



Jintai Energy Holdings Limited

金泰能源控股有限公司

(Formerly known as Yuhua Energy Holdings Limited)

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



2020

Interim Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Jinle (*Chairman*)
Mr. Lin Caihuo
Mr. Yuan Hongbing (*Chief Executive Officer*)

Non-Executive Director

Mr. Wang Shoule

Independent Non-Executive Directors

Mr. Tche Heng Hou Kevin
Mr. Gao Han
Mr. Mak Tin Sang
(*appointed with effect from 23 April 2020*)
Mr. Liu Yang
(*resigned with effect from 23 April 2020*)

AUDIT COMMITTEE

Mr. Tche Heng Hou Kevin
(*Chairman of the Committee*)
Mr. Gao Han
Mr. Mak Tin Sang
(*appointed with effect from 23 April 2020*)
Mr. Liu Yang
(*resigned with effect from 23 April 2020*)

REMUNERATION COMMITTEE

Mr. Mak Tin Sang
(*Chairman of the Committee*)
(*appointed with effect from 23 April 2020*)
Mr. Lin Caihuo
Mr. Yuan Hongbing
Mr. Tche Heng Hou Kevin
Mr. Gao Han
Mr. Liu Yang
(*resigned with effect from 23 April 2020*)

NOMINATION COMMITTEE

Mr. Chen Jinle
(*Chairman of the Committee*)
Mr. Lin Caihuo
Mr. Tche Heng Hou Kevin
Mr. Gao Han
Mr. Mak Tin Sang
(*appointed with effect from 23 April 2020*)
Mr. Liu Yang
(*resigned with effect from 23 April 2020*)

AUTHORIZED REPRESENTATIVES

Mr. Zhou Chen
Mr. Yuan Hongbing
(*appointed with effect from 26 June 2020*)
Mr. Lin Caihuo
(*resigned with effect from 26 June 2020*)

COMPANY SECRETARY

Mr. Zhou Chen

REGISTERED OFFICE

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

HEAD OFFICE

No. 455 Yihe Road
Dongying District
Dongying City
Shandong Province
the People's Republic of China

Corporate Information (Continued)

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong
Investor Services Limited
Shops 1712–1716, 17th Floor,
Hopewell Centre
183 Queen's Road East
WanChai, Hong Kong

PRINCIPAL BANKERS

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

LEGAL ADVISER

As to Hong Kong law
Raymond Siu & Lawyers

As to Cayman Islands law
Conyers Dill & Pearman

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

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

Energy trading business

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

Speaker manufacturing and trading business

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

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

Results of Operations

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

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

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

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

Liquidity and Financial Resources

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

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

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (Continued)

Liquidity and Financial Resources (Continued)

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

Charge on Assets

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

Significant Investments and Material Acquisitions or Disposals

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

Treasury Policies

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

Contingent Liabilities

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

Human Resources

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

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (Continued)

Future Prospects

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

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

1. Funding

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

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

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

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (Continued)

Future Prospects (Continued)

2. *Energy Trading Business*

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

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

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

3. *Energy Transportation Business*

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

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (Continued)

Future Prospects (Continued)

4. *Development of the Industry Chain Business*

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

5. *Merger and Acquisition*

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

Subsequent Event after the Current Period

Amendments to the Terms and Conditions of the Convertible Notes

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

On 16 July 2020, the Company entered into a supplemental deed with the New Subscriber, pursuant to which, the Company and the New Subscriber conditionally agreed to amend the maturity date and the conversion price. Pursuant to the supplemental deed, the parties agree to: (a) amend the conversion price to HK\$0.134, representing a premium of approximately 3.88% to the closing price of HK0.129 on the date of the supplemental deed and a premium of approximately 0.30% to the average closing price of HK\$0.1336 per Share as quoted on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the last 5 trading days immediately before the date of the Supplemental Deed; (b) amend the number of conversion shares in light of the amendment to the conversion price; (c) extend the maturity date to 17 July 2021 (or, if that is not a business day, the first business day thereafter) and extend the end of the conversion period to 4:00 p.m. (Hong Kong time) on the maturity date; (d) the interest payment dates shall be 18 January 2021 and 17 July 2021 (or, if that is not a business day, the first business day thereafter).

