Jintai Energy Holdings Limited

金泰能源控股有限公司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 2728)

Annual Report 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Han Jinfeng *(Chairman)*
Mr. Yuan Hongbing *(Chief Executive Officer)*
Mr. Lin Caihuo (retired on 16 June 2023)

Non-Executive Director

Mr. Chen Yunwei

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Mak Tin Sang *(Chairman of the Committee)*
Mr. Yuan Hongbing
Mr. Tche Heng Hou Kevin
Mr. Jiang Hao
Mr. Lin Caihuo (ceased on 16 June 2023)

NOMINATION COMMITTEE

Mr. Han Jinfeng *(Chairman of the Committee)*
Mr. Tche Heng Hou Kevin
Mr. Mak Tin Sang
Mr. Jiang Hao
Mr. Lin Caihuo (ceased on 16 June 2023)

CORPORATE INFORMATION

AUTHORIZED REPRESENTATIVES

Mr. Zhou Chen
Mr. Yuan Hongbing

COMPANY SECRETARY

Mr. Zhou Chen

AUDITORS

AOGB CPA Limited (appointed with effect from 28 November 2023)
Registered Public Interest Entity Auditors
CCTH CPA Limited (resigned with effect from 23 November 2023)

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

LEGAL ADVISERS

As to Hong Kong law
Raymond Siu & Lawyers

As to Cayman Islands law
Conyers Dill & Pearman, Cayman

STOCK CODE

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

WEBSITE

www.jintaienergy.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in three businesses: (i) energy business which comprised mainly the trading of energy-related products; (ii) operation of digital energy trading parks; and (iii) drilling services during the year ended 31 December 2023 (the "**Reporting Period**").

The Group's revenue for the Reporting Period was approximately HK$1.31 billion, representing a significant increase of approximately 772.50% as compared to approximately HK$0.15 billion for the corresponding period in 2022 (the "**Corresponding Period**"). The gross profit during the Reporting Period was approximately HK$24.37 million (2022: approximately HK$27.89 million), representing a decrease of approximately HK$3.52 million or approximately 12.64% as compared to the Corresponding Period.

Energy business

The Group, having taken into account the best interest of the Company and its shareholders, has temporarily suspended a substantial part of its energy business since October 2021 due to the exposure of energy business to a higher risk resulting from the volatility in crude oil and certain petrochemicals price and the economic uncertainty subsequent to the prolonged COVID-19 pandemic worldwide and the military conflict between Ukraine and Russia.

Since July 2023, the Group has resumed its energy business after considering that the global oil price and certain petrochemicals price becomes relatively stable.

During the Reporting Period, revenue derived from the energy trading business was approximately HK$1.29 billion (2022: approximately HK$0.12 billion).

Operation of digital energy trading parks

The business operation of the digital energy trading parks has been rapidly expanding since its commencement in the second half of 2020. The Group has signed cooperation agreements with various entities in 16 cities and regions of China, and successfully introduced not less than 600 enterprises into the digital energy trading parks as at the date of this report. The operation and service business of digital energy trading parks generates stable income to the Group through (1) receiving fixed service fees from enterprises in the trading parks on an annual basis; (2) receiving service fees based on the value-added services provided to the enterprises in the trading parks; (3) applying for tax incentives or financial subsidies from local governments based on the economic benefits of the operation of the trading parks.

During the Reporting Period, the revenue derived from the operation of digital energy trading parks was approximately HK$20.00 million (2022: approximately HK$33.34 million). The Company believes that the digital energy trading parks business will continue to contribute economic benefits and bring new opportunities for the energy business of the Group in the future.

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 Limited* (寧夏德力恒油氣技術服務有限公司) ("**Ningxia Deliheng**") in 2021. Ningxia Deliheng had entered into the SL16-5-4 and SL27 Well Agreement in late 2019 with Beijing Huaye Jinquan Petroleum Energy Technology Development Company Limited, Yanchi Branch* (北京華燁金泉石油能源技術開發有限公司鹽池分公司) ("**Beijing Huaye**"), pursuant to which Ningxia Deliheng provided drilling services of 19 oil wells for Beijing Huaye for the purpose of extraction of oil under the SL16-5-4 and SL27 Well Agreement. The drillings were 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 in the second half of 2021. As certain conditions precedent have not yet been fulfilled, the new drilling services of the 63 oil wells of the Group has been deferred and has not yet commenced as at the date of this report.

During the Reporting Period, the revenue derived from the drilling services business was nil (2022: nil).

PROSPECTS

Looking forward to the year of 2024, the risk of stagflation in the global economy is expected to increase and the overall market conditions remain uncertain. The Group expects to face various challenges such as oil and certain petrochemicals price fluctuation caused by the continuation of the military conflict between Ukraine and Russia and the economic uncertainty subsequent to the prolonged COVID-19 pandemic.

1. **Energy Business**

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

2. **Operation of Digital Energy Trading Parks**

   The Group has been successful in developing the "digital energy trading parks" operation service for the petrochemical energy industry and has signed cooperative contracts with various entities in 16 cities and regions of China to co-build the Jintai Energy Digital Trading Industry Park since its commencement. The Group has introduced not less than 600 enterprises to the digital park. The Group aims to achieve an operation of 30 industry digital parks, introducing more than 2,000 enterprises. The Group will continue to broaden its customer base to the digital trading industry in order to achieve a sustainable growth in the future.

3. **Business Expansion**

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

FINANCIAL REVIEW

Results of Operations

Revenue

During the Reporting Period, the revenue of the Group increased significantly to approximately HK$1.31 billion (2022: approximately HK$0.15 billion), representing a significant increase of approximately 772.50% as compared to the Corresponding Period. The substantial increase in revenue was mainly attributable to the resumption of the energy business since July 2023. During the Corresponding Period, a substantial part of its energy business was temporarily suspended.

Net Loss

During the Reporting Period, the Group recorded a net loss attributable to the owners of the Company of approximately HK$24.26 million (2022: net loss of approximately HK$31.91 million). The net loss in the Reporting Period was mainly attributable to the loss arising from waiver of the amount due from a non-wholly owned subsidiary before it was disposed of during the Reporting Period with the impact of approximately HK$20.5 million; and the decrease in revenue derived from the operation of digital energy trading parks and the net foreign exchange loss of approximately HK$2.14 million.

Operating Costs

The operating costs were approximately HK$34.18 million during the Reporting Period (2022: approximately HK$40.20 million), representing a decrease of approximately 14.98% as compared to the Corresponding Period. The decrease was in line with the decrease in gross profit for the Reporting Period.

Finance Costs

The finance costs of the Group were approximately HK$14.17 million during the Reporting Period, representing an increase of approximately 6.49% as compared with approximately HK$13.30 million for the Corresponding Period.

Loss per Share

For the Reporting Period, the basic loss per share was approximately 0.54 HK cents (2022: basic loss per share of approximately 0.72 HK cents), representing a decrease of approximately 23.99% as compared with the Corresponding Period.

Liquidity and Financial Resources

As at 31 December 2023, the Group had cash and cash equivalents of approximately HK$25.23 million (31 December 2022: approximately HK$49.24 million), which were mainly denominated in Hong Kong dollars (HK$), US dollars (US$) and Renminbi (RMB).

As at 31 December 2023, the Group's net current assets were approximately HK$220.11 million (2022: net current liabilities of approximately HK$193.64 million). The Group's current ratio as at 31 December 2023, being the ratio of total current assets to total current liabilities, was approximately 3.69 as compared to approximately 0.54 as at 31 December 2022.

The Group had bank and other borrowings of approximately HK$13.39 million (2022: approximately HK$30.39 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.

On 20 March 2023, the Company entered into the third supplemental deed for the amendments to the terms and conditions of the convertible notes issued by the Company on 17 July 2019 (the "**Convertible Notes**"), and ordinary resolutions have been passed by the shareholders of the Company on 5 May 2023. Pursuant to the third supplemental deed, the convertible loan notes would be redeemed on 17 July 2025 and the interest on the notes was charged at 8% per annum until the settlement date. Except for the above, all other terms of the Convertible Notes remain unchanged. As at 31 December 2023, the carrying amount of the principal and the interest payables of the Convertible Notes issued by the Group was approximately HK$136.22 million. As at 31 December 2022, the Convertible Notes matured and the Company was negotiating with the holder of the Convertible Notes on the appropriate arrangement, and the carrying amount of the principal and the outstanding interest payables of the Convertible Notes was reclassified as amount due to a shareholder of approximately HK$126.12 million.

The Group had issued bonds in the principal amount of approximately RMB23.48 million as consideration for the acquisition of entire interest of Linjin Shuntong in August 2020. As at 31 December 2023, the carrying amount of bonds was approximately HK$29.85 million (2022: HK$29.03 million). The bonds bear interest at 5% per annum, payable on maturity date of 23 October 2023. On 12 October 2023, the Company entered into a supplemental agreement with the bondholder, Mr. Chen Qiusan, to extend the maturity date of the bonds to 23 March 2024 while other terms remain unchanged. All outstanding amount under the bonds was settled on 23 March 2024.

Capital Structure and Gearing Ratio

As at 31 December 2023, the total issued shares of the Company was 4,455,020,888 shares (2022: 4,455,020,888).

As at 31 December 2023, the share capital and equity attributable to owners of the Company amounted to approximately HK$5.57 million and approximately HK$84.76 million respectively (2022: approximately HK$5.57 million and approximately HK$114.03 million respectively).

As at 31 December 2023, the Group repaid its debts mainly through recurring cash flows generated from its operations and other means of financing. The gearing ratio of the Group was approximately 212% (2022: approximately 163%), which was computed by dividing the total borrowings of approximately HK$179.45 million (2022: approximately HK$185.54 million) by equity attributable to the owners of the Company of approximately HK$84.76 million (2022: approximately HK$114.03 million).

Treasury Policies

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

Human Resources and Remuneration

The Group has employed a total of approximately 115 employees as at 31 December 2023 (2022: approximately 159 employees) in Hong Kong and the PRC. Staff costs (including directors' emoluments) during the Reporting Period amounted to approximately HK$17.50 million (2022: approximately HK$15.81 million). The Group recruits and selects candidates based on their qualifications and suitability for the position. It is the policy of the Group to recruit the most capable person available for each position.

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

Amendments to the Terms and Conditions of the Convertible Notes

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

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

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

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

As at 31 December 2023, all of the net proceeds have already been used for redemption of the convertible notes issued by the Company in 2017 and repayment of bank loans.

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

CONNECTED TRANSACTIONS

Drilling services

On 10 August 2021, Ningxia Deliheng, an indirect wholly-owned subsidiary of the Company, 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 approximately RMB748 million.

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 Huian Well Agreement constituted a connected transaction of the Company. 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 report, Mr. Han Jinfeng is an executive director and the chairman of the Company.

As at the date of this report, as certain conditions precedent have not yet been fulfilled, the Huian Well Agreement has not been performed yet.

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

As at 31 December 2023, the Group did not have any material contingent liabilities (2022: nil).

Pledge of assets

As at 31 December 2023, no assets of the Group have been pledged as security for the borrowings of the Group (2022: nil).

Significant Investments and Material Acquisitions or Disposals

On 24 July 2023, an indirect wholly-owned subsidiary of the Company (the "**Vendor**") entered into the agreement with 東營綜合保稅區博森商業管理有限公司 (Dongying Comprehensive Bonded Zone Bo Sen Commercial Management Company Limited) (the "**Purchaser**"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the 50% of the equity interest of Qingdao Oriental Reliance Petrochemical Company Limited* (青島東方信實石油化工有限公司) ("**Qingdao Oriental**") at the consideration of RMB1.00. Qingdao Oriental has ceased to carry on its major business in the trading of energy-related products since June 2022 and does not intend to resume such business in the foreseeable future. Moreover, Qingdao Oriental was at a net liabilities position of approximately RMB28,358,000 as at the disposal date. Hence, the disposal will allow the Group to reduce its share of net liabilities and improve its overall financial position. For further details, please refer to the announcements of the Company dated 24 July 2023 and 27 July 2023.

Save for those acquisitions and disposals disclosed in this report, there were no significant investment or any material acquisition or disposal of subsidiaries during the year ended 31 December 2023.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to maintaining a high standard of corporate governance and has put in place self regulatory corporate practices to protect the interests of the shareholders of the Company (the "**Shareholder(s)**") and the enhancement of Shareholders' value. Our mission 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 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Listing Rules 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 extraordinary general meeting of the Company held on 5 May 2023 due to other work commitments.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

Composition

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

Executive Directors

Mr. Han Jinfeng *(Chairman)*
Mr. Yuan Hongbing *(Chief Executive Officer)*
Mr. Lin Caihuo (retired on 16 June 2023)

Non-Executive Director

Mr. Chen Yunwei

Independent Non-Executive Directors

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

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

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

Responsibilities

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

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

BOARD OF DIRECTORS *(Continued)*

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulated that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company has complied with code provision C.2.1 of the CG Code. The chairman of the Board (the "**Chairman**") provides leadership for the Board, encouraging all Directors to proactively contribute to the Company's affairs and ensures that the Directors act in the best interests of the Company. The chief executive officer of the Company represents the management of the Company and is mainly responsible for overseeing the implementation of the Group's strategies, business objectives and management policies.

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

Directors' and Officers' Liabilities Insurance

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

Board Meetings

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

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

BOARD OF DIRECTORS *(Continued)*

Board Meetings *(Continued)*

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

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

	Meetings Attended					
	Annual General Meeting	Extraordinary General Meeting	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held during the Reporting Period	**1**	**1**	**4**	**3**	**1**	**1**
Executive Directors						
Mr. Han Jinfeng *(Chairman)*	1	0	3	N/A	N/A	1
Mr. Yuan Hongbing *(Chief Executive Officer)*	1	1	4	N/A	1	N/A
Mr. Lin Caihuo (retired on 16 June 2023)	0	0	0	N/A	0	0
Non-Executive Director						
Mr. Chen Yunwei	1	0	3	N/A	N/A	N/A
Independent Non-Executive Directors						
Mr. Tche Heng Hou Kevin	1	1	4	3	1	1
Mr. Mak Tin Sang	1	1	4	3	1	1
Mr. Jiang Hao	1	1	4	2	1	1

BOARD OF DIRECTORS *(Continued)*

Board Meetings *(Continued)*

Code provision C.1.6 of the CG Code stipulated that independent non-executive directors and other non-executive directors should attend the general meetings to gain and develop a balanced understanding of the views of the Shareholders. Mr. Chen Yunwei, the non-executive Director, was unable to attend the extraordinary general meeting of the Company held on 5 May 2023 due to his other business engagements.

