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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)

**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR
THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to the announcement dated 31 March 2022 (the “**Unaudited Results Announcements**”) made by Jintai Energy Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in relation to the unaudited annual results of the Group for the year ended 31 December 2021. Capitalised terms used herein in this announcement, unless the context otherwise specified, shall have the same meanings as defined in the Unaudited Results Announcements.

The auditor of the Group (the “**Auditor**”), CCTH CPA Limited, has completed the audit process on the Group’s consolidated financial statements for the year ended 31 December 2021. The Board hereby announces the audited consolidated results of the Group for the year ended 31 December 2021 as follows:

**AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	11,010,520	14,078,809
Cost of sales	5	(10,581,690)	(13,845,832)
Gross profit		428,830	232,977
Distribution expenses	5	(175,893)	(217,106)
Administrative expenses	5	(92,080)	(57,601)
Other income		10,851	27,321
Other losses — net	6	(405)	(6,589)
Gain on disposal of subsidiaries	14	11,638	803,140
Impairment loss on amount due from former subsidiaries	14	(23,458)	(428,514)
Reversal of impairment loss/(impairment loss) on trade receivables	11	2,010	(1,873)
Reversal of impairment loss on prepayments	11	—	7,481
Operating profit		161,493	359,236
Finance income		241	166
Finance expenses		(24,703)	(41,753)
Finance expenses — net		(24,462)	(41,587)
Profit before income tax		137,031	317,649
Income tax expense	7	(62,895)	(3,620)
Profit for the year		74,136	314,029
Profit/(loss) for the year attributable to:			
Owners of the Company		94,295	321,803
Non-controlling interests		(20,159)	(7,774)
		74,136	314,029
		2021 <i>HK Cents</i>	2020 <i>HK Cents</i>
Earnings per share			
— Basic	9	2.12	8.01
— Diluted	9	2.08	7.24

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>74,136</u>	<u>314,029</u>
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
— Currency translation differences	14,649	32,782
— Translation reserve released upon disposal of subsidiaries	<u>(2,178)</u>	<u>1,369</u>
Total comprehensive income for the year	<u>86,607</u>	<u>348,180</u>
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	107,314	356,399
Non-controlling interests	<u>(20,707)</u>	<u>(8,219)</u>
	<u>86,607</u>	<u>348,180</u>

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>NOTES</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Assets			
Non-current assets			
Property, plant and equipment		2,108	19,277
Investment properties	<i>10</i>	–	–
Right-of-use assets		4,325	2,068
Goodwill		–	605
		<u>6,433</u>	<u>21,950</u>
Current assets			
Inventories		4,774	495,098
Trade and other receivables and prepayments	<i>11</i>	962,094	1,091,676
Cash and cash equivalents		55,681	116,714
		<u>1,022,549</u>	<u>1,703,488</u>
Total assets		<u>1,028,982</u>	<u>1,725,438</u>
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		5,569	5,569
Other reserves		458,374	444,813
Accumulated losses		(273,355)	(386,554)
		<u>190,588</u>	63,828
Non-controlling interests		(28,229)	(7,288)
Total equity		<u>162,359</u>	<u>56,540</u>

		2021	2020
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Bond payables		29,718	27,144
Lease liabilities		<u>2,677</u>	<u>1,638</u>
		<u>32,395</u>	<u>28,782</u>
Current liabilities			
Trade and other payables	12	359,278	363,771
Contract liabilities		24,717	839,358
Borrowings	13	307,079	319,067
Lease liabilities		2,521	3,568
Current income tax liabilities		26,112	3,474
Convertible loan notes		113,291	110,878
Derivative financial liabilities		<u>1,230</u>	<u>–</u>
		<u>834,228</u>	<u>1,640,116</u>
Net current assets		<u>188,321</u>	<u>63,372</u>
Total assets less current liabilities		<u>194,754</u>	<u>85,322</u>
Total liabilities		<u>866,623</u>	<u>1,668,898</u>
Total equity and liabilities		<u>1,028,982</u>	<u>1,725,438</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Jintai Energy Holdings Limited (“**the Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office is Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the principal place of business is Suite 2601–2603, 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 trading, including mainly trading of fuel oil and kerosene, speaker manufacturing and trading business, operation of digital trading parks, kerosene transportation services, service business of customs declaration and trading of electronic products and oil drilling services. The Group has operations mainly in Hong Kong and the People’s Republic of China (“**PRC**”).

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

These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

2. BASIS OF PREPARATION

Compliance with Hong Kong Financial Reporting Standards and Hong Kong Companies Ordinance

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”). In addition, the unaudited consolidated financial statements have not included all applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance (Cap. 622).

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

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

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

Changes in accounting policy and disclosures

(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 2021 for the preparation of the consolidated financial statements.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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.

(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:

HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
HKFRS 17	Insurance Contracts and the related Amendments ³
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies ³
HKAS 8 (Amendments)	Definition of Accounting Estimates ³
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
HKAS 16 (Amendments)	Property, Plant and Equipment — Proceeds before Intended Use ²
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract ²
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

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

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

4. 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 seven business lines, (1) energy business which comprises mainly the trading of fuel oil and kerosene; (2) drilling services which represent provision of drilling services; (3) speaker business which represents speaker manufacturing and trading; (4) operation of digital energy trading parks; (5) transportation services which represent fuel oil and kerosene transportation services; and (6) services business of customs declaration; and (7) electronic products which represent trading of electronic products.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss from each segment without allocation of finance income or expenses, share-based payment expenses, and the unallocated operating expenses since these activities are driven by the central function and the related income or expenses are individual between segments.

The Group's bond payables, borrowings, convertible loan notes, and current income tax liabilities are not considered to be segment liabilities for reporting to the board of directors as they are managed on a central basis.

Segment information is as follows:

	2021							Total HK\$'000
	Energy business HK\$'000	Drilling services HK\$'000	Speaker business HK\$'000	Operation of digital energy trading parks HK\$'000	Transportation services HK\$'000	Services business of customs declaration HK\$'000	Electronic products HK\$'000	
Segment results								
Year ended 31 December								
Disaggregated by timing of revenue recognition:								
At point in time	10,701,516	259,935	193	-	18,398	3,979	-	10,984,021
Over time	-	-	-	26,499	-	-	-	26,499
	<u>10,701,516</u>	<u>259,935</u>	<u>193</u>	<u>26,499</u>	<u>18,398</u>	<u>3,979</u>	<u>-</u>	<u>11,010,520</u>