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (Continued)

Subsequent Event after the Current Period (Continued)

Amendments to the Terms and Conditions of the Convertible Notes (Continued)

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

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

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

Connected Transaction

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

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

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

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW (Continued)

Subsequent Event after the Current Period (Continued)

Connected Transaction (Continued)

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

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

INTERIM DIVIDEND

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

REVIEW OF FINANCIAL STATEMENTS

The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 in conjunction with the Directors and senior management of the Group.

By order of the Board

Yuan Hongbing

Executive Director and Chief Executive Officer

Hong Kong, 24 August 2020

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

COMPLIANCE WITH THE MODEL CODE

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

Corporate Governance and Other Information (Continued)

AUDIT COMMITTEE

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

The interim results of the Group for the six months ended 30 June 2020 have not been audited. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 and this report with the Directors and senior management of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2020.

Corporate Governance and Other Information (Continued)

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

As at 30 June 2020, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("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	Total number of shares	Approximate percentage of the issued Shares
Lin Caihuo ("Mr. Lin")	Beneficial owner	928,284,839 ⁽¹⁾	928,284,839	25.00%
Chen Jinle ("Mr. Chen")	Interest of controlled corporations	892,768,273 ⁽²⁾	892,768,273	24.05%
Yuan Hongbing ("Mr. Yuan")	Beneficial owner	4,000	4,000	0.0001%

Notes:

- (1) Interests in shares stated above represent long positions.
- (2) These shares were held by Oriental Gold Honour Joy International Holdings Limited, a company wholly-owned by Mr. Chen.

Save as disclosed above, as at 30 June 2020, none of the Directors and the chief executives of the Company 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.

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2020, according to the register kept by the Company under section 336 of the SFO, the corporations or persons (other than a Director or chief executive of the Company) 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 30 June 2020)
Lin Aihua ("Ms. Lin") ⁽²⁾	Interest of spouse	928,284,839	25.00%
Oriental Gold Honour Joy International Holdings Limited ("Oriental Gold") ⁽³⁾	Beneficial owner	892,768,273	24.05%
Zhongtai International Asset Management Limited ("Zhongtai International") ⁽⁴⁾	Investment manager	1,821,053,112	49.05%
Win Win International Strategic Investment Funds SPC (acting for and on behalf of Win Win Stable No. 1 Fund SP) ("Win Win") ⁽⁵⁾	Person having a security interest in shares	1,821,053,112	49.05%
Zhongtai Innovation Capital Management Limited ("Zhongtai Innovation") ⁽⁶⁾	Investment manager	1,821,053,112	49.05%
Cu Xianguo ⁽⁷⁾	Interest of controlled corporation	540,000,000	14.55%
Super Wise International Investment Limited ("Super Wise") ⁽⁷⁾	Beneficial owner	540,000,000	14.55%

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Notes:

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

Save as disclosed above, as at 30 June 2020, no other person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares, underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Corporate Governance and Other Information (Continued)

SHARE OPTION SCHEME

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

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

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

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

Corporate Governance and Other Information (Continued)

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

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcements of the Company dated 24 June 2020, 2 July 2020 and 3 August 2020 respectively, the Company has entered into the Subscription Agreement with Hong Kong Moral Co-Operation Investment Limited (the “Subscriber”) for the subscription of an aggregate 742,503,480 new Shares for an aggregate consideration of approximately HK\$95,040,400 at the Subscription Price of HK\$0.128 per Subscription Share.

All conditions set out in the Subscription Agreement have been fulfilled and the completion of the Subscription took place on 3 August 2020. Pursuant to the Subscription Agreement, 742,503,480 Subscription Shares, representing approximately 16.67% of the issued share capital of the Company as enlarged by the Subscription Shares, have been successfully subscribed by the Subscriber at the Subscription Price of HK\$0.128 per Subscription Share.

The gross proceeds from the Subscription are HK\$95,040,400. The net proceeds, after deducting all relevant costs and expenses, are approximately HK\$94,840,000. The uses are consistent with the intended use of proceeds as disclosed in the announcement of the Company dated 2 July 2020.