Code provision F.2.2 of the CG Code stipulates that the chairman of the board of directors should attend the annual general meetings. Mr. Han Jinfeng, the then chairman of the Board, has attended the annual general meeting of the Company during the Reporting Period.

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

DIRECTORS' TERMS OF APPOINTMENT

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

DIRECTORS' TRAINING

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

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

	Attending seminar(s)/ programme(s)/ conference(s) and/or reading materials relevant to the business or directors' duties
Mr. Han Jinfeng *(Chairman)*	✓
Mr. Yuan Hongbing *(Chief Executive Officer)*	✓
Mr. Lin Caihuo (retired on 16 June 2023)	✓
Mr. Chen Yunwei	✓
Mr. Tche Heng Hou Kevin	✓
Mr. Mak Tin Sang	✓
Mr. Jiang Hao	✓

BOARD DIVERSITY POLICY

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

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

Target has been set by the Company to appoint at least one female Board member by the end of the year 2024 in accordance with the requirements of the Listing Rules. The Board will take opportunities to invite suitable female members over time to join the Board when selecting and making recommendation on suitable candidates for Board appointments.

DIVIDEND POLICY

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

BOARD COMMITTEES

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

Audit Committee

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

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

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

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

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

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

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

— reviewing the consolidated financial statements for the year ended 31 December 2022 and the corresponding annual results announcement;

— reviewing the interim consolidated financial statements for the six months ended 30 June 2023 and the corresponding interim results announcement;

— reviewing the significant audit and accounting issues arising from the external auditor's audit;

— considering the appointment of the external auditor and their audit fees;

— meeting with the external auditor without the presence of management to discuss issues arising from the audits and any other matters the auditor might wish to raise;

— reviewing the development in accounting standards and the Group's response, including the preparation for adoption of Hong Kong Financial Reporting Standards;

— reviewing the Company's compliance with regulatory and statutory requirements; and

— reviewing the effectiveness of the internal control and risk management system.

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

Remuneration Committee

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

Mr. Mak Tin Sang *(Chairman of the Committee)*
Mr. Yuan Hongbing
Mr. Tche Heng Hou Kevin
Mr. Jiang Hao
Mr. Lin Caihuo (ceased on 16 June 2023)

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

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

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

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

— to review and discuss the remuneration packages for the Directors and senior management of the Company;

— to consider salaries paid by comparable companies, time commitment and responsibilities and employment elsewhere in the Group;

— to review the performance of Directors;

— to review and discuss the remuneration policy and structure for the Directors and senior management of the Company;

— to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules;

— to consider and approve the remuneration packages for the proposed Directors and contract renewal of existing Directors; and

— to review and approve the employees' salary increments proposal. None of the members of the Remuneration Committee took part in voting on his own remuneration at the meeting.

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

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

BOARD COMMITTEES *(Continued)*

Nomination Committee

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

Mr. Han Jinfeng *(Chairman of the Committee)*
Mr. Tche Heng Hou Kevin
Mr. Mak Tin Sang
Mr. Jiang Hao
Mr. Lin Caihuo (ceased on 16 June 2023)

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

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

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

— to review and discuss the structure, size and composition of the Board;

— to review and discuss the board diversity policy of the Company;

— to consider the proposed appointment of Directors and the contract renewal of existing Directors;

— to assess the independence of the independent non-executive Directors;

— to consider the re-election of Directors; and

— to review the composition of the Board.

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

BOARD COMMITTEES *(Continued)*

Corporate Governance Functions

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

– to develop, approve and review the Company's policies and practices on corporate governance;

– to review the Company's overall corporate governance arrangements;

– to review and monitor the training and continuous professional development of Directors and senior management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance (if any) applicable to the Directors and employees; and

– to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

NOMINATION POLICY

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

CONTROL MECHANISMS

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S REMUNERATION

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

	2023 **HK$'000**
AOGB CPA Limited	
Audit services	**1,300**
Other non-audit services	**150**

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

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

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

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

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

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

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

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

COMPANY SECRETARY

Mr. Zhou Chen has confirmed that he received not less than 15 hours of relevant professional training during the year ended 31 December 2023.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the Reporting Period.

BIOGRAPHICAL DETAILS OF DIRECTORS

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

BOARD OF DIRECTORS

Executive Directors

Mr. Han Jinfeng, aged 45, has been an executive Director, the Chairman of the Board and the chairman of the Nomination Committee since 11 March 2022. He holds a bachelor's degree in economics and business administration awarded by Nanjing Political College* (南京政治學院).

Mr. Han has over 22 years of investment and management experience in the oil and gas exploration industry as well as an extensive experience and capabilities in the industrial investment, innovation management and market development.

Mr. Han is currently the chairman of the board of directors of Genting Petroleum (China) Co., Ltd.* (雲頂石油天然氣（中國）有限公司), the chairman of Dongying Jinfeng Petroleum Technology Group Co., Ltd.* (東營金峰石油科技集團有限公司), a committee member of Shandong Province Committee of the Chinese People's Political Consultative Conference, a standing committee member and committee member of Dongying Municipal Committee of the Chinese People's Political Consultative Conference and a standing member, the executive director and honorary vice chairman of Dongying Charity Federation* (東營市慈善總會).

Mr. Yuan Hongbing, aged 45, has been an executive Director and the Chief Executive Officer of the Company since May 2019 and September 2019. He also serves as the member of Remuneration Committee since September 2019 and is an authorised representative of the Company since June 2020. Mr. Yuan has over 20 years of work experience in investment and internet industry and he is the founder and the chairman of the board of directors of Yuanchuang Capital, which principally engaged in "capital+", "Internet+", property investment and fund management. Mr. Yuan is also the chairman of the board of directors of Guosheng EcoCommerce Industry Holding Group. Mr. Yuan was appointed as an executive Director of China Clean Energy Technology Group Limited (Stock Code: 2379), a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") from 3 October 2022 to 17 March 2023. Mr. Yuan has also been appointed as the executive Director of Pa Shun International Holdings Limited (Stock Code: 574), a company listed on the main board of the Stock Exchange since 28 March 2023.

Non-Executive Director

Mr. Chen Yunwei, aged 37, has been the non-executive Director since October 2021. Mr. Chen graduated with a master's degree in Economics from Shandong University. Mr. Chen was the co-head of structured finance of Zhongtai International. Mr. Chen has over 10 years' experience in investment banking and has comprehensive experience in public bond issue, structured financing, cross border financing and acting as independent financial advisor. Mr. Chen has been appointed as the non-executive director of China Art Financial Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 1572) since 23 April 2021. Mr. Chen has also been the non-executive director of Pa Shun International Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 574), from 29 October 2021 to 22 February 2024.

BIOGRAPHICAL DETAILS OF DIRECTORS

BOARD OF DIRECTORS *(Continued)*

Independent Non-Executive Directors

Mr. Tche Heng Hou Kevin, aged 63, has been an independent non-executive Director since June 2019. He also serves as the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee of the Board. Mr. Tche obtained a master of professional accounting degree from University of Polytechnic Hong Kong in December 2005. He was admitted as an associate of Association of Chartered Certified Accountants in March 1997 and a certified public accountant of the HKICPA in April 1997. In addition, he was admitted as a fellow member of Association of Chartered Certified Accountants in March 2002. He obtained the Practising Certificate of HKICPA in January 1999 and was qualified as the Certified Dealmaker of the China Mergers & Acquisitions Association in February 2015.

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

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

Mr. Mak Tin Sang, aged 67, has been an independent non-executive Director since April 2020. He also serves as the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Board.

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

BOARD OF DIRECTORS *(Continued)*

Independent Non-Executive Directors *(Continued)*

Mr. Jiang Hao, aged 47, has been an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee since October 2021.

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

* *For identification purposes only*

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

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

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2023 are set out in Note 16 to the consolidated financial statements on pages 108 to 113 of this annual report.

BUSINESS REVIEW

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

The Group is committed to the long-term sustainability and commitment of the environment and to become an environmentally-friendly corporation. The Group strives to minimize its environmental impact during its operation.

PRINCIPAL RISKS AND UNCERTAINTY

Risk associated with financial instruments of the group

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

Risk associated with key sources of estimation uncertainty

Details of the key sources of estimation uncertainty as at 31 December 2023 are set out in Note 5 to the consolidated financial statements.

Risk associated with oil price fluctuation

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

PRINCIPAL RISKS AND UNCERTAINTY *(Continued)*

Market Competition Risk

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

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

COMPLIANCE WITH LAWS AND REGULATIONS

Best efforts were expended to ensure compliance with the laws and regulations of those jurisdictions in which the Group operates.

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

At the corporate level, the Company complies with the requirements under the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance, and the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code as set out in the Appendix C3 to the Listing Rules.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 25 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity and Note 26 to the consolidated financial statements on pages 50 and 126 respectively of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company has no reserves available for distribution to shareholders as at 31 December 2023. Share premium and accumulated losses of the Company were as follows:

	Share Premium	**Accumulated losses**
	HK$'000	HK$'000
As at 31 December 2023	**321,958**	**407,092**
As at 31 December 2022	321,958	470,952

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

DONATIONS

Charitable or other donations made by the Group during the Reporting Period was nil (2022: approximately HK$92,000).

SIGNIFICANT INVESTMENTS HELD

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

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in Note 37 to the consolidated financial statements of this annual report, the Group did not make any material acquisition and disposal during the Reporting Period.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2023 are set out in Note 30 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

EQUITY-LINKED AGREEMENTS

(a) Convertible notes

Details of the convertible notes of the Company are set out in the sub-section headed "Amendments to the terms and conditions of Convertible Notes" of the section headed "MANAGEMENT DISCUSSION AND ANALYSIS".

(b) Share Options

Details of the Share Option Scheme of the Company are set out in the sub-section headed "Share Option Scheme" below and Note 27 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

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

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

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors

Mr. Han Jinfeng *(Chairman)*
Mr. Yuan Hongbing *(Chief Executive Officer)*
Mr. Lin Caihuo (retired on 16 June 2023)

Non-Executive Director

Mr. Chen Yunwei

Independent Non-Executive Directors

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

In accordance with article 84(1) of the Articles of Association, Mr. Han Jinfeng, an executive Director and Mr. Jiang Hao, an independent non-executive Director, shall retire from their office by rotation and, being eligible, have offered themselves for re-election at the forthcoming AGM.

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

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

As at 31 December 2023, the interests and short positions of each Director and CEO in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	**Capacity**	**Number of Shares held/ interested[1]**	**Total number of shares**	**Approximate percentage of the total issued Shares**
Yuan Hongbing ("**Mr. Yuan**")	Beneficial owner	13,796,000	13,796,000	0.31%

Note:

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

Save as disclosed above, as at 31 December 2023, none of the Directors and CEO had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2023, according to the register kept by the Company under Section 336 of the SFO, the corporations or persons (other than a Director or CEO) had interests of 5% or more in the Shares or underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number of Shares held(1)	Approximate percentage of the issued Shares (as at 31 December 2023)
Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP) ("**Qilu International**")	Person having a security interest in shares	2,649,059,881	59.46%
Zhongtai International Asset Management (Singapore) Pte. Ltd. ("**Zhongtai Singapore**")(2)	Investment manager	2,649,059,881	59.46%
Zhongtai International Asset Management Limited ("**Zhongtai International**")(3)	Investment manager	2,649,059,881	59.46%
Win Win International Strategic Investment Funds SPC (acting for and on behalf of Win Win Stable No. 1 Fund SP) ("**Win Win**")(4)	Person having a security interest in shares	1,821,053,112	40.88%
Zhongtai Innovation Capital Management Limited ("**Zhongtai Innovation**")(5)	Investment manager	1,821,053,112	40.88%
Lin Caihuo ("**Mr. Lin**")(6)	Beneficial owner	928,284,839	20.84%
Lin Aihua ("**Ms. Lin**")(6)	Interest of spouse	928,284,839	20.84%
Chen Jinle ("**Mr. Chen**")	Interest of controlled corporations(7)	892,768,273	20.56%
	Beneficial owner	23,340,000	
Oriental Gold Honour Joy International Holdings Limited ("**Oriental Gold**")(7)	Beneficial owner	892,768,273	20.04%

SUBSTANTIAL SHAREHOLDERS' INTERESTS *(Continued)*

Name	Capacity	Number of Shares held[1]	Approximate percentage of the issued Shares (as at 31 December 2023)
Niu Guangchang[8]	Interest of controlled corporation	742,503,480	16.67%
Hong Kong Moral Co-operation Investment Limited ("**Hong Kong Moral**")[8]	Beneficial owner	742,503,480	16.67%
Cui Xianguo[9]	Interest of controlled corporation	355,390,000	7.98%
Super Wise International Investment Limited ("**Super Wise**")[9]	Beneficial owner	355,390,000	7.98%

Notes:

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

(2) Zhongtai Singapore is the fund manager of Qilu International and therefore by virtue of the SFO, Zhongtai Singapore is deemed or taken to be interested in all the Shares held by Qilu International.

(3) Zhongtai International is the fund manager of Qilu International and therefore by virtue of the SFO, Zhongtai International is deemed or taken to be interested in all the Shares held by Qilu International.

(4) The 1,821,053,112 Shares were charged in favour of Win Win.

(5) Zhongtai Innovation is the fund manager of Win Win and therefore by virtue of the SFO, Zhongtai Innovation is deemed or taken to be interested in all the Shares held by Win Win.

(6) Ms. Lin is the spouse of Mr. Lin and therefore by virtue of the SFO, Ms. Lin is deemed or taken to be interest in all the Shares held by Mr. Lin.