	Energy business HK\$'000	Drilling services HK\$'000	Speaker business HK\$'000	Operation of digital energy trading parks HK\$'000	Transportation services HK\$'000	Services business of customs declaration HK\$'000	Electronic products HK\$'000	Total HK\$'000
Segment revenues:								
Reportable segment revenue	10,947,860	259,935	193	26,499	24,865	3,979	-	11,263,331
Elimination of inter-segment revenue	(246,344)	-	-	-	(6,467)	-	-	(252,811)
Sales to external customers	10,701,516	259,935	193	26,499	18,398	3,979	-	11,010,520
Segment profit/(loss)	92,024	93,718	(2,216)	4,772	(7,399)	2,348	-	183,247
Gain on disposal of subsidiaries								11,638
Fair value loss on investments properties								-
Share-based payment expenses								(19,446)
Unallocated operating expenses								(13,946)
Operating profit								161,493
Finance expenses — net								(24,462)
Profit before income tax								137,031
Income tax expense								(62,895)
Profit for the year								74,136
Depreciation charge of property, plant and equipment	106	112	67	953	6,442	-	-	7,680
Depreciation of right-of-use assets	-	-	-	1,054	-	-	-	1,054
Reversal of impairment loss on prepayments	-	-	-	-	-	-	-	-
Impairment loss on amount due from former subsidiaries	-	-	-	-	23,458	-	-	23,458
Reversal of impairment loss on trade receivables	(2,010)	-	-	-	-	-	-	(2,010)
Impairment loss on property, plant and equipment	-	-	-	-	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	3	443	-	-	446
Gain on disposal of right-of-use assets	-	-	-	(27)	-	-	-	(27)
Assets								
As at 31 December								
Segment assets	738,794	232,403	-	56,250	-	144	-	1,027,591
Unallocated assets								1,391
Total								1,028,982

2021

	Energy business HK\$'000	Drilling services HK\$'000	Speaker business HK\$'000	Operation of digital energy trading parks HK\$'000	Transportation services HK\$'000	Services business of customs declaration HK\$'000	Electronic products HK\$'000	Total HK\$'000
Liabilities								
As at 31 December								
Segment liabilities	119,933	215,808	-	30,091	-	146	-	365,978
Unallocated liabilities								23,215
Bond payables								29,718
Borrowings								307,079
Convertible loan notes								113,291
Derivative financial liabilities								1,230
Current income tax liabilities								26,112
Total								<u>866,623</u>

2020

	Energy business HK\$'000	Drilling services HK\$'000	Speaker business HK\$'000	Operation of digital energy trading parks HK\$'000	Transportation services HK\$'000	Services business of customs declaration HK\$'000	Electronic products HK\$'000	Total HK\$'000
Segment results								
Year ended 31 December								
Disaggregated by timing of revenue recognition:								
At a point in time	14,017,279	-	27,932	52	5,234	3,991	21,015	14,075,503
Over time	-	-	-	3,306	-	-	-	3,306
	<u>14,017,279</u>	<u>-</u>	<u>27,932</u>	<u>3,358</u>	<u>5,234</u>	<u>3,991</u>	<u>21,015</u>	<u>14,078,809</u>
Segment revenues:								
Reportable segment revenue	14,302,320	-	27,932	3,358	6,917	7,020	21,015	14,368,562
Elimination of inter-segment revenue	(285,041)	-	-	-	(1,683)	(3,029)	-	(289,753)
Sales to external customers	<u>14,017,279</u>	<u>-</u>	<u>27,932</u>	<u>3,358</u>	<u>5,234</u>	<u>3,991</u>	<u>21,015</u>	<u>14,078,809</u>
Segment loss	<u>(388,538)</u>	<u>-</u>	<u>(14,007)</u>	<u>(3,545)</u>	<u>(262)</u>	<u>(5,218)</u>	<u>(1,830)</u>	<u>(413,400)</u>

	Energy business HK\$'000	Drilling services HK\$'000	Speaker business HK\$'000	Operation of digital energy trading parks HK\$'000	Transportation services HK\$'000	Services business of customs declaration HK\$'000	Electronic products HK\$'000	Total HK\$'000
Segment loss	(388,538)	–	(14,007)	(3,545)	(262)	(5,218)	(1,830)	(413,400)
Gain on disposal of subsidiaries								803,140
Fair value loss on investment properties								(15,276)
Share-based payment expenses								(11,425)
Unallocated operating expenses								(3,803)
Operating profit								359,236
Finance expenses — net								(41,587)
Profit before income tax								317,649
Income tax								(3,620)
Profit for the year								314,029
Depreciation charge of property, plant and equipment	265	–	774	161	724	–	6	1,930
Depreciation of right-of-use assets	–	–	–	341	–	–	252	593
Reversal of impairment loss on prepayments	(7,481)	–	–	–	–	–	–	(7,481)
Impairment loss on amount due from former subsidiaries	428,514	–	–	–	–	–	–	428,514
Impairment loss on trade receivables	1,873	–	–	–	–	–	–	1,873
Impairment loss on property, plant and equipment	–	–	1,263	–	–	–	–	1,263
Loss on disposal of property, plant and equipment	–	–	–	–	187	–	–	187
Gain on disposal of right-of-use assets	–	–	–	–	–	–	–	–
Assets								
As at 31 December								
Segment assets	1,675,080	–	8,000	6,927	25,274	2,254	6,123	1,723,658
Unallocated assets								1,780
Total								1,725,438

	Energy business HK\$'000	Drilling services HK\$'000	Speaker business HK\$'000	Operation of digital energy trading parks HK\$'000	Transportation services HK\$'000	Services business of customs declaration HK\$'000	Electronic products HK\$'000	Total HK\$'000
Liabilities								
As at 31 December								
Segment liabilities	1,111,208	-	6,019	15,157	2,988	1,804	3,020	1,140,196
Unallocated liabilities								68,139
Bond payables (Note 31)								27,144
Borrowings (Note 28)								319,067
Convertible loan notes (Note 30)								110,878
Derivative financial liabilities								-
Current income tax liabilities								3,474
Total								<u>1,668,898</u>

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

	2021 HK\$'000	2020 HK\$'000
PRC	<u>11,010,520</u>	<u>14,078,809</u>

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

	2021 HK\$'000	2020 HK\$'000
Revenue from energy business:		
Revenue from Customer A	1,832,386	1,606,399
Revenue from Customer B	<u>1,277,483</u>	<u>N/A*</u>

* Revenue for the year ended 31 December 2020 did not contribute over 10% of the total revenue of the Group for that year.

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

	2021 HK\$'000	2020 HK\$'000
PRC	6,387	21,522
Hong Kong	<u>46</u>	<u>428</u>
	<u>6,433</u>	<u>21,950</u>

5. EXPENSES BY NATURE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of goods sold	10,516,316	13,824,067
Employee benefit expense	49,863	54,090
Short-term lease expense	29	287
Storage fees	54,101	28,308
Customs, levies and other taxes	–	251
Delivery	146,774	142,930
Utilities	2,471	1,223
Depreciation — property, plant and equipment	7,756	2,031
Depreciation — right-of-use assets	1,054	593
Repairs and maintenance expenses	5,329	32
Legal and professional fees	9,869	6,052
Auditors' remuneration — audit services	1,000	1,070
Auditors' remuneration — non-audit services	450	350
Loading fee	19,384	42,956
Other local taxes paid	16,326	2,995
Other expenses	18,941	13,304
	<u>10,849,663</u>	<u>14,120,539</u>
Total cost of sales, distribution expenses and administrative expenses	<u>10,849,663</u>	<u>14,120,539</u>
Analysed for reporting purposes:		
Cost of sales	10,581,690	13,845,832
Distribution expenses	175,893	217,106
Administrative expenses	92,080	57,601
	<u>10,849,663</u>	<u>14,120,539</u>

6. OTHER LOSSES — NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fair value gain on derivative financial liabilities	45,823	–
Fair value losses on investment properties	–	(15,276)
Net foreign exchange gains/(losses)	5,358	(2,267)
Gain on deregistration of subsidiaries	1	–
(Loss)/gain on modification of convertible loan notes	(50,971)	13,186
Loss on disposal of property, plant and equipment	(446)	(187)
Gain on disposal of right-of-use assets	27	–
Written-off of other receivables	–	(782)
Impairment loss of goodwill	(614)	–
Impairment loss of property, plant and equipment	–	(1,263)
Others	417	–
	<u>(405)</u>	<u>(6,589)</u>

7. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax:		
— Hong Kong Profits Tax	—	1,413
— PRC Enterprise Income Tax	62,873	2,203
Under-provision in prior years:		
— PRC Enterprise Income Tax	<u>22</u>	<u>4</u>
Income tax expense	<u>62,895</u>	<u>3,620</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK\$2 million is taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at a tax rate of 16.5%.