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

Changes in the information of directors of the Company subsequent to the date of 2019 annual report of the Company and up to the date of this report pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Mr. Liu Yang has resigned as an independent non-executive Director, a member of each of the audit committee (the “**Audit Committee**”) and the nomination committee (the “**Nomination Committee**”) and the chairman of the remuneration committee (the “**Remuneration Committee**”) of the Company with effect from 23 April 2020; and
2. Mr. Mak Tin Sang has been appointed as an independent non-executive Director and a member of each of Audit Committee and Nomination Committee, and the chairman of Remuneration Committee with effect from 23 April 2020.

Save as disclosed in this interim report, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2020

	Note	Unaudited Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
Revenue	6	2,704,176	20,988
Cost of sales		(2,893,001)	(24,407)
Gross loss		(188,825)	(3,419)
Distribution expenses		(76,537)	(1,391)
Administrative expenses		(28,836)	(16,952)
Other income		7,363	35
Other (losses)/gains — net		(7,828)	3,433
Gain on disposal of subsidiaries	18	803,140	—
Impairment loss on amount due from disposal group		(428,514)	—
Impairment of prepayments		—	(280,325)
Operating profit/(loss)	6, 7	79,963	(298,619)
Finance income		78	238
Finance expenses		(24,708)	(8,221)
Finance expenses — net		(24,630)	(7,983)
Profit/(loss) before income tax		55,333	(306,602)
Income tax (expense)/credit	8	(24)	1
Profit/(loss) for the period		55,309	(306,601)
Profit/(loss) for the period attributable to:			
Owners of the Company		101,280	(306,601)
Non-controlling interests		(45,971)	—
		55,309	(306,601)

Condensed Consolidated Statement of Profit or Loss (Continued)

For the six months ended 30 June 2020

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2020	2019
		HK\$'000	HK\$'000
Earnings/(loss) per share attributable to owners of the Company			
Basic earnings/(loss) per share			
(in HK cents per share)	9	2.73	(9.91)
Diluted earnings/(loss) per share			
(in HK cents per share)	9	2.62	(9.91)

The notes on pages 26 to 55 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

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

The notes on pages 26 to 55 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	11	3,962	3,124
Investment properties	11	–	70,910
Prepayment for non-current assets		–	3,044
Right-of-use assets		404	–
Intangible assets		–	–
Goodwill		557	567
		4,923	77,645
Current assets			
Inventories		786,719	365,466
Trade and other receivables and prepayments	12	1,328,135	938,713
Cash and cash equivalents		58,571	320,284
Restricted cash		–	153
		2,173,425	1,624,616
Total assets		2,178,348	1,702,261
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	4,641	4,641
Other reserves		318,187	292,889
Accumulated losses		(604,005)	(725,104)
		(281,177)	(427,574)
Non-controlling interests		(44,655)	1,102
Total equity		(325,832)	(426,472)

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2020

		Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
	Note		
LIABILITIES			
Non-current liabilities			
Lease liabilities		2,437	3,283
Current liabilities			
Trade and other payables	15	98,551	322,707
Contract liabilities		883,559	525,413
Lease liabilities		2,217	1,861
Current income tax liabilities		15	8,097
Convertible loan notes	16	109,834	103,637
Borrowings	17	1,407,567	1,163,735
		2,501,743	2,125,450
Total liabilities		2,504,180	2,128,733
Total equity and liabilities		2,178,348	1,702,261

The notes on pages 26 to 55 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Unaudited Attributable to owners of the Company				Non-	Total
	Share Capital HK\$'000	Other Reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	controlling interest HK\$'000	equity HK\$'000
Balance at 1 January 2020	4,641	292,889	(725,104)	(427,574)	1,102	(426,472)
Profit/(loss) for the period	-	-	101,280	101,280	(45,971)	55,309
Currency translation differences	-	5,576	-	5,576	216	5,792
Release of translation reserve upon disposal of subsidiaries	-	1,380	-	1,380	-	1,380
Total comprehensive income/(loss) for the six months ended 30 June 2020	-	6,956	101,280	108,236	(45,755)	62,481
Recognition of equity-settled share-based payments	-	11,425	-	11,425	-	11,425
Liabilities waived by a shareholder	-	26,736	-	26,736	-	26,736
Reclassification of capital reserve to accumulated losses upon disposal of subsidiaries	-	(12,505)	12,505	-	-	-
Reclassification of statutory reserve to accumulated losses upon disposal of subsidiaries	-	(7,314)	7,314	-	-	-
Non-controlling interests on acquisition of subsidiary	-	-	-	-	(2)	(2)
Balance at 30 June 2020	4,641	318,187	(604,005)	(281,177)	(44,655)	(325,832)

