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## **JINTAI ENERGY HOLDINGS LIMITED**

### **金泰能源控股有限公司**

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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2728)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Jintai Energy Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2020 together with the comparative figures for the corresponding period in 2019.

### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2020*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>2,704,176</b>	20,988
Cost of sales		<b>(2,893,001)</b>	(24,407)
<b>Gross loss</b>		<b>(188,825)</b>	(3,419)
Distribution expenses		<b>(76,537)</b>	(1,391)
Administrative expenses		<b>(28,836)</b>	(16,952)
Other income		<b>7,363</b>	35
Other (losses)/gains — net		<b>(7,828)</b>	3,433
Gain on disposal of subsidiaries	9	<b>803,140</b>	—
Impairment loss on amount due from disposal group		<b>(428,514)</b>	—
Impairment of prepayments		<b>—</b>	(280,325)

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Operating profit/(loss)</b>		<b>79,963</b>	<b>(298,619)</b>
Finance income		<b>78</b>	<b>238</b>
Finance expenses		<b>(24,708)</b>	<b>(8,221)</b>
Finance expenses — net		<b>(24,630)</b>	<b>(7,983)</b>
<b>Profit/(loss) before income tax</b>		<b>55,333</b>	<b>(306,602)</b>
Income tax (expense)/credit	4	<b>(24)</b>	<b>1</b>
<b>Profit/(loss) for the period</b>		<b>55,309</b>	<b>(306,601)</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		<b>101,280</b>	<b>(306,601)</b>
Non-controlling interests		<b>(45,971)</b>	<b>—</b>
		<b>55,309</b>	<b>(306,601)</b>
<b>Earnings/(loss) per share attributable to owners of the Company</b>			
Basic earnings/(loss) per share (in HK cents per share)	5	<b>2.73</b>	<b>(9.91)</b>
Diluted earnings/(loss) per share (in HK cents per share)	5	<b>2.62</b>	<b>(9.91)</b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 June 2020*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit/(loss) for the period</b>	<b>55,309</b>	<b>(306,601)</b>
<b>Other comprehensive income for the period</b>		
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	<b>5,792</b>	<b>4,567</b>
— Reclassification of translation reserve upon disposal of subsidiaries	<b>1,380</b>	<b>146</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>62,481</b>	<b>(301,888)</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the Company	<b>108,236</b>	<b>(301,888)</b>
Non-controlling interests	<b>(45,755)</b>	<b>—</b>
	<b>62,481</b>	<b>(301,888)</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,962	3,124
Investment properties		–	70,910
Prepayment for non-current assets		–	3,044
Right-of-use assets		404	–
Intangible assets		–	–
Goodwill		557	567
		<u>4,923</u>	<u>77,645</u>
<b>Current assets</b>			
Inventories		786,719	365,466
Trade and other receivables and prepayments	7	1,328,135	938,713
Cash and cash equivalents		58,571	320,284
Restricted cash		–	153
		<u>2,173,425</u>	<u>1,624,616</u>
<b>Total assets</b>		<u><u>2,178,348</u></u>	<u><u>1,702,261</u></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		4,641	4,641
Other reserves		318,187	292,889
Accumulated losses		(604,005)	(725,104)
		<u>(281,177)</u>	<u>(427,574)</u>
Non-controlling interests		<u>(44,655)</u>	<u>1,102</u>
<b>Total equity</b>		<u><u>(325,832)</u></u>	<u><u>(426,472)</u></u>

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 June</b>	<b>31 December</b>
<i>Note</i>		<b>2020</b>	<b>2019</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<u>2,437</u>	<u>3,283</u>
<b>Current liabilities</b>			
Trade and other payables	8	98,551	322,707
Contract liabilities		883,559	525,413
Lease liabilities		2,217	1,861
Current income tax liabilities		15	8,097
Convertible loan notes		109,834	103,637
Borrowings		<u>1,407,567</u>	<u>1,163,735</u>
		<u>2,501,743</u>	<u>2,125,450</u>
<b>Total liabilities</b>		<u>2,504,180</u>	<u>2,128,733</u>
<b>Total equity and liabilities</b>		<u><u>2,178,348</u></u>	<u><u>1,702,261</u></u>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the six months ended 30 June 2020*

## 1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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

## 2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of amendments to HKFRSs effective as of 1 January 2020. 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 HKAS 1 and HKAS 8 ‘Definition of Material’
- ii. Amendments to HKFRS 3 ‘Definition of a Business’

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

## 3 SEGMENT INFORMATION

The Company’s board of directors is the Group’s chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance.