No provision for Hong Kong Profits Tax of the current year has been made in the consolidated financial statements as the Group has not derived any assessable profit arising in Hong Kong. For the prior year ended 31 December 2020, Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million, and Hong Kong Profits Tax for the other group entities is calculated at 16.5% of the estimated assessable profit for that year.

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates. The Company's subsidiaries incorporated in the PRC are subject to Enterprise Income Tax ("EIT") at the rate of 25% (2020: 25%).

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before income tax	<u>137,031</u>	<u>317,649</u>
Tax calculated at domestic tax rates applicable to profit in the respective countries	39,307	50,648
Tax effect of expenses that are not deductible for tax purposes	31,494	82,850
Tax effect of income that are not taxable for tax purposes	(14,700)	(137,601)
Tax effect of tax losses not recognised	5,327	5,517
Utilisation of tax losses not previously recognised	(90)	(3,991)
Tax concession granted by local government	(2,720)	(688)
Tax effect of temporary differences not recognised	4,255	6,881
Under-provision in prior years	<u>22</u>	<u>4</u>
Income tax expense	<u><u>62,895</u></u>	<u><u>3,620</u></u>

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2021 (2020: nil).

9. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Earning for the purpose of basic earnings per share		
Effect of dilutive potential ordinary shares:		
Profit for the year attributable to owners of the Company	94,295	321,803
Gain on modification of convertible loan notes (<i>Note a</i>)	–	(13,186)
Effective interest on the liability components of convertible loan notes (<i>Note a</i>)	<u>–</u>	<u>25,975</u>
Earnings for the purpose of diluted earnings per share	<u><u>94,295</u></u>	<u><u>334,592</u></u>

	No. of Shares '000	No. of Shares '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,455,021	4,018,851
Effect of dilutive potential ordinary shares:		
Convertible loan notes (<i>Note a</i>)	–	603,005
Share options (<i>Note a and b</i>)	75,606	–
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,530,627	4,621,856
	<hr/>	<hr/>
	2021	2020
	HK Cents	HK Cents
Basic earnings per share	2.12	8.01
Diluted earnings per share (<i>Note c</i>)	2.08	7.24
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The computation of the diluted earnings per share for the year ended 31 December 2021 does not assume the conversion of the Company's outstanding convertible loan notes since their assumed exercise would result in an increase in earnings per share for the year. The calculation of the diluted earnings per share for the year ended 31 December 2021 does not also assume the exercise of certain share options granted by the Company because the exercise prices of these options were higher than the average market prices of shares for the year.
- (b) The computation of the diluted earnings per share for the year ended 31 December 2020 does not assume the exercise of all of the Company's share options because the exercise prices of those options were higher than the average market price of shares for that year.
- (c) The diluted earnings per share for the prior year ended 31 December 2020 has been restated to conform with the current year's presentation.

10. INVESTMENT PROPERTIES

	2021	2020
	HK\$'000	HK\$'000
Investment properties — at fair value		
Opening balance at 1 January	–	70,910
Fair value losses on investment properties	–	(15,276)
Currency translation differences	–	(1,139)
Disposal of subsidiaries (<i>Note 14</i>)	–	(54,495)
	<hr/>	<hr/>
Closing balance at 31 December	–	–
	<hr/> <hr/>	<hr/> <hr/>

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables from third parties	230,338	697,044
Less: allowance for impairment of trade receivables	–	(1,978)
Trade receivables — net of impairment recognised	230,338	695,066
Consideration receivable for disposal of subsidiaries (<i>Note 14</i>)	42,709	100
Other receivables	2,649	7,938
Value added tax receivables	1,666	52,873
Prepayments to suppliers	682,975	316,083
Deposits paid	914	1,127
Prepaid expenses	843	18,489
Total	<u>962,094</u>	<u>1,091,676</u>

Movements in allowance for impairment of trade receivables are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	1,978	104,419
(Reversal of impairment)/impairment loss recognised for the year	(2,010)	1,873
Disposal of subsidiaries	–	(102,522)
Currency translation difference	32	(1,792)
At 31 December	<u>–</u>	<u>1,978</u>

The Group normally allows a credit period of 0–180 days (2020: 0–90 days) from invoice date to its customers and may further extend the credit period to selected customers depending on their trade volume and settlement history. At 31 December 2021 and 2020, the aging analysis of trade receivables based on invoice date was as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	–	572,897
31 to 60 days	–	44,838
61 to 90 days	–	312
91 to 120 days	–	195
121 to 365 days	230,338	76,822
Over 365 days	–	2
	<u>230,338</u>	<u>695,066</u>

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

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

	2021	2020
	HK\$'000	HK\$'000
At 1 January	–	656,952
Reversal of provision for impairment	–	(7,481)
Currency translation differences	–	(11,865)
Eliminations on disposal of subsidiaries	–	(637,606)
	<u>–</u>	<u>–</u>
At 31 December	<u>–</u>	<u>–</u>

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

	2021	2020
	HK\$'000	HK\$'000
RMB	259,737	751,021
US\$	–	3,229
HK\$	17,625	1,727
	<u>277,362</u>	<u>755,977</u>

12. TRADE AND OTHER PAYABLES

	2021	2020
	HK\$'000	HK\$'000
Trade payables	182,004	317,801
Accrued salaries	8,784	6,401
Amounts due to related parties	–	893
Accrued expenses	8,727	17,438
Other payables	156,459	17,771
Interest payable	3,304	3,390
Payable for acquisition of property, plant and equipment	–	77
	<u>359,278</u>	<u>363,771</u>

During the prior year ended 31 December 2020, the amounts of HK\$24,936,000 amounts due to shareholder, Mr. Lin, and payroll and welfare payables of HK\$1,800,000 were waived by Mr. Lin, a shareholder of the Company, respectively. During that year, interest payable of HK\$1,408,000 and HK\$448,000 were waived by the substantial shareholders, Mr. Chen Jinle and Mr. Cui Xianguo respectively. The total amount of HK\$28,592,000 waived by the shareholders was accounted for as contribution by shareholders and included in the capital reserve of the Group.