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2020

	Unaudited Attributable to owners of the Company			Total equity
	Share Capital HK\$'000	Other Reserve HK\$'000	Accumulated losses HK\$'000	HK\$'000
Balance at 1 January 2019	3,868	183,243	(124,410)	62,701
Loss for the period	–	–	(306,601)	(306,601)
Currency translation differences	–	4,567	–	4,567
Release of translation reserve upon deregistration of subsidiaries	–	146	–	146
Total comprehensive loss for the period ended 30 June 2019	–	4,713	(306,601)	(301,888)
Reclassification of statutory reserve upon disposal of subsidiaries	–	(436)	436	–
Balance at 30 June 2019	3,868	187,520	(430,575)	(239,187)

The notes on pages 26 to 55 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

		Unaudited	
		Six months ended 30 June	
	Note	2020	2019
		HK\$'000	HK\$'000
Cash flows from operating activities			
Cash (used in)/generated from operations		(798,054)	208
Interest received		78	–
Income tax paid		(7,039)	–
Net cash (used in)/generated from operating activities		(805,015)	208
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(1,215)	–
Net cash outflow from disposal of subsidiaries	18	(52)	–
Net cash used in investing activities		(1,267)	–
Cash flows from financing activities			
Proceeds from bank borrowings	17	–	28,506
Repayments of bank borrowings	17	–	(13,745)
Interest paid		(5,717)	(2,253)
Advance from related parties		2,528	–
Loan proceeds from shareholders		443,380	–
Loan repayment to shareholders		(766,800)	–
Loan proceeds from related parties		894,492	–
Loan repayments to related parties		(655,867)	–
Loan proceeds from other borrowings		1,072,264	–
Loan repayment to other borrowings		(435,260)	–
Repayment of lease liabilities		(928)	–
Net cash generated from financing activities		548,092	12,508
Net (decrease)/increase in cash and cash equivalents		(258,190)	12,716
Cash and cash equivalents at beginning of the period		320,284	16,462
Effect of foreign exchange rate changes		(3,523)	(296)
Cash and cash equivalents at end of the period		58,571	28,882

The notes on pages 26 to 55 form an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2020

1 GENERAL INFORMATION

Jintai Energy Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The addresses of the registered office is Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the principal place of business is Suite 2601–2603, 26F, Shui On Centre, 6–8 Harbour Road, Wan Chai, Hong Kong.

The Company and its subsidiaries (together, the “**Group**”) are engaged in energy business, including mainly trading of fuel oil and kerosene and speaker manufacturing and trading business. The Group has operations mainly in Hong Kong and People’s Republic of China (“**PRC**”).

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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

This condensed consolidated financial information was approved for issue by the Board of Directors on 24 August 2020.

2 BASIS OF PREPARATION

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

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

2 BASIS OF PREPARATION (Continued)

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for certain investment properties which have been measured at fair value.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of amendments to HKFRSs effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Application of amendments to HKFRSs

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

- i. Amendments to HKAS 1 and HKAS 8 'Definition of Material'
- ii. Amendments to HKFRS 3 'Definition of a Business'

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

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

Actual results may differ from these estimates.

In preparing this condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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 condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due.

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its operation needs and business commitments.