(7) Oriental Gold is wholly-owned and controlled by Mr. Chen.

(8) Hong Kong Moral is wholly-owned and controlled by Mr. Niu Guangchang.

(9) Super Wise is wholly-owned and controlled by Mr. Cui Xianguo.

Save as disclosed above, as at 31 December 2023, no other person (other than a Director or CEO) had registered an interest or short position in the Shares, underlying Shares and debentures of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

SHARE OPTION 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.

The total number of securities available for issue under the New Scheme as at the date of this report was 806,700,000 Shares, representing approximately 18.11% of issued share capital of the Company as at the date of this report. For details, please refer to the circular of the Company dated 28 August 2019 and 27 April 2020 and the announcement of the Company dated 25 September 2019, 29 May 2020, 19 June 2020 and 20 May 2021 respectively.

On 20 May 2021, the Company granted a total of 125,000,000 share options (the "**Share Options**") 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 New 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.

As at 1 January 2023 and 31 December 2023, the number of options available for grant under the New Scheme was 50,251,740.

Save for the New Scheme, the Company does not have any other share scheme.

SHARE OPTION SCHEME *(Continued)*

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

Name or category of participants	Date of grant (dd/mm/yyyy)	Exercise price after (before) share subdivision in 2018 HK$	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options: As at 01/01/2023	Granted during the period	Exercised during the period	Forfeited during the period	Lapsed during the period	As at 31/12/2023[2]
DIRECTOR										
Mr. Yuan Hongbing	19/6/2020	0.145	19/6/2020	19/6/2020–18/6/2026	37,000,000	–	–	–	–	37,000,000
					37,000,000	–	–	–	–	37,000,000
OTHER PARTICIPANTS										
Eligible employees[1]	19/6/2015	0.64125 (1.2825)	19/6/2015	19/6/2015–18/6/2025	123,200,000	–	–	–	–	123,200,000
Eligible employees[1]	24/9/2019	0.15	24/9/2019	24/9/2019–23/9/2029	362,500,000	–	–	–	–	362,500,000
Eligible employees[1]	19/6/2020	0.145	19/6/2020	19/6/2020–18/6/2026	159,000,000	–	–	–	–	159,000,000
Eligible employees[1]	20/5/2021	0.15	20/5/2021	20/5/2021–19/5/2027	125,000,000	–	–	–	–	125,000,000
					769,700,000	–	–	–	–	769,700,000
				Total	806,700,000	–	–	–	–	806,700,000[3]

Notes:

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

2. The share options are not subject to any performance target.

3. The number of Shares that may be issued in respect of the Share Options granted represents approximately 18.11% of the weighted average number of Shares in issue for the year ended 31 December 2023 (i.e. 4,455,020,888 Shares).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

MANAGEMENT CONTRACTS

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

RELATED PARTY TRANSACTIONS

Save as disclosed in the paragraph headed "Connected Transactions", the significant related party transactions that did not constitute connected transactions under the Listing Rules made during the Reporting Period were disclosed in Note 38 to the consolidated financial statements.

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

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

On 16 June 2023, the proposed ordinary resolution for the re-election of Mr. Lin Caihuo ("**Mr. Lin**") was not passed at the annual general meeting. Accordingly, Mr. Lin has retired as an executive director by rotation with effect from 16 June 2023. Mr. Lin has also ceased to be a member of the nomination committee and the remuneration committee of the Company. Further details were disclosed in the Company's announcement dated 16 June 2023.

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 for the Reporting Period.

BIOGRAPHIES OF DIRECTORS

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

CONFIRMATION OF INDEPENDENCE

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

DIRECTORS' SERVICE CONTRACTS

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

REPORT OF THE DIRECTORS

REMUNERATION POLICY

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

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

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of which are set out in Note 27 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

PRE-EMPTIVE RIGHTS

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

CONNECTED TRANSACTIONS

Drilling services

On 10 August 2021, Ningxia Deliheng, an indirect wholly-owned subsidiary of the Company, 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 approximately RMB748 million.

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 Huian Well Agreement constituted a connected transaction of the Company. Mr. Han Jinfeng is a cousin of Mr. Chen Jinle, the then 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 report, Mr. Han Jinfeng is an executive Director and the chairman of the Company.

As at the date of this annual report, since certain conditions precedent have not yet been fulfilled the Huian Well Agreement has not been performed yet.

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

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the Group's five largest customers accounted for approximately 98% of the Group's sales for the Reporting Period and sales to the Group's largest customer included therein accounted for approximately 35%.

During the Reporting Period, purchase from the Group's five largest suppliers accounted for approximately 99% of the Group's total purchases for the Year and purchase from the Group's largest supplier included therein accounted for approximately 58%.

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

EVENTS AFTER THE REPORTING PERIOD

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

PUBLIC FLOAT

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

TAX RELIEF AND EXEMPTION

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 148.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Wednesday, 12 June 2024. For further details of the AGM, please refer to the circular and the notice of the AGM, which will be published on the websites of the Stock Exchange and the Company and (if requested) despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Thursday, 6 June 2024 to Wednesday, 12 June 2024 (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 AGM scheduled to be held on Wednesday, 12 June 2024, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 5 June 2024.

CHANGE OF AUDITORS

During the Reporting Period, CCTH CPA Limited ("**CCTH**") has resigned as auditor of the Company on 23 November 2023 and AOGB CPA Limited ("**AOGB**") has been appointed as auditor of the Company with effect from 28 November 2023 to fill the casual vacancy arising from the resignation of CCTH.

CCTH has been the auditor of the Company since 29 December 2021 and the consolidated financial statements for the years ended 31 December 2021 and 2022 have been audited by CCTH.

The consolidated financial statements of the Company for the year ended 31 December 2023 have been audited by AOGB. AOGB will retire, and being eligible, offer themselves for reappointment at the AGM. A resolution for its reappointment as auditor of the Company will be proposed at the AGM.

On behalf of the Board

Han Jinfeng
Chairman

Hong Kong, 28 March 2024

* *For identification purposes only*

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Jintai Energy Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jintai Energy Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 46 to 147, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

AOGB CPA Limited, Suite 2501-03, Tesbury Centre, 28 Queen's Road East, Admiralty, Hong Kong
Tel: 2152-2238, Website: www.aogb.com

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for trading of energy-related products	
We identified the revenue recognition for trading of energy-related products as a key audit matter due to its significance to the consolidated statement of profit or loss. The accounting policy for revenue recognition for trading of energy-related products is disclosed in Note 3.18 to the consolidated financial statements. For the year ended 31 December 2023, the revenue generated from trading of energy-related products amounted to approximately HK$1,291,246,000 as set out in Note 6 to the consolidated financial statements.	Our procedures in relation to the revenue recognition for trading of energy-related products included: • Obtained an understanding of the Group's revenue recognition policy and key controls for trading of energy-related products; • Evaluated the key controls over the revenue recognition process for trading of energy-related products; • Inspected contracts with customers, on a sample basis, to understand the terms of the sales transactions including the terms of delivery and acceptance to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards; • Tested the selected samples of trading of energy-related products by examination of the invoices and goods delivery notes to the sales recorded; • Compared the delivery dates based on delivery notes with the timing of revenue recognition, and examined transactions which occurred immediately before and after the end of the reporting period for their recording as revenue in the proper periods; and • Examined the settlements of the receivables from customers to bank-in receipts, bank statements and other related documents.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

AOGB CPA Limited
Certified Public Accountants
Ho Chun Shing

Hong Kong, 28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Revenue	6	**1,311,246**	150,286
Cost of sales	8	**(1,286,879)**	(122,393)
Gross profit		**24,367**	27,893
Other income	10	**13,267**	12,857
Other (losses)/gains — net	11	**(2,778)**	3,084
Gain on disposal of subsidiaries	37	**14,753**	–
Reversal of impairment loss/(impairment loss) on trade receivables	21	**89**	(92)
Impairment loss on prepayments to suppliers	21	**–**	(32,828)
Administrative expenses	8	**(27,912)**	(31,386)
Distribution expenses	8	**(6,263)**	(8,811)
Share of loss of an associate	20	**(578)**	(47)
Operating profit/(loss)		**14,945**	(29,330)
Finance income	12	**1,494**	1,386
Finance costs	12	**(14,166)**	(13,303)
Finance costs — net	12	**(12,672)**	(11,917)
Profit/(loss) before income tax		**2,273**	(41,247)
Income tax (expense)/credit	13	**(1,229)**	462
Profit/(loss) for the year		**1,044**	(40,785)
Profit/(loss) for the year attributable to:			
Owners of the Company		**(24,256)**	(31,913)
Non-controlling interests		**25,300**	(8,872)
		1,044	(40,785)
		2023 **HK Cents**	2022 HK Cents
Loss per share	15		
— Basic		**(0.54)**	(0.72)
— Diluted		**N/A**	N/A

The notes on pages 52 to 147 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 HK$'000	2022 HK$'000
Profit/(loss) for the year	**1,044**	(40,785)
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss		
— Currency translation differences	**(6,568)**	(47,001)
— Translation reserve released upon disposal/deregistration of subsidiaries	**365**	7
	(6,203)	(46,994)
Total comprehensive loss for the year	**(5,159)**	(87,779)
Total comprehensive loss for the year attributable to:		
Owners of the Company	**(30,621)**	(84,362)
Non-controlling interests	**25,462**	(3,417)
	(5,159)	(87,779)

The notes on pages 52 to 147 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	17	**1,171**	2,552
Right-of-use assets	18	**1,728**	2,440
Goodwill	19	**–**	–
Interest in an associate	20	**–**	126,866
Advance payments for assets acquisition	22	**–**	163,575
		2,899	295,433
Current assets			
Trade and other receivables and prepayments	21	**276,605**	49,963
Advance payments for assets acquisition	22	**–**	101,529
Amounts due from non-controlling shareholders of a subsidiary	23	**–**	24,500
Cash and cash equivalents	24	**25,230**	49,238
		301,835	225,230
Total assets		**304,734**	520,663
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	25	**5,569**	5,569
Other reserves	26	**403,971**	415,273
Accumulated losses		**(324,785)**	(306,816)
		84,755	114,026
Non-controlling interests	16	**1,039**	(12,760)
Total equity		**85,794**	101,266

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Liabilities			
Non-current liabilities			
Convertible loan notes	32	**136,221**	–
Long service payment obligation		**65**	–
Lease liabilities	33	**922**	524
Deferred tax liabilities	35	**7**	–
		137,215	524
Current liabilities			
Trade and other payables	28	**14,770**	79,907
Current income tax liabilities		**755**	1,504
Amount due to a director	29	**1,000**	–
Amount due to a shareholder	32	**–**	126,118
Amount due to an associate	29	**–**	121,276
Amounts due to related parties	29	**5,061**	10,953
Amount due to a non-controlling shareholder of a subsidiary	29	**16**	–
Borrowings	30	**13,387**	30,390
Bond payables	31	**29,845**	29,028
Derivative financial liabilities	32	**1,537**	–
Lease liabilities	33	**833**	1,955
Contract liabilities	34	**14,521**	17,742
		81,725	418,873
Total liabilities		**218,940**	419,397
Net current assets/(liabilities)		**220,110**	(193,643)
Total assets less current liabilities		**223,009**	101,790
Total equity and liabilities		**304,734**	520,663

The notes on pages 52 to 147 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 46 to 147 were approved by the Board of Directors on 28 March 2024 and are signed on its behalf by:

Han Jinfeng
Director

Yuan Hongbing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

		Attributable to owners of the Company					
	NOTES	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2022		5,569	458,374	(273,355)	190,588	(28,229)	162,359
Loss for the year		–	–	(31,913)	(31,913)	(8,872)	(40,785)
Other comprehensive (loss)/income							
Currency translation differences	26	–	(52,456)	–	(52,456)	5,455	(47,001)
Translation reserve released upon deregistration of a subsidiary	26	–	7	–	7	–	7
Total comprehensive loss for the year		–	(52,449)	(31,913)	(84,362)	(3,417)	(87,779)
Payroll and welfare payables waived by a shareholder	26	–	7,800	–	7,800	–	7,800
Capital injection by non-controlling interests		–	–	–	–	24,500	24,500
Appropriation to statutory reserve	26	–	1,548	(1,548)	–	–	–
Dividends paid to non-controlling shareholders of subsidiaries		–	–	–	–	(5,614)	(5,614)
Balance at 31 December 2022		5,569	415,273	(306,816)	114,026	(12,760)	101,266
(Loss)/profit for the year		**–**	**–**	**(24,256)**	**(24,256)**	**25,300**	**1,044**
Other comprehensive (loss)/income							
Currency translation differences	26	**–**	**(6,730)**	**–**	**(6,730)**	**162**	**(6,568)**
Translation reserve released upon disposal of subsidiaries	26	**–**	**365**	**–**	**365**	**–**	**365**
Total comprehensive loss for the year		**–**	**(6,365)**	**(24,256)**	**(30,621)**	**25,462**	**(5,159)**
Acquisition of non-controlling interests of a subsidiary	23	**–**	**(14)**	**–**	**(14)**	**(24,486)**	**(24,500)**
Default interest of convertible loan notes partially waived by a shareholder	26	**–**	**1,364**	**–**	**1,364**	**–**	**1,364**
Capital injection by non-controlling interests		**–**	**–**	**–**	**–**	**53**	**53**
Appropriation to statutory reserve	26	**–**	**1,143**	**(1,143)**	**–**	**–**	**–**
Dividends paid to non-controlling shareholders of subsidiaries		**–**	**–**	**–**	**–**	**(5,369)**	**(5,369)**
Disposal of subsidiaries	37	**–**	**(7,430)**	**7,430**	**–**	**18,139**	**18,139**
Balance at 31 December 2023		**5,569**	**403,971**	**(324,785)**	**84,755**	**1,039**	**85,794**

Details regarding the other reserves are set out in Note 26.