The suppliers normally allow credit period arranged from 60 to 365 days to the Group. At 31 December 2021 and 2020, the aging analysis of the trade payables based on invoice date is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	–	198,240
31 to 60 days	9	115,725
61 to 90 days	–	709
91 to 120 days	–	709
Over 120 days	181,995	2,418
	<u>182,004</u>	<u>317,801</u>

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
RMB	336,710	346,238
HK\$	22,568	17,533
	<u>359,278</u>	<u>363,771</u>

13. BORROWINGS

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank borrowings		
— secured	–	10,689
— unsecured	13,387	31,203
	13,387	41,892
Other borrowings	3,488	8,552
Loans from related parties	11,864	45,460
Shareholders' loans	278,340	219,600
Loan from non-controlling interests	–	3,563
Total borrowings	<u>307,079</u>	<u>319,067</u>

(a) Bank borrowings

The secured bank borrowings as at 31 December 2020 were secured by a leasehold land of Dongying Guoxin Chemical Co., Ltd.* (東營市國鑫化工有限責任公司), a third party of the Group.

The unsecured bank borrowings as at 31 December 2020 were supported by guarantees provided by (i) Mr. Lin, (ii) Mr. Chen Jinle, a director and substantial shareholder of the Company, (iii) a close family member of Mr. Chen Jinle, (iv) the relatives of Mr. Chen Jinle, and (v) Dongying Jinfeng Petroleum Technology Group Co., Ltd.* (東營金峰石油科技集團有限公司), a PRC entity owned by a relative of Mr. Chen Jinle. During the year ended 31 December 2021, the unsecured bank borrowings to the extent of HK\$17,816,000 was fully repaid by the Group.

As at 31 December 2021, the unsecured bank borrowings with principal and interest payables of HK\$13,387,000 and HK\$3,257,000 were default and not repaid in accordance with scheduled payment dates. Up to the date of approval of the consolidated financial statements, the default bank borrowings with principal and interest payables of HK\$13,387,000 and HK\$3,257,000 are still outstanding and the Group is negotiating with the bank for the settlement.

The outstanding bank borrowings of the Group carry interest at the interest rate at 3.37% (2020: 3.74% to 12.28%) per annum.

As at 31 December 2021 and 2020, all of the Group's bank borrowings were repayable within one year, and are denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
RMB	–	28,505
HK\$	<u>13,387</u>	<u>13,387</u>
	<u>13,387</u>	<u>41,892</u>

The Group has no undrawn bank borrowing facilities as at 31 December 2021 and 2020.

(b) Other borrowings

Borrowings from other third parties are unsecured, with the interest rate of 15% per annum and are repayable within one year.

The borrowings from other third parties as at 31 December 2020 were supported by guarantees provided by (i) Mr. Chen Jinle, (ii) a close family member of Mr. Chen Jinle, (iii) the relatives of Mr. Chen Jinle, (iv) Dongheng Energy (Hainan) Co., Ltd.* (東恆能源(海南)有限公司), owned by a relative of Mr. Chen Jinle, (v) Dongying Xinghai Petrochemical Co., Ltd.* (東營市興海石油化工有限責任公司), owned by a relative of Mr. Chen Jinle, (vi) Dongying Jinfeng Petroleum Technology Group Co., Ltd.* (東營金峰石油科技集團有限公司), owned by a relative of Mr. Chen Jinle, (vii) Dongying Shengda Shipping Co., Ltd.* (東營市盛達船務有限公司), a third party of the Group, (viii) Dongying Guoxin Chemical Co., Ltd.* (東營市國鑫化工有限責任公司), a third party of the Group, (ix) Mr. Yu Meng, a third party of the Group, (x) Mr. Xu Weiming, a third party of the Group, and (xi) Mr. Cheng Peizhong, a third party of the Group. During the year ended 31 December 2021, the other borrowings of HK\$8,930,000 was fully repaid by the Group.

* For identification purpose only

(c) Loans from related parties

The amount due to related parties is unsecured, interest-free and are repayable within one year.

(d) Shareholders' loans

The shareholders' loans are unsecured and repayable within one year. These shareholders' loans to the extent of HK\$276,502,000 (2020: HK\$215,087,000) are interest free with the remaining balance of HK\$1,838,000 (2020: HK\$4,513,000) carried interest rate at 4.35% (2020: 4.35% to 8%) per annum.

(e) Loan from non-controlling interests

A loan from non-controlling interests is unsecured, interest-free and are repayable within one year.

14. DISPOSAL OF SUBSIDIARIES

	Net cash inflows/(outflows)		Gain/(loss) on disposal	
	2021 HK\$000	2020 HK\$000	2021 HK\$000	2020 HK\$000
Disposal of:				
— Shinhint Industrial Holdings Limited (note a)	(111)	—	235	—
— Lijin Shuntong Logistics Company Limited (note b)	(113)	—	10,684	—
— Shandong Jinhai Shengda Energy Co., Ltd. (note c)	(69)	—	(241)	—
— Chuangpu Technology Co., Ltd. (note d)	101	—	960	—
— Chuang Hui Group Limited (note e)	—	(52)	—	803,140
	<u>(192)</u>	<u>(52)</u>	<u>11,638</u>	<u>803,140</u>

Notes:

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

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

- (b) On 3 December 2021, the Group entered into a disposal agreement with a third party in relation to the disposal of the entire issued share capital of a subsidiary, Shuntong Logistics.

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

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

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

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

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

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

The disposal was completed on 24 April 2020 and the consideration for disposal amounted to HK\$100,000 remained outstanding at 31 December 2020.

Net assets/liabilities disposed of

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

Year ended 31 December 2021

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

Year ended 31 December 2020

	Disposal Group <i>HK\$'000</i>
Non-current assets	
Property, plant and equipment	456
Investment properties	54,495
Current assets	
Trade and other receivables and prepayments	2,480
Cash and cash equivalents	52
Restricted cash	150
Total assets	<u>57,633</u>
Current liabilities	
Trade and other payables	77,083
Amounts due to Group companies	428,514
Contract liabilities	57,959
Current income tax liabilities	959
Borrowings	297,527
Total liabilities	<u>862,042</u>
Net liabilities disposed of	<u>(804,409)</u>

Gain on disposal of subsidiaries*Year ended 31 December 2021*

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

Year ended 31 December 2020

	Disposal Group <i>HK\$'000</i>
Consideration for disposal receivable	100
Net liabilities disposed of	804,409
Exchange reserve released upon disposal	<hr/> (1,369)
Gain on disposal	<hr/> <u>803,140</u>

Certain of the subsidiaries disposed of during the year owed the Group amounted to HK\$23,458,000 (2020: HK\$428,514,000) at time of completion of the disposal. Having considered the financial position and cash flows of these former subsidiaries, management of the Group is of the view that it is highly uncertain that the Group is able to recover these amounts due from the former subsidiaries, accordingly, impairment loss in full amounted to HK\$23,458,000 (2020: HK\$428,514,000) was recognised on the amounts due by these former subsidiaries in profit or loss in respect of the year. At the ended of the reporting period and up to the date of approval of these consolidated financial statements, the amount due by the former subsidiaries to the Group remained outstanding.

Cash inflow/(outflow) on disposal of subsidiaries*Year ended 31 December 2021*

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

Year ended 31 December 2020

	Disposal Group
	<i>HK\$'000</i>
Consideration for disposal received	–
Less: Bank balances and cash disposed of	<u>(52)</u>
Net cash outflow on disposal	<u><u>(52)</u></u>

15. CONTINGENT LIABILITIES

Financial guarantees issued

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

- financial guarantees given by the subsidiary of the Company and certain third parties to banks in respect of banking facilities granted to Dongying Guoxin Chemical Co., Ltd. (東營市國鑫化工有限責任公司), a third party of the Group, Mr. Yu Meng, a third party of the Group, and Dongying Xinghai Petrochemical Co., Ltd. (東營市興海石油化工有限責任公司), owned by a relative of Mr. Chen Jinle. Under the guarantees, the subsidiary and third parties that are parties to the guarantee are liable for all and any of the borrowings of each of them from the banks which is the beneficiary of the guarantee.