In the opinion of the directors, the Group should have adequate resources to meet its obligations in the forthcoming year.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Liquidity risk (Continued)

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

	Contractual undiscounted cash outflow			Carrying amount HK\$'000
	Within 1 year or on demand	After 1 year but within 2 years	Total	
	HK\$'000	HK\$'000	HK\$'000	
At 30 June 2020				
Trade and other payables (excluding non-financial liabilities)	95,147	–	95,147	95,147
Borrowings	1,410,346	–	1,410,346	1,407,567
Convertible loan notes	110,953	–	110,953	109,834
Lease liabilities	2,468	2,354	4,822	4,654
At 31 December 2019				
Trade and other payables (excluding non-financial liabilities)	313,712	–	313,712	313,712
Borrowings	1,178,142	–	1,178,142	1,163,735
Convertible loan notes	110,953	–	110,953	103,637
Lease liabilities	2,162	3,477	5,639	5,144

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation

Fair value measurements are categorised into Level 1, 2 or 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).

(a) *Financial assets and liabilities*

The fair value of the following financial assets and liabilities approximate their carrying amount as at dates of 30 June 2020 and 31 December 2019 due to their short term maturity:

- Trade and other receivables (excluding prepayments to suppliers, prepayments and value added tax rebate receivables)
- Cash and cash equivalents
- Rental deposits
- Trade and other payables (excluding payroll and welfare payables and taxes payables)
- Convertible loan notes
- Borrowings

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

(b) Non-financial assets and liabilities

(i) Fair value hierarchy

The Group has classified its investment properties into the three levels prescribed under the accounting standards.

		As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000
	<i>Note</i>		
Level 3			
Investment properties			
— leased office	11	—	70,910
Total non-financial assets		—	70,910

(ii) Fair value measurements using significant unobservable inputs (level 3)

The changes in level 3 items for the six months ended 30 June 2020 and 30 June 2019 for recurring fair value measurements are set out in Note 11.

There were no transfers among Level 1, Level 2 and 3 during the six months ended 30 June 2020 and 30 June 2019.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

6 SEGMENT INFORMATION

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

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of finance income or expenses, rental income from investment properties, fair value changes on investment properties, share-based payment expenses and the unallocated operating expenses since these activities are driven by the central function and the related income or expenses are not divided between segments.

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

6 SEGMENT INFORMATION (Continued)

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Revenue from external customers		
Energy business	2,689,962	138
Speaker business	14,214	20,850
Total	2,704,176	20,988
Timing of revenue recognition		
At a point in time	2,704,176	20,988
Over time	–	–
Total	2,704,176	20,988
Segment loss		
Energy business	(680,790)	(286,615)
Speaker business	(8,818)	(9,506)
Total	(689,608)	(296,121)

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

6 SEGMENT INFORMATION (Continued)

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Segment assets		
Energy business	2,154,493	1,595,660
Speaker business	21,228	33,051
Total	2,175,721	1,628,711
Segment liabilities		
Energy business	960,434	781,312
Speaker business	14,060	17,089
Total	974,494	798,401

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

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

6 SEGMENT INFORMATION (Continued)

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

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

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

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

6 SEGMENT INFORMATION (Continued)

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

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

7 OPERATING PROFIT/(LOSS)

An analysis of the amounts presented as operating items in the financial information is given below.

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Employee benefit expense	20,600	6,134
Fair value losses on investment properties	15,276	–
Equity-settled share-based payment	11,425	–
Depreciation of right-of-use assets	34	–
Depreciation of property, plant and equipment (Note 11)	267	426
Net foreign exchange loss	33	11
Government grant related to income	(7,174)	–

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

8 INCOME TAX EXPENSE/(CREDIT)

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

No provision for Hong Kong profits tax has been made, as the Group's subsidiaries in Hong Kong did not derive any assessable profit for the six months ended 30 June 2020 and 30 June 2019.

Taxation on PRC income has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the PRC in which the Group operates. The Company's subsidiaries incorporated in the PRC are subject to Enterprise Income Tax ("EIT") at the rate of 25% (six months ended 30 June 2019: 25%).