The notes on pages 52 to 147 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	36(a)	**(278,879)**	545,739
Interest received		**1,494**	1,386
Income tax paid		**(559)**	(22,916)
Net cash (used in)/generated from operating activities		**(277,944)**	524,209
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**7**	–
Purchases of property, plant and equipment		**(280)**	(1,471)
Proceeds of consideration receivable arising from disposal of subsidiaries in prior year	21	**13,715**	27,343
Refund of deposits paid for potential acquisitions		**258,418**	–
Investment in an associate	20	**–**	(127,890)
Advance payments for assets acquisition		**–**	(273,639)
Net cash outflow on disposal of subsidiaries	37	**(12,721)**	–
Net cash generated from/(used in) investing activities		**259,139**	(375,657)
Cash flows from financing activities			
Advance from related parties	36(b)	**587**	121,926
Repayments to related parties	36(b)	**–**	(110,620)
Advance from a director	36(b)	**5,000**	–
Repayments to a director	36(b)	**(4,000)**	–
Advance from an associate	36(b)	**11,430**	125,181
Repayments to an associate	36(b)	**(11,430)**	–
Advance from a non-controlling shareholder of a subsidiary	36(b)	**16**	–
Loan proceeds from shareholders	36(b)	**–**	5,801
Loan repayment to shareholders	36(b)	**–**	(281,899)
Loan proceeds from a director	36(b)	**–**	5,139
Loan proceeds from other borrowings	36(b)	**3,000**	–
Repayments of other borrowings	36(b)	**(159)**	(3,488)
Capital injection from a non-controlling shareholder of a subsidiary		**53**	–
Dividends paid to non-controlling shareholders of subsidiaries		**(5,369)**	(5,614)
Repayment of lease liabilities	36(b)	**(2,222)**	(2,778)
Interest paid on leases liabilities	36(b)	**(142)**	(178)
Net cash used in financing activities		**(3,236)**	(146,530)
Net (decrease)/increase in cash and cash equivalents		**(22,041)**	2,022
Cash and cash equivalents at the beginning of the year	24	**49,238**	55,681
Effect of foreign exchange rate changes		**(1,967)**	(8,465)
Cash and cash equivalents at the end of the year	24	**25,230**	49,238

The notes on pages 52 to 147 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Jintai Energy Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The directors consider the Company's immediate and ultimate holding company to be Oriental Gold Honour Joy International Holdings Limited (the "**Oriental Gold**"), a company incorporated in the British Virgin Islands (the "**BVI**"). The directors also consider the Company's ultimate controlling party to be Mr. Chen Jinle who is the sole shareholder of Oriental Gold and who resigned as an executive director of the Company on 11 March 2022.

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

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

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

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

(a) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the new and 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.

Impacts on application of 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. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

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

(a) New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, as the related deferred tax balances qualified for offsetting under HKAS 12 as set out in Note 35 to the consolidated financial statements.

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

HKAS 1 Presentation of Financial Statements 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.

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

(a) New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies *(Continued)*

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.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") — Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

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

(a) New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") — Long Service Payment ("LSP") offsetting mechanism in Hong Kong *(Continued)*

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the current year, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

This change in accounting policy did not have any impact on the opening balance of equity as at 1 January 2022, and the cash flows amounts for the year ended 31 December 2022.

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

(b) Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[3]
Amendments to HKAS 21	Lack of Exchangeability[1]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

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

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

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

(b) Amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments") *(Continued)*

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

As at 31 December 2023, the Group's outstanding convertible loan notes include counterparty conversion options that do not meet equity instruments classification by applying HKAS 32. The Group classified these instruments as non-current liabilities based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. As at 31 December 2023, the host debt component is measured at amortised cost with carrying amount of HK$136,221,000 and classified as non-current liabilities, while the derivative component (including the conversion options) is measured at fair value with carrying amount of HK$1,537,000 and classified as current liability, as set out in Note 32 to the consolidated financial statements. Upon the application of the 2020 Amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitutes settlement of the convertible instruments. Given that the conversion options are exercisable anytime, the host liability amounting to HK$136,221,000 would be reclassified to current liabilities as the holders have the option to convert within twelve months after the reporting period.

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

Basis of preparation of consolidated financial statements

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

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

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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

Material accounting policy information

3.1 Basis of consolidation

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

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

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

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

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

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

3.1 Basis of consolidation *(Continued)*

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

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

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

3.2 Changes in the Group's interests in existing subsidiaries

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

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

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

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

3.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("**CGU**") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On the disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the groups of CGUs) retained.

3.4 Investments in associates

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

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

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

3.4 Investments in associates *(Continued)*

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

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

3.5 Separate financial statements

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

3.6 Segment reporting

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

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

3.7 Foreign currency translation

(a) Functional currency

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

(b) Transactions and balances

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

All foreign exchange gains and losses are presented in statement of profit or loss within 'Other (losses)/ gains — net', unless they are related to borrowings which are presented in 'finance expenses'.

(c) Group companies

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

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

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

3.8 Property, plant and equipment

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

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

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

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

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

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

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

3.9 Impairment of non-financial assets excluding goodwill

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

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

3.10 Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets
Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Amortised cost and interest income

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

The Group's financial assets at amortised cost includes trade and other receivables (Note 21), amounts due from non-controlling shareholders of a subsidiary (Note 23), and cash and cash equivalents (Note 24).

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

3.10 Financial instruments *(Continued)*

Financial assets *(Continued)*

Offsetting financial instruments

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

Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

3.10 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk (Continued)

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

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

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

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

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

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

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

3.10 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

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

3.10 Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL

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

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

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

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

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

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

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

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

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

3.10 Financial instruments *(Continued)*

***Financial assets** (Continued)*

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities at amortised cost

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

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

3.10 Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Convertible loan notes

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

(i) Conversion option to be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments

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

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

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

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

3.10 Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Derecognition of financial liabilities

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

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

3.11 Cash and cash equivalents

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

3.12 Share capital

Ordinary shares are classified as equity (Note 25).

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

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

3.13 Borrowings

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

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

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

3.14 Borrowing costs

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

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

3.15 Taxation

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

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

3.15 Taxation *(Continued)*

(a) Current income tax

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

(b) Deferred income tax

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

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

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

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

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

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

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

3.16 Employee benefits

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

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

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

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

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

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

3.17 Share-based payments

Share options granted to employees

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

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

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

Share options granted to consultants

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

3.18 Revenue recognition

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

3.18 Revenue recognition *(Continued)*

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

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

Output method

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

Principal versus agent

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

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

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

Revenue from contracts with customers

(a) Trading of energy-related products

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

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

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

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

3.18 Revenue recognition *(Continued)*

(b) Income from drilling services

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

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

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

3.19 Provisions and contingent liabilities

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

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

3.20 Government grants

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

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

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

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

3.21 Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

3.21 Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

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

The lease payments include:

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

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

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

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

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

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

3.21 Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

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

3.22 Related parties

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

(a) The party is a person or a close member of that person's family and that person;

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) The party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

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

4 FINANCIAL INSTRUMENTS

4.1 Categories of financial instruments

	2023 HK$'000	2022 HK$'000
Financial assets at amortised cost		
Trade and other receivables and prepayments (excluding prepayments to suppliers, prepaid expenses, value-added tax receivables and deposits paid)	**145,085**	35,012
Amounts due from non-controlling shareholders of a subsidiary	**–**	24,500
Cash and cash equivalents	**25,230**	49,238
	170,315	108,750
Financial liabilities at amortised cost		
Trade and other payables (excluding accrued expenses, other tax payables and accrued salaries)	**7,688**	72,330
Amount due to a director	**1,000**	–
Amount due to a shareholder	**–**	126,118
Amount due to an associate	**–**	121,276
Amounts due to related parties	**5,061**	10,953
Amount due to a non-controlling shareholder of a subsidiary	**16**	–
Borrowings	**13,387**	30,390
Bond payables	**29,845**	29,028
Convertible loan notes	**136,221**	–
Lease liabilities	**1,755**	2,479
	194,973	392,574
Financial liabilities at fair value		
Derivative financial liabilities	**1,537**	–
	196,510	392,574

4 FINANCIAL INSTRUMENTS *(Continued)*

4.2 Financial risk management objectives and policies

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

(a) Market risk

(i) Foreign exchange risk

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

(ii) Interest rate risk

Except for cash at bank (Note 24), the Group has no other significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

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

Sensitivity analysis

At 31 December 2023, it is estimated that a general increase or decrease of 100 basis points in interest rates, with all other variable held constant, would decrease/increase the Group's profit by approximately HK$1,661,000 (2022: increase/decrease loss by approximately HK$1,551,000). The above sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the next financial year. The analysis was performed on the same basis in respect of the prior year ended 31 December 2022.

4 FINANCIAL INSTRUMENTS *(Continued)*

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

(b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group is exposed to concentration of credit risk as a substantial portion of its trade receivables is generated from a limited number of customers. The top two trade receivables of the Group accounted for about 100% (2022: 100%) of the Group's trade receivables as at 31 December 2023, of which an aggregate carrying amount of HK$144,295,000 are not past due at the end of reporting period. As at 31 December 2022, an aggregate carrying amount of HK$14,721,000 were past due at the end of reporting period.

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

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

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

4 FINANCIAL INSTRUMENTS *(Continued)*

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

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

Majority of the Group's revenue is received from individual customers in relation to trading of energy-related products. The Group's trade receivables arise from sales to the customers of this business. As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired). No debtors with credit-impaired as at 31 December 2023 and 2022 were assessed individually.

	2023			2022		
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Not past due	**–**	**144,295**	**–**	–	–	–
Overdue by:						
121 to 365 days	**–**	**–**	**–**	0.65%	9,349	61
Over 365 days	**–**	**–**	**–**	0.52%	5,372	28
		144,295	**–**		14,721	89

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. Up to the date of approval of the consolidated financial statements, the outstanding balance of trade receivables at 31 December 2023 amounted to HK$144,295,000 was fully settled by the customers subsequent to 31 December 2023.

For the year ended 31 December 2023, the Group recognised reversal of impairment loss of trade receivables amounted to HK$89,000. For the year ended 31 December 2022, the Group recognised impairment loss of trade receivables amounted to HK$92,000. No provision of loss allowance for credit-impaired debtors was made by the Group as of 31 December 2023 and 2022.

4 FINANCIAL INSTRUMENTS *(Continued)*

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

(b) Credit risk (Continued)

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

	2023 Lifetime ECL (not credit-impaired) HK$'000	2022 Lifetime ECL (not credit-impaired) HK$'000
At 1 January	**89**	–
Provision for impairment loss recognised for the year	**–**	92
Reversal of impairment loss recognised in prior year	**(89)**	–
Currency translation difference	**–**	(3)
At 31 December	**–**	89

The credit quality of other receivables excluding prepayments has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The directors are of the opinion that the credit risk of other receivables is low due to the sound collection history of the receivables due from them. Therefore, expected credit loss rate of other receivables is assessed to be minimal and no provision in this respect was made as of 31 December 2023 and 2022.

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

(c) Liquidity risk

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

4 FINANCIAL INSTRUMENTS *(Continued)*

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

(c) ***Liquidity risk*** *(Continued)*

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

	Contractual undiscounted cash outflow				
	Within 1 year or on demand HK$'000	After 1 year but within 2 years HK$'000	After 2 years but within 5 years HK$'000	Total HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities					
At 31 December 2023					
Trade and other payables (excluding non-financial liabilities)	**7,688**	**–**	**–**	**7,688**	**7,688**
Amount due to a director	**1,000**	**–**	**–**	**1,000**	**1,000**
Amounts due to related parties	**5,061**	**–**	**–**	**5,061**	**5,061**
Amount due to a non-controlling shareholder of a subsidiary	**16**	**–**	**–**	**16**	**16**
Borrowings	**13,387**	**–**	**–**	**13,387**	**13,387**
Bond payables	**30,141**	**–**	**–**	**30,141**	**29,845**
Convertible loan notes *(Note)*	**–**	**152,908**	**–**	**152,908**	**136,221**
Lease liabilities	**890**	**347**	**634**	**1,871**	**1,755**
At 31 December 2022					
Trade and other payables (excluding non-financial liabilities)	72,330	–	–	72,330	72,330
Amount due to a shareholder	126,118	–	–	126,118	126,118
Amount due to an associate	121,276	–	–	121,276	121,276
Amounts due to related parties	10,953	–	–	10,953	10,953
Borrowings	30,841	–	–	30,841	30,390
Bond payables	30,463	–	–	30,463	29,028
Lease liabilities	2,024	532	–	2,556	2,479

Note: This is categorised based on contractual terms of redemption at maturity on the assumption that there were no redemption or conversion of the convertible loan notes outstanding at the end of the reporting period before the maturity date.

4 FINANCIAL INSTRUMENTS *(Continued)*

4.3 Fair value estimation

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

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

Financial assets and liabilities

The fair value of the following financial assets and liabilities at 31 December 2023 and 31 December 2022, which are recorded at amortised cost, approximate their carrying amounts as those dates due to their short-term maturity:

- Trade and other receivables and prepayments (excluding prepayments to suppliers, prepaid expenses, value-added tax receivables and deposits paid)
- Amounts due from non-controlling shareholders of a subsidiary
- Cash and cash equivalents
- Trade and other payables (excluding accrued expenses, other tax payables and accrued salaries)
- Amount due to a director
- Amount due to a shareholder
- Amount due to an associate
- Amounts due to related parties
- Amount due to a non-controlling shareholder of a subsidiary
- Borrowings
- Bond payables
- Convertible loan notes
- Lease liabilities

4 FINANCIAL INSTRUMENTS *(Continued)*

4.3 Fair value estimation *(Continued)*

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

Financial liabilities	Fair values as at 2023 HK$'000	Fair values as at 2022 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Derivative financial liabilities	**1,537**	–	Level 3	Binomial tree pricing model with significant unobservable inputs detailed in Note 32.

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

4.4 Capital management

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Critical judgements in applying accounting policies

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

(a) Principal versus agent consideration

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

Key sources of estimation uncertainty

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

(a) Provision of ECL for trade receivables

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

For the year ended 31 December 2023, the Group assessed the credit risk for trade receivables based on provision matrix within lifetime ECL (not credit-impaired), which resulted in an recognition of reversal of impairment loss for trade receivables amounted to HK$89,000 (2022: impairment loss of HK$92,000).

