of subscription agreement). The subscription shares were be issued under the general mandate and rank equally with all existing shares. The completion of the aforesaid placing took place on 22 November 2019.

The net proceeds from the subscription was amounted to approximately HK$9,316,000 after deducting professional fee and all related expenses. The Company intended to use the net proceeds raised from the issue of the subscription shares for supporting its energy trading business, which is one of major businesses of the Group.

As at 31 December 2019, all of the net proceeds have already been used for general working capital in energy trading business.

As a result of the above, the Company's total issued share capital increased to 3,712,517,408 shares as at 2 December 2019. Details of the above, mentioned placing are set out in the announcements of the Company dated 23 September 2019 and 2 December 2019.

New Share Option Scheme

The former share option scheme of the Company expired on 25 June 2015. In view of the expiration of the former share option scheme of the Company, an ordinary resolution was passed at the extraordinary general meeting of the Company held on 16 September 2019 that a new share option scheme of the Company (the "**New Scheme**") was adopted by the Company, which 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.

The total number of securities available for issue under the New Scheme as at the date of this announcement was 485,700,000 Shares which represents approximately 11.57% of issued share capital of the Company as at the date of this announcement. For details, please refer to the announcement of the Company dated 29 September 2019.

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

					Number of share options		
Name	**Date of grant (dd/mm/yyyy)**	**Exercise price after (before) share subdivision in 2018** *HK$*	**Vesting date (dd/mm/yyyy)**	**Exercisable period (dd/mm/yyyy)**	**As at 01/01/2019**	**Granted during the year**	**As at 31/12/2019**
Eligible employees[1]	19/6/2015	0.64125 (1.2825)	19/06/2015	19/06/2015– 18/06/2025	123,200,000	–	123,200,000
Eligible employees[1] and consultant	24/9/2019	0.15	24/9/2019	24/9/2019– 23/9/2029	–	362,500,000	362,500,000

Note:

(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).

Capital Expenditure

During the Reporting Period, the Group's total capital expenditure amounted to approximately HK$5.63 million (2018: approximately HK$0.80 million).

Treasury Policies

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

Employees

As at 31 December 2019, the Group has employed a total of approximately 93 employees (2018: approximately 23) in Hong Kong and the PRC collectively. Staff costs (excluding Directors' emoluments) from continuing operations amounted to approximately HK$45.20 million (2018: approximately HK$65.74 million). The Group recruits and selects candidates for employment on the basis of their qualifications and suitability for the position. It is the Group's policy to recruit the most competent person available for each position.

Contingent Liabilities

As at 31 December 2019, the Group has no material contingent liabilities.

Pledge on the Group's Assets

As at 31 December 2019, the investment properties in the amount of approximately HK$70.91 million have been pledged as security for the borrowings of the Group.

Significant Investments and Material Acquisitions and Disposals

The Group has made no significant investment or any material acquisition or disposal of subsidiaries for the year ended 31 December 2019.

Future Prospects

During the Reporting Period, the Company's business has gradually recovered and recorded expected performance, while the staff team and internal management have been significantly improved. The management of the Group is confident to further expand the current business of the Group and explore new opportunities in various energy fields, so as to enhance the Group's business scale and profitability.

In respect of energy trading business, the Group will continue to develop new energy products, explore new customers for sales and expand the scale of energy trading business, with an aim to achieve considerable growth in 2020.

In respect of business expansion, the Group is considering the acquisition of a company engaging in the transportation of petroleum products and a company engaging in the operation service of the digital trade industrial park of energy business sector in the PRC. In addition, the Group will continue to seek new investment and business opportunities in energy mining, energy transportation, petroleum exploration technology services, petroleum refinery services, petroleum products retail, energy internet and energy financing, etc., to build a petrochemical energy industry ecosystem, and boost the Company's competitiveness and profitability.

In respect of fund raising, the Group is actively seeking for suitable investors to enhance its financial position through various means such as equities, bonds and supply chain funds to support the further development of business operation.

The Group will also further optimize its management team, risk control and cost control measures to enhance the Group's competitiveness and profitability.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Memorandum of Understanding ("MOU") in respect of a Possible Acquisition

On 12 February 2020, the Company entered into a MOU with the Vendors, pursuant to which the Company intends to acquire and the Vendors intend to sell 51% of the equity interest of the Target Company. The Target Company is principally engaged in providing operational services for digital energy trading parks of energy business Sector in the PRC. The Vendors and the Company shall use their best endeavours to enter into a formal agreement in relation to the possible acquisition within three months from the date of MOU subject to the results of due diligence review conducted by the Company. Details of the MOU are set out in the announcement of the Company dated 12 February 2020.