Pursuant to the PRC Enterprise Income Tax Law and its detailed implementation rules, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax upon the distribution of such profits to foreign investors. Deferred income tax liabilities have been provided for at the applicable tax rate of 10% in this regard based on the expected dividends to be distributed from the Group's PRC subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

9 EARNINGS/(LOSS) PER SHARE

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

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Earnings/(loss) attributable to owners of the Company used in calculating basic earnings/(loss) per share	101,280	(306,601)
Effective interest on the liability components of convertible loan notes	11,745	–
Earnings/(loss) attributable to owners of the Company used in calculating diluted earnings/(loss) per share	113,025	(306,601)
	shares	shares
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	3,712,517	3,094,516
Adjustment for potential dilutive effect in respect of:		
Share options	2,026	–
Convertible loan notes	603,005	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	4,317,548	3,094,516
Basic earnings/(loss) per share (in HK cents per share)	2.73	(9.91)
Diluted earnings/(loss) per share (in HK cents per share)	2.62	(9.91)

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

9 EARNINGS/(LOSS) PER SHARE (Continued)

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

For the six months ended 30 June 2019, the Company's share options have no dilutive effect on the loss per share. Calculations are done to determine the number of shares that could have been acquired at fair value (determined by using average market share price of the Company's shares for the six months ended 30 June 2019) based on the monetary value of the subscription rights attached to outstanding share options. Diluted loss per share is therefore equal to basic loss per share.

10 DIVIDENDS

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

11 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment HK\$'000	Investment properties HK\$'000
Six months ended 30 June 2020		
— Unaudited		
Net book value		
Opening amount as at 1 January 2020	3,124	70,910
Additions	1,580	—
Depreciation and amortisation	(267)	—
Fair value losses	—	(15,276)
Currency translation differences	(19)	(1,139)
Disposal of subsidiaries	(456)	(54,495)
Closing amount as at 30 June 2020	3,962	—
Six months ended 30 June 2019		
— Unaudited		
Net book value		
Opening amount as at 1 January 2019	1,372	95,028
Depreciation and amortisation	(426)	—
Currency translation differences	1	(263)
Closing amount as at 30 June 2019	947	94,765

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

The Group's normally allows a credit period of 45 days to 75 days for speaker business and cash on delivery for energy business to its customers and may further extend the credit period to selected customers depending on their trade volume and settlement history. As at 30 June 2020 and 31 December 2019, the aging analysis of trade receivables based on date of revenue recognition was as follows:

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

13 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares	Share capital HK\$'000
Unaudited		
At 1 January 2020 and 30 June 2020 (HK\$0.00125 each)	3,712,517,408	4,641
Unaudited		
At 1 January 2019 and 30 June 2019 (HK\$0.00125 each)	3,094,517,408	3,868

14 SHARE-BASED PAYMENTS

On 25 June 2005, a share option scheme was approved and adopted by the shareholders of the Company. Subsequently on 16 September 2019, a revised share option scheme (the **"Share Option Scheme"**) was approved and adopted by the shareholders of the Company. 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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

14 SHARE-BASED PAYMENTS (Continued)

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.

On 19 June 2020, Share options were granted with an aggregate estimated fair value of approximately HK\$14,798,000.

The closing price of the Company's shares immediately before 19 June 2020, the date of grant, was HK\$0.142.

These fair values were calculated using the Binominal model. The inputs into the model were as follows:

Date of grant	19.6.2020
Share price at grant date	HK\$0.142
Exercise price	HK\$0.145
Expected volatility	100.59%
Expected life	6 years
Risk-free rate	0.39%
Expected dividend yield	0%
Sub-optimal exercise factor	1 for director of the Group, 8 for employees of the Group and 1 for Consultant of the Group

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

14 SHARE-BASED PAYMENTS (Continued)

Expected volatility was determined by using the annualised standard deviation of historical share price daily movements of the Company. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the share-based payments of HK\$11,425,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: nil) in relation to share options granted on 19 June 2020.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

At 30 June 2020, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 731,700,000, which totally representing 19.71% of the shares of the Company in issue at that date.

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

14 SHARE-BASED PAYMENTS (Continued)

For the period from 1 January 2020 to 30 June 2020:

Category of participants	Grant date	Exercise price (before) share subdivision	Vesting date	Exercisable period	Number of share options		
					As at 01/01/2020	Granted	As at 30/06/2020
Employees	19/06/2015	HK\$0.64125 HK\$(1.2825)	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	113,000,000	–	113,000,000
Consultants	24/09/2019	HK\$0.15	24/09/2019	24/09/2019 – 23/09/2029	249,500,000	–	249,500,000
Director	19/06/2020	HK\$0.145	19/06/2020	19/06/2020 – 18/06/2026	–	37,000,000	37,000,000
Consultants	19/06/2020	HK\$0.145	19/06/2020	19/06/2020 – 18/06/2026	–	35,000,000	35,000,000
Employees	19/06/2020	HK\$0.145	19/06/2020	19/06/2020 – 18/06/2026	–	124,000,000	124,000,000
Employees	19/06/2020	HK\$0.145	19/6/2021	19/06/2021 – 18/06/2026	–	50,000,000	50,000,000