The board of directors considers the business from business lines perspective, and assesses the performance of the Group in two business lines, (1) energy trading business which comprises mainly the trading of fuel oil and kerosene, and (2) speaker manufacturing and trading.

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 not divided between segments.

The Group's intangible assets, prepayment for non-current assets and investment properties are not considered to be segment assets and the Group's borrowings, convertible loan notes, and current income tax liabilities are not considered to be segment liabilities for reporting to the board of directors as they are managed on a central basis.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue from external customers</b>		
Energy business	2,689,962	138
Speaker business	14,214	20,850
<b>Total</b>	<b>2,704,176</b>	<b>20,988</b>
<b>Timing of revenue recognition</b>		
At a point in time	2,704,176	20,988
Over time	–	–
<b>Total</b>	<b>2,704,176</b>	<b>20,988</b>
<b>Segment loss</b>		
Energy business	(680,790)	(286,615)
Speaker business	(8,818)	(9,506)
<b>Total</b>	<b>(689,608)</b>	<b>(296,121)</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Segment assets</b>		
Energy business	2,154,493	1,595,660
Speaker business	21,228	33,051
<b>Total</b>	<b>2,175,721</b>	<b>1,628,711</b>
<b>Segment liabilities</b>		
Energy business	960,434	781,312
Speaker business	14,060	17,089
<b>Total</b>	<b>974,494</b>	<b>798,401</b>

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
PRC	2,704,176	20,988

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Segment loss</b>	<b>(689,608)</b>	<b>(296,121)</b>
Rental income from investment properties	–	35
Gain on disposal of subsidiaries	<b>803,140</b>	–
Fair value loss on investment properties	<b>(15,276)</b>	–
Share-based payment expenses	<b>(11,425)</b>	–
Unallocated operating expenses	<b>(6,868)</b>	<b>(2,533)</b>
Operating profit/(loss)	<b>79,963</b>	<b>(298,619)</b>
Finance income	<b>78</b>	<b>238</b>
Finance expenses	<b>(24,708)</b>	<b>(8,221)</b>
<b>Profit/(loss) before income tax</b>	<b>55,333</b>	<b>(306,602)</b>
Income tax (expense)/credit	<b>(24)</b>	<b>1</b>
<b>Profit/(loss) for the period</b>	<b>55,309</b>	<b>(306,601)</b>

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Total segment assets</b>	<b>2,175,721</b>	<b>1,628,711</b>
Unallocated assets	<b>2,627</b>	<b>2,640</b>
Investment properties	–	<b>70,910</b>
<b>Total assets</b>	<b>2,178,348</b>	<b>1,702,261</b>

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

	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Total segment liabilities</b>	<b>974,494</b>	<b>798,401</b>
Unallocated liabilities	<b>12,270</b>	<b>54,863</b>
Borrowings	<b>1,407,567</b>	<b>1,163,735</b>
Convertible loan notes	<b>109,834</b>	<b>103,637</b>
Current income tax liabilities	<b>15</b>	<b>8,097</b>
<b>Total liabilities</b>	<b>2,504,180</b>	<b>2,128,733</b>



#### 4 INCOME TAX EXPENSE/(CREDIT)

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
— PRC income tax	<b>24</b>	—
Deferred income tax	<b>—</b>	<b>(1)</b>
	<b>24</b>	<b>(1)</b>

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 2020 and 30 June 2019.

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 2019: 25%).

Pursuant to the PRC Enterprise Income Tax Law and its detailed implementation rules, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax upon the distribution of such profits to foreign investors. 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.

