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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Jintai Energy Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 together with the comparative figures for the corresponding period in 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Unaudited	
	<i>Notes</i>	Six months ended 30 June	
		2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	111,050	9,384,672
Cost of sales		(82,692)	(9,067,334)
Gross profit		28,358	317,338
Distribution expenses		(2,811)	(135,115)
Administrative expenses		(16,527)	(36,191)
Other income		14,616	4,949
Other gains/(losses) — net		4,371	(1,324)
Gain on disposal of subsidiaries	9	—	1,016
(Impairment loss)/reversal of impairment loss on trade and other receivables		(4)	1,928
Operating profit		28,003	152,601
Finance income		681	176
Finance expenses		(4,556)	(15,397)
Finance expenses — net		(3,875)	(15,221)
Profit before income tax		24,128	137,380
Income tax credit/(expense)	4	729	(14,337)
Profit for the period		24,857	123,043
Profit for the period attributable to:			
Owners of the Company		14,084	112,942
Non-controlling interests		10,773	10,101
		24,857	123,043
Earnings per share attributable to owners of the Company			
Basic earnings per share (HK cents)	5	0.32	2.54
Diluted earnings per share (HK cents)	5	0.32	2.36

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	Unaudited 30 June 2022 HK\$'000	Audited 31 December 2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		3,084	2,108
Right-of-use assets		3,625	4,325
Goodwill		<u>–</u>	<u>–</u>
		6,709	6,433
Current assets			
Inventories		5,290	4,774
Trade and other receivables and prepayments	7	181,934	962,094
Cash and cash equivalents		613,516	55,681
		<u>800,740</u>	<u>1,022,549</u>
Total assets		<u>807,449</u>	<u>1,028,982</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		5,569	5,569
Other reserves		492,279	458,374
Accumulated losses		(260,570)	(273,355)
		<u>237,278</u>	<u>190,588</u>
Non-controlling interests		<u>(22,092)</u>	<u>(28,229)</u>
Total equity		<u>215,186</u>	<u>162,359</u>

		Unaudited	Audited
		30 June	31 December
	<i>Note</i>	2022	2021
		HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Bond payables		29,274	29,718
Lease liabilities		2,699	2,677
		<u>31,973</u>	<u>32,395</u>
Current liabilities			
Trade and other payables	8	141,467	359,278
Contract liabilities		2,747	24,717
Borrowings		301,020	307,079
Lease liabilities		987	2,521
Current income tax liabilities		1,565	26,112
Convertible loan notes		111,328	113,291
Derivative financial liabilities		1,176	1,230
		<u>560,290</u>	<u>834,228</u>
Net current assets		<u>240,450</u>	<u>188,321</u>
Total assets less current liabilities		<u>247,159</u>	<u>194,754</u>
Total liabilities		<u>592,263</u>	<u>866,623</u>
Total equity and liabilities		<u><u>807,449</u></u>	<u><u>1,028,982</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of amendments to HKFRSs effective as of 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Application of amendments to HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

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

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

3 SEGMENT INFORMATION

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

The board of directors 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 not divided between segments.

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Revenue from external customers		
Energy business	78,928	9,078,620
Speaker business	–	194
Drilling services	–	258,789
Operation of digital energy trading parks	32,122	26,301
Transportation services	–	17,727
Services business of customs declaration	–	3,041
	<hr/>	<hr/>
Total	111,050	9,384,672
	<hr/>	<hr/>
Timing of revenue recognition		
At a point in time	78,928	9,099,634
Over time	32,122	285,038
	<hr/>	<hr/>
Total	111,050	9,384,672
	<hr/>	<hr/>