For the period from 1 January 2019 to 30 June 2019:

Category of participants	Grant date	Exercise price (before) share subdivision	Vesting date	Exercisable period	Number of share options		
					As at 01/01/2019	Granted	As at 30/06/2019
Employees	19/06/2015	HK\$0.64125 HK\$(1.2825)	19/06/2015	19/06/2015– 18/06/2025	123,200,000	–	123,200,000

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

15 TRADE AND OTHER PAYABLES

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

- (i) The bills payables as at 31 December 2019 were secured by (i) guarantees provided by the Company and (ii) Mr. Lin.
- (ii) The amounts due to related parties are all unsecured, interest free and repayable on demand.

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

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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

16 CONVERTIBLE LOAN NOTES

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. The Convertible Notes are denominated in Hong Kong dollars and are secured by shareholders of the Company, who have jointly, severally unconditionally and irrevocably guaranteed the due and punctual payment of all sums expressed to be payable by the Company under the Convertible Notes. 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. 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. If the Convertible Notes have not been converted or redeemed, they will be redeemed on 17 July 2020 at par. Interest of 10% were paid in November of 2019 and May of 2020.

The movement of the liability component of the convertible loan notes for the six months ended 30 June 2020 is set out below:

	30 June 2020 HK\$'000
Carrying amount at 31 December 2019 (Audited)	103,637
Interest charge	11,745
Interest paid	(5,548)
Carrying amount at 30 June 2020 (Unaudited)	109,834

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

17 BORROWINGS

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Current		
Bank borrowings (a)		
— secured	—	279,595
— unsecured	13,387	25,829
	13,387	305,424
Other borrowings (b)	839,745	209,362
Loans from related parties (c)	387,383	152,670
A loan from the non-controlling interests of a subsidiary (d)	3,284	3,343
Shareholders' loan (e)	163,768	492,936
Total borrowings	1,407,567	1,163,735

- (a) The secured bank borrowings as at 31 December 2019 were secured by (i) investment properties of the Group, (ii) investment properties of Mr. Lin Caihuo, a director and substantial shareholder of the Company ("**Mr. Lin**") and a related company beneficially owned by Mr. Lin, (iii) guarantees provided by Mr. Lin and his spouse and two related companies beneficially owned by Mr. Lin, (iv) Corporate guarantee provided by the Company, and (v) ordinary shares of a related company beneficially owned by Mr. Lin.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

17 BORROWINGS (Continued)

- (b) Borrowings from other third parties were unsecured, interest-free and has a term of 12 months from the date of drawdown.
- (c) The amount due to related parties is unsecured, interest-free and has a term of 12 months from the date of drawdown.
- (d) A loan from the non-controlling interests of a subsidiary is unsecured, interest-free and has a term of 12 months from the date of drawdown.
- (e) The balance is unsecured, with an average effective annual interest rate of 3% to 4.35% and has a term of 12 months from the date of drawdown.

18 DISPOSAL OF SUBSIDIARIES

Description

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

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

	As at 24 April 2020 HK\$'000
Cash receivables	100
Total consideration receivables	100

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

18 DISPOSAL OF SUBSIDIARIES (Continued)

Description (Continued)

Analysis of assets and liabilities over which control was lost:

	As at 24 April 2020 HK\$'000
Non-current assets	
Property, plant and equipment	456
Investment properties	54,495
	54,951
Current assets	
Trade and other receivables and prepayments	2,480
Cash and cash equivalent	52
Restricted cash	150
	2,682
Total assets	57,633
Current liabilities	
Trade and other payables	77,094
Amounts due to Jintai Energy Holdings Limited and its subsidiaries	428,514
Contract liabilities	57,959
Current income tax liabilities	959
Borrowings	297,527
	862,053
Net liabilities disposed of	(804,420)