The information about provision of ECL for the Group's trade receivables are disclosed in Note 4.2(b) and 21.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Impairment of other receivables

The Group's management determines the provision for impairment loss of other receivables. This impairment assessment is based on the historical information about the counterparties default rates and financial position of the counterparties. Management reassesses the provision on a regular basis by reviewing the collectability of other receivable balance based on past credit history and knowledge of counterparties' financial position. The information about impairment of other receivables of the Group are disclosed in Note 4.2(b).

(c) Current tax and deferred tax

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

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

6 REVENUE

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

	2023 **HK$'000**	2022 HK$'000
Revenue recognised at point in time:		
Trading of energy-related products	**1,291,246**	116,949
Revenue recognised overtime:		
Operation of digital energy trading parks	**20,000**	33,337
	1,311,246	150,286

7 SEGMENT INFORMATION

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

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

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

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

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

7 SEGMENT INFORMATION *(Continued)*

Segment information is as follows:

	2023			
	Energy business HK$'000	Drilling services HK$'000	Operation of digital energy trading parks HK$'000	Total HK$'000
External segment revenue	1,291,246	–	20,000	1,311,246
Segment profit/(loss)	5,691	(104)	9,991	15,578
Gain on disposal of subsidiaries (Note 37)				14,753
Loss on change in fair value of derivative financial liabilities				(633)
Unallocated net foreign exchange loss				(2,144)
Unallocated operating expenses				(12,031)
Share of loss of an associate (Note 20)				(578)
Operating profit				14,945
Finance costs — net				(12,672)
Profit before income tax				2,273
Income tax expense				(1,229)
Profit for the year				1,044

7 SEGMENT INFORMATION *(Continued)*

	2023				
	Energy business HK$'000	Drilling services HK$'000	Operation of digital energy trading parks HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of property, plant and equipment (Note 17)	80	102	325	–	507
Depreciation of right-of-use assets (Note 18)	–	–	1,229	982	2,211
Reversal of impairment loss on trade receivables (Note 21)	(89)	–	–	–	(89)
Loss on disposal of property, plant and equipment (Note 11)	–	–	1	–	1
Assets					
As at 31 December					
Assets	274,897	707	2,536	26,594	304,734
Liabilities					
As at 31 December					
Liabilities	823	8	20,937	197,172	218,940

7 SEGMENT INFORMATION *(Continued)*

	2022			
	Energy business HK$'000	Drilling services HK$'000	Operation of digital energy trading parks HK$'000	Total HK$'000
Segment revenue				
Reportable segment revenue	117,760	–	33,337	151,097
Elimination of inter-segment revenue	(811)	–	–	(811)
External segment revenue	116,949	–	33,337	150,286
Segment (loss)/profit	(32,611)	(940)	15,977	(17,574)
Gain on change in fair value of derivative financial liabilities				1,169
Unallocated operating income				2,086
Unallocated operating expenses				(14,964)
Share of loss of an associate (Note 20)				(47)
Operating loss				(29,330)
Finance costs — net				(11,917)
Loss before income tax				(41,247)
Income tax credit				462
Loss for the year				(40,785)

7 SEGMENT INFORMATION *(Continued)*

	2022				
	Energy business HK$'000	Drilling services HK$'000	Operation of digital energy trading parks HK$'000	Unallocated HK$'000	Total HK$'000
Depreciation of property, plant and equipment (Note 17)	256	108	414	45	823
Depreciation of right-of-use assets (Note 18)	–	–	1,356	258	1,614
Impairment loss on prepayments to suppliers (Note 21)	32,828	–	–	–	32,828
Impairment loss on trade receivables (Note 21)	92	–	–	–	92
Loss on disposal of property, plant and equipment (Note 11)	–	–	17	–	17
Loss on early termination of right-of-use assets (Note 11)	–	–	375	–	375
Assets					
As at 31 December					
Assets	201,152	880	24,294	294,337	520,663
Liabilities					
As at 31 December					
Liabilities	59,879	9	32,980	326,529	419,397

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

	2023 **HK$'000**	2022 HK$'000
PRC	**1,311,246**	150,286

7 SEGMENT INFORMATION *(Continued)*

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

	2023 **HK$'000**	2022 HK$'000
Revenue from energy business:		
Revenue from Customer A	**296,790**	82,107
Revenue from Customer B	**N/A[(1)]**	34,842
Revenue from Customer C	**463,934**	N/A[(2)]
Revenue from Customer D	**242,182**	N/A[(2)]
Revenue from Customer E	**288,242**	N/A[(2)]

Notes:

(1) The revenue from Customer B for the year ended 31 December 2023 did not contribute over 10% of the total revenue of the Group for that year.

(2) Each of the revenue from Customer C, Customer D and Customer E for the year ended 31 December 2022 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:

	2023 **HK$'000**	2022 HK$'000
The PRC	**2,412**	293,929
Hong Kong	**487**	1,504
	2,899	295,433

8 EXPENSES BY NATURE

	Notes	2023 HK$'000	2022 HK$'000
Cost of goods sold		**1,283,739**	117,539
Cost of services		**3,140**	4,854
Employee benefit expense (including directors' emoluments)	9	**17,498**	15,805
Short-term lease expense		**57**	6
Donations		**–**	92
Utilities		**109**	111
Depreciation — property, plant and equipment	17	**507**	823
Depreciation — right-of-use assets	18	**2,211**	1,614
Repairs and maintenance expenses		**74**	128
Legal and professional fees		**3,218**	6,088
Auditor's remuneration — audit services		**1,300**	1,300
Auditor's remuneration — non-audit services		**150**	250
Other local taxes paid		**1,696**	174
Other expenses		**7,355**	13,806
Total cost of sales, administrative expenses and distribution expenses		**1,321,054**	162,590
Analysed for reporting purposes:			
Cost of sales		**1,286,879**	122,393
Administrative expenses		**27,912**	31,386
Distribution expenses		**6,263**	8,811
		1,321,054	162,590

9 EMPLOYEE BENEFIT EXPENSE

	2023 HK$'000	2022 HK$'000
Wages and salaries	**14,648**	12,650
Social security and retirement benefit cost	**2,366**	2,873
Other staff welfare	**484**	282
Total employee benefit expense	**17,498**	15,805

At 31 December 2023, the Group had no forfeited contributions to retirement schemes which are available to reduce its contributions in future years (2022: Nil).

9 EMPLOYEE BENEFIT EXPENSE *(Continued)*

(a) Directors' emoluments

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

For the year ended 31 December 2023:

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

9 EMPLOYEE BENEFIT EXPENSE *(Continued)*

(a) Directors' emoluments *(Continued)*

For the year ended 31 December 2022:

Name	Fees HK$'000	Salaries HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Executive directors				
Chen Jinle (Note (i))	–	–	–	–
Han Jinfeng (Note (ii))	–	–	–	–
Lin Caihuo (Note (iii))	–	–	–	–
Yuan Hongbing	–	1,440	47	1,487
Non-executive director				
Chen Yunwei	–	–	–	–
Independent non-executive directors				
Jiang Hao	180	–	–	180
Mak Ting Sang	180	–	–	180
Tche Heng Hou Kevin	180	–	–	180
Total	540	1,440	47	2,027

Notes:

(i) Mr. Chen Jinle resigned as an executive director of the Company with effect from 11 March 2022.

(ii) Mr. Han Jinfeng was appointed as an executive director of the Company with effect from 11 March 2022.

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

9 EMPLOYEE BENEFIT EXPENSE *(Continued)*

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2022: Nil).

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

During the year ended 31 December 2023, the Company did not pay consideration to any third parties for making available directors' services (2022: Nil).

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

During the year ended 31 December 2023, there is no loans, quasi-loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors (2022: Nil).

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

Save as disclosed in the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: Nil).

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

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

(h) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2022: one) director whose emoluments are set out in Note 9(a). The emoluments payable to the remaining four (2022: four) individuals for the year are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries, allowances and benefits	**1,615**	1,431
Bonuses	**28**	28
Retirement benefit scheme contributions	**56**	54
	1,699	1,513

9 EMPLOYEE BENEFIT EXPENSE *(Continued)*

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

The emoluments fell within the following bands:

	Number of individuals 2023	Number of individuals 2022
Emolument bands (in HK$)		
Within HK$500,000	**3**	4
HK$500,001–HK$1,000,000	**1**	–

10 OTHER INCOME

	2023 HK$'000	2022 HK$'000
Government grant (Note)	**13,166**	12,499
Others	**101**	358
	13,267	12,857

Note: During the current year, the Group recognised unconditional government grant of HK$13,166,000 (2022: HK$12,499,000) provided by the PRC government of which, HK$99,000 was related to consumption incentive granted by the local governments and HK$13,067,000 was related to the operation of digital energy trading parks (2022: HK$1,164,000 related to foreign capital injection, HK$11,279,000 related to the operation of digital energy trading parks and HK$32,000 related to other subsidies provided by the PRC government, and HK$24,000 of subsidies related to Employment Support Scheme provided by the Hong Kong government).

11 OTHER (LOSSES)/GAINS — NET

	2023 HK$'000	2022 HK$'000
(Loss)/gain on change in fair value of derivative financial liabilities (Note 32)	**(633)**	1,169
Net foreign exchange (loss)/gain	**(2,144)**	2,264
Gain on deregistration of a subsidiary	**–**	32
Loss on disposal of property, plant and equipment	**(1)**	(17)
Loss on early termination of right-of-use assets	**–**	(375)
Others	**–**	11
	(2,778)	3,084

12 FINANCE INCOME AND COSTS

	2023 HK$'000	2022 HK$'000
Interest expense:		
— Convertible loan notes/amount due to a shareholder	**(12,371)**	(11,403)
— Bond payables	**(1,651)**	(1,722)
— Lease liabilities	**(142)**	(178)
— Long service payment obligation	**(2)**	–
Total finance costs	**(14,166)**	(13,303)
Bank interest income	**383**	1,386
Other interest income	**1,111**	–
Total finance income	**1,494**	1,386
Total finance costs — net	**(12,672)**	(11,917)

13 INCOME TAX EXPENSE/(CREDIT)

	2023 HK$'000	2022 HK$'000
Current income tax:		
— PRC Enterprise Income Tax	**1,222**	608
Over-provision in prior years:		
— PRC Enterprise Income Tax	**–**	(1,070)
	1,222	(462)
Deferred tax:		
— PRC Enterprise Income Tax	**7**	–
Income tax expense/(credit)	**1,229**	(462)

No provision for Hong Kong Profits Tax of both of the years presented has been made in the consolidated financial statements as the Group did not have any estimated assessable profits for the year.

PRC Enterprise Income Tax has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates. The Company's subsidiaries incorporated in the PRC are subject to Enterprise Income Tax ("**EIT**") at the rate of 25% (2022: 25%).

According to the provisions of Ministry of Finance and State Taxation Administration Announcement [2022] No. 13 (財政部稅務總局公告2022年第13號), certain subsidiaries of the Group enjoy preferential income tax policies for the small and low profit enterprises for both years.

13 INCOME TAX EXPENSE/(CREDIT) *(Continued)*

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

	2023 HK$'000	2022 HK$'000
Profit/(loss) before income tax	**2,273**	(41,247)
Tax calculated at domestic tax rates applicable to profit in the respective countries	**1,216**	(8,580)
Tax effect of expenses that are not deductible for tax purposes	**4,508**	4,552
Tax effect of income that are not taxable for tax purposes	**(2,231)**	(547)
Tax effect of share of loss of an associate	**145**	12
Tax effect of tax losses not recognised	**1,127**	702
Utilisation of tax losses not previously recognised	**(1,256)**	(324)
Tax effect of temporary differences not recognised	**(22)**	8,230
Over-provision in prior years	**–**	(1,070)
Effect of tax exemption and preferential rates granted to certain PRC subsidiaries	**(2,258)**	(3,437)
Income tax expense/(credit)	**1,229**	(462)

14 DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2023 (2022: nil).

15 LOSS PER SHARE

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

	2023 HK$'000	2022 HK$'000
Loss		
Loss for the purpose of basic loss per share and diluted loss per share		
Loss for the year attributable to the owners of the Company	**(24,256)**	(31,913)

	No. of shares '000	No. of shares '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,455,021**	4,455,021
Effect of dilutive potential ordinary shares:		
Convertible loan notes (Note a)	**–**	–
Share options (Note b)	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**4,455,021**	4,455,021

	2023 HK Cents	2022 HK Cents
Basic loss per share	**(0.54)**	(0.72)
Diluted loss per share	**N/A**	N/A

Notes:

(a) The computation of the diluted loss per share for the year ended 31 December 2023 and 2022 does not assume the conversion of the Company's outstanding convertible loan notes since their assumed exercise would result in a decrease in loss per share for the year ended 31 December 2023 and 2022.

(b) The computation of diluted loss per share for the year ended 31 December 2023 and 2022 does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the year ended 31 December 2023 and 2022.

16 SUBSIDIARIES

General information of subsidiaries

The following is a list of the principal subsidiaries of the Group at 31 December 2023 and 2022:

Company	Place of incorporation/ establishment/ principal place of business	Particulars of issued share capital/ registered capital	Proportion of effective shareholding		Principal activities
			2023 (%)	2022 (%)	
Indirect subsidiaries:					
Jinhui (Hong Kong) Holdings Ltd. (香港（金滙）控股有限公司)	Hong Kong	HK$1,000	**100**	100	Investment holding
Shandong Dadao Juneng Network Technology Co., Ltd.* (山東大道聚能網絡科技集團有限公司)	PRC	RMB200,000,000	**51**	51	Operation of digital energy trading parks
Ningxia Deru Petrochemical Co., Ltd.* (寧夏德儒石油化工有限公司)	PRC	RMB100,000,000	**100**	100	Trading of energy-related products
ZY Energy Holdings Limited (中氫能源控股有限公司)	Hong Kong	HK$50,000,000	**100 (Note 23)**	51	Trading of energy-related products
Qingdao Oriental Reliance Petrochemical Co., Ltd.* (青島東方信實石油化工有限公司)	PRC	RMB100,000,000	**N/A (Note d)**	50 (Note c)	Trading of energy-related products
Tianjin Tanhao Energy Product Co., Ltd.* (天津唐昊石油製品銷售有限公司)	PRC	RMB30,000,000	**N/A (Note d)**	51	Trading of energy-related products

Notes:

(a) None of the subsidiaries of the Group had issued any debt securities at the end of the reporting period or at any time during both years.