For the prior year ended 31 December 2020, the directors did not consider it probable that a claim was to be made against the subsidiary under any of the guarantees. The maximum liability of the Group at 31 December 2020 under the guarantees are the amount of the facilities drawn down by those parties that are covered by the guarantees, being RMB42,503,000 (equivalent to approximately HK\$52,080,000) at 31 December 2020.

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

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year's presentation.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Pursuant to the financial information contained in the unaudited annual results announcement was neither audited by nor agreed with the auditors of the Company as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

	2021 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (audited)	Variance <i>HK\$'000</i>	<i>Notes</i>
Consolidated Statement of Profit or Loss (Extract)				
Revenue	11,070,591	11,010,520	(60,071)	<i>a</i>
Cost of Sales	(10,622,835)	(10,581,690)	41,145	<i>a</i>
Gross profit	447,756	428,830	(18,926)	
Distribution expenses	(175,893)	(175,893)	–	
Administrative expenses	(89,560)	(92,080)	(2,520)	<i>b</i>
Other income	10,545	10,851	306	<i>c</i>
Other losses — net	(170)	(405)	(235)	<i>d</i>
(Loss)/Gain on disposal of subsidiaries	(35,573)	11,638	47,211	<i>e</i>
Impairment loss on amount due from former subsidiaries	–	(23,458)	(23,458)	<i>f</i>
Reversal of impairment loss on trade receivables	–	2,010	2,010	<i>g</i>
Operating profit	157,105	161,493	4,388	
Finance income	241	241	–	
Finance expenses	(32,536)	(24,703)	7,833	<i>h</i>
Profit before income tax	124,810	137,031	12,221	
Income tax expenses	(61,786)	(62,895)	(1,109)	<i>i</i>
Profit for the year	<u>63,024</u>	<u>74,136</u>	<u>11,112</u>	

	2021 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (audited)	Variance <i>HK\$'000</i>	<i>Notes</i>
Consolidated Statement of Comprehensive Income (Extract)				
Profit for the year	63,024	74,136	11,112	
Currency translation differences	16,540	14,649	(1,891)	<i>j</i>
Translation reserve released upon disposal of subsidiaries	(2,664)	(2,178)	486	<i>k</i>
Total comprehensive income for the year	<u>76,900</u>	<u>86,607</u>	<u>9,707</u>	
Consolidated Statement of Financial Position (Extract)				
Non-current assets				
Property, plant and equipment	2,068	2,108	40	<i>l</i>
Investment properties	–	–	–	
Right-of-use assets	–	4,325	4,325	<i>m</i>
Goodwill	624	–	(624)	<i>n</i>
Current assets				
Inventories	5,341	4,774	(567)	<i>o</i>
Trade and other receivables and prepayments	1,102,076	962,094	(139,982)	<i>p</i>
Cash and cash equivalents	55,675	55,681	6	<i>q</i>
Total assets	<u>1,165,784</u>	<u>1,028,982</u>	<u>(136,802)</u>	

	2021 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (audited)	Variance <i>HK\$'000</i>	<i>Notes</i>
Equity attributable to owners of the Company				
Share capital	5,569	5,569	–	
Other reserves	516,665	458,374	(58,291)	<i>r</i>
Accumulated losses	(333,508)	(273,355)	60,153	<i>r</i>
Non-controlling interests	(39,507)	(28,229)	11,278	<i>s</i>
Total equity	<u>149,219</u>	<u>162,359</u>	<u>13,140</u>	
Non-current liabilities				
Bond payables	29,718	29,718	–	
Lease liabilities	1,082	2,677	1,595	<i>t</i>
Current liabilities				
Trade and other payables	555,037	359,278	(195,759)	<i>p</i>
Contract liabilities	6,783	24,717	17,934	<i>u</i>
Borrowings	249,829	307,079	57,250	<i>v</i>
Lease liabilities	2,040	2,521	481	<i>t</i>
Current income tax liabilities	62,016	26,112	(35,904)	<i>w</i>
Convertible loan notes	110,060	113,291	3,231	<i>x</i>
Derivative financial liabilities	–	1,230	1,230	<i>y</i>
Total liabilities	<u>1,016,565</u>	<u>866,623</u>	<u>(149,942)</u>	
Net current assets	<u>177,327</u>	<u>188,321</u>	<u>10,994</u>	
Total assets less current liabilities	<u>180,019</u>	<u>194,754</u>	<u>14,735</u>	
Total equity and liabilities	<u>1,165,784</u>	<u>1,028,982</u>	<u>(136,802)</u>	

Notes:

- (a) The difference in revenue was mainly due to the decrease in revenue from the operation of digital energy trading parks pursuant to HKFRS 15, and the over-statement of cost of sales in energy trading business.
- (b) The difference in administrative expenses was mainly due to certain late adjustment on classification of administrative expenses.

- (c) The difference in other income was mainly due to adjustments in relation to certain late adjustments on recognition of government grants.
- (d) The difference in other losses — net was mainly due to certain late adjustment on classification of other gain.
- (e) The difference in (loss)/gain on disposal of subsidiaries was mainly due to adjustment on understatement of liabilities of disposed companies.
- (f) The difference in impairment loss on amount due from former subsidiaries was mainly due to the management's assessment on the uncertainty of recoverability of amount due from former subsidiaries.
- (g) The difference in reversal of impairment loss on trade receivables was mainly due to the late adjustment on expected credit loss.
- (h) The difference in finance expenses was mainly due to late adjustments on interest on bond payable.
- (i) The difference in income tax expenses was mainly due to the tax effect of the abovementioned adjustments in note (a) to (h).
- (j) The difference in exchange gain on currency translation reserve of financial statements of foreign operations was mainly due to late adjustments on financial statements of foreign operation.
- (k) The difference in release of translation reserves upon disposal of subsidiaries of HK\$486,000 was mainly due to late adjustments on financial information of subsidiaries disposed of.
- (l) The difference in property, plant and equipment was mainly due to the change in the Company's functional currency for the current year.
- (m) The difference in right-of-uses assets of HK\$4,325,000 was mainly due to late adjustments on recognition of right-of-use assets.
- (n) The difference in goodwill of HK\$624,000 was mainly due to the late adjustments on impairment loss on goodwill in full amount according to the management's impairment loss assessment.
- (o) The difference in inventories of HK\$567,000 was mainly due to the late adjustment on classification in nature.
- (p) The difference in trade and other receivables and trade and other payables was mainly due to the late adjustment on classification in nature. Remaining variance of approximately HK\$47,202,000 was mainly due to the late adjustment on the over-statement of cost of sales in energy trading business.
- (q) The difference in cash and cash equivalent was mainly due to the change in the Company's functional currency for the current year.
- (r) The difference in other reserves and accumulated losses of HK\$52,484,000 was mainly due to the late adjustment on de-recognition of equity component of convertible loan notes.
- (s) The difference in non-controlling interests of HK\$11,278,000 was mainly due to late adjustments on financial information of certain subsidiaries.