#### 5 EARNINGS/(LOSS) PER SHARE

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings/(loss) attributable to owners of the Company		
used in calculating basic earnings/(loss) per share	<b>101,280</b>	(306,601)
Effective interest on the liability components of convertible loan notes	<b>11,745</b>	—
Earnings/(loss) attributable to owners of the Company	<b>113,025</b>	(306,601)
used in calculating diluted earnings/(loss) per share		

	shares '000	shares '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	3,712,517	3,094,516
Adjustment for potential dilutive effect in respect of:		
Share options	2,026	–
Convertible loan notes	603,005	–
	<u>4,317,548</u>	<u>3,094,516</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share		
	<u>4,317,548</u>	<u>3,094,516</u>
Basic earnings/(loss) per share (in HK cents per share)	2.73	(9.91)
Diluted earnings/(loss) per share (in HK cents per share)	<u>2.62</u>	<u>(9.91)</u>

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

For the six months ended 30 June 2020, the calculation of diluted earnings per share amount is based on the earnings attributable to owners of the Company, adjusted to reflect the effective interest on the liability components of convertible loan notes. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares assuming (i) conversion of share options. Calculations are done to determine the number of shares that could have been acquired at fair value (determined by using average market price of the Company's shares for the six months ended 30 June 2020) based on the monetary value of the subscription rights attached to outstanding share options, and (ii) conversion of all convertible loan notes into ordinary shares at the beginning of the six months ended 30 June 2020.

For the six months ended 30 June 2019, the Company's share options have no dilutive effect on the loss 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 six months ended 30 June 2019) based on the monetary value of the subscription rights attached to outstanding share options. Diluted loss per share is therefore equal to basic loss per share.

## 6 DIVIDENDS

The Board of Directors did not propose any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## 7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
Trade receivables from third parties	<b>175,955</b>	362,849
Less: allowance for impairment of trade receivables	<u>–</u>	<u>(104,419)</u>
Trade receivables — net	<b>175,955</b>	258,430
Prepayments to suppliers	<b>990,442</b>	1,277,136
Less: allowance for impairment of prepayment to suppliers	<u>–</u>	<u>(656,952)</u>
Prepayment to suppliers — net	<b>990,442</b>	620,184
Value added tax rebate receivables	<b>128,682</b>	49,496
Other receivables, deposits and prepaid expenses	<u><b>33,056</b></u>	<u>13,647</u>
	<b>1,328,135</b>	941,757
Less: Non-current assets	<u>–</u>	<u>(3,044)</u>
	<u><b>1,328,135</b></u>	<u>938,713</u>

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. As at 30 June 2020 and 31 December 2019, the aging analysis of trade receivables based on date of revenue recognition was as follows:

	<b>Unaudited 30 June 2020 HK\$'000</b>	Audited 31 December 2019 HK\$'000
0–90 days	<b>122,701</b>	257,860
91–180 days	<b>53,253</b>	1
over 180 days	<u><b>1</b></u>	<u>569</u>
	<u><b>175,955</b></u>	<u>258,430</u>

## 8 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Trade payables	80,780	216,222
Bills payables (i)	–	8,692
Payroll and welfare payables	3,239	5,093
Amounts due to related parties (ii)	8,128	32,354
Interest payable	3,397	32,049
Other payable and accrued expenses	3,007	28,297
	<u>98,551</u>	<u>322,707</u>

(i) The bills payables as at 31 December 2019 were secured by (i) guarantees provided by the Company and (ii) Mr. Lin.

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

As at 30 June 2020 and 31 December 2019, the aging analysis of trade payables (including bills payable of trading in nature) based on invoice date was as follows:

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
0–30 days	70,777	172,959
31–60 days	7,246	448
61–90 days	1,212	912
91–120 days	594	1,107
Over 120 days	951	49,488
	<u>80,780</u>	<u>224,914</u>

## 9. DISPOSAL OF SUBSIDIARIES

### Description

On 24 April 2020, the Group entered into a disposal agreement with an independent third party in relation to the disposal of the entire issued share capital in a wholly-owned subsidiary of the Company, Chuang Hui Group Limited (創惠集團有限公司) (the “**Target Company**” together with its subsidiary, collectively the “**Target Group**”) (the “**Disposal**”).