(b) The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or asset of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(c) At 31 December 2022, a subsidiary of the Company holds 50% equity interest in Qingdao Oriental Reliance Petrochemical Co., Ltd. ("**Qingdao Oriental**") with the remaining 50% held by a third party unrelated to the Group. Pursuant to the related agreement entered into between the subsidiary and the third party, the subsidiary is entitled to control the majority of the board of directors of Qingdao Oriental, accordingly, the directors of the Company consider that the Group has control over Qingdao Oriental which is classified as a subsidiary of the Company.

(d) During the year ended 31 December 2023, the company was disposed, as disclosed in Note 37.

16 SUBSIDIARIES *(Continued)*

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

Name of entities	Place of incorporation/ establishment/ principal place of business	Voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	**2023**	2022	**2023**	2022
				HK$'000	HK$'000	**HK$'000**	HK$'000
Shandong Dadao Juneng Network Technology Co., Ltd.	PRC	**49%**	49%	**4,741**	7,387	**1,055**	1,630
Tianjin Tanhao Energy Product. Co., Ltd.	PRC	**N/A**	49%	**20,533**	138	**–**	(22,948)
Qingdao Oriental Reliance Petrochemical Co., Ltd.	PRC	**N/A**	50%	**47**	(16,538)	**–**	(16,040)
ZY Energy Holdings Limited	Hong Kong	**100**	49%	**(5)**	(9)	**–**	24,491
Individually immaterial subsidiaries with non-controlling interests				**(16)**	150	**(16)**	107
				25,300	(8,872)	**1,039**	(12,760)

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

16 SUBSIDIARIES *(Continued)*

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

Shandong Dadao Juneng Network Technology Co., Ltd.

	2023 **HK$'000**	2022 HK$'000
Non-current assets	**3,399**	3,440
Current assets	**19,778**	31,118
Current liabilities	**(19,086)**	(31,232)
Non-current liabilities	**(929)**	–
Equity attributable to owners of the Company	**2,107**	1,696
Non-controlling interests	**1,055**	1,630
Revenue	**34,300**	55,146
Expenses	**(23,919)**	(40,070)
Profit for the year	**10,381**	15,076
Profit attributable to owners of the Company	**5,640**	7,689
Profit attributable to non-controlling interests	**4,741**	7,387
Profit for the year	**10,381**	15,076
Other comprehensive (loss)/income attributable to owners of the Company	**(89)**	110
Other comprehensive (loss)/income attributable to non-controlling interests	**(85)**	106
Other comprehensive (loss)/income for the year	**(174)**	216
Total comprehensive income for the year	**10,207**	15,292
Dividend paid to non-controlling interests	**(5,369)**	(5,529)
Net cash generated from operating activities	**1,071**	12,706
Net cash used in investing activities	**(5,919)**	(147)
Net cash used in financing activities	**(11,867)**	(3,107)
Net (decrease)/increase in cash and cash equivalents	**(16,715)**	9,452

16 SUBSIDIARIES *(Continued)*

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

Tianjin Tanhao Energy Product. Co., Ltd.

	2022 HK$'000
Non-current assets	10
Current assets	125,799
Current liabilities	(172,641)
Equity attributable to owners of the Company	(23,884)
Non-controlling interests	(22,948)
Revenue	291
Expenses	(9)
Profit for the year	282
Profit attributable to owners of the Company	144
Profit attributable to non-controlling interests	138
Profit for the year	282
Other comprehensive income attributable to owners of the Company	2,066
Other comprehensive income attributable to non-controlling interests	1,985
Other comprehensive income for the year	4,051
Total comprehensive income for the year	4,333
Dividend paid to non-controlling interests	–
Net cash generated from operating activities	2,185
Net cash used in investing activities	–
Net cash used in financing activities	–
Net increase in cash and cash equivalents	2,185

16 SUBSIDIARIES *(Continued)*

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

Qingdao Oriental Reliance Petrochemical Co., Ltd.

	2022 HK$'000
Current assets	26,568
Current liabilities	(58,648)
Equity attributable to owners of the Company	(16,040)
Non-controlling interests	(16,040)
Revenue	34,843
Expenses	(67,919)
Loss for the year	(33,076)
Loss attributable to owners of the Company	(16,538)
Loss attributable to non-controlling interests	(16,538)
Loss for the year	(33,076)
Other comprehensive income attributable to owners of the Company	517
Other comprehensive income attributable to non-controlling interests	517
Other comprehensive income for the year	1,034
Total comprehensive loss for the year	(32,042)
Dividend paid to non-controlling interests	–
Net cash used in operating activities	(863)
Net cash generated from investing activities	–
Net cash generated from financing activities	697
Net decreased in cash and cash equivalents	(166)

16 SUBSIDIARIES *(Continued)*

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

ZY Energy Holdings Limited

	2022 HK$'000
Current assets	50,000
Current liabilities	(18)
Equity attributable to owners of the Company	25,491
Non-controlling interests	24,491
Revenue	–
Expenses	(18)
Loss for the year	(18)
Loss attributable to owners of the Company	(9)
Loss attributable to non-controlling interests	(9)
Loss for the year	(18)
Other comprehensive loss attributable to owners of the Company	–
Other comprehensive loss attributable to non-controlling interests	–
Other comprehensive loss for the year	–
Total comprehensive loss for the year	(18)
Dividend paid to non-controlling interests	–
Net cash generated from operating activities	–
Net cash generated from investing activities	–
Net cash generated from financing activities	–
Net increase in cash and cash equivalents	–

17 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31 December 2023					
Carrying amount at 1 January 2023	833	511	42	1,166	2,552
Additions, at cost	–	98	–	182	280
Disposals	–	(8)	–	–	(8)
Depreciation charge	(102)	(270)	(42)	(93)	(507)
Disposals of subsidiaries	–	(14)	–	(1,094)	(1,108)
Currency translation differences	(22)	(13)	–	(3)	(38)
Carrying amount at 31 December 2023	709	304	–	158	1,171
At 31 December 2023					
Cost	1,072	1,400	843	463	3,778
Accumulated depreciation and impairment	(363)	(1,096)	(843)	(305)	(2,607)
Carrying amount	709	304	–	158	1,171

	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31 December 2022					
Carrying amount at 1 January 2022	1,018	866	71	153	2,108
Additions, at cost	–	114	76	1,281	1,471
Disposals	–	(17)	–	–	(17)
Depreciation charge	(108)	(392)	(100)	(223)	(823)
Currency translation differences	(77)	(60)	(5)	(45)	(187)
Carrying amount at 31 December 2022	833	511	42	1,166	2,552
At 31 December 2022					
Cost	1,103	1,439	867	1,531	4,940
Accumulated depreciation and impairment	(270)	(928)	(825)	(365)	(2,388)
Carrying amount	833	511	42	1,166	2,552

17 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	2023	2022
	HK$'000	HK$'000
Depreciation charge analysed for reporting purpose:		
Energy business	**80**	256
Drilling services	**102**	108
Operation of digital energy trading parks	**325**	414
Unallocated	**–**	45
	507	823

Depreciation expenses for the year ended 31 December 2023 of HK$507,000 (2022: HK$823,000) have been charged in "administrative expenses".

18 RIGHT-OF-USE ASSETS

	Leased properties	
	2023	2022
	HK$'000	HK$'000
Cost		
At 1 January	**9,661**	11,426
Additions	**1,599**	2,564
Derecognition upon expiration	**(2,237)**	-
Early termination	**-**	(3,450)
Currency translation difference	**(321)**	(879)
At 31 December	**8,702**	9,661
Accumulated depreciation and impairment		
At 1 January	**(7,221)**	(7,101)
Depreciation charge for the year	**(2,211)**	(1,614)
Derecognition upon expiration	**2,237**	-
Early termination	**-**	908
Currency translation difference	**221**	586
At 31 December	**(6,974)**	(7,221)
Carrying amount		
At 31 December	**1,728**	2,440
Depreciation charge analysed for reporting purpose:		
Operation of digital energy trading parks	**1,229**	1,356
Unallocated	**982**	258
	2,211	1,614
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	**57**	6
Total cash outflow for leases	**2,421**	2,962

During year ended 31 December 2023, the Group leases offices for its operations. Lease contracts are entered into for fixed term of 5 years (2022: 1 to 2 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

19 GOODWILL

During the year ended 31 December 2023, total goodwill with cost amounted to HK$614,000 (2022: HK$614,000) and accumulated impairment amounted to HK$614,000 (2022: HK$614,000) was derecognised upon disposal of subsidiaries (Note 37).

As at 31 December 2022, for the purposes of impairment testing, goodwill arising from business combination was allocated to the segment of energy business.

In view of the suspension of the business operation of the CGU to which the goodwill was allocated, management of the Group considered it appropriate to make impairment on the goodwill amounted to HK$614,000 which was charged to profit and loss in respect of the prior year ended 31 December 2021.

20 INTEREST IN AN ASSOCIATE

	2023 **HK$'000**	2022 HK$'000
Unlisted investment, at cost	**–**	127,890
Share of post-acquisition losses	**–**	(47)
Currency translation differences	**–**	(977)
	–	126,866

	2023 **HK$'000**	2022 HK$'000
Movements during the year:		
At the beginning of the year	**126,866**	–
Capital injection to the associate	**–**	127,890
Share of loss recognised for the year	**(578)**	(47)
Currency translation differences	**(5,563)**	(977)
Derecognition upon disposal of subsidiaries (Note 37)	**(120,725)**	–
At the end of the year	**–**	126,866

20 INTEREST IN AN ASSOCIATE *(Continued)*

Particulars regarding the associate of the Group are as follows:

Name	Particulars of issued/ registered capital	Place of incorporation/ operation	Percentage of ownership interest held by the Group		Principal activity
			2023	2022	
Genting (Xinjiang) Petroleum and Gas Development Co., Ltd. * （雲頂（新疆）油氣開發有限公司） ("**Genting Xinjiang**")	Registered capital of RMB25,000,000	PRC	**N/A**	45%	Provision of drilling service and trading of energy-related products

The financial information of Genting Xinjiang is summarised as below:

	2022 HK$'000
Non-current assets	265
Current assets	281,659
Net assets	281,924

	Period from 1 January 2023 to 15 June 2023 (date of disposal) HK$'000	Period from 31 August 2022 (date of incorporation) to 31 December 2022 HK$'000
Revenue	–	–
Loss and total comprehensive loss for the period	(1,284)	(104)

20 INTEREST IN AN ASSOCIATE *(Continued)*

Reconciliation of the above recognised financial information to the carrying amount of the interest in an associate recognised the consolidated financial statements:

	2022 HK$'000
Net assets of Genting Xinjiang	281,924
Proportion of the Group's ownership interest in Genting Xinjiang	45%
Group's share of net assets of Genting Xinjiang	126,866
Carrying amount of the Group's interest in Genting Xinjiang	126,866

21 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2023 **HK$'000**	2022 HK$'000
Trade receivables from third parties	**144,295**	14,721
Less: allowance for impairment of trade receivables	**–**	(89)
Trade receivables — net of impairment recognised	**144,295**	14,632
Consideration receivable for disposal of subsidiaries	**–**	14,768
Other receivables	**790**	5,612
Value-added tax receivables	**51**	1,424
Trade and other receivables	**145,136**	36,436
Prepayments to suppliers	**130,564**	11,803
Deposits paid	**511**	842
Prepaid expenses	**394**	882
	276,605	49,963

21 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Trade receivables

The Group normally allows a credit period of 0–3 days (2022: 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 31 December 2023 and 2022, the aging analysis of trade receivables based on invoice date was as follows:

	2023	2022
	HK$'000	HK$'000
0 to 30 days	**144,295**	–
31 to 120 days	**–**	–
121 to 365 days	**–**	9,288
Over 365 days	**–**	5,344
	144,295	14,632

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

	2023	2022
	HK$'000	HK$'000
At 1 January	**89**	–
(Reversal of impairment loss)/impairment loss recognised for the year	**(89)**	92
Currency translation difference	**–**	(3)
At 31 December	**–**	89

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

21 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Trade receivables *(Continued)*

As at 31 December 2023, included in the Group's trade receivables are receivables with the aggregate carrying amount of HK$144,295,000, which are not past due and was settled on 2 January 2024. As at 31 December 2022, included in the Group's trade receivables are receivables with the aggregate carrying amount of HK$14,721,000, which were past due for which the Group has not provided as there has not been a significant change in credit quality and the amounts were still considered recoverable. The Group does not hold any collateral over these balances. The aging of these overdue trade receivables but not impaired is as follows:

	2023 HK$'000	2022 HK$'000
121 to 365 days	–	9,349
Over 365 days	–	5,372
	–	14,721

Consideration receivable for disposal of subsidiaries

During the prior year ended 31 December 2021, the Group disposed of certain subsidiaries for an aggregate consideration of RMB36,502,000 (equivalent to HK$43,920,000), of which RMB35,482,000 (equivalent to HK$42,709,000) remained not settle as at 31 December 2021. The consideration of approximately RMB23,482,000 (equivalent to HK$27,343,000) and RMB12,000,000 (equivalent to HK$13,715,000) were received by the Group during the year ended 31 December 2022 and 2023, respectively.

21 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Prepayments to suppliers

The Group's prepayments to suppliers are mainly related to the energy business. The Group makes prepayments to suppliers to secure the supply of energy-related products. The prepayments are normally utilised within 30 days after the dates of payment.

