



# 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 REPORT  
**2024**



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Yuan Hongbing (*Chairman and Chief Executive Officer*)  
Mr. Han Jinfeng (resigned on 13 September 2024)

### Non-Executive Directors

Mr. Chen Yunwei  
Ms. Cao Yuqi (appointed on 6 December 2024)

### Independent Non-Executive Directors

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

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

# CORPORATE INFORMATION

## AUTHORISED REPRESENTATIVES

Mr. Zhou Chen  
Mr. Yuan Hongbing

## COMPANY SECRETARY

Mr. Zhou Chen

## AUDITORS

AOGB CPA Limited  
*Registered Public Interest Entity Auditors*

## REGISTERED OFFICE

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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



# CORPORATE INFORMATION

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
17M Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## PRINCIPAL BANKERS

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

## LEGAL ADVISERS

As to Hong Kong law  
Raymond Siu & Lawyers

As to Cayman Islands law  
Conyers Dill & Pearman, Cayman

## STOCK CODE

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

## WEBSITE

[www.jintaienergy.com](http://www.jintaienergy.com)

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group was principally engaged in three businesses: (i) energy business which comprised mainly the trading of energy-related products; (ii) operation of digital energy trading parks; and (iii) other business, including drilling services and trading of other products during the year ended 31 December 2024 (the “**Reporting Period**”).

The Group’s revenue for the Reporting Period was approximately HK\$1.28 billion, representing a decrease of approximately 2.74% as compared to approximately HK\$1.31 billion for the corresponding period in 2023 (the “**Corresponding Period**”). The gross profit during the Reporting Period was approximately HK\$19.96 million (2023: approximately HK\$24.37 million), representing a decrease of approximately HK\$4.41 million or approximately 18.10% as compared to the Corresponding Period.

### Energy business

During the Reporting Period, revenue derived from the energy trading business was approximately HK\$1.20 billion (2023: approximately HK\$1.29 billion), representing a year-on-year decrease of approximately 7.14%. The decrease in revenue was mainly attributable to a decrease in the number of customers.

During the Reporting Period, the Group faced challenges on the energy trading business due to geopolitics and the military conflict between Ukraine and Russia. In view of that, the Group has been actively implementing different strategies for minimising the impact of the challenges, including but not limited to identifying and securing new customers, expanding its market share, enhancing its product portfolio and sourcing from new suppliers. The implementation of the aforesaid strategies turns out to be effective and the performance of the energy trading business has remained relatively stable as compared with that in the Corresponding Period.

### Operation of digital energy trading parks

The business operation of the digital energy trading parks has been rapidly expanding since its commencement in the second half of 2020. The Group has signed cooperation agreements with various entities in 12 cities and regions of China, and successfully introduced not less than 600 enterprises into the digital energy trading parks as at the date of this annual report. The operation and service business of digital energy trading parks generates stable income to the Group through (1) receiving fixed service fees from enterprises in the trading parks on an annual basis; (2) receiving service fees based on the value-added services provided to the enterprises in the trading parks; (3) applying for tax incentives or financial subsidies from local governments based on the economic benefits of the operation of the trading parks.

During the Reporting Period, the revenue derived from the operation of digital energy trading parks was approximately HK\$18.90 million (2023: approximately HK\$20.00 million). The Company believes that the digital energy trading parks business will continue to contribute economic benefits and bring new opportunities for the energy business of the Group in the future.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other business, including drilling services and trading of other products

On 10 August 2021, the Group has entered into a drilling service agreement of oil wells with Beijing Huaye Jinquan Petroleum Energy Technology Development Company Limited, Yanchi Branch\* (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**”) to provide drilling services for 63 oil wells at a contract sum of over RMB748 million. As certain conditions precedent have not yet been fulfilled, the new drilling services of the 63 oil wells of the Group has been deferred and has not yet commenced as at the date of this annual report.

Besides, in order to further diversify its business, the Group has acquired two companies engaging in trading of dry chili and deformed steel during the Reporting Period. For details, please refer to the significant investments and material acquisitions section below. Furthermore, the Group has recognised an one-off income regarding sales of software during the Reporting Period. The Group will continue to explore new investment and business opportunities for further expansion and diversification.

During the Reporting Period, the revenue derived from drilling services, trading of dry chili, trading of deformed steel and sales of software were nil, approximately HK\$21.68 million, approximately HK\$34.68 million and approximately HK\$1.08 million, respectively (2023: nil, nil, nil and nil, respectively).

## PROSPECTS

Looking forward to the year of 2025, the risk of stagflation in the global economy is expected to increase and the overall market conditions remain uncertain. The Group expects to face various challenges such as price fluctuation in oil and petrochemicals caused by the continuation of the military conflict between Ukraine and Russia and the economic uncertainty.

### 1. Energy business

The Group will continue to explore the opportunities of development of energy-related products and services in order to strengthen the energy business and to enhance the business competitiveness and profitability. The Group will endeavour to enter into business cooperation with sizable state-owned enterprises in order to minimise the risk of energy business. The Group will also closely monitor the global oil price fluctuation.

### 2. Operation of digital energy trading parks

The Group has been successful in developing the “digital energy trading parks” operation service for the petrochemical energy industry and has signed cooperative contracts with various entities in 12 cities and regions of China to co-build the Jintai Energy Digital Trading Industry Park since its commencement. The Group has introduced not less than 600 enterprises to the digital park. The Group aims to operate 30 industry digital parks, introducing more than 2,000 enterprises. The Group will continue to broaden its customer base to the digital trading industry in order to achieve a sustainable growth in the future.

### 3. Business expansion

The Group will continue to explore new investment and business opportunities in various fields including oil exploration and development.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

## FINANCIAL REVIEW

### Results of operations

#### *Revenue*

During the Reporting Period, the revenue of the Group decreased to approximately HK\$1.28 billion (2023: approximately HK\$1.31 billion), representing a decrease of approximately 2.74% as compared to the Corresponding Period. The decrease in revenue was mainly attributable to the decrease in the number of customers.

#### *Net loss*

During the Reporting Period, the Group recorded a net loss attributable to the owners of the Company of approximately HK\$22.60 million (2023: net loss of approximately HK\$24.26 million). The net loss in the Reporting Period was mainly attributable to recognition of (i) the other losses, net of approximately HK\$4.5 million; (ii) the distribution expenses of approximately HK\$4.5 million; and (iii) the finance costs of approximately HK\$11.0 million during the Reporting Period.

#### *Operating costs*

The operating costs of the Group were approximately HK\$30.45 million during the Reporting Period (2023: approximately HK\$34.18 million), representing a decrease of approximately 10.90% as compared to the Corresponding Period. The decrease was in line with the decrease in gross profit for the Reporting Period.

#### *Finance costs*

The finance costs of the Group were approximately HK\$11.02 million during the Reporting Period, representing a decrease of approximately 22.24% as compared with approximately HK\$14.17 million for the Corresponding Period.

#### *Loss per share*

For the Reporting Period, the basic loss per share was approximately 0.51 HK cents (2023: basic loss per share of approximately 0.54 HK cents), representing a decrease of approximately 5.56% as compared with the Corresponding Period.

### Liquidity and financial resources

As at 31 December 2024, the Group had cash and cash equivalents of approximately HK\$25.24 million (31 December 2023: approximately HK\$25.23 million), which were mainly denominated in Hong Kong dollars, US dollars and Renminbi.

As at 31 December 2024, the Group's net current assets were approximately HK\$65.54 million (2023 (restated): approximately HK\$83.89 million). The Group's current ratio as at 31 December 2024, being the ratio of total current assets to total current liabilities, was approximately 1.26 as compared to approximately 1.38 as at 31 December 2023 (restated).

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group had bank borrowings of approximately HK\$13.39 million (2023: approximately HK\$13.39 million) which were denominated in Hong Kong dollars. The aforesaid bank borrowings were accounted for the current liabilities of the Group and repayable on demand.

On 20 March 2023, the Company entered into the third supplemental deed for the amendments to the terms and conditions of the convertible notes issued by the Company on 17 July 2019 (the “**Convertible Notes**”), and ordinary resolutions have been passed by the shareholders of the Company on 5 May 2023. Pursuant to the third supplemental deed the convertible loan notes would be redeemed on 17 July 2025 and the interest on the notes was charged at 8% per annum until the settlement date. Except for the above, all other terms of the Convertible Notes remain unchanged. As at 31 December 2024, the carrying amount of the principal and the interest payables of the Convertible Notes issued by the Group was approximately HK\$146.83 million (2023: approximately HK\$136.22 million).

The Group had issued bonds in the principal amount of approximately RMB23.48 million as consideration for the acquisition of the entire interest of Linjin Shuntong in August 2020. On 23 March 2024, all outstanding amounts under the bonds were settled.

## Capital structure and gearing ratio

As at 31 December 2024, the total issued shares of the Company were 4,455,020,888 shares (2023: 4,455,020,888).

As at 31 December 2024, the share capital and equity attributable to owners of the Company amounted to approximately HK\$5.57 million and approximately HK\$59.88 million respectively (2023: approximately HK\$5.57 million and approximately HK\$84.76 million respectively).

As at 31 December 2024, the Group repaid its debts mainly through recurring cash flows generated from its operations and other means of financing. The gearing ratio of the Group was approximately 268% (2023: approximately 212%), which was computed by dividing the total borrowings of approximately HK\$160.22 million (2023: approximately HK\$179.45 million) by equity attributable to the owners of the Company of approximately HK\$59.88 million (2023: approximately HK\$84.76 million).

## Treasury policies

The Group does not engage in any leveraged or derivative arrangements. Since most of the Group’s assets and liabilities are denominated in Hong Kong dollars, Renminbi or US dollars and the exchange rates of such currencies were relatively stable over the Reporting Period, the Directors believe 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 implementation of hedging facilities when necessary.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Human resources and remuneration

The Group has employed a total of approximately 92 employees as at 31 December 2024 (2023: approximately 115 employees) in Hong Kong and the PRC. Staff costs (including directors' emoluments) during the Reporting Period amounted to approximately HK\$17.72 million (2023: approximately HK\$17.50 million). The Group recruits and selects candidates based on their qualifications and suitability for the position. It is the policy of the Group to recruit the most capable person available for each position.

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

## Amendments to the terms and conditions of the convertible notes

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

On 16 July 2020, the Company has entered into a supplemental deed (the "**Supplemental Deed**") with Qilu to (a) amend the conversion price to HK\$0.134; (b) amend the number of conversion shares in light of the amendment to the conversion price; (c) extend the maturity date to 17 July 2021, and extend the end of the conversion period to 4:00 p.m. (Hong Kong time) on the maturity date; and (d) the interest payment dates shall be 18 January 2021 and 17 July 2021. On 23 October 2020, ordinary resolutions approving the Supplemental Deed have been passed by the shareholders of the Company.

On 4 August 2021, the Company entered into the second supplemental deed (the "**Second Supplemental Deed**") with Qilu to (a) extend the maturity date to 17 July 2022 and extend the end of the conversion period to 4:00 p.m. (Hong Kong time) on the extended maturity date; and (b) the interest payment dates shall be 17 January 2022 and 17 July 2022. On 20 October 2021, ordinary resolutions approving the Second Supplemental Deed have been passed by the shareholders of the Company.

On 20 March 2023, the Company entered into the third supplemental deed (the "**Third Supplemental Deed**") with Qilu to (a) aggregate all accrued and unpaid interest up to 18 July 2022 in the sum of HK\$12,337,857.56 with the original principal amount of the Convertible Notes, i.e. HK\$110,952,907, totalling HK\$123,290,764.56, which is treated as the new outstanding principal amount; (b) amend the interest rate to 8.00% per annum from 19 July 2022 onwards; (c) extend the Maturity Date to 17 July 2025 and extend the end of the conversion period to 4:00 p.m. (Hong Kong time) on the extended maturity date; and (d) the interest payment date shall be 17 July 2025. On 5 May 2023, ordinary resolutions approving the Third Supplemental Deed have been passed by the shareholders of the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS

All of the net proceeds have already been used for redemption of the convertible notes issued by the Company in 2017 and repayment of bank loans.

As at 31 December 2024 and 31 December 2023, the carrying amount of the principal and the interest payables of the Convertible Notes were approximately HK\$146.83 million and HK\$136.22 million respectively.

Further details of the issuance of Convertible Notes, the first, second and third supplemental deeds are set out in the announcements of the Company dated 29 May 2019, 11 June 2019, 2 July 2019, 7 July 2019, 17 July 2019, 16 July 2020, 23 October 2020, 3 November 2020, 4 August 2021, 31 August 2021, 20 October 2021, 20 March 2023 and 5 May 2023 and the circulars of the Company dated 8 October 2020, 4 October 2021 and 19 April 2023.

## CONNECTED TRANSACTIONS

### Drilling services

On 10 August 2021, the Group and Beijing Huaye entered into an agreement regarding oil well drilling in Huian Oil Field (惠安油田), the PRC (the “**Huian Well Agreement**”). Pursuant to the Huian Well Agreement, the Group agreed to provide drilling services of an aggregate of 63 oil wells for Beijing Huaye for the purpose of extraction of oil at an aggregate consideration of approximately RMB748 million.

Mr. Han Jinfeng, an executive Director and the chairman of the Company at the material time of the entering into of the Huian Well Agreement (the “**Relevant Time**”), is a majority ultimate beneficial shareholder of Beijing Huaye (holding 64% effective interest thereof). Therefore, the Huian Well Agreement constituted a connected transaction of the Company. Mr. Han Jinfeng is a cousin of Mr. Chen Jinle, the substantial shareholder of the Company at the Relevant Time, the Huian Well Agreement constituted a connected transaction of the Company.

As at the date of this annual report, as certain conditions precedent have not yet been fulfilled, the Huian Well Agreement has not been performed yet. Mr. Han Jinfeng has resigned as an executive Director, the Chairman of the Board (the “**Chairman**”) and the chairman of the Nomination Committee with effect from 13 September 2024.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL COMMITMENT

### Contingent liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities (2023: nil).

### Pledge of assets

As at 31 December 2024, no assets of the Group have been pledged as security for the borrowings of the Group (2023: nil).

### Significant investments and material acquisitions

On 1 November 2024, the Group entered into a sale and purchase agreement with two independent third parties in relation to the acquisition of 51% equity interest in Shenzhen Hongke Supply Chain Company Limited\* (深圳泓科供應鏈有限公司) at cash consideration of RMB203,000 (equivalent to HK\$219,000), which is principally engaged in trading of dry chili.

On 8 August 2024, the Group entered into a sale and purchase agreement with two independent third parties in relation to the acquisition of 51% equity interest in Beijing Wanjia Innovation Trading Company Limited\* (北京萬家創新商貿有限公司) at nil cash consideration, which is principally engaged in trading of deformed steel after acquisition.

Save for those acquisitions and disposals disclosed in this annual report, there were no significant investment or any material acquisition or disposal of subsidiaries during the year ended 31 December 2024.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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 of the Company (the “**Shareholder(s)**”) and the enhancement of Shareholders’ value. Our mission on 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 the principles, values and standards of conduct expected of the management and staff of the Group, and stipulates our operating procedures and policies.

The Company has, throughout the Reporting Period, applied and complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules except for the following deviation.

- (a) Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. With effect from 13 September 2024, Mr. Han Jinfeng resigned as the Chairman, and Mr. Yuan Hongbing, the chief executive officer of the Company, was appointed as the Chairman. Since then, the role of the chairman of the board and the chief executive officer of the Company are not separate and both are performed by Mr. Yuan Hongbing. Considering that all the Directors meet regularly and all major decisions of the Company are made in consultation with the members of the Board, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe this structure will enable the Company to make and implement decisions efficiently; and
- (b) Pursuant to (i) code provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting; and (ii) code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The executive Directors of the Company, Mr. Han Jinfeng (resigned on 13 September 2024) and Mr. Yuan Hongbing; and the non-executive Director of the Company, Mr. Chen Yunwei were unable to attend the annual general meeting of the Company held on 12 June 2024 due to other business commitments.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding the Company’s directors’ securities transactions. Having made specific enquiries by the Company, all Directors of the Company have confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

The Company has established written guidelines on no less exacting terms than the Model Code for dealings in the Company’s securities by relevant employees who are likely to be in possession of unpublished inside information in relation to the Company or its securities. The Company has received written annual compliance declaration from employees to confirm their compliance.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS

### Composition

The Directors who held office during the Reporting Period and as at the date of this annual report are as follows:

#### *Executive Directors*

Mr. Yuan Hongbing (*Chairman and Chief Executive Officer*)

Mr. Han Jinfeng (resigned on 13 September 2024)

#### *Non-Executive Directors*

Mr. Chen Yunwei

Ms. Cao Yuqi (appointed on 6 December 2024)

#### *Independent Non-Executive Directors*

Mr. Tche Heng Hou Kevin

Mr. Mak Tin Sang

Mr. Jiang Hao

The biographical details of the Directors are set out in the section headed “**Biographical Details of Directors**” on pages 26 to 28 of this annual report. There is no relationship (whether financial, business, family or other material or relevant relationships) amongst the members of the Board, senior management or substantial Shareholder or controlling Shareholder of the Company.

The composition of the Board is well balanced with each Director having extensive corporate and strategic planning experience, sound industry knowledge and/or professional expertise. All independent non-executive Directors have offered sufficient time and efforts to serve the business affairs of the Company. They also possess appropriate academic and professional qualifications and related management experience and have contributed to the Board with their professional opinion. The Board believes that the ratio among executive Directors, non-executive Director and independent non-executive Directors is reasonable and appropriate. The Board also believes that the participation of independent non-executive Directors can offer their independent judgment and expertise on issues relating to, inter alia, strategy, performance, conflict of interest and management process such that the interests of all Shareholders and the Group are considered and safeguarded.

### Responsibilities

The Board is responsible for the formulation of business policies and strategies in relation to the business operation of the Group and to ensure the availability of sufficient resources as well as the effectiveness of its system of internal control.