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

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

Analysis of assets and liabilities over which control was lost:

	As at 24 April 2020 HK\$'000
<b>Non-current assets</b>	
Property, plant and equipment	456
Investment properties	54,495
	<u>54,951</u>
<b>Current assets</b>	
Trade and other receivables and prepayments	2,480
Cash and cash equivalent	52
Restricted cash	150
	<u>2,682</u>
<b>Total assets</b>	<u>57,633</u>
<b>Current liabilities</b>	
Trade and other payables	77,094
Amounts due to Jintai Energy Holdings Limited and its subsidiaries	428,514
Contract liabilities	57,959
Current income tax liabilities	959
Borrowings	297,527
	<u>862,053</u>
<b>Net liabilities disposed of</b>	<u><u>(804,420)</u></u>
Gain on disposal of subsidiaries:	
	As at 24 April 2020 HK\$'000
Total consideration receivables	100
Exchange reserve deficiency released upon disposal	(1,380)
Net liabilities disposed of	804,420
<b>Gain on disposal</b>	<u><u>803,140</u></u>
Net cash outflow arising on disposal:	
	As at 24 April 2020 HK\$'000
Cash consideration received	–
Less: bank balances and cash disposed of	(52)
<b>Net cash outflow</b>	<u><u>(52)</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group was principally engaged in the energy trading, speaker manufacturing and trading business and commodities trading services during the six months ended 30 June 2020 (the “**Current Period**”). The Group’s revenue was approximately HK\$2,704.18 million, representing an increase of approximately 127.8 times as compared to approximately HK\$20.99 million for the corresponding period in 2019 (the “**Corresponding Period**”). The gross loss during the Current Period was approximately HK\$188.83 million (2019 interim: gross loss approximately HK\$3.42 million), representing an increase of approximately 54.2 times.

During the Current Period, our activities can be segmented into energy trading, speaker manufacturing and trading businesses and commodities trading services.

#### Energy trading business

For the Corresponding Period, the Group faced challenges on the energy trading business due to geopolitics and US-China trade war. In view of the aforesaid, the Group has been actively seeking new customers, expanding its product portfolio and sourcing new suppliers. The implementation of the aforesaid strategies has been successful and the performance of energy trading business has shown a significant improvement during the Current Period. The revenue from energy trading has increased to approximately HK\$2,689.96 million (2019 interim: approximately HK\$138,000), representing an increase of approximately 19,491 times from the Corresponding Period. Its revenue also accounted for approximately 99.47% (2019 interim: approximately 0.66%) of the consolidated revenue of the Group. The increase in revenue was mainly attributable to an increase in the number of new customers and the expansion of the Group’s product portfolio.

#### Speaker manufacturing and trading business

The revenue from speaker manufacturing and trading business recorded a decrease during the Current Period. Its revenue amounted to approximately HK\$14.21 million (2019 interim: approximately HK\$20.85 million), representing a decrease of approximately 31.83% as compared with that of the Corresponding Period. Its revenue accounted for approximately 0.53% (2019 interim: approximately 99.34%) of the consolidated revenue of the Group.

## **FINANCIAL REVIEW**

### **Results of Operations**

During the Current Period, the revenue of the Group increased significantly to approximately HK\$2,704.18 million (2019 interim: HK\$20.99 million), representing an increase of approximately 127.8 times as compared to the Corresponding Period. The increase in revenue was mainly attributable to the increase in the number of new customers and the expansion of the product portfolio in the energy trading business.

During the Current Period, the Group recorded a net profit attributable to the owner of the Company of approximately HK\$101.28 million (2019 interim: net loss of approximately HK\$306.60 million). The increase in net profit was mainly attributable to a gain on the disposal of subsidiaries of approximately HK\$803.14 million which is partially offset by the impairment loss of the other receivables due from the disposal group of approximately HK\$428.51 million.