Product Sales Collaboration Agreement

On 24 February 2020, Guangzhou BP Oil Company ("**Guangzhou BP**")* (廣州發展碧辟油品有限公司) and Tianjin Tanghao Petroleum Product Company ("**Tianjin Tanghao**")* (天津唐昊石油製品銷售有限公司) entered into the product sales collaboration agreement pursuant to which Guangzhou BP planned to purchase at least 500,000 tonnes or RMB3 billion (including tax) worth of petroleum products and chemical products from Tianjin Tanghao from 2020 to 2021. Details of the product sales collaboration agreement are set out in the announcement of the Company dated 24 February 2020.

Change of Company Name and Stock Short Name

With effect from 16 January 2020, the English name of the Company have been changed from "Yuhua Energy Holdings Limited" to "Jintai Energy Holdings Limited", and the dual foreign name in Chinese have been changed from "裕華能源控股有限公司" to "金泰能源控股有限公司". The Certificate of Incorporation on Change of Name dated 16 January 2020 was issued by the Registrar of Companies in the Cayman Islands and the Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company dated 24 February 2020 was issued by the Registrar of Companies in Hong Kong.

The Company's English stock short name for trading in the shares of the Company on the Stock Exchange was changed from "YUHUA ENERGY" to "JINTAI ENERGY H", and the Chinese stock short name from "裕華能源" to "金泰能源控股" with effect from 4 March 2020. The stock code of the Company remains as 2728.

Details of the change of company name are set out in the announcements of the Company dated 20 November 2019, 24 December 2019, 15 January 2020 and 28 February 2020 respectively, and the circular of the Company dated 24 December 2019.

Connected Transactions

On 24 October 2019, Ningxia Deliheng Oil and Gas Technology Service Company Ltd. (寧夏德力恒油氣技術服務有限公司) ("**Ningxia Deliheng**") and Beijing Huaye Jinquan Petroleum Energy Technology Development Company Limited, Yanchi Branch Company (北京華燁金泉石油能源技術開發有限公司鹽池分公司) ("**Beijing Huaye**") entered into the SL16-5-4 Well Agreement and the SL27 Well Agreement, pursuant to which Ningxia Deliheng agreed to provide drilling services of (i) an aggregate of 18 oil wells under the SL16-5-4 Well Agreement at the consideration of RMB225,536,750 and (ii) 1 oil well under the SL27 Well Agreement at the consideration of RMB8,486,219.50 for Beijing Huaye for the purpose of extraction of oil. The aforesaid agreements constitute connected transactions of the Company. On 11 February 2020, ordinary resolutions have been passed by the independent shareholders by way of poll. Details of the SL16-5-4 Well Agreement and the SL27 Well independent Agreement are set out in the announcements of the Company dated 24 October 2019, 27 November 2019, 9 January 2020 and 11 February 2020 respectively, and the circular of the Company dated 22 January 2020.

Outbreak of COVID-19

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented in the PRC and across the globe. The outbreak of the COVID-19 in the PRC and the subsequent quarantine measures imposed by the PRC Government in early 2020 have had a certain temporary impact on the operations of the Group since 2020. The degree of the impact depends on the progress and duration of epidemic prevention and control and the implementation of local prevention and control policies.

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

DIVIDEND

The Directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Non-compliance with Rule 13.19 of the Listing Rules

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

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

The Directors have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remedy delayed repayments to financial institutions, which are set out in note 2(b) to the consolidated financial statements. The Group is still in the process of active negotiation with the financial institutions in order to avoid further legal actions to be taken by them. Further announcement(s) will be made by the Company as and when necessary.

Compliance with the Corporate Governance Code

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

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

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

The Company has, throughout the Reporting Period, applied and complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Listing Rules, except for certain deviations disclosed below:

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, namely Mr. Liu Yang ("**Mr. Liu**"), and Mr. Xu Changyin ("**Mr. Xu**") were unable to attend the annual general meeting of the Company held on 31 May 2019, and Mr. Liu and Xu, the independent non-executive Director, were unable to attend the extraordinary general meeting of the Company held on 16 September 2019 due to their other business engagements.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman of the Board (the "**Chairman**") and chief executive officer (the "**CEO**") should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly established and set out in writing.

During the Reporting Period, Mr. Lin ceased to be the chairman of the Board and remains as an executive director of the Company. Mr. Chen Jinle ("**Mr. Chen**"), an executive director of the Company, has been appointed as the chairman of the Board with effect from 27 September 2019. Due to Mr. Chen need to take up the chairmanship of the Board and to enhance the corporate governance of the Company, Mr. Chen has resigned as the Chief Executive Officer (the "**CEO**") of the Company; and Mr. Yuan Hongbing has been appointed as the CEO of the Company with effect from 27 September 2019.