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
Segment profit/(loss)		
Energy business	(1,539)	56,789
Speaker business	–	(1,223)
Drilling services	–	95,020
Operation of digital energy trading parks	22,077	13,984
Transportation services	–	(5,268)
Services business of customs declaration	–	1,945
Electronic products	–	1,016
	<hr/>	<hr/>
Total	20,538	162,263
	<hr/> <hr/>	<hr/> <hr/>
	Unaudited	Audited
	30 June	31 December
	2022	2021
	HK\$'000	HK\$'000
Segment assets		
Energy business	760,579	738,794
Drilling services	15,828	232,403
Operation of digital energy trading parks	30,068	56,250
Services business of customs declaration	36	144
	<hr/>	<hr/>
Total	806,511	1,027,591
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Energy business	112,716	119,933
Drilling services	9	215,808
Operation of digital energy trading parks	20,362	30,091
Services business of customs declaration	8	146
	<hr/>	<hr/>
Total	133,095	365,978
	<hr/> <hr/>	<hr/> <hr/>

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

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

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

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

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

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

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

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

4 INCOME TAX CREDIT/(EXPENSE)

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

No provision for Hong Kong profits tax has been made, as the Group's subsidiaries in Hong Kong did not derive any assessable profit for the six months ended 30 June 2022 and 30 June 2021.

Taxation on PRC income has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the PRC in which the Group operates. The Company's subsidiaries incorporated in the PRC are subject to Enterprise Income Tax ("EIT") at the rate of 25% (six months ended 30 June 2021: 25%).

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

5 EARNINGS PER SHARE

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

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

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue for the six months ended 30 June 2022 and 30 June 2021.

6 DIVIDENDS

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

7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

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

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

8 TRADE AND OTHER PAYABLES

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

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

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

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

9. DISPOSAL OF SUBSIDIARIES

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

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

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

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

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

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

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

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

Net assets/(liabilities) disposed of

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

	Year ended 31 December 2021				
	(a)	(b)	(c)	(d)	
	Shinhint	Shuntong	Shandong	Chuangpu	Total
	Group	Logistic	Jinhai	Technology	
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
Non-current assets					
Property, plant and equipment	249	10,950	34	238	11,471
Right-of-use assets	–	–	–	1,399	1,399
Current assets					
Inventories	–	866	–	686	1,552
Trade and other receivables	5	60,666	98,595	1,818	161,084
Prepayments to suppliers	–	–	12,029	873	12,902
Cash and cash equivalents	111	113	69	1,110	1,403
Total assets	<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>

Gain on disposal of subsidiaries

	Year ended 31 December 2021				
	(a)	(b)	(c)	(d)	
	Shinhint	Shuntong	Shandong	Chuangpu	Total
	Group	Logistic	Jinhai	Technology	
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
Consideration for disposal					
— Received	—	—	—	1,211	1,211
— Receivable	—	28,297	14,412	—	42,709
	<u>—</u>	<u>28,297</u>	<u>14,412</u>	<u>—</u>	<u>42,709</u>
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
	<u>—</u>	<u>1,591</u>	<u>699</u>	<u>(112)</u>	<u>2,178</u>
Gain/(loss) on disposal	<u>235</u>	<u>10,684</u>	<u>(241)</u>	<u>960</u>	<u>11,638</u>

Cash inflow/(outflow) on disposal of subsidiaries

	Year ended 31 December 2021				
	(a)	(b)	(c)	(d)	
	Shinhint	Shuntong	Shandong	Chuangpu	Total
	Group	Logistic	Jinhai	Technology	
	HK\$000	HK\$000	HK\$000	HK\$000	HK\$000
Consideration for disposal received	—	—	—	1,211	1,211
Less: Bank balances and cash disposed of	(111)	(113)	(69)	(1,110)	(1,403)
	<u>(111)</u>	<u>(113)</u>	<u>(69)</u>	<u>(1,110)</u>	<u>(1,403)</u>
Net cash inflow/(outflow) on disposal	<u>(111)</u>	<u>(113)</u>	<u>(69)</u>	<u>101</u>	<u>(192)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Energy trading business

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

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

Digital energy trading parks

The business operation of the digital energy trading parks has been rapidly expanding since its commencement in second half of 2020. The Group has signed cooperation agreements with various entities in 13 cities/regions of China, and successfully introduced not less than 236 enterprises into the digital energy trading parks as at the date of this announcement. The operation and service business of digital energy trading parks generates stable income to the Group through: (1) receiving fixed service fees from enterprises in the trading parks on an annual basis; (2) receiving service fees based on the value-added services provided to the enterprises in the trading parks; and (3) applying for tax incentives or financial subsidies from local governments based on the economic benefits of the operation of the trading parks.