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

	2023	2022
	HK$'000	HK$'000
At 1 January	**31,805**	–
Impairment loss recognised for the year	**–**	32,828
Derecognised upon disposal of subsidiaries	**(30,714)**	–
Currency translation differences	**(206)**	(1,023)
At 31 December	**885**	31,805

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

	2023	2022
	HK$'000	HK$'000
RMB	**144,935**	32,269
HK$	**201**	4,167
	145,136	36,436

22 ADVANCE PAYMENTS FOR ASSETS ACQUISITION

	2023 **HK$'000**	2022 HK$'000
Advance payments for:		
— assets acquisition through acquisition of a subsidiary (Note a)	–	101,529
— assets acquisition through formation of a joint venture (Note b)	–	163,575
	–	265,104
Analysed for reporting:		
— non-current assets	–	163,575
— current assets	–	101,529
	–	265,104

Notes:

(a) On 1 November 2022, the Company entered into a Letter of Intent with a PRC third party, Yinchuan Jinxinda Enterprise Management Co., Ltd.* (銀川金信達企業管理有限公司) ("**Yinchuan Jinxinda**"), for the proposed acquisition of 51% equity interest in a PRC entity, the Yunding (Inner Mongolia) Oil and Gas Development Co., Ltd.* (雲頂(內蒙古)石油天然氣開發有限公司) ("**Yunding**"). Pursuant to this Letter of Intent, (i) the Group has made advance payment amounted to RMB40,000,000 (equivalent to approximately HK$45,124,000) to Yinchuan Jinxinda and has been conducting the due diligence works regarding Yunding to assess the proposed acquisition; and (ii) in the event that the Group is not satisfied with the results of the aforementioned due diligence works and the proposed acquisition is not materialised on or before 30 April 2023, the advance payment made by the Group of RMB40,000,000 is to be refunded by Yinchuan Jinxinda to the Group on or before 31 May 2023.

On 4 November 2022, the Company entered into a Letter of Intent with a PRC third party, Beijing Sanding Run Petroleum Technology Co., Ltd.* (北京三鼎潤石油科技有限公司) ("**Beijing Sanding Run**"), for the proposed acquisition of 100% equity interest in a PRC entity, Inner Mongolia Ningmeng Energy Co., Ltd.* (內蒙古寧蒙能源有限公司) ("**Ningmeng**"). Pursuant to this Letter of Intent, (i) the Group has made advance payment amounted to RMB50,000,000 (equivalent to approximately HK$56,405,000) to Beijing Sanding Run and has been conducting the due diligence works regarding Ningmeng to assess the proposed acquisition; and (ii) in the event that the Group is not satisfied with the results of the aforementioned due diligence works and the proposed acquisition is not materialised on or before 30 April 2023, the advance payment made by the Group of RMB50,000,000 is to be refunded by Beijing Sanding Run to the Group on or before 31 May 2023.

As at the date of approval of the consolidated financial statements for the year ended 31 December 2022, the Group's due diligence works regarding Yunding and Ningmeng were in place and based on the available documents and information gathered by the Group, Management is of the view that it is unlikely that completion of the acquisitions of equity interest in Yunding and Ningmeng would not take place and the advance payments for the acquisitions made by the Group totalled RMB90,000,000 (equivalents to HK$101,529,000) would be refunded to the Group during the next financial year, accordingly, the advance payments made in this respect has been classified under current assets as at 31 December 2022. During the current year, the advance payments was refunded as the Group is not satisfied with the results of the due diligence works.

22 ADVANCE PAYMENTS FOR ASSETS ACQUISITION *(Continued)*

Notes: *(Continued)*

(a) On 26 August 2022, the Company entered into an agreement with a PRC third party, Tacheng Xingta Energy Investment Exploitation Construction Company Limited* (塔城興塔能源投資開發建設有限公司) ("**Tacheng Xingta**"), for the proposed acquisition of exploitation right of the oil sand mine in Xinjiang, the PRC (the "**Oil Sand Mine**") by a joint venture (the "**Joint Venture**") to be formed and owned by the Company and Tacheng Xingta from Tacheng Xingta for a consideration to be agreed by the contracting parties. Under this agreement, the Company has also agreed to provide funding to the exploitation of the Oil Sand Mine to be undertaken by the Joint Venture.

On 28 October 2022, the Company entered into a supplementary agreement with Tacheng Xingta, under which the Group has made advance payments amounted to RMB145,000,000 (equivalent to approximately HK$163,575,000) to the Tacheng Xingta and has been conducting the due diligence works regarding the formation of the Joint Venture and acquisition of the exploitation rights of the Oil Sand Mine. Pursuant to the supplementary agreement, in the event that the Group cannot be satisfied with the results of the aforementioned due diligence works on or before 30 April 2023, the advance payments made by the Group of RMB145,000,000 is to be refunded by Tacheng Xingta to the Group on or before 31 May 2023.

During the current year, the advance payments was refunded as the Group is not satisfied with the results of the due diligence works.

23 AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS OF A SUBSIDIARY

	2023 **HK$'000**	2022 HK$'000
Unsecured amounts due from non-controlling shareholders of a subsidiary	–	24,500

On 9 November 2022, a subsidiary of the Company issued and allotted 24,500,000 share capital to non-controlling shareholders for the consideration of HK$24,500,000, which was unsecured, interest-free and repayable on demand.

During the year ended 31 December 2023, the Group entered into an agreement with the non-controlling shareholders of ZY Energy Holdings Limited to terminate the cooperation. In accordance with the agreement, the former non-controlling shareholders would no longer make the capital contribution. Therefore, the amounts due from non-controlling shareholders of a subsidiary of HK$24,500,000 were offset with the relevant non-controlling interests.

24 CASH AND CASH EQUIVALENTS

	2023 HK$'000	2022 HK$'000
Cash on hand and at bank	**25,230**	49,238

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

	2023 HK$'000	2022 HK$'000
RMB	**24,557**	48,605
HK$	**671**	626
US$	**2**	7
	25,230	49,238

As at 31 December 2023, cash and cash equivalents, held in the PRC amounted to HK$24,557,000 (2022: HK$48,605,000). Remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

25 SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.00125 each		
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**16,000,000,000**	**20,000**
Issued and fully paid:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**4,455,020,888**	**5,569**

26 OTHER RESERVES

	Share premium HK$'000	Statutory reserve (note a) HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Capital reserve (note b) HK$'000	Special reserve HK$'000	Total HK$'000
At 1 January 2022	321,958	5,675	38,661	74,748	17,332	–	458,374
Currency translation differences	–	–	(52,456)	–	–	–	(52,456)
Translation reserve released upon deregistration of a subsidiary	–	–	7	–	–	–	7
Payroll and welfare payables waived by a shareholder	–	–	–	–	7,800	–	7,800
Appropriation to statutory reserve	–	1,548	–	–	–	–	1,548
At 31 December 2022	321,958	7,223	(13,788)	74,748	25,132	–	415,273
At 1 January 2023	**321,958**	**7,223**	**(13,788)**	**74,748**	**25,132**	**–**	**415,273**
Currency translation differences	**–**	**–**	**(6,730)**	**–**	**–**	**–**	**(6,730)**
Translation reserve released upon disposal of subsidiaries	**–**	**–**	**365**	**–**	**–**	**–**	**365**
Acquisition of non-controlling interests of a subsidiary (Note 23)	**–**	**–**	**–**	**–**	**–**	**(14)**	**(14)**
Default interest of convertible loan notes partially waived by a shareholder	**–**	**–**	**–**	**–**	**1,364**	**–**	**1,364**
Appropriation to statutory reserve	**–**	**1,143**	**–**	**–**	**–**	**–**	**1,143**
Disposal of subsidiaries	**–**	**(5,675)**	**–**	**–**	**(1,755)**	**–**	**(7,430)**
At 31 December 2023	**321,958**	**2,691**	**(20,153)**	**74,748**	**24,741**	**(14)**	**403,971**

Notes:

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

(b) Capital reserve of the Group is analysed as follows:

	2023 HK$'000	2022 HK$'000
Current account waived by a shareholder	**(2,564)**	(2,564)
Interest payable waived by shareholders	**1,465**	1,856
Payroll and welfare payables waived by shareholders	**25,840**	25,840
	24,741	25,132

27 SHARE-BASED PAYMENTS

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

Purpose

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

Eligible Participants

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

Total number of ordinary shares available for issue

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

Maximum entitlement of each eligible participant

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

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

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

No share-based compensation expense for the year ended 31 December 2023 and 2022 were recognised by the Group.

27 SHARE-BASED PAYMENTS *(Continued)*

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

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

For the year ended 31 December 2023

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

At 31 December 2023, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 806,700,000 (2022: 806,700,000), which totally representing 18.11% (2022: 18.11%) of the shares of the Company in issue at that date.

27 SHARE-BASED PAYMENTS *(Continued)*

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

For the year ended 31 December 2022

					Number of share options			
Category of participants	Date of grant	Exercise price	Vesting date	Exercisable period	As at 01/01/2022	Granted during the year	Lapsed during the year	As at 31/12/2022
Employees	19/06/2015	HK$0.64125	19/06/2015	19/06/2015–18/06/2025	123,200,000	–	–	123,200,000
Employees	24/09/2019	HK$0.15	24/09/2019	24/09/2019–23/09/2029	362,500,000	–	–	362,500,000
Director	19/06/2020	HK$0.145	19/06/2020	19/06/2020–18/06/2026	37,000,000	–	–	37,000,000
Employees	19/06/2020	HK$0.145	19/06/2020	19/06/2020–18/06/2026	159,000,000	–	–	159,000,000
Employees	20/05/2021	HK$0.15	20/05/2021	20/05/2021–19/05/2027	125,000,000	–	–	125,000,000
Total					806,700,000	–	–	806,700,000

28 TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	HK$'000
Trade payables	**405**	2,152
Other payables	**3,984**	66,878
Interest payable	**3,299**	3,300
Accrued salaries (Note a)	**1,629**	1,459
Accrued expenses	**4,836**	6,118
Other tax payables	**617**	–
	14,770	79,907

Note:

(a) During the year ended 31 December 2022, payroll and welfare payables of HK$7,800,000 were waived by the substantial shareholder, Mr. Chen Jinle. The waiver was accounted for as deemed contribution by the shareholder and was included in the capital reserve of the Group (Note 26).

The suppliers normally allow credit periods arranged from 60 to 365 days to the Group. At 31 December 2023 and 2022, the aging analysis of the trade payables based on invoice date is as follows:

	2023	2022
	HK$'000	HK$'000
Within 30 days	**405**	395
31 to 60 days	**–**	789
61 to 90 days	**–**	959
91 to 120 days	**–**	–
Over 120 days	**–**	9
	405	2,152

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

	2023	2022
	HK$'000	HK$'000
RMB	**6,023**	69,047
HK$	**8,747**	10,860
	14,770	79,907

29 AMOUNT(S) DUE TO AN ASSOCIATE/ A DIRECTOR/A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY/RELATED PARTIES

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

30 BORROWINGS

	2023 **HK$'000**	2022 HK$'000
Bank borrowings, unsecured (Note a)	**13,387**	13,387
Loans from a director (Note b)	**–**	17,003
	13,387	30,390

(a) Bank borrowings

As at 31 December 2023, the unsecured bank borrowings with principal and interest payables of HK$13,387,000 (2022: HK$13,387,000) and HK$3,257,000 (2022: HK$3,257,000) respectively have been overdue and has not repaid in accordance with scheduled payment dates. Up to the date of approval of the consolidated financial statements, these bank borrowings with principal and interest payables of HK$13,387,000 (2022: HK$13,387,000) and HK$3,257,000 (2022: HK$3,257,000) are still outstanding.

The outstanding bank borrowings of the Company carry interest at the interest rate at 3.37% (2022: 3.37%) per annum.

(b) Loans from a director

The amounts due to a director as at 31 December 2022 were unsecured, interest-free and were repayable within one year, which were derecognised upon disposal of subsidiaries as set out in Note 37.

31 BOND PAYABLES

	2023 HK$'000	2022 HK$'000
Bond payables:		
— Within one year	**29,845**	29,028

On 24 October 2020, the Company issued the bonds with principal amount of approximately RMB23,482,000 (equivalent to approximately HK$27,174,000) (the "**Bonds**") in connection with the acquisition of a subsidiary. The Bonds, which is held by a related party, Chen Qiusan (Note 38(a)), is unsecured, carries interest at 5% per annum and is payable on the maturity date of 23 October 2023. On 12 October 2023, the Bonds were extended to 23 March 2024 with other terms remaining unchanged and have been settled subsequently in accordance with scheduled payment date.

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

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

	2023 HK$'000	2022 HK$'000
At 1 January	**29,028**	29,718
Interest expense for the year	**1,651**	1,722
Currency translation differences	**(834)**	(2,412)
At 31 December	**29,845**	29,028

32 CONVERTIBLE LOAN NOTES, AMOUNT DUE TO A SHAREHOLDER AND DERIVATIVE FINANCIAL LIABILITIES

	2023	2022
	HK$'000	HK$'000
Convertible loan notes:		
— Liability component	**136,221**	–
— Derivative conversion option component	**1,537**	–

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

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

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

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

32 CONVERTIBLE LOAN NOTES, AMOUNT DUE TO A SHAREHOLDER AND DERIVATIVE FINANCIAL LIABILITIES *(Continued)*

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

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

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

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

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

The gain on modification of the Convertible Notes amounted to HK$1,364,000, which represents the excess of the carrying amount of the liability component of the Convertible Notes at the date of modification over the fair value of the Convertible Notes at that date, was treated as deemed contribution from a shareholder and recognised in capital reserve (Note 26).