Implementation and execution of the policies, strategies and resolutions of the Board and the daily operations are delegated by the Board to the management of the Group. In addition, the Audit Committee, the Remuneration Committee and the Nomination Committee were set up to assist the Board in fulfilling certain responsibilities. Further details of these committees are set out in the section headed “**Board Committees**” of this annual report.



# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS *(Continued)*

### Chairman and chief executive officer

Code provision C.2.1 of the CG Code stipulated that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. With effect from 13 September 2024, Mr. Han Jinfeng resigned as the Chairman, and Mr. Yuan Hongbing, the chief executive officer of the Company, was appointed as the Chairman. Since then, the role of the Chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Yuan Hongbing. Considering that all the Directors meet regularly and all major decisions of the Company are made in consultation with the members of the Board, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of the Company and believe this structure will enable the Company to make and implement decisions efficiently.

Throughout the Reporting Period and up to the date of this annual report, the Company has complied with the requirements under Rules 3.10 and 3.10A of the Listing Rules, which require at least three independent non-executive Directors, at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise and the independent non-executive Directors must represent at least one-third of the Board. All independent non-executive Directors have confirmed their independence, as required under Rule 3.13 of the Listing Rules, to the Company and the Board considers that all independent non-executive Directors have satisfied their independence of the Group.

### Directors' and officers' liabilities insurance

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against Directors, officers and senior management of the Company arising out of corporate activities.

### Board meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual and interim results. The Directors had participated in the Board meetings as indicated below. For those Directors who could not attend these meetings in person, they participated through electronic means.

The company secretary of the Company (the "**Company Secretary**") assists the Chairman in preparing the agenda of the meetings and each Director may request to include any relevant matters in the agenda. Generally, at least 14 days' notice is given for the regular Board meetings by the Company. All substantive agenda items have comprehensive briefing papers, which are, in general, circulated at least three days before each Board meeting.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS *(Continued)*

### Board meetings *(Continued)*

All Directors are able to seek advice and services from the Company Secretary on the Board procedures and all applicable laws, rules and regulations, and corporate governance matters. Draft minutes of Board meetings and meetings of the Board committees are circulated to all Directors for comment and approval as soon as practicable after the meetings. Minutes of Board meetings and meetings of Board committee are kept by the Company Secretary and all Board members are given a copy of the minutes for their record. Should a matter being considered involve a potential conflict of interest of a Director, the Director involved in the transaction would be required to declare his interests, abstain from voting and the matter would be discussed and resolved by other Directors. Policy is in place that the Directors, upon reasonable request, may seek independent professional advice on issues related to the Group's business at the Company's expenses. The Company Secretary has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements during the Reporting Period.

During the Reporting Period, the number of meetings, including Board meetings, Board committees' meetings and general meeting held and the attendance of each Director are set out below:

	Meetings Attended				
	Annual General Meeting	Board	Audit Committee	Remuneration Committee	Nomination Committee
<b>Number of meetings held during the Reporting Period</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>1</b>
<i>Executive Directors</i>					
Mr. Yuan Hongbing (Chairman and Chief Executive Officer)	0	4	N/A	1	N/A
Mr. Han Jinfeng (resigned on 13 September 2024)	0	3	N/A	N/A	1
<i>Non-Executive Directors</i>					
Mr. Chen Yunwei	0	2	N/A	N/A	N/A
Ms. Cao Yuqi (appointed on 6 December 2024)	N/A	N/A	N/A	N/A	N/A
<i>Independent Non-Executive Directors</i>					
Mr. Tche Heng Hou Kevin	1	4	2	1	2
Mr. Mak Tin Sang	1	4	2	1	2
Mr. Jiang Hao	1	4	2	1	2

During the Reporting Period, no extraordinary general meeting was held by the Company.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS *(Continued)*

### Board meetings *(Continued)*

Code provision C.1.6 of the CG Code stipulated that independent non-executive directors and other non-executive directors should attend the general meetings to gain and develop a balanced understanding of the views of the Shareholders. Mr. Chen Yunwei, the non-executive Director, was unable to attend the annual general meeting of the Company due to his other business engagements.

Code provision F.2.2 of the CG Code stipulates that the chairman of the board of directors should attend the annual general meetings. Mr. Han Jinfeng, the former Chairman (resigned on 13 September 2024), was unable to attend the annual general meeting of the Company during the Reporting Period due to his other business commitments.

During the Reporting Period, the Chairman has met once with the independent non-executive Directors without the presence of any other executive Director or management.

## DIRECTORS' TERMS OF APPOINTMENT

All Directors are subject to retirement by rotation and re-election at the annual general meeting at least once every three years in accordance with the articles of association of the Company (the "**Articles of Association**").

Ms. Cao Yuqi, a non-executive Director, has entered into an appointment letter with the Company for a term of three years commencing on 6 December 2024.

Save for the aforesaid, other Directors do not have subsisting services agreement with the Company.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' TRAINING

Code Provision C.1.4 of the CG Code stipulated that Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remain informed and relevant.

All Directors are encouraged to participate in continuous professional development activities by ways of attending trainings and/or reading materials relevant to the Company's business or to the Directors' duties and responsibilities. A summary of professional trainings received by the Directors for the Reporting Period according to the records provided by the Directors is as follows:

	Attending seminar(s)/ programme(s)/ conference(s) and/or reading materials relevant to the business or directors' duties
Mr. Yuan Hongbing ( <i>Chairman and Chief Executive Officer</i> )	✓
Mr. Han Jinfeng (resigned on 13 September 2024)	✓
Mr. Chen Yunwei	✓
Ms. Cao Yuqi (appointed on 6 December 2024)	✓
Mr. Tche Heng Hou Kevin	✓
Mr. Mak Tin Sang	✓
Mr. Jiang Hao	✓

## BOARD DIVERSITY POLICY

During the Reporting Period, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria, having regard for the requirements of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The final decision will be made upon the merits and contribution that the selected candidates can bring to the Board.

The Company has appointed one female Board member and achieved gender diversity during the Reporting Period in accordance with the requirements of the Listing Rules.

# CORPORATE GOVERNANCE REPORT

## DIVIDEND POLICY

The Company has adopted a dividend policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and various factors including but not limited to the Group's financial results, cash flow position, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

## BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, Remuneration Committee and Nomination Committee with specific terms of reference.

### Audit committee

The Audit Committee assists the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee currently consists of three members. During the Reporting Period and as at the date of this annual report, the members of the Audit Committee were as follows:

Mr. Tche Heng Hou Kevin (*Chairman of the Committee*)

Mr. Mak Tin Sang

Mr. Jiang Hao

The Company has three members in the Audit Committee and has complied with the minimum number required under Rule 3.21 of the Listing Rules.

The chairman of the Audit Committee is Mr. Tche Heng Hou Kevin, who possesses an appropriate professional accounting qualification and financial management expertise.

The terms of reference of the Audit Committee follow the code provisions set out in the CG Code and are available on the websites of the Company and the Stock Exchange.



# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES *(Continued)*

### **Audit committee** *(Continued)*

The Audit Committee held two meetings during the Reporting Period. Details of attendance at the meetings of the Audit Committee are set out in the sub-section headed “**Board meetings**” of the section headed “**Board of Directors**”. The following matters were dealt with at the said meetings or by way of written resolutions:

- reviewing the consolidated financial statements for the year ended 31 December 2023 and the corresponding annual results announcement;
- reviewing the interim consolidated financial statements for the six months ended 30 June 2024 and the corresponding interim results announcement;
- reviewing the significant audit and accounting issues arising from the external auditor’s audit;
- considering the appointment of the external auditor and their audit fees;
- meeting with the external auditor without the presence of management to discuss issues arising from the audits and any other matters the auditor might wish to raise;
- reviewing the development in accounting standards and the Group’s response, including the preparation for adoption of Hong Kong Financial Reporting Standards;
- reviewing the Company’s compliance with regulatory and statutory requirements; and
- reviewing the effectiveness of the internal control and risk management system.

The annual results for the Reporting Period have been reviewed by the Audit Committee before submission to the Board for approval.

### **Remuneration committee**

The Remuneration Committee currently consists of one executive Director and three independent non-executive Directors. During the Reporting Period and as at the date of this annual report, the members of the Remuneration Committee were as follows:

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

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES *(Continued)*

### Remuneration committee *(Continued)*

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of executive Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, and review and approve matters relating to share schemes under Chapter 17 of the Listing Rules. They have the delegated responsibility to determine the remuneration packages of each of the executive Directors and senior management of the Company. The terms of reference of the Remuneration Committee follow the code provisions set out in the CG Code and are available on the websites of the Company and the Stock Exchange.

In order to attract and retain staff of suitable calibre, the Group provides competitive remuneration packages. Although the remuneration packages are not entirely linked to the profits of the Company or department in which the staff are working in, it is considered that, given the volatility of various businesses within the Group, this has contributed considerably to the maintenance of a stable, motivated and high-calibre senior management team in the Company.

During the Reporting Period, the Remuneration Committee held one meeting. Details of attendance at the meetings of the Remuneration Committee are set out in the sub-section headed "**Board meetings**" of the section headed "**Board of Directors**". The following matters were dealt with at the said meeting or by way of written resolutions:

- to review and discuss the remuneration packages for the Directors and senior management of the Company;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment elsewhere in the Group;
- to review the performance of Directors;
- to review and discuss the remuneration policy and structure for the Directors and senior management of the Company;
- to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- to consider and approve the remuneration packages for the proposed Directors and contract renewal of existing Directors; and
- to review and approve the employees' salary increments proposal. None of the members of the Remuneration Committee took part in voting on his own remuneration at the meeting.

The annual remuneration of members of the senior management (including all executive Directors) by band for the Reporting Period is set out below:

Annual remuneration bands (HK\$)	Number of person(s)
1,000,000–1,500,000	1

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES *(Continued)*

### Nomination committee

The Nomination Committee currently consists of one executive Director and three independent non-executive Directors. During the Reporting Period and as at the date of this annual report, the members of the Nomination Committee were as follows:

Mr. Yuan Hongbing (*Chairman of the Committee*)

Mr. Tche Heng Hou Kevin

Mr. Mak Tin Sang

Mr. Jiang Hao

Mr. Han Jinfeng (ceased on 13 September 2024)

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, make recommendations to the Board on the appointment or re-appointment of Directors and assess the independence of independent non-executive Directors. The terms of reference of the Nomination Committee follow the code provisions set out in the CG Code and are available on the websites of the Company and the Stock Exchange.

In considering the new appointment or re-election of Directors, the Nomination Committee will take different criteria into consideration including but not limited to the expertise, experience and integrity of the candidates.

During the Reporting Period, the Nomination Committee held two meetings. Details of attendance at the meetings of the Nomination Committee are set out in the sub-section headed “**Board meetings**” of the section headed “**Board of Directors**”. The following matters were dealt with at the said meeting or by way of written resolutions:

- to review and discuss the structure, size and composition of the Board;
- to review and discuss the board diversity policy of the Company;
- to consider the proposed appointment of Directors and the contract renewal of existing Directors;
- to assess the independence of the independent non-executive Directors;
- to consider the re-election of Directors; and
- to review the composition of the Board.

None of the members took part in voting on his re-election as Director at the meeting.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES *(Continued)*

### Corporate governance functions

The Board is responsible for developing and reviewing the Company's policies and practices on corporate governance and performing corporate governance duties as set out in code provision A.2.1 of the CG Code. The following is a non-comprehensive summary of the duties performed by the Board for the Reporting Period:

- to develop, approve and review the Company's policies and practices on corporate governance;
- to review the Company's overall corporate governance arrangements;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance (if any) applicable to the Directors and employees; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## NOMINATION POLICY

The nomination policy of the Company aims to set out the suitable candidates to become the members of the Board. The procedures for nominating Directors are set out under the nomination policy of the Company. The Company Secretary shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by the Board members. The factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for the role of Director include, inter alia, reputation for integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as the member of the Board, diversity of the Board, and such other perspectives appropriate to the Company's business. The Nomination Committee shall make recommendations for the Board's consideration and approval.

## CONTROL MECHANISMS

The Board acknowledges its responsibility in maintaining a sound and effective internal control and risk management systems for the Group to safeguard Shareholders' investments and assets of the Company at all times.

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROL

The Company conducts an annual review on whether there is a need for the establishment of an internal audit department. Given the Group's simple operating and management structure, as opposed to a separate internal audit department, the Board is directly responsible for the establishment, maintenance and review of the Group's systems of internal controls and risk management throughout the Reporting Period and their effectiveness. The Company has engaged an external independent professional advisory firm (the "**Independent Advisor**") to review the effectiveness and adequacy of risk management and internal control systems for the Reporting Period so as to ensure the effectiveness and adequacy of risk management and internal controls systems. The Independent Advisor had reviewed and analysed all material controls of the Group, including financial, operational and compliance controls and their associated risks. The reports from the Independent Advisor were presented to and reviewed by the Audit Committee and the Board. The internal audit service was also rendered by the Independent Advisor.

The Board considered the risk management and internal control systems of the Group to be adequate and effective for the Reporting Period. The Board also conducted a review of the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programs and budget which are considered to be adequate for the Reporting Period.

The Board wishes to emphasise that risk management and internal control systems are designed to manage, rather than eliminate, risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

## PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group strictly follows the requirements of the Securities and Futures Ordinance, Cap. 571 of the laws of Hong Kong (the "**SFO**") and the Listing Rules and ensures that inside information is disclosed to the public as soon as practicable unless the information falls within any of the safe harbours of the SFO. Before inside information is fully disclosed to the public, such information is kept strictly confidential. The Company also implements an internal policy on handling inside information which is consistent with the relevant applicable requirements of the Listing Rules. The policy sets out measures and procedures for the Directors and other relevant officers of the Company to assume duty when dealing with inside information and preservation of its confidentiality before proper disclosure. It also sets out guidelines for the Board to disclose any material inside information timely according to the relevant statutory and regulatory requirements. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are true, accurate and not misleading in all material respect by presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.



# CORPORATE GOVERNANCE REPORT

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Company for each financial year and ensure that they are prepared in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements.

The statement of the external auditor of the Company with regard to their reporting responsibilities on the Company's consolidated financial statements, is set out in the Independent Auditor's Report on pages 41 to 45 of this annual report.

The Directors confirm that, to the best of their knowledge, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions which may cause the Company not to continue as a going concern. Therefore, the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

## AUDITOR'S REMUNERATION

For the Reporting Period, services provided to the Company by its external auditor, AOGB CPA Limited, and the respective fees paid were as follows:

	2024 HK\$'000
AOGB CPA Limited	
Audit services	1,300
Other non-audit services	150

## SHAREHOLDERS' RIGHTS AND PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting.

Pursuant to article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up share capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by depositing a written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such requisition, the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS AND PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS *(Continued)*

Shareholders may at any time put forward their enquiries (including the procedures for putting forward proposals at general meetings of the Company) to the Board in writing through the Company Secretary whose contact details are as follows:

Jintai Energy Holdings Limited  
Suites 2601–2603,  
26/F, Shui On Centre,  
6–8 Harbour Road,  
Wan Chai, Hong Kong.

Pursuant to article 85 of the Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

## INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board established a Shareholders' communication policy to ensure that Shareholders and potential investors are provided with ready, equal and timely access to information of the Company.

The Company has maintained a corporate website at [www.jintaienergy.com](http://www.jintaienergy.com) through which the Company's updated financial information, business development, announcements, circulars, notices of meetings, press releases and contact details can be accessed by the Shareholders and investors.

The annual general meeting and extraordinary general meetings (if any) also provide important opportunities for constructive communication between the Board and Shareholders.

The Company has reviewed its communication policy and in light of the above, the Company considers it to be effective.

## COMPANY SECRETARY

Mr. Zhou Chen has confirmed that he received not less than 15 hours of relevant professional training during the year ended 31 December 2024.

## CONSTITUTIONAL DOCUMENTS

There was no change in the Company's memorandum and articles of association of the Company and other constitutional documents during the Reporting Period.

# CORPORATE GOVERNANCE REPORT

The Directors as at the date of this annual report are as follows:

## BOARD OF DIRECTORS

### Executive Director

**Mr. Yuan Hongbing**, aged 46, has been the executive Director, the Chief Executive Officer and the Chairman of the Board of the Company since May 2019, September 2019 and September 2024 respectively. He also serves as the member of Remuneration Committee and chairman of Nomination Committee since September 2019 and September 2024 respectively and is an authorised representative of the Company since June 2020. Mr. Yuan has over 20 years of work experience in investment and internet industry and he is the founder and the chairman of the board of directors of Yuanchuang Capital, which principally engaged in “capital+”, “Internet+”, property investment and fund management. Mr. Yuan is also the chairman of the board of directors of Guosheng EcoCommerce Industry Holding Group. Mr. Yuan was appointed as an executive Director of China Clean Energy Technology Group Limited (Stock Code: 2379), a company listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) from 3 October 2022 to 17 March 2023. Mr. Yuan has also been appointed as the executive Director and chairman of the board of Pa Shun International Holdings Limited (Stock Code: 574), a company listed on the main board of the Stock Exchange since 28 March 2023 and 2 April 2024.

### Non-Executive Directors

**Mr. Chen Yunwei**, aged 38, has been a non-executive Director since October 2021. Mr. Chen graduated with a master's degree in Economics from Shandong University. Mr. Chen was the co-head of structured finance of Zhongtai International. Mr. Chen has over 10 years' experience in investment banking and has comprehensive experience in public bond issue, structured financing, cross border financing and acting as independent financial advisor. Mr. Chen has been appointed as the non-executive director of China Art Financial Holdings Limited, a company listed on the main board of the Stock Exchange (Stock Code: 1572) since 23 April 2021. Mr. Chen was appointed as the non-executive director of Pa Shun International Holdings Limited, a company listed on the main board of the Stock Exchange (Stock Code: 574), from 29 October 2021 to 22 February 2024.