During the Current Period, the revenue derived from the operation of digital energy trading parks was approximately HK\$32.12 million (2021 interim: approximately HK\$26.30 million). The Company believes that the digital energy trading parks business will continue to contribute economic benefits and bring new opportunities for the energy trading business of the Group in the future.

Drilling Services

The Group has completed several drilling services of oil wells through its wholly-owned subsidiary, Ningxia Deliheng Oil and Gas Technology Service Company* (寧夏德力恒油氣技術服務有限公司) in 2021. Ningxia Deliheng had entered into the SL16-5-4 and SL27 Well Agreement in late 2019 with Beijing Huaye Jinqun Petroleum Energy Technology Development Company Limited, Yanchi Branch Company* (北京華燁金泉石油能源技術開發有限公司鹽池分公司) (“**Beijing Huaye**”) that Ningxia Deliheng provided drilling services of 19 oil wells for Beijing Huaye for the purpose of extraction of oil and the drilling work of oil wells under the SL16-5-4 and SL27 Well Agreement were commenced by 4 June 2021 and has been completed in June 2021.

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

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

Customs declaration services

The Group has, through its wholly-owned subsidiary, established Shandong Ruiyuan Shipping Company Limited* (山東瑞源船務有限公司) (“**Shandong Ruiyuan**”) in April 2020 in Shandong, China with an independent third party. The Group holds 60% equity interest of Shandong Ruiyaun and accordingly Shandong Ruiyuan has been a non-wholly owned subsidiary of the Company. Shandong Ruiyuan is principally engaged in the provision of customs declaration services. Since then, the Group has commenced its customs declaration services business. During the Current Period, no revenue was derived from the customs declaration services business due to the substantial logistic challenges as a result of the persistent COVID-19 pandemics (2021 interim: approximately HK\$3.04 million).

PROSPECTS

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

1. Energy Trading

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

2. Digital Trading Industry Park Operation

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

3. Business Expansion

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

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

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

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

FINANCIAL REVIEW

Results of Operations

Revenue

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

Net Profit

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

Operating Costs

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

Finance Costs

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

Earning per Share

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

FINANCIAL POSITION

Liquidity and Financial Resources

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

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

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

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

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

Capital Structure and Gearing Ratio

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

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

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

Pledge on the Group's assets

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

Significant Investments and Material Acquisitions or Disposals

Save as disclosed in this announcement, the Group has made no significant investment or any material acquisition or disposal of subsidiaries for the six months ended 30 June 2022.

Treasury Policies

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

Contingent Liabilities

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

Human Resources and Remuneration

The Group has employed a total of approximately 131 employees as at 30 June 2022 (as at 30 June 2021: approximately 218) in Hong Kong and the PRC. Staff costs (excluding Directors' emoluments) during the Current Period amounted to approximately HK\$6.7 million (2021 interim: approximately HK\$22.9 million). The Group recruits and selects candidates based on their qualifications and suitability for the position. It is the policy of the Group to recruit the most capable person available for each position.

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

Share Option Scheme

The former share option scheme of the Company expired on 25 June 2015. Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 16 September 2019, a new share option scheme of the Company (the "**New Scheme**") was adopted by the Company accordingly and will expire on 15 September 2029. The Company operates the New Scheme for the purpose of providing incentives or rewards to selected eligible participants who contribute to the success of the Group's operations. Selected eligible participants of the New Scheme include directors, employees of the Company or any of its subsidiaries and any officers or consultants who will provide or have provided services to the Group.

On 20 May 2021, the Company granted the options (the "**Share Options**") to 5 grantees (including 5 employees) under the New Scheme adopted by the Company on 16 September 2019 and refreshed on 29 May 2020.