- (t) The difference in lease liabilities was mainly due to late adjustment on recognition of lease liabilities.
- (u) The difference in contract liabilities was mainly due to the late adjustment on the decrease in revenue from the operation of digital energy trading parks pursuant to HKFRS 15.
- (v) The difference in borrowings was mainly due to the late adjustment on reclassification of shareholders' loan.
- (w) The difference in current income tax liabilities was mainly due to the late adjustment on reclassification of the nature of current tax expenditure of PRC subsidiaries.
- (x) The difference in convertible loan notes was mainly due to the late adjustment on the effective interest expense on convertible loan notes.
- (y) The difference in derivative financial liabilities was mainly due to the late adjustment on the recognition of derivative financial liabilities of the convertible loan notes.

EXTRACT OF THE AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the auditor on the Group's consolidated financial statements for the year ended 31 December 2021:

OPINION

We have audited the consolidated financial statements of Jintai Energy Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**"), which comprise the consolidated statement of financial position as at 31 December 2021, 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 a summary of significant accounting policies.

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 2021 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 ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in six businesses: (i) energy trading which comprised mainly the trading of fuel oil and kerosene; (ii) fuel oil and kerosene transportation services; (iii) operation of digital energy trading park; (iv) oil drilling services; (v) customs declaration services; and (vi) speaker manufacturing and trading business during the year ended 31 December 2021 (the “**Reporting Period**”).

The Group’s revenue for the Reporting Period was approximately HK\$11.01 billion, representing a decrease of approximately 21.79% as compared to approximately HK\$14.08 billion for the corresponding period in 2020 (the “**Corresponding Period**”). The gross profit during the Reporting Period was approximately HK\$428.83 million (2020: approximately HK\$232.98 million), representing an increase of approximately HK\$195.85 million or approximately 84.07% as compared to the Corresponding Period.

The Group’s gross profit margin for the Reporting Period has increased to approximately 3.89% from approximately 1.65% for the Corresponding Period. The Company has recorded a profit attributable to the owners of the Company for the Reporting Period of approximately HK\$94.30 million (2020: approximately HK\$321.80 million), representing a decrease of approximately HK\$227.50 million or approximately 70.70% as compared to the Corresponding Period.

Energy trading business

During the Reporting Period, the Group experienced various challenges including geopolitical situations, the US-China trade war and the volatility in crude oil price as a result of the persistent COVID-19 pandemic worldwide, energy trading business exposed to a higher risk. In view of that, the Group has temporarily suspended its energy trading business since October 2021, and will consider to resume the same when the oil price becomes stable.

During the Reporting Period, the revenue derived from the energy trading business amounted to approximately HK\$10.70 billion (2020: HK\$14.02 billion), representing a decrease of approximately 23.68% as compared to the Corresponding Period.

Fuel oil and kerosene transportation business

Lijin Shuntong Logistics Company Limited (利津順通物流有限公司) (“**Lijin Shuntong**”), a wholly-owned subsidiary of the Company before its disposal, was engaged in the provision of energy transportation service. Lijin Shuntong held a road transportation business license for hazardous chemicals in the PRC and operated a fleet of more than 90 tanker trucks with carrying capacity of 32 tons for each vehicle.

During the Reporting Period, the Company decided to cease its energy transportation business as the drawbacks of maintaining the Group’s own fleet for energy transportation vehicles outweighed its expected benefits during the persistent COVID-19 pandemic. On 3 December 2021, the Company has disposed of the entire equity interest of Lijin Shuntong to an independent third party.

During the Reporting Period, the revenue derived from the fuel oil and kerosene transportation business amounted to approximately HK\$18.40 million (2020: HK\$5.23 million), representing an increase of approximately 251.82%.

Digital energy trading parks

The business operation of the digital energy trading parks has been expanding with rapid development during the Reporting Period. The Group has signed cooperation agreements with various enterprises or entities in 13 cities/regions of China, and successfully introduced not less than 236 enterprises into the digital energy trading parks since its commencement. The operation and service business of digital energy trading parks generates income to the Group through: (1) receiving fixed service fees from enterprises in the trading parks on an annual basis; (2) receiving service fees based on the value-added services provided to the enterprises in the trading parks including the supply chain services and tax planning; (3) applying for tax incentives or financial subsidies from local governments based on the economic benefits of the operation of the trading parks.

During the Reporting Period, the revenue derived from the operation of digital energy trading parks was approximately HK\$26.50 million (2020 annual: HK\$3.36 million). This business segment was commenced in the second half of 2020. The Company believes that the digital energy trading parks business can continue to contribute economic benefits and bring new opportunities for the energy trading business of the Group in the future.

Drilling Services

The Group has completed drilling services of certain oil wells through its wholly-owned subsidiary, Ningxia Deliheng Oil and Gas Technology Service Company* (寧夏德力恒油氣技術服務有限公司) (“**Ningxia Deliheng**”) in the Reporting Period. Ningxia Deliheng had entered into the SL16-5-4 and SL27 Well Agreement with Beijing Huaye Jinqian Petroleum Energy Technology Development Company Limited, Yanchi Branch Company* (北京華燁金泉石油能源技術開發有限公司鹽池分公司) (“**Beijing Huaye**”), pursuant to which Ningxia Deliheng provided drilling services of 19 oil wells for Beijing Huaye for the purpose of extraction of oil in late 2019 and the transaction was approved in February 2020. Due to the outbreak of COVID-19 pandemic resulting in lockdown of various major countries, the drilling services projects were delayed. The drilling work of oil wells under the SL16-5-4 and SL27 Well Agreement was commenced by 4 June 2021 and has been completed in June 2021.

The Group has further entered into a new drilling service agreement with Beijing Huaye to provide drilling services for 63 oil wells at a contract sum of over RMB748 million during the Reporting Period. As certain conditions precedent under the service agreement have not been fulfilled as well as the situation of the COVID-19 pandemic remains uncertain, the new drilling services of the 63 oil wells has been deferred.

During the Reporting Period, the revenue derived from the drilling services business amounted to approximately HK\$259.94 million (2020: nil).

Notwithstanding the uncertainties posed by COVID-19 pandemic, with the past successful track records, the Group believes that the drilling services can continue to contribute economic benefits and bring new opportunities to the Group in the future.

Customs declaration services

The Company has, through its wholly-owned subsidiary, incorporated Shandong Ruiyuan Shipping Company Limited* (山東瑞源船務有限公司) (“**Shandong Ruiyuan**”) in April 2020 in Shandong, China with an independent third party. The Group holds 60% of the entire equity interest of Shandong Ruiyuan and Shandong Ruiyuan has been a non-wholly owned subsidiary of the Group. Shandong Ruiyuan is principally engaged in the provision of customs declaration services. Since then, the Group has commenced its customs declaration services business.

During the Reporting Period, the revenue derived from the customs declaration services business for the Reporting Period amounted to approximately HK\$3.98 million (2020: HK\$3.99 million), representing a slight decrease of approximately 0.25%.

The Group will continue to adopt a cautious approach in operating the said business. The Board believes the customs declaration business will continue to provide a sustainable growth of income to the Group.