**Ms. Cao Yuqi**, aged 39, has been a non-executive Director since December 2024. Ms. Cao graduated from Beijing Institute of Fashion Technology with a degree in Bachelor of Applied Chemistry. Ms. Cao is (i) the vice president of Yuanchuang Capital; (ii) the director of Create Capital International Group Co., Limited; and (iii) the director of Create International Mining Group Limited. Besides, Ms. Cao was the vice president of Guocai Group and the director of Guocai Group's subsidiaries. Ms. Cao has over 10 years of experience in leading and operating mergers and acquisitions projects of various industries including utilities, mining, logistics, electronic payment and music copyright. Ms. Cao has comprehensive experience in equity investment, strategic planning, risk control and operation management.

# BIOGRAPHICAL DETAILS OF DIRECTORS

## BOARD OF DIRECTORS *(Continued)*

### Independent Non-Executive Directors

**Mr. Tche Heng Hou Kevin**, aged 64, has been an independent non-executive Director since June 2019. He also serves as the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee of the Board. Mr. Tche obtained a master of professional accounting degree from University of Polytechnic Hong Kong in December 2005. He was admitted as an associate of Association of Chartered Certified Accountants in March 1997 and a certified public accountant of the HKICPA in April 1997. In addition, he was admitted as a fellow member of Association of Chartered Certified Accountants in March 2002. He obtained the Practising Certificate of HKICPA in January 1999 and was qualified as the Certified Dealmaker of the China Mergers & Acquisitions Association in February 2015.

He has many years of experience in accounting, auditing and corporate financial management. From 1989, he worked for Allied Overseas Investment Limited as a group finance manager. From May 1990 to July 1997, he worked for Distribution Services Limited as a group finance manager. From August 1997 to March 2000, he worked as an audit manager for Baker Tilly, a leading provider of accountancy and business services principally engaged in audit assurance, advisory and pre-IPO assignments. From March 2000 to January 2001, he served as a group financial controller, Asia Pacific Region, of USF Asia Group Limited. From February 2001 to December 2003, Mr. Tche worked as a regional financial controller of Hong Kong and China offices for ABX Logistics (Hong Kong) Limited. From February 2005 to October 2007, he served as a Finance Manager for South Mainland China Region of BAX Global Hong Kong, a subsidiary of Brinks group, which is listed on the main board of New York Stock Exchange. From April 2009 to December 2012, he worked as a finance director of Yatai Group Limited.

Mr. Tche started up his accountancy and business consultancy firm in January 2013, which principally provided audit, assurance, taxation, management consulting, advisory and corporate services.

**Mr. Mak Tin Sang**, aged 68, has been an independent non-executive Director since April 2020. He also serves as the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Board.

He obtained his Master's Degree in Business Administration from the University of Sheffield, U.K. He is also a fellow member of the United Kingdom Chartered Association of Certified Accountants and an associate member of the Australian Certified Management Accountants. Mr. Mak was appointed as an independent non-executive director of Ozner Water International Holding Limited (Stock Code: 2014), a company previously listed on the main board of the Stock Exchange, from 16 September 2022 to 28 December 2022. He was also appointed as (i) an independent non-executive director of China Clean Energy Technology Group Limited (Stock Code: 2379), a company listed on the main board of the Stock Exchange, from 25 November 2021 to 27 March 2023; (ii) an independent non-executive director of Sky Blue 11 Company Limited (Stock Code: 1010), a company listed on the main board of the Stock Exchange, from 9 September 2024 to 8 November 2024; (iii) an independent non-executive director of China Tianrui Group Cement Company Limited (Stock Code: 1252), a company listed on the main board of the Stock Exchange since 23 September 2024; and (iv) an independent non-executive director of IDT International Limited (Stock Code: 167), a company listed on the main board of the Stock Exchange since 25 September 2024. Mr. Mak has served as an executive Director of China Graphene Group Limited (now known as China Asia Valley Group Limited) (Stock Code: 63), a company listed on the main board of the Stock Exchange, from 6 November 2015 to 16 May 2017. Mr. Mak had been working as the chief financial officer and was appointed as an executive director of Armarda Group Limited (now known as Sinocloud Group Limited), a company listed on the Catalist Board of Singapore Exchange Limited, from June 2013 to late 2015. He was the chief financial officer of LottVision Limited (now known as Nutryfarm International Limited), a company listed on the main board of the Singapore Exchange Limited, between August 2001 and September 2003.

# BIOGRAPHICAL DETAILS OF DIRECTORS

## BOARD OF DIRECTORS *(Continued)*

### **Independent Non-Executive Directors** *(Continued)*

**Mr. Jiang Hao**, aged 48, has been an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee since October 2021.

Mr. Jiang graduated from Fudan University with a bachelor's degree in economics in 1999. He is a fellow member of the Association of Chartered Certified Accountants (FCCA). Mr. Jiang worked in the International Business Department of China Construction Bank Dalian Branch from July 1999 to July 2001, and from March 2004 to April 2008, he worked in ZTE Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000063) and the main board of the Stock Exchange (stock code: 763) respectively, as senior financing manager of the international financing department. Mr. Jiang worked in Sinogiant investment holding group as Chief Financial Officer from April 2008 to December 2015 and worked as chairman and general manager of Shenzhen Qianhai Baotai Xingye Investment Management Co., Ltd. from December 2015 to May 2019. From May 2019 to November 2019, he was the chief financial officer of IDT International Ltd, a company listed on the main board of the Stock Exchange (stock code: 167). Mr. Jiang is the chief financial officer of China Art Financial Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 1572), from 14 April 2021 to 23 March 2022. Mr. Jiang was appointed as an executive Director of China Clean Energy Technology Group Limited (stock code: 2379), a company listed on the main board of the Stock Exchange, from 3 October 2022 to 17 March 2023. Mr. Jiang has over 20 years of experience in financial management, capital operation, private equity fund, venture capital fund operation and extensive overseas working experience.

*\* For identification purposes only*

# REPORT OF THE DIRECTORS

The Directors are pleased to present to the Shareholders their report together with the audited consolidated financial statements of the Group for the Reporting Period.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Particulars of the Company's principal subsidiaries are set out in Note 16 to the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The results for the Reporting Period are set out in the consolidated financial statements on pages 46 to 51 of this annual report.

## DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

## SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2024 are set out in Note 16 to the consolidated financial statements on pages 106 to 109 of this annual report.

## BUSINESS REVIEW

A fair review of the business of the Group during the Reporting Period and a discussion on the Group's future business development are set out in the section headed "**Management Discussion and Analysis**" on pages 5 to 11 of this annual report. Discussions on the Company's compliance with significant relevant laws and regulations and the Company's key relationships with its employees, customers and suppliers are set out in this Report of the Directors of this annual report on pages 30 and 31 respectively. Those discussions form part of this Report of the Directors.

The Group is committed to the long-term sustainability and commitment of the environment and to become an environmentally-friendly corporation. The Group strives to minimise its environmental impact during its operation. Further details are set out in the "**Environmental, Social and Governance Report**" of the Company.

## PRINCIPAL RISKS AND UNCERTAINTY

### Risk associated with financial instruments of the group

The financial risk management objectives and policies of the Group are set out in Note 4.2 to the consolidated financial statements.

### Risk associated with key sources of estimation uncertainty

Details of the key sources of estimation uncertainty as at 31 December 2024 are set out in Note 5 to the consolidated financial statements.

### Risk associated with oil price fluctuation

The fuel oil prices had been fluctuating during the Reporting Period and the fuel oil prices are expected to remain volatile in the foreseeable future because of market uncertainties over the supply and demand of these commodities resulting from highly uncertain weighing on the global growth. As a result, it is difficult for the Group to formulate the budget for and project the return of the business. The management of the Company will monitor the oil market closely and consider hedging fuel oil prices should the need arise.

# REPORT OF THE DIRECTORS

## PRINCIPAL RISKS AND UNCERTAINTY *(Continued)*

### Market Competition Risk

Major competitors of the Group comprise other large domestic energy-related products distributors. With the gradual opening up of the domestic market in China, other foreign oil companies have become competitors of the Group in certain regions. The Group is facing relatively keen competition in energy-related-products business.

The management of the Company will continuously monitor the competitors in the industry and differentiate itself from them. Furthermore, the management of the Company will continue to develop potential markets, explore new customers and expand its business scale in order to reduce the market competition risk.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Company has used its best endeavours to ensure compliance with the laws and regulations of those jurisdictions in which the Group operates.

In relation to human resources, the Group provides and maintains statutory benefits for its staff, including but not limited to entitlement to mandatory provident fund, basic medical insurance, work injury insurance, etc. Staff is entitled to day-off on public holidays and maternity leave.

At the corporate level, the Company complies with the requirements under the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance, and the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 22 to the consolidated financial statements.

## RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity and Note 23 to the consolidated financial statements on pages 50 and 117 respectively of this annual report.

## DISTRIBUTABLE RESERVES OF THE COMPANY

The Company has no reserves available for distribution to shareholders as at 31 December 2024. Share premium and accumulated losses of the Company were as follows:

	Share Premium HK\$'000	Accumulated losses HK\$'000
As at 31 December 2024	321,958	437,309
As at 31 December 2023	321,958	407,092

# REPORT OF THE DIRECTORS

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group is devoted to maintaining good relationship with its suppliers and supplying quality products and services to our customers. During the Reporting Period, there was no serious and material disputes between the Group and its employees, customers and suppliers.

## DONATIONS

Charitable or other donations made by the Group during the Reporting Period was nil (2023: nil).

## SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, the Group did not hold any significant investments during the Reporting Period.

## MATERIAL ACQUISITIONS AND DISPOSALS

Details of material acquisitions of the Company are set out in the sub-section headed **“Significant investments and material acquisitions”** of the section headed **“Management Discussion and Analysis”**

## BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2024 are set out in Note 27 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the Reporting Period and details of the Group's property, plant and equipment are set out in Note 17 to the consolidated financial statements.

## EQUITY-LINKED AGREEMENTS

### (a) Convertible notes

Details of the convertible notes of the Company are set out in the sub-section headed **“Amendments to the terms and conditions of Convertible Notes”** of the section headed **“Management Discussion and Analysis”**.

### (b) Share Options

Details of the Share Option Schemes of the Company are set out in the sub-section headed **“Share Option Schemes”** below and Note 24 to the consolidated financial statements.

## PERMITTED INDEMNITY PROVISION

Pursuant to article 164(1) of the Articles of Association, subject to relevant laws, every Director shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and Officers of the Company throughout the Reporting Period.



# REPORT OF THE DIRECTORS

## DIRECTORS

The Directors who held office during the Reporting Period and up to the date of this annual report were as follows:

### *Executive Directors*

Mr. Yuan Hongbing (*Chairman and Chief Executive Officer*)

Mr. Han Jinfeng (resigned on 13 September 2024)

### *Non-Executive Directors*

Mr. Chen Yunwei

Ms. Cao Yuqi (appointed on 6 December 2024)

### *Independent Non-Executive Directors*

Mr. Tche Heng Hou Kevin

Mr. Mak Tin Sang

Mr. Jiang Hao

In accordance with article 84(1) of the Articles of Association, Mr. Yuan Hongbing, an executive Director and Mr. Tche Heng Hou Kevin, an independent non-executive Director, shall retire from their office by rotation and, being eligible, have offered themselves for re-election at the forthcoming annual general meeting of the Company (the “AGM”).

In accordance with article 83(3) of the Articles of Association, Ms. Cao Yuqi, a non-executive Director, shall retire from her office and, being eligible, have offered herself for re-election at the forthcoming AGM.

None of the Directors offering themselves for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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

As at 31 December 2024, the interests and short positions of each Director and chief executive officer in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity	Number of Shares held/ interested <sup>(1)</sup>	Total number of shares	Approximate percentage of the total issued Shares
Yuan Hongbing (“Mr. Yuan”)	Beneficial owner	13,796,000	13,796,000	0.31%

Note:

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

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive officer had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# REPORT OF THE DIRECTORS

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2024, according to the register kept by the Company under Section 336 of the SFO, the corporations or persons (other than a Director or chief executive officer) had interests of 5% or more in the Shares or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number of Shares held <sup>(1)</sup>	Approximate percentage of the issued Shares (as at 31 December 2024)
Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP) (" <b>Qilu International</b> ")	Person having a security interest in shares	2,649,059,881	59.46%
Zhongtai International Asset Management (Singapore) Pte. Ltd. (" <b>Zhongtai Singapore</b> ") <sup>(2)</sup>	Investment manager	2,649,059,881	59.46%
Zhongtai International Asset Management Limited (" <b>Zhongtai International</b> ") <sup>(3)</sup>	Investment manager	2,649,059,881	59.46%
Win Win International Strategic Investment Funds SPC (acting for and on behalf of Win Win Stable No. 1 Fund SP) (" <b>Win Win</b> ") <sup>(4)</sup>	Person having a security interest in shares	1,821,053,112	40.88%
Zhongtai Innovation Capital Management Limited (" <b>Zhongtai Innovation</b> ") <sup>(5)</sup>	Investment manager	1,821,053,112	40.88%
Lin Caihuo (" <b>Mr. Lin</b> ") <sup>(6)</sup>	Beneficial owner	928,284,839	20.84%
Lin Aihua (" <b>Ms. Lin</b> ") <sup>(6)</sup>	Interest of spouse	928,284,839	20.84%
Chen Jinle (" <b>Mr. Chen</b> ")	Interest of controlled corporations <sup>(7)</sup>	892,768,273	20.56%
	Beneficial owner	23,340,000	
Oriental Gold Honour Joy International Holdings Limited (" <b>Oriental Gold</b> ") <sup>(7)</sup>	Beneficial owner	892,768,273	20.04%

# REPORT OF THE DIRECTORS

## SUBSTANTIAL SHAREHOLDERS' INTERESTS *(Continued)*

Name	Capacity	Number of Shares held <sup>(1)</sup>	Approximate percentage of the issued Shares (as at 31 December 2024)
Niu Guangchang <sup>(8)</sup>	Interest of controlled corporation	742,503,480	16.67%
Hong Kong Moral Co-operation Investment Limited ("Hong Kong Moral") <sup>(8)</sup>	Beneficial owner	742,503,480	16.67%
Cui Xianguo <sup>(9)</sup>	Interest of controlled corporation	355,390,000	7.98%
Super Wise International Investment Limited ("Super Wise") <sup>(9)</sup>	Beneficial owner	355,390,000	7.98%

*Notes:*

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

Save as disclosed above, as at 31 December 2024, no other person (other than a Director or CEO) had registered an interest or short position in the Shares, underlying Shares and debentures of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

# REPORT OF THE DIRECTORS

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period, save and except the New Scheme, was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate.

## SHARE OPTION SCHEMES

### Former Scheme

The former share option scheme of the Company expired on 25 June 2015 (the **"Former Scheme"**). The purpose of the Former Scheme was to enable the Company to grant options to selected eligible participants as incentives or rewards for their contributions to the Group. Eligible participants included, inter alia, any director or full time or part time employee of the Group. The total number of Shares available for issue under the Former Scheme (taking into account the share subdivisions) was 128,618,224, representing approximately 2.89% of the issued share capital of the Company as at the date of this annual report. The maximum number of Shares in respect of which options may be granted to each participant in any 12-month period up to the date of grant is not permitted to exceed 1% of the Shares in issue at the date of grant. Subject to the restrictions under the Listing Rules, at the time of granting a share option, the Board will determine the minimum period(s), if any, for which an option must be held before it can be exercised. Upon acceptance of the option within 28 days from the date of the offer (or such other period as the Board may specify in the offer), the grantee shall pay the amount, if any, specified in the offer to the Company as consideration for the grant within such period as the Company shall specify. The subscription price for the Shares under the Former Scheme shall be determined by the Board and shall not be less than the highest of: (i) the closing price of the Shares as stated in Stock Exchange's daily quotations sheet on the date of offer of that grant, which must be a business day; (ii) the average of the closing prices per Share as stated in Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer of that option; and (iii) the nominal value of the Shares.

### New Scheme

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 16 September 2019, a new share option scheme of the Company (the **"New Scheme"**, together with the Former Scheme, the **"Share Option Schemes"**) was adopted by the Company accordingly, which will remain valid for 10 years 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. Subject to the restrictions under the Listing Rules, 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.

An option may be exercised in accordance with the terms of the New Scheme at any time during the period to be notified by the Board to each participant, which shall not exceed 10 years from the date upon which the option is deemed to be granted and accepted. According to the Listing Rules, the vesting period for options shall not be less than 12 months.

The total number of the Shares issued and to be issued upon exercise of the options granted to a participant under the New Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue from time to time.

Upon acceptance of the options, the participant shall pay HK\$1.00 to the Company by way of consideration for the grant. The options will be offered for acceptance for a period of 28 days from the date on which the option is offered to a participant.

The subscription price for the Shares subject to options will be a price determined by the Board and notified to each participant and will be at least the highest of (i) the closing price of the Shares on the Main Board as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a business day; (ii) the average closing price of the Shares on the Main Board as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The total number of outstanding options granted under the Share Option Schemes as at 31 December 2024 was 806,700,000 shares, representing approximately 18.11% of issued share capital of the Company as at the date of this annual report. For details, please refer to the circular of the Company dated 28 August 2019 and 27 April 2020 and the announcement of the Company dated 25 September 2019, 29 May 2020, 19 June 2020 and 20 May 2021.

# REPORT OF THE DIRECTORS

## SHARE OPTION SCHEME (Continued)

As at 1 January 2024 and 31 December 2024, no option is available for grant under the Former Scheme and the number of options available for grant under the New Scheme was 50,251,740.

The number of shares that may be issued in respect of all share options granted under the Share Option Schemes during the Reporting Period represented nil% of the weighted average number of shares in issue for the same period.

Save for the Share Option Schemes, the Company does not have any other share scheme.