The Company has complied with code provision A.2.1 of the CG Code, which stipulates that the chairman and the chief executive should be segregated and should not be performed by the same individual.

From 1 January 2019 to 15 March 2019, the Company only had two independent non-executive Directors and two members in the Audit Committee and hence the number of the independent non-executive Directors and the member of the Audit Committee had fallen below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules. Furthermore, there was also a vacancy for the chairman of the Nomination Committee and hence the Company no longer fulfilled the requirement of establishing a nomination committee chaired by the chairman of the Board or an independent non-executive Director under code provision A.5.1 of the CG Code contained in Appendix 14 to the Listing Rules.

Upon the appointment of Mr. Xu as an independent non-executive Director of the Company on 16 March 2019, the Board had three independent non-executive Directors, namely Mr. Lum Pak Sum ("**Mr. Lum**"), Mr. Liu and Mr. Xu; the Audit Committee comprised three independent non-executive Directors, namely Mr. Lum (chairman), Mr. Liu and Mr. Xu; and the Nomination Committee comprised one executive Director, namely Mr. Lin, and three independent non-executive Directors, namely Mr. Lum, Mr. Liu and Mr. Xu (chairman) on 16 March 2019.

Following the resignation of Mr. Lum as an independent non-executive Director, member of the Audit Committee, member of the remuneration Committee and member of the Nomination Committee of the Company on 26 April 2019, the Company only had two independent non-executive Directors, which had fallen below the minimum number requirement of independent non-executive Directors and that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise as required under Rules 3.10 and 3.21 of the Listing Rules, respectively. The Company also only had two Audit Committee members which had fallen below the minimum number of committee members requirement under Rule 3.21 of the Listing Rules.

Upon the appointment of Mr. Tche Heng Hou Kevin ("**Mr. Tche**") on 25 June 2019, the Board comprises three independent non-executive Directors, namely Mr. Liu, Mr. Xu and Mr. Tche; the Audit Committee comprised three independent non-executive Directors, namely Mr. Tche (chairman), Mr. Liu and Mr. Xu.

Following the resignation of Mr. Xu as an independent non-executive Director, member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company on 14 October 2019, the Board had two independent non-executive Directors, hence failed to meet the requirements of having: (a) at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules; (b) independent non-executive directors who represent at least one-third of the Board under Rule 3.10A of the Listing Rules; (c) the Audit Committee comprising only non-executive directors with a minimum of three members under Rule 3.21 of the Listing Rules; (d) the Remuneration Committee comprising a majority of independent non-executive directors and chaired by an independent non-executive director under Rule 3.25 of the Listing Rules; and (e) the Nomination Committee comprising a majority of independent non-executive directors and chaired by the chairman of the board or an independent non-executive director under code provision A.5.1 of the CG Code contained in Appendix 14 to the Listing Rules.

Upon the appointment of Mr. Gao Han ("**Mr. Gao**") on 29 October 2019, the Board has three independent non-executive Directors, namely Mr. Liu, Mr. Tche and Mr. Gao; the Audit Committee comprises three independent non-executive Directors, namely Mr. Tche (chairman), Mr. Liu and Mr. Gao; the Remuneration Committee comprises two executive Directors, namely Mr. Lin and Mr. Yuan, and three independent non-executive Directors, namely Mr. Tche, Mr. Liu and Mr. Gao and the Nomination Committee comprises two executive Directors, namely Mr. Chen (chairman) and Mr. Lin, and three independent non-executive Directors, namely Mr. Tche, Mr. Liu and Mr. Gao.

Therefore, the compositions of the Board and the Audit Committee are in compliance with the requirements under Rule 3.10(1) Rule 3.10A, Rule 3.21 and Rule 3.25 of the Listing Rules, respectively and the composition of the Nomination Committee is in compliance with code provision A.5.1 of the CG Code in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

REVIEW BY THE AUDIT COMMITTEE

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

The annual results of the Company for the year ended 31 December 2019 and this announcement has been reviewed by the Audit Committee before presented to the Board for approval and confirmed that this announcement has complied with the Listing Rules.

ANNUAL GENERAL MEETING ("AGM")

The 2020 AGM of the Company will be held on Friday, 29 May 2020.

The notice of the AGM will be published and distributed to the Shareholders in the manner as required by the Listing Rules in due course.

SCOPE OF WORK OF CHENG & CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2019, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, Cheng & Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Cheng & Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Cheng & Cheng Limited on the preliminary announcement.

ACKNOWLEDGEMENT

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

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

Hong Kong, 15 April 2020

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