Speaker manufacturing and trading business

The speaker trading business recorded revenue of approximately HK\$0.19 million during the Reporting Period (2020: approximately HK\$27.93 million), representing a significant drop of approximately 99.32% (2020: decreased by approximately 21.40%).

Being a non-core business of the Group, the Group has ceased the speaker manufacturing and trading business after its disposal of the equity interests in the 3 indirect subsidiaries engaging in speaker trading business on 31 December 2021 to an independent third party.

Trading of electronic products

During the Reporting Period, the business of trading of electronic products recorded nil profit (2020: approximately HK\$21.02 million). On 9 July 2021, the Group has disposed of the equity interests in Chuangpu Technology Co., Ltd., a non-wholly owned subsidiary of the Company engaging in trading of electronic products, to an independent third party. After the disposal of Chuangpu Technology Co., Ltd., the Group has ceased the business of trading of electronic products.

PROSPECTS

Looking forward to 2022, the overall market conditions remain uncertain and the Group continues to face new challenges due to the volatility in oil price and the expected implementation of certain controls, restrictions and measures against the prolonged COVID-19 pandemic.

1. Energy Trading

The Group will continue the development of new energy-related products and services in order to strengthen the energy trading business and to achieve sustainable growth in 2022.

2. Digital Trading Industry Park Operation

The Group has been successful in developing the “digital trading industry park” operation service of the petrochemical energy industry and have signed cooperative contracts with enterprises in 13 cities and regions to co-build the Jintai Energy Digital Trading Industry Park since its commencement. The Group has introduced not less than 236 enterprises into the digital park. This project aims to achieve operation of 30 industry digital parks, introducing more than 1,000 enterprises and achieving RMB80 million of service revenue in the year 2022. The Group will continue to broaden its customer base to the digital trading industry park in order to achieve a constant growth in the future.

3. Business Expansion

The Group will explore new investment and business opportunities in various fields such as energy exploitation, energy transport, petroleum exploration technology service, petroleum refining service, petroleum product retail, energy internet and energy finance, with the strategy of building up an ecosystem within the petrochemical energy industry and enhance the Company’s competitiveness and profitability.

4. Fundraising

The Group has raised funds to support its business development by means of equity financing and establishment of joint ventures with other corporations, and will also continue actively to seek strategic investors on an ongoing basis, and strengthen the sources of financing for equity, loans and supply-chain funding to serve as strong backup for the Group’s further development.

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

FINANCIAL REVIEW

Results of Operations

During the Reporting Period, the revenue of the Group decreased by 21.79% to approximately HK\$11.01 billion (2020: approximately HK\$14.08 billion). The decrease in revenue was mainly attributable to the decrease in trading volume of fuel oil during the Reporting Period.

During the Reporting Period, the Group recorded a net profit attributable to owners of the Company of approximately HK\$94.30 million (2020: net profit attributable to owners of the Company of approximately HK\$321.80 million), representing a decrease of approximately HK\$227.50 million or approximately 70.70% as compared to the Corresponding Period. The decrease was mainly attributable to the fact that the Company has recorded a one-off gain on the disposal of subsidiaries of approximately HK\$374.63 million in 2020.

The operating costs during the Reporting Period were approximately HK\$267.97 million (2020: approximately HK\$274.71 million), representing a decrease of approximately 2.45% as compared with the corresponding period in 2020. The decrease in the operating costs was in line with the decrease in revenue for the Reporting Period.

The finance costs of the Group during the Reporting Period were approximately HK\$24.70 million, representing a decrease of approximately 40.84% as compared with approximately HK\$41.75 million for the Corresponding Period.

For the Reporting Period, the basic gain per share was approximately HK2.12 cents (2020: approximately HK8.01 cents), representing a decrease of approximately 73.53%.

The Board does not recommend the payment of a final dividend for the Reporting Period (2020: nil).

Liquidity and Financial Resources

As at 31 December 2021, the Group had cash and cash equivalents of approximately HK\$55.68 million (31 December 2020: approximately HK\$116.71 million), which were mainly denominated in Hong Kong dollars (HK\$), US dollars (US\$) and Renminbi (RMB).

As at 31 December 2021, the Group's net current assets were approximately HK\$188.32 million (2020: approximately HK\$63.37 million). The Group's current ratio as at 31 December 2021, being the ratio of total current assets to total current liabilities, was approximately 1.23 as compared to approximately 1.04 as at 31 December 2020.

The Group had bank and other borrowings of approximately HK\$307.08 million (2020: approximately HK\$319.07 million) which were denominated in Renminbi and Hong Kong dollars. The aforesaid bank and other borrowings was accounted for the current liabilities of the Group and repayable within one year.

As at 31 December 2021, the carrying amount of the principal and the interest payables of the issued convertible notes of the Group was approximately HK\$113.29 million (2020: approximately HK\$110.88 million).

The Group had issued bonds in the principal amount of RMB23,481,678.65 as consideration for the acquisition of entire interest of Linjin Shuntong in August 2020. As at 31 December 2021, the carrying amount of bonds was approximately HK\$29.72 million (2020: HK\$27.14 million). The bonds bear interest at 5% per annum, payable on maturity date of 23 October 2023.

Capital Structure and Gearing Ratio

As at 31 December 2021, the total issued shares of the Company was 4,455,020,888 shares.

As at 31 December 2021, the share capital and equity attributable to owners of the Company amounted to approximately HK\$5.57 million and approximately HK\$190.59 million respectively (2020: approximately HK\$5.57 million and approximately HK\$63.83 million respectively).

As at 31 December 2021, 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 221% (as at 31 December 2020: 674%), which was computed by dividing the total borrowings of approximately HK\$420.37 million (2020: approximately HK\$429.95 million) by shareholder's equity of approximately HK\$190.59 million (2020: approximately HK\$63.83 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 HK 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 hedging facilities when necessary.

Employees

As at 31 December 2021, the Group has employed a total of approximately 171 employees (2020: 349) in Hong Kong and the PRC. Staff costs (excluding Directors' emoluments) from continuing operations amounted to approximately HK\$49.86 million (2020: approximately HK\$54.10 million). The Group recruits and selects candidates for employment taking into account their qualifications and suitability for the position. It is the Group's policy to recruit the most competent person available for each position.

Amendments to the Terms and Conditions of Convertible Notes

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

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

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

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

SHARE OPTION SCHEME

On 20 May 2021, 125,000,000 share options were granted by the Company to 5 grantees (comprising 5 employees who are not a Director, chief executive nor substantial shareholder of the Company nor an associate (as defined under the Listing Rules) of any of them) at the exercise price of HK\$0.15 per share under the share option scheme adopted by the Company on 16 September 2019 and refreshed on 29 May 2020. Further details are set out in the announcement of the Company dated 20 May 2021.

CONNECTED TRANSACTIONS

Provision of drilling services 1

On 24 October 2019, Ningxia Deliheng Oil and Gas Technology Service Company Ltd. (寧夏德力恒油氣技術服務有限公司) (“**Ningxia Deliheng**”) and Beijing Huaye Jinqun Petroleum Energy Technology Development Company Limited, Yanchi Branch Company (北京華燁金泉石油能源技術開發有限公司鹽池分公司) (“**Beijing Huaye**”) entered into the SL16-5-4 Well Agreement and the SL27 Well Agreement, pursuant to which Ningxia Deliheng agreed to provide drilling services of (i) an aggregate of 18 oil wells under the SL16-5-4 Well Agreement at the consideration of RMB225,536,750 and (ii) 1 oil well under the SL27 Well Agreement at the consideration of RMB8,486,219.50 for Beijing Huaye for the purpose of extraction of oil.