Details of the share options granted, exercised, forfeited, lapsed and outstanding under the Share Option Schemes during the Reporting Period are as follows:

Name or category of participants	Date of grant (dd/mm/yyyy)	Exercise price after (before) share	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options					As at 31/12/2024 <sup>(2)</sup>
		subdivision			Granted	Exercised	Forfeited	Lapsed		
		in 2018 HK\$			during the period	during the period	during the period	during the period		
DIRECTOR										
Mr. Yuan Hongbing	19/6/2020	0.145	19/6/2020	19/6/2020– 18/6/2026	37,000,000	–	–	–	–	37,000,000
					37,000,000	–	–	–	–	37,000,000
OTHER PARTICIPANTS										
Eligible employees <sup>(1)</sup>	19/6/2015	0.64125 (1.2825)	19/6/2015	19/6/2015– 18/6/2025	123,200,000	–	–	–	–	123,200,000 <sup>(4)</sup>
Eligible employees <sup>(1)</sup>	24/9/2019	0.15	24/9/2019	24/9/2019– 23/9/2029	362,500,000	–	–	–	–	362,500,000
Eligible employees <sup>(1)</sup>	19/6/2020	0.145	19/6/2020	19/6/2020– 18/6/2026	159,000,000	–	–	–	–	159,000,000
Eligible employees <sup>(1)</sup>	20/5/2021	0.15	20/5/2021	20/5/2021– 19/5/2027	125,000,000	–	–	–	–	125,000,000
					769,700,000	–	–	–	–	769,700,000
				Total	806,700,000	–	–	–	–	806,700,000 <sup>(3)</sup>

### Notes:

1. Eligible employees are working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).
2. The share options are not subject to any performance target.
3. The number of shares of the Company that may be issued in respect of the share options granted represents approximately 18.11% of the weighted average number of shares of the Company in issue for the year ended 31 December 2024 (i.e. 4,455,020,888 Shares).
4. Save and except this 123,200,000 share options which were granted under the Former Scheme, all other share options were granted under the New Scheme.

# REPORT OF THE DIRECTORS

## DIRECTORS' OR CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph headed “**Connected Transactions**”, there were no other transactions, arrangements or contracts that are significant in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which a Director or his/her connected entity or a controlling shareholder of the Company or its subsidiaries had a material interest, whether directly or indirectly, subsisted at any time during the Reporting Period.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

## RELATED PARTY TRANSACTIONS

Save as disclosed in the paragraph headed “**Connected Transactions**”, the significant related party transactions that did not constitute connected transactions under the Listing Rules made during the Reporting Period were disclosed in Note 36 to the consolidated financial statements.

## UPDATE ON THE DIRECTOR INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

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

Mr. Han Jinfeng has resigned as an executive Director, the Chairman and the chairman of the Nomination Committee with effect from 13 September 2024. Following the resignation of Mr. Han Jinfeng, Mr. Yuan Hongbing, an executive Director, was appointed as the chairman of the Board and the chairman of the Nomination Committee with effect from 13 September 2024.

Ms. Cao Yuqi has been appointed as a non-executive Director of the Company with effect from 6 December 2024. Further details were disclosed in the Company's announcement dated 6 December 2024. Ms. Cao Yuqi has obtained the legal advice in accordance with Rule 3.09D of the Listing Rules on 6 December 2024 and she confirmed that she understood her obligations as a director of listed issuer.

Save as disclosed above, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## BIOGRAPHIES OF DIRECTORS

The details of the biographies of the existing Directors are set out in the section headed “**Biographical Details of Directors**” on pages 26 to 28 of this annual report.

## CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors, namely, Mr. Tche Heng Hou Kevin, Mr. Mak Tin Sang and Mr. Jiang Hao, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and as at the date of this annual report, the Company considers each of the independent non-executive Directors to be independent.

## DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

# REPORT OF THE DIRECTORS

## REMUNERATION POLICY

The remuneration policy of the Group is formulated by the Remuneration Committee on the basis of market trends and the individuals' merit, qualifications and competence.

The Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics, made recommendations to the Board for the remuneration of the executive Directors and senior management of the Company.

The Company has adopted the New Scheme as an incentive to Directors and eligible employees, details of which are set out in Note 24 to the consolidated financial statements.

## 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 Reporting Period.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association although there is no restriction against such rights under the laws in the Cayman Islands.

## CONNECTED TRANSACTIONS

### Drilling services

On 10 August 2021, the Group and Beijing Huaye entered the Huian Well Agreement. Pursuant to the Huian Well Agreement, the Group agreed to provide drilling services of an aggregate of 63 oil wells for Beijing Huaye for the purpose of extraction of oil at an aggregate consideration of approximately RMB748 million.

Mr. Han Jinfeng, an executive Director and the chairman of the Company at the Relevant Time, was a majority ultimate beneficial shareholder of Beijing Huaye (holding 64% effective interest thereof). Therefore, the Huian Well Agreement constituted a connected transaction of the Company. Mr. Han Jinfeng is a cousin of Mr. Chen Jinle, the substantial shareholder of the Company at the Relevant Time, the Huian Well Agreement constituted a connected transaction of the Company.

As at the date of this annual report, as certain conditions precedent have not yet been fulfilled, the Huian Well Agreement has not been performed yet. Mr. Han Jinfeng has resigned as an executive Director, the Chairman and the chairman of the Nomination Committee with effect from 13 September 2024.

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

# REPORT OF THE DIRECTORS

## MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the Group's five largest customers accounted for approximately 95% of the Group's sales for the Reporting Period and sales to the Group's largest customer included therein accounted for approximately 43%.

During the Reporting Period, purchase from the Group's five largest suppliers accounted for approximately 98% of the Group's total purchases for the Year and purchase from the Group's largest supplier included therein accounted for approximately 51%.

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

## EVENTS AFTER THE REPORTING PERIOD

There was no significant event occurred subsequent to the end of the Reporting Period and up to the date of approval of the consolidated financial statements.

## PUBLIC FLOAT

During the Reporting Period and up to the latest practicable date prior to the issue of this annual report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

## TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 140.

## ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Friday, 13 June 2025. For further details of the AGM, please refer to the circular and the notice of the AGM, which will be published on the websites of the Stock Exchange and the Company and (if requested) despatched to the Shareholders in due course.

## CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Monday, 9 June 2025 to Friday, 13 June 2025 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the forthcoming annual general meeting of the Company scheduled to be held on Friday, 13 June 2025, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 6 June 2025.



# REPORT OF THE DIRECTORS

## AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2024 have been audited by AOGB CPA Limited. AOGB CPA Limited will retire, and being eligible, offer themselves for reappointment at the AGM. A resolution for its reappointment as auditor of the Company will be proposed at the AGM.

On 25 November 2021, Cheng & Cheng Limited, Certified Public Accountants, resigned as the auditor of the Company.

On 29 December 2021, CCTH CPA Limited, Certified Public Accountants, was appointed as auditor of the Company. On 23 November 2023, CCTH CPA Limited resigned as the auditor of the Company.

On 28 November 2023, AOGB CPA Limited, Certified Public Accountants, was appointed as the Auditor of the Company.

On behalf of the Board

**Yuan Hongbing**

*Chairman*

Hong Kong, 11 April 2025

*\* For identification purposes only*

# INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Jintai Energy Holdings Limited

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

## OPINION

We have audited the consolidated financial statements of Jintai Energy Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 46 to 139, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 to the consolidated financial statements, which indicates that the Group incurred a loss attributable to the owners of the Company of HK\$22,602,000 for the year ended 31 December 2024 and, as at 31 December 2024, the Company’s convertible loan notes of HK\$146,829,000 is classified as current liabilities as it would be redeemed on 17 July 2025. These conditions, along with other matters as set forth in Note 3 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in this respect.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Key audit matter

### How our audit addressed the key audit matter

#### *Revenue for trading of energy-related products - principal or agent*

The accounting policy for revenue recognition for trading of energy-related products is disclosed in Note 3.18 to the consolidated financial statements. For the year ended 31 December 2024, the revenue generated from trading of energy-related products amounted to approximately HK\$1,198,999,000 as set out in Note 6 to the consolidated financial statements.

We identified this area as a key audit matter due to the significant judgement involved in the assessment of managements' determination of principal or agent for the purpose of revenue recognition of the energy trading transactions. The Group recognises revenue on a gross basis as a principal, since:

- The Group is responsible for fulfilling the terms of sales and purchase agreements and dealing with any disputes relating to the sales and purchase transactions, separately;
- Goods were shipped from suppliers to an agreed destination where customers could pick up directly. For trading of energy-related products, the control of the goods were transferred from suppliers to the Group and then to customers, when the goods are accepted by the Group and customers at the pick up place, respectively;
- The Group is primarily responsible for the acceptability of the specified good (e.g. customer's rejection to accept the goods) and shall be obliged to rectify warranty or service issues associated with the goods sold to the customers (e.g. handling of complaints and returns) irrespective of the Group's ability to shift such warranty or return the goods to the supplier;
- The transaction prices were determined separately based on negotiations with customers and suppliers.

Our procedures in relation to the revenue recognition for trading of energy-related products included:

- Obtained an understanding of the Group's key controls in sales and purchase processes relating to trading of energy-related products;
- Evaluated the key controls over the revenue recognition process for trading of energy-related products;
- Inspected contracts with customers, on a sample basis, to understand the terms of the sales transactions including the terms of delivery and acceptance to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards;
- Tested the selected samples of trading of energy-related products by examination of the invoices and goods delivery notes to the sales recorded;
- Compared the delivery dates based on delivery notes with the timing of revenue recognition, and examined transactions which occurred immediately before and after the end of the reporting period for their recording as revenue in the proper periods; and
- Examined the settlements of the receivables from customers to bank-in receipts, bank statements and other related documents.

# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Chun Shing.

### **AOGB CPA Limited**

*Certified Public Accountants*

### **Ho Chun Shing**

Practicing Certificate Number P07257

Hong Kong, 11 April 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	6	<b>1,275,339</b>	1,311,246
Cost of sales	8	(1,255,383)	(1,286,879)
<b>Gross profit</b>		<b>19,956</b>	24,367
Other income	10	5,549	13,267
Other losses — net	11	(4,533)	(2,778)
Gain on disposal of subsidiaries	35	—	14,753
(Write-off on other receivables)/reversal of impairment loss on trade receivables	20	(200)	89
Administrative expenses	8	(25,993)	(27,912)
Distribution expenses	8	(4,456)	(6,263)
Share of loss of an associate		—	(578)
<b>Operating (loss)/profit</b>		<b>(9,677)</b>	14,945
Finance income	12	533	1,494
Finance costs	12	(11,015)	(14,166)
Finance costs — net	12	(10,482)	(12,672)
<b>(Loss)/profit before income tax</b>		<b>(20,159)</b>	2,273
Income tax expense	13	(1,703)	(1,229)
<b>(Loss)/profit for the year</b>		<b>(21,862)</b>	1,044
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		(22,602)	(24,256)
Non-controlling interests		740	25,300
		<b>(21,862)</b>	1,044
		<b>2024</b>	<b>2023</b>
Loss per share	15	<b>HK Cents</b>	<b>HK Cents</b>
— Basic		(0.51)	(0.54)
— Diluted		N/A	N/A

The notes on pages 52 to 139 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
<b>(Loss)/profit for the year</b>	<b>(21,862)</b>	1,044
<b>Other comprehensive (loss)/income</b>		
Items that may be reclassified subsequently to profit or loss		
— Currency translation differences	(2,432)	(6,568)
— Translation reserve released upon disposal of subsidiaries	—	365
	<b>(2,432)</b>	(6,203)
<b>Total comprehensive loss for the year</b>	<b>(24,294)</b>	(5,159)
<b>Total comprehensive loss for the year attributable to:</b>		
Owners of the Company	(24,879)	(30,621)
Non-controlling interests	585	25,462
	<b>(24,294)</b>	(5,159)

The notes on pages 52 to 139 are an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000 (Restated)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	345	1,171
Right-of-use assets	18	2,896	1,728
		<b>3,241</b>	2,899
<b>Current assets</b>			
Inventories	19	2,080	–
Trade and other receivables and prepayments	20	293,641	276,605
Cash and cash equivalents	21	25,236	25,230
		<b>320,957</b>	301,835
<b>Total assets</b>		<b>324,198</b>	304,734
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	22	5,569	5,569
Other reserves	23	401,169	403,971
Accumulated losses		(346,862)	(324,785)
		<b>59,876</b>	84,755
Non-controlling interests	16	7,136	1,039
<b>Total equity</b>		<b>67,012</b>	85,794

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000 (Restated)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long service payment obligation		93	65
Lease liabilities	30	1,654	922
Deferred tax liabilities	32	24	7
		<b>1,771</b>	<b>994</b>
<b>Current liabilities</b>			
Trade and other payables	25	24,366	14,770
Current income tax liabilities		767	755
Amount due to a director	26	25,390	1,000
Amounts due to related parties	26	8,366	5,061
Amounts due to non-controlling shareholders of subsidiaries	26	574	16
Borrowings	27	13,387	13,387
Bond payables	28	–	29,845
Derivative financial liabilities	29	103	1,537
Convertible loan notes	29	146,829	136,221
Lease liabilities	30	1,267	833
Contract liabilities	31	34,366	14,521
		<b>255,415</b>	<b>217,946</b>
<b>Total liabilities</b>		<b>257,186</b>	<b>218,940</b>
<b>Net current assets</b>		<b>65,542</b>	<b>83,889</b>
<b>Total assets less current liabilities</b>		<b>68,783</b>	<b>86,788</b>
<b>Total equity and liabilities</b>		<b>324,198</b>	<b>304,734</b>

The notes on pages 52 to 139 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 46 to 139 were approved by the Directors on 11 April 2025 and are signed on its behalf by:

**Yuan Hongbing**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	NOTES	Attributable to owners of the Company				Non-controlling interests HK\$'000	Total HK\$'000
		Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
<b>Balance at 1 January 2023</b>		5,569	415,273	(306,816)	114,026	(12,760)	101,266
Loss for the year		–	–	(24,256)	(24,256)	25,300	1,044
Other comprehensive (loss)/income							
Currency translation differences	23	–	(6,730)	–	(6,730)	162	(6,568)
Translation reserve released upon deregistration of a subsidiary	23	–	365	–	365	–	365
<b>Total comprehensive loss for the year</b>		–	(6,365)	(24,256)	(30,621)	25,462	(5,159)
Acquisition of non-controlling interests of a subsidiary		–	(14)	–	(14)	(24,486)	(24,500)
Default interest of convertible loan notes partially waived by a shareholder	23	–	1,364	–	1,364	–	1,364
Capital injection by non-controlling interests		–	–	–	–	53	53
Appropriation to statutory reserve	23	–	1,143	(1,143)	–	–	–
Dividends paid to non-controlling shareholders of subsidiaries		–	–	–	–	(5,369)	(5,369)
Disposal of subsidiaries	35	–	(7,430)	7,430	–	18,139	18,139
<b>Balance at 31 December 2023</b>		5,569	403,971	(324,785)	84,755	1,039	85,794
Loss for the year		–	–	(22,602)	(22,602)	740	(21,862)
Other comprehensive loss							
Currency translation differences	23	–	(2,277)	–	(2,277)	(155)	(2,432)
<b>Total comprehensive loss for the year</b>		–	(2,277)	(22,602)	(24,879)	585	(24,294)
Capital injection by non-controlling interests		–	–	–	–	5,316	5,316
Acquisition of subsidiaries		–	–	–	–	211	211
Deregistration of subsidiaries	23	–	(525)	525	–	(15)	(15)
<b>Balance at 31 December 2024</b>		5,569	401,169	(346,862)	59,876	7,136	67,012

Details regarding the other reserves are set out in Note 23.

The notes on pages 52 to 139 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	33(a)	9,170	(278,879)
Interest received		533	1,494
Income tax paid		(1,674)	(559)
Net cash generated from/(used in) operating activities		8,029	(277,944)
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		483	7
Purchases of property, plant and equipment		(72)	(280)
Proceeds of consideration receivable arising from disposal of subsidiaries in prior year		–	13,715
Refund of deposits paid for potential acquisitions		–	258,418
Net cash outflow on disposal of subsidiaries	35	–	(12,721)
Net cash inflow arising from acquisition of subsidiaries	34	178	–
Net cash generated from investing activities		589	259,139
<b>Cash flows from financing activities</b>			
Advance from related parties	33(b)	3,573	587
Advance from a director	33(b)	25,007	5,000
Repayments to a director	33(b)	(162)	(4,000)
Advance from non-controlling shareholders of subsidiaries	33(b)	570	16
Advance from an associate	33(b)	–	11,430
Repayments to an associate	33(b)	–	(11,430)
Loan proceeds from other borrowings	33(b)	–	3,000
Repayments of other borrowings	33(b)	–	(159)
Distribution made to non-controlling shareholders of subsidiaries upon deregistration of subsidiaries		(15)	–
Capital injection from non-controlling shareholders of subsidiaries		5,316	53
Dividends paid to non-controlling shareholders of subsidiaries		–	(5,369)
Repayment of bond payables	33(b)	(29,774)	–
Repayment of lease liabilities	33(b)	(1,900)	(2,222)
Interest paid on leases liabilities	33(b)	(113)	(142)
Net cash generated from/(used in) financing activities		2,502	(3,236)
Net increase/(decrease) in cash and cash equivalents		11,120	(22,041)
Cash and cash equivalents at the beginning of the year	21	25,230	49,238
Effect of foreign exchange rate changes		(11,114)	(1,967)
<b>Cash and cash equivalents at the end of the year</b>	21	25,236	25,230

The notes on pages 52 to 139 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 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 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The directors consider the Company’s immediate and ultimate holding company to be Oriental Gold Honour Joy International Holdings Limited (the “**Oriental Gold**”), a company incorporated in the British Virgin Islands (the “**BVI**”).

The address of the registered office of the Company is Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the address of the Company’s principal place of business is Suite 2601–2603, 26/F, Shui On Centre, 6–8 Harbour Road, Wan Chai, Hong Kong.

The Company and its subsidiaries (together, the “**Group**”) are engaged in energy business which comprises mainly the trading of energy-related products, operation of digital trading parks, trading of other products and drilling services. The Group has operations mainly in the People’s Republic of China (the “**PRC**” or “**China**”).

The Company’s functional currency is Renminbi (“**RMB**”). The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) as the directors are of the view that HK\$ is appropriate presentation currency for the users of the Group’s consolidated financial statements given that the shares of the Company are listed on the Stock Exchange.