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

18 DISPOSAL OF SUBSIDIARIES (Continued)

Description (Continued)

Gain on disposal of subsidiaries:

	As at 24 April 2020 HK\$'000
Total consideration receivables	100
Exchange reserve deficiency released upon disposal	(1,380)
Net liabilities disposed of	804,420
Gain on disposal	803,140

Net cash outflow arising on disposal:

	As at 24 April 2020 HK\$'000
Cash consideration received	–
Less: bank balances and cash disposed of	(52)
Net cash outflow	(52)

19 CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no significant contingent liability (31 December 2019: Nil).

20 RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

20 RELATED-PARTY TRANSACTIONS (Continued)

Except for disclosed elsewhere in this condensed consolidated financial information, during the period the Group had the following significant related party transactions:

(a) Compensation of key management personnel

The remuneration of Directors and other members of key management during the period was as follows:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Salaries and other short-term benefits	5,487	1,568

(b) Related party transactions

Name of related parties	Nature of transaction	Unaudited	
		Six months ended 30 June	
		2020	2019
		HK\$'000	HK\$'000
Tai Sing Industrial Company Limited (泰升實業有限公司)(i)	Operating lease payments	-	864

- i. A related company beneficially owned by a Director of certain subsidiaries of the Company. Sales of goods to Tai Sing Industrial Company Limited were conducted in the normal course of business at prices and terms not less than those charged to and contracted with other third party customers. The services expense and operating lease payments were conducted on mutually agreed terms.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

21 EVENTS AFTER THE REPORTING PERIOD

Except for the events after the reporting period which have been disclosed elsewhere in this condensed consolidated financial information, the other material subsequent events of the Group are as follows.

Amendment of the terms of convertible loan notes

On 16 July 2020 the Company entered into the supplemental deed of instrument between the Company and the convertible note holder conditionally agreed to amend the Maturity Date and the Conversion Price. Pursuant to the supplemental deed of instrument, the parties agree to:

- (a) amend the Conversion Price to HK\$0.134, representing a premium of approximately 3.88% to the closing price of HK0.129 on the date of the Supplemental Deed and a premium of approximately 0.30% to the average closing price of HK\$0.1336 per Share as quoted on the Stock Exchange for the last 5 trading days immediately before the date of the Supplemental Deed;
- (b) amend the number of Conversion Shares in light of the amendment to the Conversion Price;
- (c) extend the Maturity Date to 17 July 2021 (or, if that is not a Business Day, the first Business Day thereafter) and extend the end of the Conversion Period to 4:00 p.m. (Hong Kong time) on the Maturity Date; and
- (d) the interest payment dates shall be 18 January 2021 and 17 July 2021 (or, if that is not a Business Day, the first Business Day thereafter).

For details, please refer to the announcement of the Company dated 16 July 2020.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

21 EVENTS AFTER THE REPORTING PERIOD (Continued)

Connected Transaction

On 7 August 2020, the Company, Beijing Century Energy Co., Limited ("**Beijing Century**") which is a wholly-owned subsidiary of the Company, and Mr. Chen Qiusan ("**Mr. Chen**") entered into a sales and purchase agreement, pursuant to which Mr. Chen has agreed to sell and Beijing Century has agreed to acquire 100% of the equity interest of Lijin Shuntong Logistics Company Limited with consideration of RMB23,481,678.65 to be settled by way of issue of the Bond by the Company to Mr. Chen. The bond is unsecured, 5% interest rate per annum with maturity date of 3 years.

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

The aforesaid acquisition and the issue of the Bond are subject to reporting, announcement and the Independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further details of the aforesaid acquisition and the issue of the Bond are set out in the announcements of the Company dated 7 August 2020.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2020

21 EVENTS AFTER THE REPORTING PERIOD (Continued)

Impact of the outbreak of novel coronavirus (COVID-19)

After the end of the reporting period, the outbreak of COVID-19 continues to spread across the world.

The COVID-19 has impact on the business operations of the Group and the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic.

The Group will monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of this report, the assessment is still in progress.

Given the dynamic nature of these circumstances, the related impact on the Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 annual financial statements.