Mr. Han Jinfeng is a majority ultimate beneficial shareholder of Beijing Huaye (holding 64% effective interest thereof). Mr. Han Jinfeng is a cousin of Mr. Chen Jinle, the Chairman, an executive Director and substantial shareholder of the Company at the material time when the SL16-5-4 Well Agreement and the SL27 Well Agreement were entered into. Therefore, Beijing Huaye is an associate of a connected person of the Company and is therefore a connected person of the Company. Accordingly, the aforesaid agreements constituted connected transactions of the Company. On 11 February 2020, ordinary resolutions have been passed by the independent shareholders of the Company. As at the date of this announcement, Mr. Han Jinfeng is an executive Director and the chairman of the Company. Due to the outbreak of COVID-19 and the extreme low crude oil price amid the pandemic, the drilling works for the oil well were deferred in 2020 and has been resumed in 2021 and completed by 30 June 2021.

Details of the SL16-5-4 Well Agreement and the SL27 Well Agreement are set out in the announcements of the Company dated 24 October 2019, 27 November 2019, 9 January 2020, 11 February 2020, 12 June 2020, 7 June 2021 and 30 June 2021 respectively, and the circular of the Company dated 22 January 2020.

Provision of drilling services 2

On 10 August 2021, Ningxia Deliheng 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, Ningxia Deliheng agreed to provide drilling services of an aggregate of 63 oil wells for Beijing Huaye for the purpose of extraction of oil at an aggregate consideration of RMB748,171,700.00.

As abovementioned, Mr. Han Jinfeng is a majority ultimate beneficial shareholder of Beijing Huaye (holding 64% effective interest thereof). Mr. Han Jinfeng is a cousin of Mr. Chen Jinle, the Chairman, an executive Director and substantial shareholder of the Company at the material time when the Huian Well Agreement was entered into, the Huian Well Agreement constituted a connected transaction of the Company. As at the date of this announcement, Mr. Han Jinfeng is an executive Director and the chairman of the Company.

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

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

CAPITAL COMMITMENT

Contingent Liabilities

Save for those disclosed in this announcement, as at 31 December 2021, the Group did not have any material contingent liabilities.

Pledge of assets

As at 31 December 2021, no assets of the Group have been pledged as security for the borrowings of the Group (as at 31 December 2020: nil).

Significant Investments and Material Acquisitions or Disposals

Save for those acquisitions and disposals disclosed in this announcement, there were no significant investment or any material acquisition or disposal of subsidiaries during the year ended 31 December 2021.

EVENTS AFTER REPORTING PERIOD

Impact of COVID-19

Since the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented in the PRC and across the globe. The operations of the Group continued to be impacted by the COVID-19 pandemic and the stringent travel restrictions and quarantine measures imposed by the PRC Government during the Reporting Period.

In view of the risk management measures taken by the Group and the precautionary and control measures imposed by the PRC government, it believes that the COVID-19 pandemic will not have a material adverse impact on the Group's overall financial position and operating results as the Company mainly carries out its business in the PRC.

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

Save for disclosed in this announcement, there were no material subsequent events undertaken by the Company or by the Group after 31 December 2021 and up to the date of this announcement.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

CORPORATE GOVERNANCE

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 in terms of corporate governance is to provide high-quality products and services to the satisfaction of our customers and maintain high standards of business ethics and achieve these goals while, at the same time, providing satisfactory and sustainable returns to the Shareholders.

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

The Company has a code of business conduct that sets out 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 set out in the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 of the Listing Rules which was effective on or before 31 December 2021.

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 10 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 had complied with the required standards 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.

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.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the annual report of the Company for the year ended 31 December 2021 are set out below:

Mr. Wang Shoulei has resigned his position as the non-executive Director with effect from 26 October 2021.

Mr. Gao Han has resigned as an independent non-executive Director, and ceased to be a member of each of the Audit Committee (the “**Audit Committee**”), the Nomination Committee (the “**Nomination Committee**”) and the Remuneration Committee (the “**Remuneration Committee**”) of the Company with effect from 28 October 2021.

Mr. Jiang Hao was appointed as an independent non-executive Director, and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 28 October 2021.

Mr. Chen Yunwei was appointed as a non-executive Director with effect from 29 October 2021.

Mr. Chen Jinle has resigned as an executive Director, the chairman of the Board and the chairman of the Nomination Committee with effect from 11 March 2022.

Following the resignation of Mr. Chen Jinle, Mr. Han Jinfeng was appointed as an executive Director, the chairman of the Board and the chairman of the Nomination Committee with effect from 11 March 2022.

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.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company, during the Reporting Period and up to the date of this announcement, and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules during the Reporting Period.

CHANGE OF AUDITORS

During the Reporting Period, Cheng & Cheng Limited, Certified Public Accountants resigned as auditor of the Company on 26 November 2021 and CCTH CPA Limited was appointed by the Directors on 29 December 2021 to fill the casual vacancy so arising.

Cheng & Cheng Limited, Certified Public Accountant has been the auditor of the Company since 20 February 2019 following the resignation of its previous auditor of the Company, PricewaterhouseCoopers.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2021, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial

statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on this announcement.

AUDIT COMMITTEE AND REVIEW OF AUDITED ANNUAL RESULTS

The Audit Committee of the Company (the “**Audit Committee**”) comprises of three independent non-executive Directors, namely Mr. Tche Heng Hou Kevin, Mr. Mak Tin Sang and Mr. Jiang Hao. The chairman of the Audit Committee is Mr. Tche Heng Hou Kevin, who holds the appropriate professional accounting qualification and financial management expertise as required under the Listing Rules.

The primary duties of the Audit Committee are mainly to communicate with external auditor; to review the remuneration, terms of engagement, independence and objectivity of the external auditor; to review the accounting policy, financial position and financial reporting procedures of the Company; and to assess the financial reporting system, internal control procedures and risk management function of the Company and making recommendations thereof.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 24 June 2022 to Wednesday, 29 June 2022 (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 Wednesday, 29 June 2022, 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 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 June 2022.

PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT 2021

This audited annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.jintaienergy.com), and the annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the above websites on or before 27 May 2022.

ACKNOWLEDGEMENT

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

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

Hong Kong, 24 May 2022

- * *The English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*
- * *For the purpose of this announcement, conversion of RMB into HK Dollars is based on the approximate exchange rate of RMB1 to HK\$1.2. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK Dollars or RMB have been, could have been or may be converted at such or any other rate or at all.*

As at the date of this announcement, the Company has three executive Directors, namely Mr. Han Jinfeng (Chairman), Mr. Lin Caihuo and Mr. Yuan Hongbing (Chief Executive Officer), one non-executive Director, namely Mr. Chen Yunwei, and three independent non-executive Directors, namely Mr. Tche Heng Hou Kevin, Mr. Mak Tin Sang and Mr. Jiang Hao.