## 2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

### (a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institutes of Certified Public Accountants (the “**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosure set out in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

### (a) Amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

#### ***Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”)***

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The following is the impact of the application of the amendments:

#### ***Convertible instruments with conversion options not meeting “fixed for fixed criterion” and accounted separately as host debt and derivative components***

The Group's outstanding convertible instruments include counterparty conversion options that do not meet equity instruments classification by applying HKAS 32. The host debt component is measured at amortised cost and derivative component (including the conversion options) is measured at fair value. Upon the application of the 2020 Amendments, given that the conversion options are exercisable by the holders anytime, the host liability as at 31 December 2023 is reclassified to current liabilities as the holders have the options to convert within twelve months after the reporting period and the derivative component as at 31 December 2023 continues to be classified as current. The application of the 2020 Amendments has no impact on the classification of the Group's liabilities as at 1 January 2023 and 31 December 2024.

Except as described above, the application of the 2020 Amendments has no other material impact on the classification of the Group's other liabilities. The change in accounting policy does not have impact to the Group's profit or loss, other comprehensive income, loss per share, or the consolidated statements of cash flows for the current and prior years presented. The details of the impacts on each financial statement line item on the consolidated statement of financial position and the statement of financial position of the Company arising from the application of the amendments are set out below. Comparative figures have been restated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

### (a) Amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

*Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) (Continued)*

#### Consolidated statement of financial position

	At 31 December 2023 (Originally stated) HK\$'000	Adjustments HK\$'000	At 31 December 2023 (Restated) HK\$'000
<b>Non-current liabilities</b>			
Convertible loan notes	136,221	(136,221)	–
<b>Current liabilities</b>			
Convertible loan notes	–	136,221	136,221
<b>Net current assets</b>	220,110	(136,221)	83,889
<b>Total assets less current liabilities</b>	223,009	(136,221)	86,788

#### Statement of financial position of the Company

	At 31 December 2023 (Originally stated) HK\$'000	Adjustments HK\$'000	At 31 December 2023 (Restated) HK\$'000
<b>Non-current liabilities</b>			
Convertible loan notes	136,221	(136,221)	–
<b>Current liabilities</b>			
Convertible loan notes	–	136,221	136,221
<b>Net current liabilities</b>	(104,413)	(136,221)	(240,634)
<b>Total assets less current liabilities</b>	162,477	(136,221)	26,256

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 2 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

### (b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of these amendments to HKFRSs, which are not yet effective, will have no material impact on the consolidated financial statements in the foreseeable future.

#### ***HKFRS 18 Presentation and Disclosure in Financial Statements***

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### Basis of preparation of consolidated financial statements

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in Note 5 to the consolidated financial statements.

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

### Going concern basis

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that, the Group incurred a loss attributable to the owners of the Company of HK\$22,602,000 for the year ended 31 December 2024 and, as at 31 December 2024, the Company’s convertible loan notes of HK\$146,829,000 is classified as current liabilities as it would be redeemed on 17 July 2025.

As at 31 December 2024, the cash and cash equivalents of the Group amounted HK\$25,236,000 and majority balance of HK\$24,912,000 was mainly held in the PRC, which remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

In view of the above circumstances, the directors of the Company have performed an assessment and consider it is appropriate for the preparation of the consolidated financial statements on a going concern basis after taking into account of the following circumstances and measures to be implemented:

- (a) The directors of the Company have been in active negotiation with its convertible loan notes holder to adjust the conversion price and modify other terms of the convertible loan notes. Such proposed modifications, upon agreed by the Company and convertible loan notes holder, would be subject to extraordinary general meeting approval. Up to the date of approval of these consolidated financial statements, the Group has not been formally entered into any revised written agreement with the convertible loan notes holder. The directors of the Company do not expect the adjusted conversion price and other terms could not be mutually agreed with the convertible loan notes holder; and
- (b) The directors of the Company have reviewed the Group’s cash flow projection prepared by management, which includes revenue and expenditure growth of the business and working capital needs. The directors of the Company will closely monitor the financial position of the Group and make every effort to generate adequate cash flows from its continuing operations. They are of the opinion that, after taking into account the measures to be implemented and has been implemented, the Group will have sufficient working capital to finance its operation and to meet its financial obligations for at least the next twelve months from the date of approval of these consolidated financial statements.

The directors of the Company consider that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of these consolidated financial statements.

Accordingly, the consolidated financial statements have been prepared on a going concern basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Material accounting policy information

#### 3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.1 Basis of consolidation *(Continued)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

### 3.2 Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.3 Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**").

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

### 3.4 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.4 Investments in associates *(Continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

### 3.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### 3.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's board of directors that makes strategic decision.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.7 Foreign currency translation

#### (a) *Functional currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”).

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in statement of profit or loss within ‘Other losses — net’, unless they are related to borrowings which are presented in ‘finance costs’.

#### (c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

On the disposal of the foreign operation involving loss of control over subsidiaries, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.8 Property, plant and equipment

Property, plant and equipment including plant and machinery, furniture, fixtures and office equipment, leasehold improvements and motor vehicles is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss for the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

— Plant and machinery	5–10 years
— Furniture, fixtures and office equipment	3–5 years
— Leasehold improvements	Shorter of 5 years or remaining lease term
— Motor vehicles	4–7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other losses — net' in the consolidated statement of profit or loss.

### 3.9 Impairment of non-financial assets excluding goodwill

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels (cash-generating units) for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.10 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### *Financial assets*

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Amortised cost and interest income**

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

The Group's financial assets at amortised cost includes trade and other receivables (Note 20) and cash and cash equivalents (Note 21).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.10 Financial instruments *(Continued)*

#### *Financial assets (Continued)*

##### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### **Impairment of financial assets**

The Group performed impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade and other receivables, amounts due from non-controlling shareholders of a subsidiary and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-months ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these debtors with high credit risk are assessed individually and the remaining is assessed using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### *(i) Significant increase in credit risk*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.10 Financial instruments *(Continued)*

#### *Financial assets (Continued)*

#### **Impairment of financial assets** *(Continued)*

##### *(i) Significant increase in credit risk (Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.10 Financial instruments *(Continued)*

#### *Financial assets (Continued)*

#### **Impairment of financial assets** *(Continued)*

##### *(ii) Definition of default*

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### *(iii) Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

##### *(iv) Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.10 Financial instruments *(Continued)*

#### *Financial assets (Continued)*

#### **Impairment of financial assets *(Continued)***

##### *(v) Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.10 Financial instruments *(Continued)*

#### *Financial assets (Continued)*

##### **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### *Financial liabilities and equity*

##### **Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### **Financial liabilities at amortised cost**

Financial liabilities including borrowings, trade and other payables, bond payables, amounts due to a director, related parties and non-controlling shareholders of subsidiaries and convertible loan notes are subsequently measured at amortised cost, using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.10 Financial instruments *(Continued)*

#### *Financial liabilities and equity (Continued)*

##### **Convertible loan notes contain debt and derivative components**

A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative.

At the date of issue, both the liability component and derivative component are recognised at fair value. In subsequent periods the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the debt portion and amortised over the period of the convertible loan notes using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.10 Financial instruments *(Continued)*

#### *Financial liabilities and equity (Continued)*

##### **Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss, except for transaction with owners of the Company in their capacity as owners of the Company.

When the contractual terms of convertible loan notes are modified, extending the tenure and changing in conversion price of the convertible loan notes, the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable, including any liabilities assumed and derivative components recognised, is recognised in profit or loss.

### 3.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 3.12 Share capital

Ordinary shares are classified as equity (Note 22).

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs; except for transaction with owners of the Company in their capacity as owners of the Company.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### 3.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred.

### 3.15 Taxation

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.15 Taxation *(Continued)*

#### (a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (b) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary difference. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.16 Employee benefits

The Group participates in defined contribution retirement schemes administered by local governments in different cities of the PRC (the “**Central Schemes**”). The Group and the employees are required to make cash contributions calculated at certain percentages of the employees’ basic salaries to the Central Schemes. The assets of the schemes are held separately from those of the Group in independently administered funds.

The Group also operates the mandatory provident fund scheme (the “**MPF Scheme**”) for its Hong Kong staff. The MPF Scheme is a defined contribution retirement benefit scheme administered by independent trustees. Contributions from the employer are vested in the employees as soon as they are paid to relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to a few exceptions. The assets of the schemes are held separately from those of the Group in independently administered funds.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For the LSP under the Hong Kong Employment Ordinance, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group’s defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan’s benefit formula. However, if an employee’s service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group’s MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.17 Share-based payments

#### *Share options granted to employees*

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity (share option reserve). The total amount to be expensed is determined by reference to the fair value of the options granted. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, together with the related amount included in share option reserve are credited to share capital and share premium account accordingly. Where the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

#### *Share options granted to consultants*

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

### 3.18 Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents goods or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.18 Revenue recognition *(Continued)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

#### *Output method*

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

#### *Principal versus agent*

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. direct sales in which the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified goods or service before that goods or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or service by another party. In this case, the Group does not control the specified goods or service provided by another party before that goods or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

#### *Revenue from contracts with customers*

##### **(a) Trading of energy-related products and other products**

Revenue is recognised at a point in time when the control over the products is transferred after the Group has delivered the products sold to the location as specified in the contract and the customer has accepted the products.

A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue is measured at the amount receivable under the sales contract.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.18 Revenue recognition *(Continued)*

#### (b) Income from drilling services

Revenue arising from drilling services is recognised when services are performed.

#### (c) Service fee for operation of digital energy trading parks

Revenue from provision of accounting and administrative services is recognised in the accounting period in which the services are rendered. Revenue is recognised over time when the Group transfers control of the services over time, based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and consumes the benefits simultaneously.

### 3.19 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 3.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are recognised as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.21 Leases

#### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *The Group as a lessee*

#### **Allocation of consideration to components of a contract**

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

#### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

#### **Right-of-use assets**

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.21 Leases *(Continued)*

#### *The Group as a lessee (Continued)*

##### **Lease liabilities**

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.21 Leases *(Continued)*

#### *The Group as a lessee (Continued)*

##### **Lease modifications**

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

### 3.22 Inventories

Trading goods are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts (if any). Costs of energy-related products are assigned to individual items of inventory based on first-in, first-out (“**FIFO**”) method, while cost of other trading products are assigned by using weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.23 Related parties

A related party is a person or entity that is related to the Group that is preparing its financial statements as follows:

- (a) The party is a person or a close member of that person's family and that person;
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) The party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4 FINANCIAL INSTRUMENTS

### 4.1 Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
<b>Financial assets at amortised cost</b>		
Trade and other receivables and prepayments (excluding prepayments to suppliers, prepaid expenses, value-added tax receivables and deposits paid)	81,079	145,085
Cash and cash equivalents	25,236	25,230
	<b>106,315</b>	<b>170,315</b>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables (excluding accrued expenses, other tax payables and accrued salaries)	13,013	7,688
Amount due to a director	25,390	1,000
Amounts due to related parties	8,366	5,061
Amounts due to non-controlling shareholders of subsidiaries	574	16
Borrowings	13,387	13,387
Bond payables	—	29,845
Convertible loan notes	146,829	136,221
	<b>207,559</b>	<b>193,218</b>
<b>Financial liabilities at fair value</b>		
Derivative financial liabilities	103	1,537
	<b>207,662</b>	<b>194,755</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4 FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### *(a) Market risk*

##### **(i) Foreign exchange risk**

The Group mainly operates in the PRC and is exposed to foreign currency risk arising from fluctuation in RMB. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. There is an insignificant material foreign exchange risk noted for the Group as the transactions of the Company are mainly denominated in RMB, which is the functional currency of the Company, and the operations and customers of the Group's subsidiaries are located in the PRC with most of the operating assets and transactions denominated and settled in RMB, which are the functional currencies of the Group's subsidiaries.

##### **(ii) Interest rate risk**

Except for cash at bank (Note 21), the Group has no other significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

The Group's interest rate risk mainly arises from bond payables and debt component of convertible loan notes. Interest on bond payables and debt component of convertible loan notes are charged at fixed rates which expose the Group to fair value interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

#### *Sensitivity analysis*

At 31 December 2024, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variable held constant, would increase/decrease the Group's loss by approximately HK\$1,468,000 (2023: increase/decrease loss by approximately HK\$1,661,000). The above sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the next financial year. The analysis was performed on the same basis in respect of the prior year ended 31 December 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4 FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Financial risk management objectives and policies *(Continued)*

#### *(b) Credit risk*

The Group's credit risk is primarily attributable to its trade receivables. The Group is exposed to concentration of credit risk as a substantial portion of its trade receivables is generated from a limited number of customers. The top one (2023: two) trade receivables of the Group accounted for about 100% of the Group's trade receivables as at 31 December 2024, of which an aggregate carrying amount of HK\$78,551,000 (2023: HK\$144,295,000) are not past due at the end of reporting period.

In order to minimise the credit risk, the Group manages its credit risk by closely monitoring the granting of credit period and credit limit and follow-up action is taken to recover overdue debts. The Group reviews the recoverable amount of each individual trade receivable on an aging basis throughout each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forward-looking information.

Trade receivables that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4 FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Financial risk management objectives and policies *(Continued)*

#### *(b) Credit risk (Continued)*

Majority of the Group's revenue is received from individual customers in relation to trading of energy- related products. The Group's trade receivables arise from sales to the customers of this business. As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed individually within lifetime ECL (not credit- impaired).

	2024			2023		
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Not past due	–	78,551	–	–	144,295	–

An impairment analysis is performed at each reporting date on each debtor to measure expected credit losses individually. The expected loss rate reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. Up to the date of approval of the consolidated financial statements, the outstanding balance of trade receivables at 31 December 2024 amounted to HK\$78,551,000 was fully settled by the customers subsequent to 31 December 2024.

For the year ended 31 December 2024, no impairment loss or reversal of impairment loss of trade receivables was recognised by the Group. For the year ended 31 December 2023, the Group recognised reversal of impairment loss of trade receivables amounted to HK\$89,000.

No provision of loss allowance for credit- impaired debtors was made by the Group as at 31 December 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4 FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Financial risk management objectives and policies *(Continued)*

#### *(b) Credit risk (Continued)*

Movements in the provision for impairment loss of trade receivables are as follows:

	2024 Lifetime ECL (not credit- impaired) HK\$'000	2023 Lifetime ECL (not credit- impaired) HK\$'000
At 1 January	–	89
Reversal of impairment loss recognised in prior year	–	(89)
At 31 December	–	–

The credit quality of other receivables excluding prepayments has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The directors are of the opinion that the credit risk of other receivables is low due to the sound collection history of the receivables due from them except that an other receivables amounted HK\$200,000 was written off during the year ended 31 December 2024. Based on the assessment, the Group's management concluded that expected credit loss rate of the remaining other receivables is minimal and no provision in this respect was made as of 31 December 2024 and 2023.

The credit risk on cash and cash equivalents is low because the counterparties are banks with high credit- ratings and reputable banks in Hong Kong and the PRC.

#### *(c) Liquidity risk*

In the management of liquidity risk, the Group's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4 FINANCIAL INSTRUMENTS (Continued)

### 4.2 Financial risk management objectives and policies (Continued)

#### (c) Liquidity risk (Continued)

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

	Contractual undiscounted cash outflow				Carrying amount
	Within 1 year or on demand	After 1 year but within 2 years	After 2 years but within 5 years	Total	
Non-derivative financial liabilities	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>At 31 December 2024</i>					
Trade and other payables (excluding non-financial liabilities)	13,013	—	—	13,013	13,013
Amount due to a director	25,390	—	—	25,390	25,390
Amounts due to related parties	8,366	—	—	8,366	8,366
Amounts due to non-controlling shareholders of subsidiaries	574	—	—	574	574
Borrowings	13,387	—	—	13,387	13,387
Convertible loan notes	152,908	—	—	152,908	146,829
Lease liabilities	1,394	1,216	505	3,115	2,921

	Contractual undiscounted cash outflow				Carrying amount
	Within 1 year or on demand	After 1 year but within 2 years	After 2 years but within 5 years	Total	
Non-derivative financial liabilities	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Restated)	(Restated)	(Restated)		(Restated)
<i>At 31 December 2023</i>					
Trade and other payables (excluding non-financial liabilities)	7,688	—	—	7,688	7,688
Amount due to a director	1,000	—	—	1,000	1,000
Amounts due to related parties	5,061	—	—	5,061	5,061
Amount due to a non-controlling shareholder of a subsidiary	16	—	—	16	16
Borrowings	13,387	—	—	13,387	13,387
Bond payables	30,141	—	—	30,141	29,845
Convertible loan notes	152,908	—	—	152,908	136,221
Lease liabilities	890	347	634	1,871	1,755

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4 FINANCIAL INSTRUMENTS *(Continued)*

### 4.3 Fair value estimation

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

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

#### *Financial assets and liabilities*

Except for the derivative financial liabilities as set out below, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4 FINANCIAL INSTRUMENTS *(Continued)*

### 4.3 Fair value estimation *(Continued)*

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

Financial liabilities	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	2024 HK\$'000	2023 HK\$'000		
Derivative financial liabilities	103	1,537	Level 3	Binomial tree pricing model with significant unobservable inputs detailed in Note 29.

There were no transfers between levels 1, 2 and 3 during the year.

### 4.4 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. In addition, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts. The Group's overall strategy remains unchanged from that of the prior year.

The capital structure of the Group consists of debt and equity attributable to the owners of the Company, comprising issued share capital, share premium, reserves and accumulated losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

#### (a) *Principal versus agent consideration*

The Group engages in general trading of which involved trading of energy-related products. The Group assessed whether the Group should recognise revenue on net basis based on the requirements in HKFRS 15. When the Group satisfies the performance obligation, the Group recognises revenue on a gross basis. The Group determined that it acted as a principal in the trading of energy-related products as it controlled the underlying goods before they were transferred to the Group's customers based on the below fact pattern and judgement:

- The Group is responsible for fulfilling the terms of sales and purchase agreements and dealing with any disputes relating to the sales and purchase transactions, separately;
- Goods were shipped from suppliers to an agreed destination where customers could pick up directly. For trading of energy-related products, the control of the goods were transferred from suppliers to the Group and then to customers, when the goods are accepted by the Group and customers at the pick up place, respectively;
- The Group is primarily responsible for the acceptability of the specified good (e.g. customer's rejection to accept the goods) and shall be obliged to rectify warranty or service issues associated with the goods sold to the customers (e.g. handling of complaints and returns) irrespective of the Group's ability to shift such warranty or return the goods to the supplier;
- The transaction prices were determined separately based on negotiations with customers and suppliers.

### Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

### Key sources of estimation uncertainty *(Continued)*

#### *(a) Provision of ECL for trade receivables*

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group of receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward-looking information. Management has closely monitored the credit qualities and the collectability of the trade receivables. Trade receivables in financial difficulties are assessed individually for impairment to determine whether specific loss allowance provisions are required.

For the year ended 31 December 2024, the Group assessed the credit risk for trade receivables based on provision matrix within lifetime ECL (not credit-impaired), and no impairment loss or reversal of impairment loss was recognised (2023: reversal of impairment loss of HK\$89,000).

The information about provision of ECL for the Group's trade receivables are disclosed in Notes 4.2(b) and 20.

#### *(b) Current tax and deferred tax*

The Group is subject to income taxes in the PRC and in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. Management of the Group will revise the expectation where the applicable tax rate is expected to be different from the original expectation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 6 REVENUE

An analysis of the Group's revenue from contracts with customers for the year is as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Revenue recognised at point in time:</b>		
Trading of energy-related products	1,198,999	1,291,246
Trading of other products	57,444	–
<b>Revenue recognised overtime:</b>		
Operation of digital energy trading parks	18,896	20,000
	<b>1,275,339</b>	<b>1,311,246</b>

## 7 SEGMENT INFORMATION

The Company's board of directors are 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 consider the business from business lines perspective, and assesses the performance of the Group in three business segments, (1) energy business which comprises mainly the trading of energy-related products;(2) operation of digital energy trading parks; and (3) other business, including drilling services and trading of other products.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss from each segment without allocation of finance income or costs, gain on disposal of subsidiaries, loss/gain on change in fair value of derivative financial liabilities, net foreign exchange losses and share of loss of an associate, and the unallocated operating expenses since these activities are driven by the central function and the related income or expenses are individual between segments.

The Group's cash and cash equivalents and certain amount of right-of-use assets and trade and other receivables and prepayments are not considered to be segment assets for reporting to the board of directors as they are managed on a central basis.

The Group's bond payables, borrowings, amounts due to non-controlling shareholders of subsidiaries, a director, and related parties, convertible loan notes, derivative financial liabilities, long service payment obligation, current income tax liabilities, deferred tax liabilities and certain amount of lease liabilities and trade and other payables are not considered to be segment liabilities for reporting to the board of directors as they are managed on a central basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 7 SEGMENT INFORMATION *(Continued)*

Segment information is as follows:

	2024			
	Energy business HK\$'000	Others HK\$'000	Operation of digital energy trading parks HK\$'000	Total HK\$'000
External segment revenue	1,198,999	57,444	18,896	1,275,339
<b>Segment profit/(loss)</b>	<b>3,657</b>	<b>(1,980)</b>	<b>5,849</b>	<b>7,526</b>
Gain on change in fair value of derivative financial liabilities				1,434
Unallocated net foreign exchange loss				(5,714)
Unallocated operating expenses				(12,923)
Operating loss				(9,677)
Finance costs — net				(10,482)
Loss before income tax				(20,159)
Income tax expense				(1,703)
Loss for the year				(21,862)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 7 SEGMENT INFORMATION (Continued)

	2024				
	Energy business HK\$'000	Others HK\$'000	Operation of digital energy trading parks HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment (Note 17)	11	25	160	–	196
Depreciation of right-of-use assets (Note 18)	227	–	685	915	1,827
Loss on early termination of right-of-use assets (Note 11)	–	–	56	–	56
Impairment loss on other receivables (Note 20)	–	–	–	200	200
Loss on disposal of property, plant and equipment (Note 11)	–	194	3	–	197
<b>Assets</b>					
<b>As at 31 December</b>					
Assets	261,274	31,896	884	30,144	324,198
<b>Liabilities</b>					
<b>As at 31 December</b>					
Liabilities	2,208	30,762	16,069	208,147	257,186

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 7 SEGMENT INFORMATION *(Continued)*

	2023			
	Energy business HK\$'000	Drilling services HK\$'000	Operation of digital energy trading parks HK\$'000	Total HK\$'000
External segment revenue	1,291,246	–	20,000	1,311,246
<b>Segment profit/(loss)</b>	5,691	(104)	9,991	15,578
Gain on disposal of subsidiaries (Note 35)				14,753
Loss on change in fair value of derivative financial liabilities				(633)
Unallocated net foreign exchange loss				(2,144)
Unallocated operating expenses				(12,031)
Share of loss of an associate				(578)
Operating profit				14,945
Finance costs — net				(12,672)
Profit before income tax				2,273
Income tax expense				(1,229)
Profit for the year				1,044

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 7 SEGMENT INFORMATION (Continued)

	2023				
	Energy business HK\$'000	Drilling services HK\$'000	Operation of digital energy trading parks HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment (Note 17)	80	102	325	–	507
Depreciation of right-of-use assets (Note 18)	–	–	1,229	982	2,211
Reversal of impairment loss on trade receivables (Note 20)	(89)	–	–	–	(89)
Loss on disposal of property, plant and equipment (Note 11)	–	–	1	–	1
<b>Assets</b>					
<b>As at 31 December</b>					
Assets	274,897	707	2,536	26,594	304,734
<b>Liabilities</b>					
<b>As at 31 December</b>					
Liabilities	823	8	20,937	197,172	218,940

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

	2024 HK\$'000	2023 HK\$'000
PRC	1,274,253	1,311,246
HK	1,086	–
	1,275,339	1,311,246



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 7 SEGMENT INFORMATION *(Continued)*

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

	2024 HK\$'000	2023 HK\$'000
Revenue from energy business:		
Revenue from Customer A	545,874	296,790
Revenue from Customer B	330,949	463,934
Revenue from Customer C	310,805	288,242
Revenue from Customer D	N/A <sup>(1)</sup>	242,182

Notes:

<sup>(1)</sup> The revenue from Customer D for the year ended 31 December 2024 did not contribute over 10% of the total revenue of the Group for the year.

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

	2024 HK\$'000	2023 HK\$'000
The PRC	1,019	2,412
Hong Kong	2,222	487
	3,241	2,899

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 8 EXPENSES BY NATURE

	Notes	2024 HK\$'000	2023 HK\$'000
Cost of goods sold		1,251,590	1,283,739
Cost of services		3,793	3,140
Storage fees		287	—
Employee benefit expense (including directors' emoluments)	9	17,717	17,498
Short-term lease expense		61	57
Utilities		87	109
Depreciation — property, plant and equipment	17	196	507
Depreciation — right-of-use assets	18	1,827	2,211
Repairs and maintenance expenses		50	74
Legal and professional fees		2,875	3,218
Auditor's remuneration — audit services		1,300	1,300
Auditor's remuneration — non-audit services		150	150
Other local taxes paid		1,590	1,696
Other expenses		4,309	7,355
Total cost of sales, administrative expenses and distribution expenses		1,285,832	1,321,054
Analysed for reporting purposes:			
Cost of sales		1,255,383	1,286,879
Administrative expenses		25,993	27,912
Distribution expenses		4,456	6,263
		1,285,832	1,321,054

## 9 EMPLOYEE BENEFIT EXPENSE

	2024 HK\$'000	2023 HK\$'000
Wages and salaries	15,137	14,648
Social security and retirement benefit cost	2,246	2,366
Other staff welfare	334	484
Total employee benefit expense	17,717	17,498

At 31 December 2024, the Group had no forfeited contributions to retirement schemes which are available to reduce its contributions in future years (2023: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9 EMPLOYEE BENEFIT EXPENSE *(Continued)*

### (a) Directors' emoluments

The above total employee benefit expense includes directors' remuneration, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, as follows:

For the year ended 31 December 2024:

Name	Employer's contribution to a retirement benefit scheme			
	Fees HK\$'000	Salaries HK\$'000	benefit scheme HK\$'000	Total HK\$'000
<i>Executive directors</i>				
Yuan Hongbing	–	1,440	88	1,528
Han Jinfeng (i)	–	–	–	–
<i>Non-executive director</i>				
Chen Yunwei	–	–	–	–
Cao Yuqi (ii)	–	–	–	–
<i>Independent non-executive directors</i>				
Jiang Hao	180	–	–	180
Mak Ting Sang	180	–	–	180
Tche Heng Hou Kevin	180	–	–	180
<b>Total</b>	<b>540</b>	<b>1,440</b>	<b>88</b>	<b>2,068</b>

Notes:

- (i) Mr. Han Jinfeng resigned as an executive director of the Company with effect from 13 September 2024.
- (ii) Ms. Cao Yuqi was appointed as non-executive director of the Company with effect from 6 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9 EMPLOYEE BENEFIT EXPENSE *(Continued)*

### (a) Directors' emoluments *(Continued)*

For the year ended 31 December 2023:

Name	Fees HK\$'000	Salaries HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	Total HK\$'000
<i>Executive directors</i>				
Han Jinfeng	—	—	—	—
Lin Caihuo (i)	—	—	—	—
Yuan Hongbing	—	1,440	45	1,485
<i>Non-executive director</i>				
Chen Yunwei	140	—	—	140
<i>Independent non-executive directors</i>				
Jiang Hao	180	—	—	180
Mak Ting Sang	180	—	—	180
Tche Heng Hou Kevin	180	—	—	180
<b>Total</b>	<b>680</b>	<b>1,440</b>	<b>45</b>	<b>2,165</b>

Notes:

- (i) Mr. Lin Caihuo retired as an executive director of the Company by rotation with effect from 16 June 2023, as the proposed ordinary resolution for the re-election of Mr. Lin Caihuo was not passed at the annual general meeting.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9 EMPLOYEE BENEFIT EXPENSE *(Continued)*

### (b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2023: Nil).

### (c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, the Company did not pay consideration to any third parties for making available directors' services (2023: Nil).

### (d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2024, there is no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors (2023: Nil).

### (e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

### (f) The executive directors' emoluments shown above were of their services in connection with the management of the affairs of the Company and the Group.

### (g) The emoluments of the non-executive directors' and independent non-executive directors shown above were for the services as directors of the Company.

### (h) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2023: one) director whose emoluments are set out in Note 9(a). The emoluments payable to the remaining four (2023: four) individuals for the year are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits	1,716	1,615
Bonuses	28	28
Retirement benefit scheme contributions	50	56
	1,794	1,699

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9 EMPLOYEE BENEFIT EXPENSE *(Continued)*

### (h) Five highest paid individuals *(Continued)*

The emoluments fell within the following bands:

	Number of individuals 2024	Number of individuals 2023
Emolument bands (in HK\$)		
Within HK\$500,000	3	3
HK\$500,001–HK\$1,000,000	1	1

## 10 OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Government grant (Note)	5,546	13,166
Others	3	101
	5,549	13,267

Note: During the current year, the Group recognised unconditional government grant of HK\$5,546,000 (2023: HK\$13,166,000) provided by the PRC government, including value-added tax exemption of HK\$56,000, subsidies for stabilizing employment of HK\$28,000 and operation-related of digital energy trading parks of HK\$5,462,000 (2023: HK\$99,000 was related to consumption incentive granted by the local governments and HK\$13,067,000 was related to the operation of digital energy trading parks).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 11 OTHER LOSSES — NET

	2024 HK\$'000	2023 HK\$'000
Gain/(loss) on change in fair value of derivative financial liabilities (Note 29)	1,434	(633)
Net foreign exchange losses	(5,714)	(2,144)
Loss on disposal of property, plant and equipment	(197)	(1)
Loss on early termination of right-of-use assets	(56)	—
	<b>(4,533)</b>	<b>(2,778)</b>

## 12 FINANCE INCOME AND COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expense:		
— Convertible loan notes/amount due to a shareholder	(10,608)	(12,371)
— Bond payables	(293)	(1,651)
— Lease liabilities	(113)	(142)
— Long service payment obligation	(1)	(2)
Total finance costs	<b>(11,015)</b>	<b>(14,166)</b>
Bank interest income	533	383
Other interest income	—	1,111
Total finance income	<b>533</b>	<b>1,494</b>
Total finance costs — net	<b>(10,482)</b>	<b>(12,672)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 13 INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current income tax:		
— PRC Enterprise Income Tax	1,871	1,222
— Hong Kong Profits Tax	90	—
Over-provision in prior years:		
— PRC Enterprise Income Tax	(275)	—
	1,686	1,222
Deferred tax:		
— PRC Enterprise Income Tax	17	7
Income tax expense	1,703	1,229

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits, except for the first HK\$ 2,000,000 of the assessable profit of a subsidiary of the Company, which is calculated at 8.25% in accordance with the two-tiered tax rate regime, net of tax concession for the year ended 31 December 2024. No provision for Hong Kong Profits Tax for the year ended 31 December 2023 has been made in the consolidated financial statements as the Group did not have any estimated assessable profits for that year.

PRC Enterprise Income Tax 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% (2023: 25%).

According to the provisions of Ministry of Finance and State Taxation Administration Announcement [2023] No. 12 (財政部稅務總局公告2023年第12號), certain subsidiaries of the Group enjoy preferential income tax policies for the small and low profit enterprises for both years.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 13 INCOME TAX EXPENSE *(Continued)*

The income tax expense for the year can be reconciled to the Group's profit/(loss) before income tax per the consolidated statement of profit or loss, as follows:

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax	(20,159)	2,273
Tax calculated at domestic tax rates applicable in the jurisdiction concerned	(3,173)	1,216
Tax effect of expenses that are not deductible for tax purposes	3,945	4,508
Tax effect of income that are not taxable for tax purposes	(58)	(2,231)
Tax effect of share of loss of an associate	–	145
Tax effect of tax losses not recognised	2,480	1,127
Utilisation of tax losses not previously recognised	(116)	(1,256)
Tax effect of temporary differences not recognised	33	(22)
Over-provision in prior years	(275)	–
Effect of tax exemption and preferential rates granted to certain PRC subsidiaries	(1,133)	(2,258)
Income tax expense	1,703	1,229

## 14 DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2024 (2023: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 15 LOSS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
<b>Loss</b>		
Loss for the purpose of basic loss per share and diluted loss per share		
Loss for the year attributable to the owners of the Company	(22,602)	(24,256)
	<b>No. of shares '000</b>	No. of shares '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	4,455,021	4,455,021
Effect of dilutive potential ordinary shares:		
Convertible loan notes (Note a)	—	—
Share options (Note b)	—	—
Weighted average number of ordinary shares for the purpose of diluted loss per share	4,455,021	4,455,021
	<b>2024 HK Cents</b>	2023 HK Cents
Basic loss per share	(0.51)	(0.54)
Diluted loss per share	N/A	N/A

Notes:

- The computation of the diluted loss per share for the years ended 31 December 2024 and 2023 does not assume the conversion of the Company's outstanding convertible loan notes since their assumed exercise would result in a decrease in loss per share for the years ended 31 December 2024 and 2023.
- The computation of the diluted loss per share for the years ended 31 December 2024 and 2023 does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the years ended 31 December 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16 SUBSIDIARIES

### General information of subsidiaries

The following is a list of the principal subsidiaries of the Group at 31 December 2024 and 2023:

Company	Place of incorporation/ establishment / principal place of business	Particulars of issued share capital/ registered capital	Proportion of effective shareholding		Principal activities
			2024 (%)	2023 (%)	
Indirect subsidiaries:					
Jinhui (Hong Kong) Holdings Ltd. (香港（金滙）控股有限公司)	Hong Kong	HK\$1	100	100	Investment holding
Shandong Dadao Juneng Network Technology Co., Ltd.* (山東大道聚能網絡科技集團有限公司)	PRC	RMB5,000,000	51	51	Operation of digital energy trading parks
Ningxia Deru Petrochemical Co., Ltd.* (寧夏德儒石油化工有限公司)	PRC	RMB100,000,000	100	100	Trading of energy-related products
ZY Energy Holdings Limited (中氫能源控股有限公司)	Hong Kong	HK\$50,000,000	100	100	Trading of energy-related products
Shenzhen Hongke Supply Chain Co., Ltd* (深圳泓科供應鏈有限公司) (Note 34)	PRC	RMB20,000,000	51	N/A	Trading of agricultural products
Beijing Wanjia Innovation Trading Co., Ltd* (北京萬家創新商貿有限公司) (Note 34)	PRC	RMB10,000,000	51	N/A	Trading of deformed steel

Notes:

- None of the subsidiaries of the Group had issued any debt securities at the end of the reporting period or at any time during both years.
- The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or asset of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16 SUBSIDIARIES (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

Name of entities	Place of incorporation/ establishment/ principal place of business	Voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Shandong Dadao Juneng Network Technology Co., Ltd.	PRC	49%	49%	2,572	4,741	3,478	1,055
Tianjin Tanhao Energy Product. Co., Ltd. (Note 35)	PRC	N/A	N/A	–	20,533	–	–
Beijing Wanjia Innovation Trading Co., Ltd (Note 34)	PRC	49%	N/A	(1,234)	N/A	3,986	N/A
Individually immaterial subsidiaries with non-controlling interests				(598)	26	(328)	(16)
				740	25,300	7,136	1,039

Summarised consolidated financial information in respect of each of the Group's entities that has material non-controlling interests is set out below. The summarised consolidated financial information below represents amounts before intragroup eliminations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16 SUBSIDIARIES (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Shandong Dadao Juneng Network Technology Co., Ltd.