The operating costs were approximately HK\$105.37 million during the Current Period (2019 interim: approximately HK\$18.34 million), representing an increase of approximately 474.54% as compared with that in the Corresponding Period. The increase was in line with the increase in revenue for the Current Period.

The finance costs of the Group were approximately HK\$24.71 million during the Current Period, representing an increase of approximately 200.61% as compared with approximately HK\$8.22 million for the Current Period.

### **Liquidity and Financial Resources**

As at 30 June 2020, the Group had cash and cash equivalents of approximately HK\$58.57 million (as at 31 December 2019: approximately HK\$320.28 million), which were mainly denominated in Hong Kong dollars, US dollars and Renminbi.

As at 30 June 2020, the Group's net current liabilities were HK\$328.32 million (as at 31 December 2019: approximately HK\$500.83 million). The Group's current ratio, being the ratio of total current assets to total current liabilities, was approximately 0.87 as compared to approximately 0.76 as at 31 December 2019. The Group had bank and other borrowings of approximately HK\$1,407.57 million (as at 31 December 2019: approximately HK\$1,163.74 million) which were denominated in Renminbi and Hong Kong dollars. The interest rates of the bank and other borrowings for the Current Period ranged from approximately 3% to approximately 11.26% (as at 31 December 2019: ranged from 3% to 9.79%) per annum. The above bank and other borrowings were accounted for as current liabilities of the Group and repayable within one year.

As at 30 June 2020, the gearing ratio of the Group was nil (as at 31 December 2019: nil), which was computed by dividing the total borrowings of approximately HK\$1,407.57 million (as at 31 December 2019: approximately HK\$1,163.74 million) by shareholder's equity of approximately negative HK\$325.83 million (as at 31 December 2019: approximately negative HK\$426.47 million).

## **Charge on Assets**

As at 30 June 2020, the investment properties of the Group have been pledged as security for the borrowings of the Group was nil (as at 31 December 2019: HK\$70.91 million).

## **Significant Investments and Material Acquisitions or Disposals**

Save as disclosed in this announcement, the Group has made no significant investment or any material acquisition or disposal of subsidiaries for the six months ended 30 June 2020.

## **Treasury Policies**

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

## **Contingent Liabilities**

As at 30 June 2020, the Group has no material contingent liabilities.

## **Human Resources**

The Group has employed a total of approximately 40 employees as at 30 June 2020 (2019: approximately 30) in Hong Kong and the PRC. Staff costs (excluding Directors' emoluments) during the Current Period amounted to approximately HK\$20.6 million (2019: approximately HK\$4.2 million). The Group recruits and selects candidates on the basis of their qualifications and suitability for the position. It is the policy of the Group to recruit the most capable person available for each position.

## **Share Option Scheme**

The former share option scheme of the Company expired on 25 June 2015. 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 on 16 September 2019. A new share option scheme of the Company (the "**New Scheme**") was adopted by the Company, 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.



The scheme limit under the New Scheme was refreshed during the extraordinary general meeting of the Company held on 29 May 2020. The total number of securities available for issue under the New Scheme (as refreshed) as at the date of this announcement was 126,203,480 Shares which represents approximately 2.83% of issued share capital of the Company as at the date of this announcement. For details, please refer to the circulars of the Company dated 28 August 2019 and 27 April 2020 and the announcements of the Company dated 25 September 2019, 29 May 2020 and 19 June 2020 in relation to the refreshment of scheme limit of the New Scheme and grant of share options respectively.