32 CONVERTIBLE LOAN NOTES, AMOUNT DUE TO A SHAREHOLDER AND DERIVATIVE FINANCIAL LIABILITIES *(Continued)*

Movements of the Convertible Notes for the years ended 31 December 2023 and 2022 are as follows:

	Liability component HK$'000	Derivative component HK$'000	Amount due to a shareholder HK$'000
At 1 January 2022	113,291	1,230	–
Interest expense	4,065	–	7,338
Interest payable included in trade and other payables	(6,328)	–	6,328
Gain on change in fair value of derivative financial liabilities (Note 11)	–	(1,169)	–
Reclassified upon maturity of convertible loan notes	(110,953)	–	110,953
Currency translation difference	(75)	(61)	1,499
At 31 December 2022	–	–	126,118
Reclassified from amount due to a shareholder upon modification	**129,659**	**904**	**(130,563)**
Interest expense	**6,562**	**–**	**5,809**
Default interest partially waived by a shareholder	**–**	**–**	**(1,364)**
Loss on change in fair value of derivative financial liability (Note 11)	**–**	**633**	**–**
At 31 December 2023	**136,221**	**1,537**	**–**

33 LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Within one year	**833**	1,955
After 1 year but within 2 years	**313**	524
After 2 years but within 5 years	**609**	–
	1,755	2,479
Less: Amount due for settlement within 12 months shown under current liabilities	**(833)**	(1,955)
Amount due for settlement after 12 months shown under non-current liabilities	**922**	524

The weighted average incremental borrowing rate applied to lease liabilities is 4.87% (2022: 4.98%) per annum.

34 CONTRACT LIABILITIES

	2023 HK$'000	2022 HK$'000
Operation of digital energy trading parks (Note)	**14,521**	17,742

Note:

Movements in contract liabilities during the year are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	**17,742**	24,717
Increase in contract liabilities as a result of advance consideration received from customers	**12,907**	17,949
Decrease in contract liabilities as a result of recognising revenue for the year that was included in the contract liabilities at the beginning of the year	**(14,699)**	(23,125)
Currency translation differences	**(1,429)**	(1,799)
At 31 December	**14,521**	17,742

The Group receives a designated amount of the contract value from customers when the service agreement is signed. The advances result in contract liabilities being recognised until the customer obtain control of promised services for operation of digital energy trading parks and the entity satisfies the related performance obligation.

35 DEFERRED TAX LIABILITIES

As at 31 December 2023, the Group had unutilised tax loss carried forward to offset future taxable profits of HK$4,518,000 (2022: HK$31,294,000), which was not recognised as deferred income tax asset, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction. Included in unrecognised tax losses are losses of HK$4,518,000 (2022: HK$30,049,000) that will expire in a period from 2024 to 2026, other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$885,000 (2022: HK$32,919,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$69,838,000 (2022: HK$96,844,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

	Lease liabilities HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 January 2022 (as originally stated)	–	–	–
Adjustments	(1,081)	1,081	–
At 1 January 2022 (restated)	(1,081)	1,081	–
Charge/(credit) to profit or loss	786	(786)	–
Currency translation difference	61	(61)	–
At 31 December 2022	(234)	234	–
(Credit)/charge to profit or loss	(399)	406	7
Currency translation difference	16	(16)	–
At 31 December 2023	(617)	624	7

36 CASH FLOW INFORMATION

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

	2023 **HK$'000**	2022 HK$'000
Profit/(loss) before income tax	**2,273**	(41,247)
Adjustments for:		
— Depreciation of property, plant and equipment (Note 8)	**507**	823
— Depreciation of right-of-use assets (Note 8)	**2,211**	1,614
— Share of loss of an associate (Note 20)	**578**	47
— Loss on disposal of property, plant and equipment (Note 11)	**1**	17
— Long service payment obligation	**63**	–
— Loss on early termination of right-of-use assets (Note 11)	**–**	375
— Finance costs (Note 12)	**14,166**	13,303
— Finance income (Note 12)	**(1,494)**	(1,386)
— Gain on disposal of subsidiaries (Note 37)	**(14,753)**	–
— Net foreign exchange loss (Note 11)	**2,144**	–
— Loss/(gain) on change in fair value of derivative financial liabilities (Note 11)	**633**	(1,169)
— Gain on deregistration of a subsidiary (Note 11)	**–**	(32)
— (Reversal of impairment loss)/impairment loss on trade receivables (Note 21)	**(89)**	92
— Impairment loss on prepayments to suppliers (Note 21)	**–**	32,828
Operating cash flows before movements in working capital	**6,240**	5,265
— Decrease in inventories	**–**	4,537
— (Increase)/decrease in trade and other receivables and prepayments	**(260,373)**	803,972
— Decrease in trade and other payables	**(21,525)**	(262,859)
— Decrease in contract liabilities	**(3,221)**	(5,176)
Cash (used in)/generated from operations	**(278,879)**	545,739

36 CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

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

	Interest payable (included in trade and other payables) HK$'000	Amounts due to related parties HK$'000	Bank borrowings HK$'000	Amounts due to an associate HK$'000	Amounts due to a non-controlling shareholder of a subsidiary HK$'000	Amount due to a director HK$'000	Loan from a director HK$'000	Lease liabilities HK$'000	Bond payables HK$'000	Amount due to a shareholder HK$'000	Convertible loan notes HK$'000	Total HK$'000
At 1 January 2023	3,300	10,953	13,387	121,276	–	–	17,003	2,479	29,028	126,118	–	323,544
Cash inflows for the year	–	587	–	11,430	16	5,000	3,000	–	–	–	–	20,033
Cash outflows for the year	–	–	–	(11,430)	–	(4,000)	(159)	(2,364)	–	–	–	(17,953)
Net cash inflow/(outflow)	–	587	–	–	16	1,000	2,841	(2,364)	–	–	–	2,080
Interest expenses	–	–	–	–	–	–	–	142	1,651	5,809	6,562	14,164
New lease entered	–	–	–	–	–	–	–	1,599	–	–	–	1,599
Elimination by disposal of subsidiaries (Note 37)	–	(6,067)	–	(115,928)	–	–	(19,844)	–	–	–	–	(141,839)
Default interest partially waived by a shareholder	–	–	–	–	–	–	–	–	–	(1,364)	–	(1,364)
Reclassified from amount due to a shareholder upon modification (Note 32)	–	–	–	–	–	–	–	–	–	(130,563)	129,659	(904)
Currency translation differences	(1)	(412)	–	(5,348)	–	–	–	(101)	(834)	–	–	(6,696)
At 31 December 2023	3,299	5,061	13,387	–	16	1,000	–	1,755	29,845	–	136,221	190,584

36 CASH FLOW INFORMATION *(Continued)*

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

	Interest payable (included in trade and other payables)	Amounts due to related parties	Borrowings				Amount due to an associate	Lease liabilities	Bond payables	Amount due to a shareholder	Convertible loan notes	Total
			Bank borrowings	Shareholders' loans	Loan from a director	Other borrowings						
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2022	3,304	–	13,387	278,340	11,864	3,488	–	5,198	29,718	–	113,291	458,590
Cash inflows for the year	–	121,926	–	5,801	5,139	–	125,181	–	–	–	–	258,047
Cash outflows for the year	–	(110,620)	–	(281,899)	–	(3,488)	–	(2,956)	–	–	–	(398,963)
Net cash inflow/(outflow)	–	11,306	–	(276,098)	5,139	(3,488)	125,181	(2,956)	–	–	–	(140,916)
Interest expenses	–	–	–	–	–	–	–	178	1,722	7,338	4,065	13,303
New lease entered	–	–	–	–	–	–	–	2,564	–	–	–	2,564
Early termination of right-of-use assets	–	–	–	–	–	–	–	(2,167)	–	–	–	(2,167)
Interest payable included in trade and other payables	–	–	–	–	–	–	–	–	–	6,328	(6,328)	–
Reclassified upon maturity of convertible loan notes (Note 32)	–	–	–	–	–	–	–	–	–	110,953	(110,953)	–
Currency translation differences	(4)	(353)	–	(2,242)	–	–	(3,905)	(338)	(2,412)	1,499	(75)	(7,830)
At 31 December 2022	3,300	10,953	13,387	–	17,003	–	121,276	2,479	29,028	126,118	–	323,544

37 DISPOSAL OF SUBSIDIARIES

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

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

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

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

37 DISPOSAL OF SUBSIDIARIES *(Continued)*

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

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

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

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

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

Note: Goodwill had been fully impaired in the prior years

37 DISPOSAL OF SUBSIDIARIES *(Continued)*

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

Cash outflow on disposal of subsidiaries

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

38 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

(a) Related parties

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

(b) Related party transactions

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

	2023 **HK$'000**	2022 HK$'000
Interest expense		
— Qilu International Funds SPC	**12,371**	11,403
— Chen Qiusan	**1,651**	1,722
	14,022	13,125

38 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(c) Related party balances

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

	2023 HK$'000	2022 HK$'000
Amounts due to related parties (Note 29)		
— Beijing Yuanchuang	**4,988**	10,209
— Chen Qiusan	**73**	744
	5,061	10,953
Loans from a director (Note 30)		
— Yuan Hongbing	**–**	17,003
Bond payables (Note 31)		
— Chen Qiusan	**29,845**	29,028
Convertible loan notes/Amount due to a shareholder (Note 32)		
— Qilu International Funds SPC	**136,221**	126,118
Amount due to a director (Note 29)		
— Yuan Hongbing	**1,000**	–
Amount due to a non-controlling shareholder of a subsidiary (Note 29)		
— Beijing Guoke Weiye Power Technology Co., LTD* (北京國科偉業電力科技有限公司)	**16**	–
Amount due to an associate (Note 29)		
— Genting Xinjiang	**–**	121,276
Amounts due from non-controlling shareholders of a subsidiary (Note 23)		
— Innovation Enterprise Limited	**–**	17,000
— Xinye Asia Limited	**–**	7,500
	–	24,500

38 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel

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

	2023 HK$'000	2022 HK$'000
Salaries and other short-term benefits	**2,165**	2,027

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

39 SUMMARY FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of financial position of the Company

	As at 31 December	
	2023 **HK$'000**	2022 HK$'000
Assets		
Non-current assets		
Investment in subsidiaries	**–**	29,504
Amounts due from subsidiaries	**266,403**	144,639
Right-of-use assets	**487**	1,503
	266,890	175,646
Current assets		
Other receivables	**611**	1,072
Cash and cash equivalents	**200**	184
	811	1,256
Total assets	**267,701**	176,902
Equity		
Share capital	**5,569**	5,569
Other reserves	**427,714**	419,244
Accumulated losses	**(407,092)**	(470,952)
Total equity	**26,191**	(46,139)

39 SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

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

	As at 31 December	
	2023	2022
	HK$'000	HK$'000
Liabilities		
Non-current liabilities		
Convertible loan notes	**136,221**	–
Long service payment obligation	**65**	–
Lease liabilities	**–**	524
	136,286	524
Liabilities		
Current liabilities		
Other payables	**8,747**	9,912
Amounts due to subsidiaries	**50,164**	43,079
Amount due to a director	**1,000**	–
Amount due to a shareholder	**–**	126,118
Borrowings	**13,387**	13,387
Bond payables	**29,845**	29,028
Derivative financial liabilities	**1,537**	–
Lease liabilities	**544**	993
	105,224	222,517
Total liabilities	**241,510**	223,041
Net current liabilities	**(104,413)**	(221,261)
Total assets less current liabilities	**162,477**	(45,615)
Total equity and liabilities	**267,701**	176,902

The statement of financial position of the Company was approved by the Board of Directors on 28 March 2024 and is signed on its behalf by:

Han Jinfeng	**Yuan Hongbing**
Director	*Director*

39 SUMMARY FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

(b) Reserve movements of the Company

	Share premium HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2022	321,958	958	74,748	19,387	(450,364)	(33,313)
Loss for the year	–	–	–	–	(20,588)	(20,588)
Currency translation differences	–	(5,607)	–	–	–	(5,607)
Payroll and welfare payables waived by a shareholder	–	–	–	7,800	–	7,800
At 31 December 2022	321,958	(4,649)	74,748	27,187	(470,952)	(51,708)
Profit for the year	**–**	**–**	**–**	**–**	**63,860**	**63,860**
Currency translation differences	**–**	**7,106**	**–**	**–**	**–**	**7,106**
Default interest of convertible loan notes partially waived by a shareholder	**–**	**–**	**–**	**1,364**	**–**	**1,364**
At 31 December 2023	**321,958**	**2,457**	**74,748**	**28,551**	**(407,092)**	**20,622**

40 MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 December 2023, the Group entered into a new lease agreement for the use of leased properties for the term of five years. On the lease commencement, the Group recognised of HK$1,599,000 of right-of-use assets and HK$1,599,000 of lease liabilities, respectively.

(b) During the year ended 31 December 2023, the Group entered into an agreement with the non-controlling shareholders of ZY Energy Holdings Limited to terminate the cooperation. In accordance with the agreement, the former non-controlling shareholders would no longer make the capital contribution. Therefore, the amounts due from non-controlling shareholders of a subsidiary of HK$24,500,000 were offset with the relevant non-controlling interests.

41 COMPARATIVE FIGURES

Certain comparative figures have been restated or re-classified to conform the changes in presentation in the current year.

42 EVENTS AFTER THE REPORTING PERIOD

There were no other significant events of the Group after 31 December 2023 and up to the date of approval of these consolidated financial statements.

* For identification purpose only

FINANCIAL SUMMARY

	Year ended 31 December				
	2019	2020	2021	2022	**2023**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Revenue	3,003,380	14,078,809	11,010,520	150,286	**1,311,246**
(Loss)/profit for the year	(598,129)	314,029	74,136	(40,785)	**1,044**
Attributable to:					
Owners of the Company	(599,250)	321,803	94,295	(31,913)	**(24,256)**
Non-controlling interests	1,121	(7,774)	(20,159)	(8,872)	**25,300**
	(598,129)	314,029	74,136	(40,785)	**1,044**

	At 31 December				
	2019	2020	2021	2022	**2023**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	1,702,261	1,725,438	1,028,982	520,663	**304,734**
Total liabilities	(2,128,733)	(1,668,898)	(866,623)	(419,397)	**(218,940)**
Shareholders' (deficits)/funds	(426,472)	56,540	162,359	101,266	**85,794**
Equity attributable to owners of the Company	(427,574)	63,828	190,588	114,026	**84,755**
Non-controlling interests	1,102	(7,288)	(28,229)	(12,760)	**1,039**
	(426,472)	56,540	162,359	101,266	**85,794**