	2024 HK\$'000	2023 HK\$'000
Non-current assets	1,874	3,399
Current assets	24,224	19,778
Current liabilities	(16,216)	(19,086)
Non-current liabilities	–	(929)
Equity attributable to owners of the Company	6,404	2,107
Non-controlling interests	3,478	1,055
Revenue	24,450	34,300
Expenses	(19,213)	(23,919)
Profit for the year	5,237	10,381
Profit attributable to owners of the Company	2,665	5,640
Profit attributable to non-controlling interests	2,572	4,741
Profit for the year	5,237	10,381
Other comprehensive loss attributable to owners of the Company	(138)	(89)
Other comprehensive loss attributable to non-controlling interests	(134)	(85)
Other comprehensive loss for the year	(272)	(174)
Total comprehensive income for the year	4,965	10,207
Dividend paid to non-controlling interests	–	(5,369)
Net cash generated from operating activities	5,652	1,071
Net cash used in investing activities	(4,705)	(5,919)
Net cash used in financing activities	(791)	(11,867)
Net increase/(decrease) in cash and cash equivalents	156	(16,715)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16 SUBSIDIARIES (Continued)

### Beijing Wanjia Innovation Trading Co., Ltd

	2024 HK\$'000	2023 HK\$'000
Non-current assets	–	N/A
Current assets	11,235	N/A
Current liabilities	(3,100)	N/A
Non-current liabilities	–	N/A
Equity attributable to owners of the Company	4,149	N/A
Non-controlling interests	3,986	N/A
Revenue	34,681	N/A
Expenses	(37,199)	N/A
Loss for the year	(2,518)	N/A
Loss attributable to owners of the Company	(1,284)	N/A
Loss attributable to non-controlling interests	(1,234)	N/A
Loss for the year	(2,518)	N/A
Other comprehensive loss attributable to owners of the Company	(89)	N/A
Other comprehensive loss attributable to non-controlling interests	(86)	N/A
Other comprehensive loss for the year	(175)	N/A
Total comprehensive loss for the year	(2,693)	N/A
Dividend paid to non-controlling interests	–	N/A
Net cash used in operating activities	(5,834)	N/A
Net cash used in investing activities	–	N/A
Net cash generated from financing activities	5,836	N/A
Net increase in cash and cash equivalents	2	N/A

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 17 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Year ended 31 December 2024</b>					
Carrying amount at 1 January 2024	709	304	–	158	1,171
Additions, at cost	–	72	–	–	72
Disposals	(673)	(7)	–	–	(680)
Depreciation charge	(25)	(128)	–	(43)	(196)
Currency translation differences	(11)	(9)	–	(2)	(22)
<b>Carrying amount at 31 December 2024</b>	–	232	–	113	345
<b>At 31 December 2024</b>					
Cost	–	1,394	815	447	2,656
Accumulated depreciation and impairment	–	(1,162)	(815)	(334)	(2,311)
<b>Carrying amount</b>	–	232	–	113	345
	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Year ended 31 December 2023</b>					
Carrying amount at 1 January 2023	833	511	42	1,166	2,552
Additions, at cost	–	98	–	182	280
Disposals	–	(8)	–	–	(8)
Depreciation charge	(102)	(270)	(42)	(93)	(507)
Disposals of subsidiaries	–	(14)	–	(1,094)	(1,108)
Currency translation differences	(22)	(13)	–	(3)	(38)
<b>Carrying amount at 31 December 2023</b>	709	304	–	158	1,171
<b>At 31 December 2023</b>					
Cost	1,072	1,400	843	463	3,778
Accumulated depreciation and impairment	(363)	(1,096)	(843)	(305)	(2,607)
<b>Carrying amount</b>	709	304	–	158	1,171

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 17 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	2024 HK\$'000	2023 HK\$'000
<b>Depreciation charge analysed for reporting purpose:</b>		
Energy business	11	80
Operation of digital energy trading parks	160	325
Others	25	102
	<b>196</b>	<b>507</b>

Depreciation expenses for the year ended 31 December 2024 of HK\$196,000 (2023: HK\$507,000) have been charged in "administrative expenses".



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 18 RIGHT-OF-USE ASSETS

	<b>Leased properties</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cost</b>		
At 1 January	8,702	9,661
Additions	4,300	1,599
Derecognition upon expiration	(6,096)	(2,237)
Derecognition upon early termination	(1,551)	–
Currency translation difference	(1,121)	(321)
At 31 December	4,234	8,702
<b>Accumulated depreciation and impairment</b>		
At 1 January	(6,974)	(7,221)
Depreciation charge for the year	(1,827)	(2,211)
Derecognition upon expiration	6,096	2,237
Derecognition upon early termination	310	–
Currency translation difference	1,057	221
At 31 December	(1,338)	(6,974)
<b>Carrying amount</b>		
At 31 December	2,896	1,728
<b>Depreciation charge analysed for reporting purpose:</b>		
Energy business	227	–
Operation of digital energy trading parks	685	1,229
Unallocated	915	982
	1,827	2,211
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	61	57
Total cash outflow for leases	2,074	2,421

During year ended 31 December 2024, the Group leases offices for its operations. Lease contracts are entered into for fixed term of 2-3 years (2023: 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19 INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Trading deformed steel	2,080	–

At 31 December 2024, the carrying amount of inventories carried at the lower of cost and net realisable value amount to HK\$2,080,000 (2023: Nil).

## 20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
Trade receivables from third parties	78,551	144,295
Less: allowance for impairment of trade receivables	–	–
Trade receivables — net of impairment recognised	78,551	144,295
Other receivables	2,528	790
Value-added tax receivables	274	51
Trade and other receivables	81,353	145,136
Prepayments to suppliers	211,591	130,564
Deposits paid	511	511
Prepaid expenses	186	394
	293,641	276,605

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

### Trade receivables

The Group normally allows a credit period of 0–3 days (2023: 0–3 days) from invoice date to its customers and may further extend the credit period to selected customers depending on their trade volume and settlement history. As at 31 December 2024 and 2023, the aging analysis of trade receivables based on invoice date was as follows:

	2024 HK\$'000	2023 HK\$'000
0 to 30 days	78,551	144,295

Movements in provision for impairment loss of trade receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	–	89
Reversal of impairment loss for the year	–	(89)
At 31 December	–	–

In determining the expected credit loss of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted. The trade receivables past due but not provided for were either settled after the end of the reporting period or no historical default of payments by the respective customers.

As at 31 December 2024, included in the Group's trade receivables are receivables with the aggregate carrying amount of HK\$78,551,000 (2023: HK\$144,295,000), which were not past due and were fully settled after the end of the reporting period. The Group does not hold any collateral over these balances.

As at 31 December 2024, the Group's management concluded that expected credit loss rate of the other receivables is minimal and no provision in this respect was made (2023: Nil), except for the balance amounted HK\$200,000 was written off during the year ended 31 December 2024 as the balance has been overdue for certain time which the directors of the Company view it could not be recovered after continuous efforts made by the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 20 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

### Prepayments to suppliers

The Group's prepayments to suppliers are mainly related to the energy and other business. The Group makes prepayments to suppliers to secure the supply of relevant products. The prepayments are normally utilised within 30-180 days (2023: 30 days) after the dates of payment. Among the Group's prepayments to suppliers as at 31 December 2024, HK\$186,331,000 has been utilised up to the date of approval of these consolidated financial statements.

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

	2024 HK\$'000	2023 HK\$'000
At 1 January	885	31,805
Derecognised upon disposal of subsidiaries	—	(30,714)
Currency translation differences	(29)	(206)
At 31 December	856	885

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
RMB	81,242	144,935
HK\$	111	201
	81,353	145,136

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21 CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash on hand and at bank	25,236	25,230

The cash and cash equivalents are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
RMB	24,912	24,557
HK\$	322	671
US\$	2	2
	25,236	25,230

As at 31 December 2024, cash and cash equivalents, held in the PRC amounted to HK\$24,912,000 (2023: HK\$24,557,000). Remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

## 22 SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.00125 each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	16,000,000,000	20,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	4,455,020,888	5,569

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 23 OTHER RESERVES

	Share premium HK\$'000	Statutory reserve (note a) HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Capital reserve (note b) HK\$'000	Special reserve HK\$'000	Total HK\$'000
At 1 January 2023	321,958	7,223	(13,788)	74,748	25,132	–	415,273
Currency translation differences	–	–	(6,730)	–	–	–	(6,730)
Translation reserve released upon disposal of subsidiaries	–	–	365	–	–	–	365
Acquisition of non-controlling interests of a subsidiary	–	–	–	–	–	(14)	(14)
Default interest of convertible loan notes partially waived by a shareholder	–	–	–	–	1,364	–	1,364
Appropriation to statutory reserve	–	1,143	–	–	–	–	1,143
Disposal of subsidiaries	–	(5,675)	–	–	(1,755)	–	(7,430)
<b>At 31 December 2023</b>	<b>321,958</b>	<b>2,691</b>	<b>(20,153)</b>	<b>74,748</b>	<b>24,741</b>	<b>(14)</b>	<b>403,971</b>
At 1 January 2024	321,958	2,691	(20,153)	74,748	24,741	(14)	403,971
Currency translation differences	–	–	(2,277)	–	–	–	(2,277)
Deregistration of subsidiaries	–	(525)	–	–	–	–	(525)
<b>At 31 December 2024</b>	<b>321,958</b>	<b>2,166</b>	<b>(22,430)</b>	<b>74,748</b>	<b>24,741</b>	<b>(14)</b>	<b>401,169</b>

Notes:

- (a) Statutory reserve comprises statutory surplus reserve of the subsidiary companies in the PRC. The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserve from their profit for the year after offsetting accumulated losses carried forward from prior years as determined under the PRC accounting regulations and before distribution to shareholders. The percentages to be appropriated to such statutory reserve are determined according to the relevant regulations in the PRC at rate of 10% or at the discretion of the board of directors of the PRC subsidiaries, and further appropriation is optional when the accumulated fund is 50% or more of the registered capital of the subsidiaries.
- (b) Capital reserve of the Group is analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Current account waived by a shareholder	(2,564)	(2,564)
Interest payable waived by shareholders	1,465	1,465
Payroll and welfare payables waived by shareholders	25,840	25,840
	<b>24,741</b>	<b>24,741</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 24 SHARE-BASED PAYMENTS

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

### **Purpose**

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

### **Eligible Participants**

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

### **Total number of ordinary shares available for issue**

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

### **Maximum entitlement of each eligible participant**

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

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

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

No share-based compensation expense for the year ended 31 December 2024 and 2023 were recognised by the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 24 SHARE-BASED PAYMENTS *(Continued)*

Period within which the ordinary shares must be taken up under a share option *(Continued)*

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

For the year ended 31 December 2024

Category of participants	Date of grant	Exercise price	Vesting date	Exercisable period	Number of share options			
					As at 01/01/2024	Granted during the year	Lapsed during the year	As at 31/12/2024
Employees	19/06/2015	HK\$0.64125	19/06/2015	19/06/2015–18/06/2025	123,200,000	–	–	123,200,000
Employees	24/09/2019	HK\$0.15	24/09/2019	24/09/2019–23/09/2029	362,500,000	–	–	362,500,000
Director	19/06/2020	HK\$0.145	19/06/2020	19/06/2020–18/06/2026	37,000,000	–	–	37,000,000
Employees	19/06/2020	HK\$0.145	19/06/2020	19/06/2020–18/06/2026	159,000,000	–	–	159,000,000
Employees	20/05/2021	HK\$0.15	20/05/2021	20/05/2021–19/05/2027	125,000,000	–	–	125,000,000
<b>Total</b>					<b>806,700,000</b>	<b>–</b>	<b>–</b>	<b>806,700,000</b>

At 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 806,700,000 (2023: 806,700,000), which totally representing 18.11% (2023: 18.11%) of the shares of the Company in issue at that date.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 24 SHARE-BASED PAYMENTS *(Continued)*

**Period within which the ordinary shares must be taken up under a share option *(Continued)***

For the year ended 31 December 2023

Category of participants	Date of grant	Exercise price	Vesting date	Exercisable period	Number of share options			
					As at 01/01/2023	Granted during the year	Lapsed during the year	As at 31/12/2023
Employees	19/06/2015	HK\$0.64125	19/06/2015	19/06/2015–18/06/2025	123,200,000	–	–	123,200,000
Employees	24/09/2019	HK\$0.15	24/09/2019	24/09/2019–23/09/2029	362,500,000	–	–	362,500,000
Director	19/06/2020	HK\$0.145	19/06/2020	19/06/2020–18/06/2026	37,000,000	–	–	37,000,000
Employees	19/06/2020	HK\$0.145	19/06/2020	19/06/2020–18/06/2026	159,000,000	–	–	159,000,000
Employees	20/05/2021	HK\$0.15	20/05/2021	20/05/2021–19/05/2027	125,000,000	–	–	125,000,000
Total					806,700,000	–	–	806,700,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 25 TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	13	405
Other payables	9,484	3,984
Consideration payable (Note 34)	219	–
Interest payable	3,297	3,299
Accrued salaries	2,240	1,629
Accrued expenses	5,520	4,836
Other tax payables	3,593	617
	<b>24,366</b>	<b>14,770</b>

The suppliers normally allow credit periods arranged from 60 to 365 days to the Group. At 31 December 2024 and 2023, the aging analysis of the trade payables based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	13	405

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
RMB	15,679	6,023
HK\$	8,687	8,747
	<b>24,366</b>	<b>14,770</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 26 AMOUNT(S) DUE TO A DIRECTOR/NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES/RELATED PARTIES

These balances are unsecured, interest-free and repayable on demand.

## 27 BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank borrowings, unsecured	13,387	13,387

As at 31 December 2024, the unsecured bank borrowings with principal and interest payables of HK\$13,387,000 (2023: HK\$13,387,000) and HK\$3,257,000 (2023: HK\$3,257,000) respectively have been overdue and has not repaid in accordance with scheduled payment dates. Up to the date of approval of the consolidated financial statements, these bank borrowings with principal and interest payables of HK\$13,387,000 (2023: HK\$13,387,000) and HK\$3,257,000 (2023: HK\$3,257,000) are still outstanding.

The outstanding bank borrowings of the Company carry interest at the nominal interest rate at 3.37% (2023: 3.37%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28 BOND PAYABLES

	2024 HK\$'000	2023 HK\$'000
Bond payables:		
— Within one year	—	29,845

On 24 October 2020, the Company issued the bonds with principal amount of approximately RMB23,482,000 (equivalent to approximately HK\$27,174,000) (the “**Bonds**”) in connection with the acquisition of a subsidiary. The Bonds, which is held by a related party, Chen Qiusan (Note 36(a)), is unsecured, carries interest at 5% per annum and is payable on the maturity date of 23 October 2023. On 12 October 2023, the Bonds were extended to 23 March 2024 with other terms remaining unchanged, which have been fully settled in accordance with scheduled payment date during the current year.

The Bonds were carried at amortised cost, with effective interest rate of 6.11% per annum for both years.

The movements of the Bonds during the year are set out below:

	2024 HK\$'000	2023 HK\$'000
At 1 January	29,845	29,028
Interest expense for the year	293	1,651
Repayment	(29,774)	—
Currency translation differences	(364)	(834)
At 31 December	—	29,845

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 29 CONVERTIBLE LOAN NOTES AND DERIVATIVE FINANCIAL LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Convertible loan notes:		
— Liability component	146,829	136,221
— Derivative conversion option component	103	1,537

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

On 4 May 2020, a convertible notes holder signed a deed of assignment to transfer all rights and obligation of the Convertible Notes to another party.

On 16 July 2020, the Company and the new note holder signed a supplementary agreement to revise the terms of Convertible Notes under which the Convertible Notes would be redeemed on 17 July 2021 at a conversion price of HK\$0.1340 per Convertible Notes. The fair value of the Convertible Notes at 16 July 2020 was estimated to be HK\$110,953,000, which was valued by an independent financial advisor. The fair value of the Convertible Notes comprises the liability component and the equity component amounted to HK\$97,767,000 and HK\$13,186,000 respectively.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 29 CONVERTIBLE LOAN NOTES AND DERIVATIVE FINANCIAL LIABILITIES *(Continued)*

The Convertible Notes matured on 17 July 2022 and were not repaid by the Company or converted into shares of the Company upon their maturity, which was default and then was reclassified to amount due to a shareholder upon their maturity. Default interest was accrued at 14% per annum in accordance with the terms of the convertible loan notes since 17 July 2022 and was included in amount due to a shareholder.

As at 31 December 2022, the amount due to a shareholder represented principal outstanding of the default convertible loan notes and related accrued interests, which was secured by guarantee given by the shareholders of the Company and repayable on demand.

On 5 May 2023, the shareholders of the Company passed the ordinary resolutions approving the third supplemental agreement with the note holder to revise the terms of the Convertible Notes. Pursuant to this supplemental agreement, the Convertible Notes would be redeemed on 17 July 2025 and the interest on the notes was charged at 8% per annum until the settlement date. Except for the above, all other terms of the Convertible Notes remain unchanged.

Upon the modification of the terms of the Convertible Notes on 5 May 2023, the Convertible Notes contain liability component and derivative conversion option component. The early redemption option held by the Company is regarded as embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the early redemption option is not separated from liability component. As at 5 May 2023, the fair value of the derivative component amounted to HK\$904,000 was valued by an independent financial advisor and the effective rate applied for the liability component carried at amortised cost is 7.5% per annum.

During the year ended 31 December 2023, the gain on modification of the Convertible Notes amounted to HK\$1,364,000, which represents the excess of the carrying amount of the liability component of the Convertible Notes at the date of modification over the fair value of the Convertible Notes at that date, was treated as deemed contribution from a shareholder and recognised in capital reserve (Note 23).