The total number of securities available for issue under the New Scheme as at the date of this announcement was 856,700,000 Shares, representing approximately 19.23% of issued share capital of the Company as at the date of this announcement. For details, please refer to the circulars of the Company dated 28 August 2019 and 27 April 2020 and the announcements of the Company dated 25 September 2019, 29 May 2020, 19 June 2020 and 20 May 2021 respectively.

Details of the Share Options granted, exercised, lapsed and outstanding under the New Scheme during the Current Period are as follows:

Name or category of participants	Date of grant (dd/mm/yyyy)	Exercise price after (before) share subdivision in 2018 HK\$	Closing Price of the Shares immediately before the date of grant HK\$	Vesting date (dd/mm/yyyy)	Exercisable period (dd/mm/yyyy)	Number of share options				
						As at 01/01/2022	Granted during the period	Exercise during the period	Lapse during the period	As at 30/06/2022
DIRECTORS										
Mr. Yuan Hongbing	19/6/2020	0.145	0.145	19/6/2020	19/6/2020–18/6/2025	37,000,000	-	-	-	37,000,000
Total						<u>37,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,000,000</u>
OTHER PARTICIPANTS										
Eligible employees ⁽¹⁾	19/6/2015	0.64125 (1.2825)	0.626	19/6/2015	19/6/2015–18/6/2025	123,200,000	-	-	-	123,200,000
Eligible employees ⁽¹⁾ and consultants	24/9/2019	0.15	0.131	24/9/2019	24/9/2019–23/9/2029	362,500,000	-	-	-	362,500,000
Eligible employees ⁽¹⁾	19/6/2020	0.145	0.145	19/6/2021	19/6/2020–18/6/2025	159,000,000	-	-	-	159,000,000
Eligible employees ⁽¹⁾	20/5/2021	0.15	0.148	20/5/2021	20/5/2021–19/5/2027	125,000,000	-	-	-	125,000,000
Total						<u>769,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>769,700,000</u>

Note:

1. Eligible employees are working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

Connected Transactions

Provision of drilling services

On 10 August 2021, 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**”), an indirect wholly-owned subsidiary of the Company and Beijing Huaye Jinquan Petroleum Energy Technology Development Company Limited, Yanchi Branch Company (北京華燁金泉石油能源技術開發有限公司鹽池分公司) (“**Beijing Huaye**”) entered into an agreement regarding oil well drilling in Huian Oil Field (惠安油田), the PRC (the “**Well Agreement**”). Pursuant to the Well Agreement, Ningxia Deliheng agreed to provide drilling services of an aggregate of 63 oil wells for Beijing Huaye for the purpose of extraction of oil at an aggregate consideration of RMB748,171,700.00.

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

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

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

SUBSEQUENT EVENTS AFTER THE CURRENT PERIOD

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

Memorandum of Understanding regarding a potential acquisition

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

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

Amendments to the Terms and Conditions of the Convertible Notes

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

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

On 4 August 2021, the Company entered into the second supplemental deed with Qilu to (a) extend the maturity date to 17 July 2022 and extend the end of the conversion period to 4:00 p.m. (Hong Kong time) on the extended maturity date; and (b) the interest payment dates shall be 17 January 2022 and 17 July 2022.

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

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

Further details of the issuance of convertible Notes, the supplemental deed and the second supplement 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.

Exploration and Development Agreement

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

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

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

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 Current Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

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

INTERIM DIVIDEND

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

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION AND THE ARTICLES OF ASSOCIATION

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

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

Pursuant to code provision C.1.6 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Our non-executive Director, Mr. Chen Yunwei was unable to attend the annual general meeting of the Company held on 29 June 2022 due to other commitments.

Update of the Directors’ Information under Rule 13.51B(1) of the Listing Rules

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

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

Compliance with the Model Code

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

Audit Committee

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

The interim results of the Group for the six months ended 30 June 2022 have not been audited. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022 and this announcement with the Directors and senior management of the Group.

ACKNOWLEDGEMENT

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

PUBLICATION OF INTERIM REPORT

This interim results announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jintaienergy.com), and the interim report containing all information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 31 August 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.*

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.