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

Category of participants	Date of grant (dd/mm/yyyy)	Exercise price after (before) share subdivision in 2018 HK\$	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options			
					As at 01/01/2020	Granted during the period	Exercised during the period	As at 30/06/2020
Eligible employees <sup>(1)</sup>	19/06/2015	0.64125 (1.2825)	19/06/2015	19/06/2015– 18/06/2025	123,200,000	–	–	123,200,000
Eligible employees <sup>(1)</sup> and consultants	24/09/2019	0.15	24/09/2019	24/09/2019– 23/09/2029	362,500,000	–	–	362,500,000
Eligible employees <sup>(1)</sup> and consultants	19/06/2020	0.145	19/06/2020	19/06/2020– 18/06/2026	–	196,000,000	–	196,000,000
Eligible employees <sup>(1)</sup>	19/06/2020	0.145	19/06/2021 (subject to attainment of performance target)	19/06/2021– 18/06/2026	–	50,000,000	–	50,000,000

*Note<sup>(1)</sup>:* 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).

## Future Prospects

Whereas the interim results of the Group for the Current Period may not meet the Group’s expectation, the management of the Group is confident on improving the Group’s business operation in the energy trade industry. At the same time, the Group will continue to explore new investment and business opportunities in different sectors such as energy transportation, petroleum exploration technology services, petroleum refinery services and retail of the petroleum products. In addition to the implementation of the aforesaid investment and improvement plans, the Group will further optimize its management team and cost control measures in order to enhance the profitability of the Group.

During the six months ended 30 June 2020, under the existing economic challenges, the Group has been seeking new opportunities and areas of business growth for creating long-term value for its shareholders with the implementation of the plans below:

*1. Funding*

The Group has been seeking, and will continue to seek, potential investors for capital injection to further enhance the financial position of the Company.

On 3 August 2020, the Group has raised fund in the sum of HK\$95,040,000 through the issuance of new shares. For further details of the issuance of new shares, please refer to the announcements of the Company dated 24 June 2020, 2 July 2020 and 3 August 2020.

On 23 August 2019, the Group has obtained an unsecured loan in the amount of RMB80,000,000 from an executive director, whom is also a substantial shareholder. For further details of the unsecured loan facility, please refer to the announcement of the Company dated 23 August 2019.

*2. Energy Trading Business*

The Group has been seeking new opportunities on the Group's existing energy trading business.

On 23 August 2019, the Group has entered into a product procurement framework agreement with a company in the People's Republic of China which is engaged in petrochemical business (the "**Purchaser 1**"). Pursuant to the framework agreement, the Purchaser 1 will procure from the Group fuel oil products and petrochemical products from time to time, the aggregate purchase volume of which is expected to be not less than 2,000,000 tonnes with an aggregate purchase amount of not less than RMB10,000,000,000 during the period between 23 August 2019 and 31 December 2022. For further details, please refer to the announcement of the Company dated 23 August 2019.

On 29 August 2019, the Group has entered into a product procurement framework agreement with a company in the People's Republic of China which is engaged in petrochemical business (the "**Purchaser 2**"). Pursuant to the framework agreement, the Purchaser 2 will procure from the Group fuel oil products and petrochemical products from time to time, the aggregate purchase volume of which is expected to be not less than 1,200,000 tonnes with an aggregate purchase amount of not less than RMB6,000,000,000 during the period between 1 September 2019 and 31 December 2021. For further details, please refer to the announcement of the Company dated 29 August 2019.

*3. Energy Transportation Business*

The Group is considering the acquisition of a company in petroleum products transportation sector and the Group has entered into a non-legally-binding memorandum of understanding. For further details of the acquisition by the Company, please refer to the announcement of the Company dated 27 August 2019. The Group will continue to explore further business opportunities in the acquisition of businesses in the aforesaid sector (if any) if the opportunities arise.

#### 4. *Development of the Industry Chain Business*

The Group is considering further expansion on its business on petroleum extraction services, petroleum refining and retail of petroleum products.

#### 5. *Merger and Acquisition*

The Group is envisaging the acquisition of business (if any) if opportunities arise and which is beneficial to the Group as a whole. The Group is also contemplating in setting up a fund to sustain the possible acquisition of new business of the Group.