Details of principal valuation parameters applied in determining the derivative conversion option component was summarised as follows:

	At 5 May 2023	At 31 December 2023	At 31 December 2024
(a) Principal amount:	123,291	123,291	123,291
(b) Coupon rate:	8% per annum	8% per annum	8% per annum
(c) Maturity date:	17 July 2025	17 July 2025	17 July 2025
(d) Conversion price:	HK\$0.134	HK\$0.134	HK\$0.134
(e) Risk-free rate:	3.08%	3.65%	3.68%
(f) Expected volatility:	78.0%	100.5%	105%
(g) Expected dividend yield:	0%	0%	0%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 29 CONVERTIBLE LOAN NOTES AND DERIVATIVE FINANCIAL LIABILITIES *(Continued)*

Movements of the Convertible Notes for the years ended 31 December 2024 and 2023 are as follows:

	Liability component HK\$'000	Derivative component HK\$'000	Amount due to a shareholder HK\$'000
At 1 January 2023	–	–	126,118
Reclassified from amount due to a shareholder upon modification	129,659	904	(130,563)
Interest expense	6,562	–	5,809
Default interest partially waived by a shareholder	–	–	(1,364)
Loss on change in fair value of derivative financial liability (Note 11)	–	633	–
At 31 December 2023	136,221	1,537	–
Interest expense	<b>10,608</b>	–	–
Gain on change in fair value of derivative financial liability (Note 11)	–	<b>(1,434)</b>	–
At 31 December 2024	<b>146,829</b>	<b>103</b>	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30 LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Within one year	1,267	833
After 1 year but within 2 years	1,157	313
After 2 years but within 5 years	497	609
Less: Amount due for settlement within 12 months shown under current liabilities	2,921 (1,267)	1,755 (833)
Amount due for settlement after 12 months shown under non-current liabilities	1,654	922

The weighted average incremental borrowing rate applied to lease liabilities is 5.44% (2023: 4.87%) per annum.

## 31 CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Operation of digital energy trading parks (Note 1)	10,462	14,521
Trading of other products (Note 2)	23,904	–
	34,366	14,521

Movements in contract liabilities during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	14,521	17,742
Increase in contract liabilities as a result of advance consideration received from customers	21,699	12,907
Increase arising from acquisition of subsidiaries (Note 34)	29,315	–
Decrease in contract liabilities as a result of recognising revenue for the year that was included in the contract liabilities at the beginning of the year	(29,233)	(14,699)
Currency translation differences	(1,936)	(1,429)
At 31 December	34,366	14,521

Notes:

- 1) The Group receives a designated amount of the contract value from customers when the service agreement is signed. The advances result in contract liabilities being recognised until the customer obtains control of promised services for operation of digital energy trading parks and the entity satisfies the related performance obligation.
- 2) The Group receives a designated amount of the contract value from customers when the sales agreement of certain products is signed. The advances result in contract liabilities being recognised until the customer obtains control of promised products and the entity delivers the goods.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32 DEFERRED TAX LIABILITIES

As at 31 December 2024, the Group had unutilised tax loss carried forward to offset future taxable profits of HK\$13,412,000 (2023: HK\$4,518,000), which was not recognised as deferred income tax asset, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction. These unrecognised tax losses will expire in a period from 2025 to 2029.

At the end of the reporting period, the Group has deductible temporary differences of HK\$856,000 (2023: HK\$885,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK\$64,269,000 (2023: HK\$62,932,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

	Lease liabilities HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
At 1 January 2023	(234)	234	–
(Credit)/charge to profit or loss	(399)	406	7
Currency translation difference	16	(16)	–
At 31 December 2023	(617)	624	7
Charge/(credit) to profit or loss	596	(579)	17
Currency translation difference	21	(21)	–
At 31 December 2024	–	24	24

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 33 CASH FLOW INFORMATION

### (a) Cash generated from/(used in) operations

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax	(20,159)	2,273
Adjustments for:		
— Depreciation of property, plant and equipment (Note 8)	196	507
— Depreciation of right-of-use assets (Note 8)	1,827	2,211
— Share of loss of an associate	—	578
— Loss on disposal of property, plant and equipment (Note 11)	197	1
— Loss on early termination of right-of-use assets (Note 11)	56	—
— Long service payment obligation	24	63
— Finance costs (Note 12)	11,015	14,166
— Finance income (Note 12)	(533)	(1,494)
— Gain on disposal of subsidiaries (Note 35)	—	(14,753)
— Net foreign exchange losses (Note 11)	5,714	2,144
— (Gain)/loss on change in fair value of derivative financial liabilities (Note 11)	(1,434)	633
— Write-off on other receivables/(reversal of impairment loss on trade receivables) (Note 20)	200	(89)
Operating cash flows before movements in working capital	(2,897)	6,240
— Increase in inventories	(2,125)	—
— Decrease/(increase) in trade and other receivables and prepayments	15,046	(260,373)
— Increase/(decrease) in trade and other payables	6,477	(21,525)
— Decrease in contract liabilities	(7,331)	(3,221)
Cash generated from/(used in) operations	9,170	(278,879)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 33 CASH FLOW INFORMATION *(Continued)*

### (b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities.

	Interest payable (Note 25)	Amounts due to related parties	Bank borrowings	Amounts due to non-controlling shareholders of subsidiaries	Amount due to a director	Lease liabilities	Bond payables	Convertible loan notes	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	3,299	5,061	13,387	16	1,000	1,755	29,845	136,221	190,584
Cash inflows for the year	-	3,573	-	570	25,007	-	-	-	29,150
Cash outflows for the year	-	-	-	-	(162)	(2,013)	(29,774)	-	(31,949)
Net cash inflow/(outflow)	-	3,573	-	570	24,845	(2,013)	(29,774)	-	(2,799)
Interest expenses	-	-	-	-	-	113	293	10,608	11,014
New leases entered	-	-	-	-	-	4,300	-	-	4,300
Elimination upon early termination of right-of-use assets	-	-	-	-	-	(1,211)	-	-	(1,211)
Currency translation differences	(2)	(268)	-	(12)	(455)	(23)	(364)	-	(1,124)
At 31 December 2024	3,297	8,366	13,387	574	25,390	2,921	-	146,829	200,764

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 33 CASH FLOW INFORMATION (Continued)

### (b) Reconciliation of liabilities arising from financing activities (Continued)

	Interest Payable (Note 25)	Amounts due to related parties	Bank borrowings	Amount due to an associate	Amount due to a non- controlling shareholder of a subsidiary	Amount due to a director	Loan from a director	Lease liabilities	Bond payables	Amount due to a shareholder	Convertible loan notes	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	3,300	10,953	13,387	121,276	–	–	17,003	2,479	29,028	126,118	–	323,544
Cash inflows for the year	–	587	–	11,430	16	5,000	3,000	–	–	–	–	20,033
Cash outflows for the year	–	–	–	(11,430)	–	(4,000)	(159)	(2,364)	–	–	–	(17,953)
Net cash inflow/(outflow)	–	587	–	–	16	1,000	2,841	(2,364)	–	–	–	2,080
Interest expenses	–	–	–	–	–	–	–	142	1,651	5,809	6,562	14,164
New lease entered	–	–	–	–	–	–	–	1,599	–	–	–	1,599
Elimination by disposal of subsidiaries (Note 35)	–	(6,067)	–	(115,928)	–	–	(19,844)	–	–	–	–	(141,839)
Default interest partially waived by a shareholder	–	–	–	–	–	–	–	–	–	(1,364)	–	(1,364)
Reclassified from amount due to a shareholder upon modification (Note 29)	–	–	–	–	–	–	–	–	–	(130,563)	129,659	(904)
Currency translation differences	(1)	(412)	–	(5,348)	–	–	–	(101)	(834)	–	–	(6,696)
At 31 December 2023	3,299	5,061	13,387	–	16	1,000	–	1,755	29,845	–	136,221	190,584

## 34 ACQUISITIONS OF SUBSIDIARIES

For the year ended 31 December 2024

- (a) On 1 November 2024, the Group entered into a sale and purchase agreement with two independent third parties in relation to the acquisition of 51% equity interest in Shenzhen Hongke Supply Chain Co., Ltd with cash consideration of RMB203,000 (equivalent to HK\$219,000), which is principally engaged in trading of agricultural products.
- (b) On 8 August 2024, the Group entered into a sale and purchase agreement with two independent third parties in relation to the acquisition of 51% equity interest in Beijing Wanjia Innovation Trading Co., Ltd with cash consideration of Nil, which is principally engaged in trading of deformed steel. The issued capital was not yet paid and the business was not yet commenced on the date of acquisition.

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Fair value of assets acquired and liabilities recognised at the dates of acquisition are as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34 ACQUISITIONS OF SUBSIDIARIES (continued)

	2024 HK\$'000
Prepayment to suppliers	34,136
Cash and cash equivalents	178
Contract liabilities	(29,315)
Trade and other payables	(4,569)
<b>Less: non-controlling interest of acquired subsidiaries</b>	<b>(211)</b>
	<b>219</b>

	2024 HK\$'000
Cash consideration	219
Plus: non-controlling interest	211
Less: recognised amounts of net assets acquired	(430)
<b>Goodwill arising on acquisition</b>	<b>–</b>

The non-controlling interests recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of above acquired subsidiaries and amounted to HK\$211,000.

	2024 HK\$'000
Net cash outflow arising on acquisition:	
Consideration paid in cash	219
Consideration payable (Note 25)	(219)
Bank balances and cash acquired	178
	<b>178</b>

Included in the loss for the year ended 31 December 2024 was a loss of HK\$2,924,000 attributable to the additional business generated by the acquired subsidiaries. Revenue for the year ended 31 December 2024 includes HK\$56,358,000 generated from the acquired subsidiaries.

Had the acquisition been completed on 1 January 2024, the Group's revenue for the year ended 31 December 2024 would have been HK\$1,325,447,000, and loss for the year ended 31 December 2024 would have been HK\$21,503,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 35 DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2023

- On 1 January 2023, the Group entered into a sale and purchase agreement with a third party in relation to the disposal of the entire issued share capital of two subsidiaries, Shandong Run Ze Industrial and Commercial Company Limited\* 山東潤澤工貿有限公司, and Dongying An Yu Energy Technology Company Limited\* 東營安宇能源科技有限公司 together with its subsidiaries.

The disposal was completed on 1 January 2023 and the consideration for the disposal amounted to approximately RMB562,000 (equivalent to HK\$606,000), which was settled during the year.

- On 1 April 2023, the Group entered into a sale and purchase agreement with a third party in relation to the disposal of the entire issued share capital of a subsidiary, Blessing Garden Limited 福苑有限公司 together with its subsidiaries.

The disposal was completed on 1 April 2023 and the consideration for the disposal amounted to HK\$1,500,000, which was settled during the year.

- On 15 June 2023, the Group entered into a sale and purchase agreement with a third party in relation to the disposal of the entire issued share capital of a subsidiary, Beijing Times Changyun Enterprise Management Company Limited\* 北京時代長運企業管理有限公司 together with its associate.

The disposal was completed on 15 June 2023 and the consideration for disposal amounted to RMB1 (equivalent to HK\$1), which was settled during the year.

- On 24 July 2023, the Group entered into a sale and purchase agreement with a third party in relation to the disposal of the entire issued share capital of a subsidiary, Qingdao Oriental Reliance Petrochemical Co., Ltd.

The disposal was completed on 28 July 2023 and the consideration for disposal amounted to RMB1 (equivalent to HK\$1), which was settled during the year.

	2023 HK\$'000
<b>Non-current assets</b>	
Property, plant and equipment	1,108
Interest in an associate	120,725
Goodwill (Note)	—
<b>Current assets</b>	
Trade and other receivables and prepayments	19,052
Cash and cash equivalents	14,827
<b>Total assets</b>	<b>155,712</b>
<b>Current liabilities</b>	
Trade and other payables	43,612
Amount due to an associate	115,928
Amounts due to related parties	6,067
Borrowings	19,844
Current income tax liabilities	1,412
<b>Total liabilities</b>	<b>186,863</b>
<b>Net liabilities disposed of</b>	<b>(31,151)</b>

Note: Goodwill had been fully impaired in the prior years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 35 DISPOSAL OF SUBSIDIARIES *(Continued)*

	2023 HK\$'000
Cash consideration	2,106
Net liabilities disposed of	31,151
Non-controlling interests	(18,139)
Exchange reserve released upon disposal	(365)
Gain on disposal	14,753

### Cash outflow on disposal of subsidiaries

	2023 HK\$'000
Consideration for disposal received	2,106
Less: Bank balances and cash disposed of	(14,827)
Net cash outflow on disposal	(12,721)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 36 SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following significant related party transactions during the year ended 31 December 2024 and 2023:

### (a) Related parties

Name of related parties	Relationship
北京遠創天地投資顧問有限公司 ("Beijing Yuanchuang Investment Consultation Company")* ("Beijing Yuanchuang")	Related company of Mr. Yuan Hongbing
陳秋叁 ("Chen Qiusan")	Relative of Mr. Chen Jinle

### (b) Related party transactions

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

	2024 HK\$'000	2023 HK\$'000
Interest expense		
— Qilu International Funds SPC	10,608	12,371
— Chen Qiusan	293	1,651
	10,901	14,022



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 36 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

### (c) Related party balances

The balances with related parties as at the year end were as follows:

	2024 HK\$'000	2023 HK\$'000
Amounts due to related parties (Note 26)		
— Beijing Yuanchuang	8,295	4,988
— Chen Qiusan	71	73
	8,366	5,061
Bond payables (Note 28)		
— Chen Qiusan	—	29,845
Convertible loan notes (Note 29)		
— Qilu International Funds SPC	146,829	136,221
Amount due to a director (Note 26)		
— Yuan Hongbing	25,390	1,000
Amounts due to non-controlling shareholders of subsidiaries (Note 26)		
— Beijing Guoke Weiye Power Technology Co., LTD* (北京國科偉業電力科技有限公司)	16	16
— Li Kehuai	530	—
— Jiang Houyu	20	—
— Wang Di	8	—
	574	16

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 36 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

### (d) Compensation of key management personnel

The remuneration of directors and other members of key management for the year was as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other short-term benefits	2,068	2,165

The remuneration of directors and key management is recommended by the remuneration committee and has been approved by the board of directors having regard to the performance of individuals and market trends.

## 37 SUMMARY FINANCIAL INFORMATION OF THE COMPANY

### (a) Statement of financial position of the Company

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000 (Restated)
<b>Assets</b>		
<b>Non-current assets</b>		
Investment in subsidiaries	–	–
Amounts due from subsidiaries	226,991	266,403
Right-of-use assets	2,222	487
	229,213	266,890
<b>Current assets</b>		
Other receivables	611	611
Cash and cash equivalents	198	200
	809	811
<b>Total assets</b>	230,022	267,701
<b>Equity</b>		
Share capital	5,569	5,569
Other reserves	427,322	427,714
Accumulated losses	(437,309)	(407,092)
<b>Total equity</b>	(4,418)	26,191

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 37 SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

### (a) Statement of financial position of the Company *(Continued)*

	As at 31 December	
	2024 HK\$'000	2023 HK\$'000 (Restated)
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long service payment obligation	93	65
Lease liabilities	1,434	—
	1,527	65
<b>Liabilities</b>		
<b>Current liabilities</b>		
Other payables	8,678	8,747
Amounts due to subsidiaries	62,223	50,164
Amount due to a director	838	1,000
Borrowings	13,387	13,387
Bond payables	—	29,845
Convertible loan notes	146,829	136,221
Derivative financial liabilities	103	1,537
Lease liabilities	855	544
	232,913	241,445
<b>Total liabilities</b>	<b>234,440</b>	<b>241,510</b>
<b>Net current liabilities</b>	<b>(232,104)</b>	<b>(240,634)</b>
<b>Total assets less current liabilities</b>	<b>(2,891)</b>	<b>26,256</b>
<b>Total equity and liabilities</b>	<b>230,022</b>	<b>267,701</b>

The statement of financial position of the Company was approved by the Board of Directors on 11 April 2025 and is signed on its behalf by:

Han Jinfeng  
Director

Yuan Hongbing  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 37 SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

### (b) Reserve movements of the Company

	Share premium HK\$'000	Exchange reserve HK\$'000	Share option Reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023	321,958	(4,649)	74,748	27,187	(470,952)	(51,708)
Profit for the year	–	–	–	–	63,860	63,860
Currency translation differences	–	7,106	–	–	–	7,106
Payroll and welfare payables waived by a shareholder	–	–	–	1,364	–	1,364
<b>At 31 December 2023</b>	<b>321,958</b>	<b>2,457</b>	<b>74,748</b>	<b>28,551</b>	<b>(407,092)</b>	<b>20,622</b>
Loss for the year	–	–	–	–	(30,217)	(30,217)
Currency translation differences	–	(392)	–	–	–	(392)
<b>At 31 December 2024</b>	<b>321,958</b>	<b>2,065</b>	<b>74,748</b>	<b>28,551</b>	<b>(437,309)</b>	<b>(9,987)</b>

## 38 MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2024, the Group entered into certain new lease agreements for the use of leased properties for the term of 2-3 years. On the lease commencement, the Group recognised of HK\$4,300,000 of right-of-use assets and HK\$4,300,000 of lease liabilities, respectively.

## 39 COMPARATIVE FIGURES

As further explained in Note 2 to the financial statements, due to the adoption of the revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

## 40 EVENTS AFTER THE REPORTING PERIOD

There were no other significant events of the Group after 31 December 2024 and up to the date of approval of these consolidated financial statements.

\* For identification purpose only

# FINANCIAL SUMMARY

	Year ended 31 December				2024 HK\$'000
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	
<b>RESULTS</b>					
Revenue	14,078,809	11,010,520	150,286	1,311,246	<b>1,275,339</b>
Profit/(loss) for the year	314,029	74,136	(40,785)	1,044	<b>(21,862)</b>
Attributable to:					
Owners of the Company	321,803	94,295	(31,913)	(24,256)	<b>(22,602)</b>
Non-controlling interests	(7,774)	(20,159)	(8,872)	25,300	<b>740</b>
	314,029	74,136	(40,785)	1,044	<b>(21,862)</b>
	At 31 December				2024 HK\$'000
	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	
<b>ASSETS AND LIABILITIES</b>					
Total assets	1,725,438	1,028,982	520,663	304,734	<b>324,198</b>
Total liabilities	(1,668,898)	(866,623)	(419,397)	(218,940)	<b>(257,186)</b>
Shareholders' funds	56,540	162,359	101,266	85,794	<b>67,012</b>
Equity attributable to owners of the Company	63,828	190,588	114,026	84,755	<b>59,876</b>
Non-controlling interests	(7,288)	(28,229)	(12,760)	1,039	<b>7,136</b>
	56,540	162,359	101,266	85,794	<b>67,012</b>