### **Subsequent Event after the Current Period**

#### *Amendments to the Terms and Conditions of the Convertible Notes*

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

On 16 July 2020, the Company entered into a supplemental deed with the New Subscriber, pursuant to which, the Company and the New Subscriber conditionally agreed to amend the maturity date and the conversion price. Pursuant to the supplemental deed, the parties agree to: (a) amend the conversion price to HK\$0.134, representing a premium of approximately 3.88% to the closing price of HK\$0.129 on the date of the supplemental deed and a premium of approximately 0.30% to the average closing price of HK\$0.1336 per Share as quoted on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the last 5 trading days immediately before the date of the Supplemental Deed; (b) amend the number of conversion shares in light of the amendment to the conversion price; (c) extend the maturity date to 17 July 2021 (or, if that is not a business day, the first business day thereafter) and extend the end of the conversion period to 4:00 p.m. (Hong Kong time) on the maturity date; (d) the interest payment dates shall be 18 January 2021 and 17 July 2021 (or, if that is not a business day, the first business day thereafter).

The proposed amendment is subject to the fulfillment of the certain conditions precedent set out in the announcement dated 16 July 2020, including but not limited to the independent shareholders of the Company having approved the supplemental deed. If the conditions precedent are not fulfilled on or before 30 September 2020 or such other date as may be agreed in writing between the Company and the New Subscriber, the supplemental deed will lapse and become null and void and the parties will be released from all obligations hereunder, save for liabilities for any antecedent breaches hereof.

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

For further details, please refer to the announcements of the Company dated 29 May 2019 and 16 July 2020.

#### *Connected Transaction*

On 7 August 2020, the Company, Beijing Century Energy Co., Limited (“**Beijing Century**”) which is a wholly-owned subsidiary of the Company, and Mr. Chen Qiusan (“**Mr. Chen**”) entered into a sale and purchase agreement, pursuant to which Mr. Chen has agreed to sell and Beijing Century has agreed to acquire 100% of the equity interest of Lijin Shuntong Logistics Company Limited (the “**Equity Interest**”) with consideration of RMB23,481,678.65 to be settled by way of issue of the Bond by the Company to Mr. Chen. The bond is unsecured, bearing interest rate of 5% per annum with maturity date falling the third anniversary of the date of issue of the Bond.

The original acquisition cost of the Equity Interest to Mr. Chen was RMB23,481,678.65.

Since Mr. Chen is the uncle and an associate of Mr. Chen Jinle, an executive Director, a substantial shareholder and the chairman of the Company. Therefore, Mr. Chen is a connected person of the Company and the entering into of the sale and purchase agreement and the transactions contemplated thereunder and the issue of the bond constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The aforesaid acquisition and the issue of the bond are subject to the obtaining of the approval of the independent shareholders of the Company. Up to the date of this announcement, completion has still not taken place.

Further details of the acquisition and the issue of the bond are set out in the announcement of the Company dated 7 August 2020.

#### **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 2020.

#### **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: nil).

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

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

Pursuant to code provision A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Our independent non-executive Directors, Mr. Gao Han, and our non-executive Director, Mr. Wang Shoulei were unable to attend the annual general meeting of the Company held on 29 May 2020 due to other commitments.

### **Compliance with the Model Code**

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

### **Audit Committee**

The audit committee of the Company (the “**Audit Committee**”) assists the Board in discharging its responsibilities for corporate governance, financial reporting and corporate control. The primary duties of the Audit Committee are to, among others, review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee currently consists of three independent non-executive Directors, namely Tche Heng Hou Kevin, Mr. Gao Han and Mr. Mak Tin Sang. The chairman of the Audit Committee is Mr. Tche Heng Hou Kevin, who holds the appropriate professional accounting qualification and financial management expertise as required under the Listing Rules.

The interim results of the Group for the six months ended 30 June 2020 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 2020 and this announcement with the Directors and senior management of the Group.

## **ACKNOWLEDGEMENT**

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

## **PUBLICATION OF INTERIM REPORT**

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

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

Hong Kong, 24 August 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 (Chief Executive Officer), one non-executive Director, namely Mr. Wang Shoulei, and three independent non-executive Directors, namely, Mr. Tche Heng Hou Kevin, Mr. Gao Han and Mr. Mak Tin Sang.*