



Jintai Energy Holdings Limited

金泰能源控股有限公司

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

Interim 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*)

AUTHORIZED REPRESENTATIVES

Mr. Zhou Chen
Mr. Yuan Hongbing

COMPANY SECRETARY

Mr. Zhou Chen

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

Corporate Information

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
17M Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKERS

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

LEGAL ADVISER

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 trading which comprised mainly the trading of fuel oil and kerosene; (ii) operation of digital energy trading park; and (iii) drilling services during the six months ended 30 June 2023 (the “**Current Period**”). In January 2023, the Group has disposed of the holding company of Shandong Ruiyuan Shipping Company Limited* (山東瑞源船務有限公司) (“**Shandong Ruiyuan**”), which was principally engaged in the provision of customs declaration services. After the disposal, the Group no longer operated customs declaration services.

The Group’s revenue during the Current Period was approximately HK\$13.96 million, representing a significant decrease of approximately 87.43% as compared to approximately HK\$111.05 million for the corresponding period in 2022 (the “**Corresponding Period**”). The gross profit during the Current Period was approximately HK\$12.50 million (2022 interim: gross profit approximately HK\$28.36 million), representing a significant decrease of approximately 55.92% or HK\$15.86 million.

Energy trading business

Since October 2021, taking into account the best interest of the Company and its shareholders, the Group has temporarily suspended its energy trading business due to the exposure of energy trading business to a higher risk due to the volatility in crude oil price as a result of the economic uncertainty subsequent to the prolonged COVID-19 pandemic worldwide and the military conflict between Ukraine and Russia. The Group will consider resuming such business when the global oil price becomes stable.

During the Current Period, the revenue derived from the energy trading business was nil (2022 interim: approximately HK\$78.93 million).

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 17 cities/regions of China, and successfully introduced not less than 724 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; and (3) applying for tax incentives or financial subsidies from local governments based on the economic benefits of the operation of the trading parks.

Management Discussion and Analysis

During the Current Period, the revenue derived from the operation of digital energy trading parks was approximately HK\$13.96 million (2022 interim: approximately HK\$32.12 million). The Company believes that the digital energy trading parks business will continue to contribute economic benefits and bring new opportunities for the energy trading business of the Group in the future.

Drilling Services

The Group has completed drilling services of certain oil wells through its wholly-owned subsidiary, Ningxia Deliheng Oil and Gas Technology Service Company* (寧夏德力恒油氣技術服務有限公司) (“**Ningxia Deliheng**”) in 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 Company* (北京華燁金泉石油能源技術開發有限公司鹽池分公司) (“**Beijing Huaye**”), pursuant to which Ningxia Deliheng provided drilling services of 19 oil wells for Beijing Huaye for the purpose of extraction of oil 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 with 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 at the date of this report.

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

Management Discussion and Analysis

PROSPECTS

Looking forward to the second half of 2023, the risk of stagflation in the global economy is expected to increase and the overall market conditions will remain uncertain. The Group expects to face various challenges such as continued volatility in oil price 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 Trading

The Group will continue to explore opportunities of development of new energy-related products and services in order to strengthen the energy trading 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 trading business. The Group will also resume the energy trading business after the global oil price become relatively stable.

2. Digital Trading Industry Park Operation

The Group has been successful in developing the “digital trading industry park” operation service for the petrochemical energy industry and has signed cooperative contracts with various enterprises in 17 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 724 enterprises to the digital park. This business project of 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.

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

To cope with the challenging environment, the Group will continue to identify and evaluate various business 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.

Management Discussion and Analysis

FINANCIAL REVIEW

Results of Operations

Revenue

During the Current Period, the revenue of the Group decreased significantly to approximately HK\$13.96 million (2022 interim: approximately HK\$111.05 million), representing a decrease of approximately 87.43% as compared to the Corresponding Period. The decrease in revenue was mainly attributable to the temporary suspension of its energy trading business, as well as a drop in revenue derived from the operation of digital energy trading parks. In the Current Period, no revenue was derived from the energy trading business while approximately HK\$78.93 million was derived in the Corresponding Period. Revenue derived from the operation of digital energy trading parks was approximately HK\$13.96 million in the Current Period, representing a decrease of approximately 56.54% as compared with the Corresponding Period.

Net (Loss)/Profit

During the Current Period, the Group recorded a net loss attributable to the owner of the Company of approximately (HK\$42.52 million) (2022 interim: net profit of approximately HK\$14.08 million). The net loss in the Current 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 Current 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 foreign exchange losses of approximately HK\$9.23 million.

Operating Costs

The operating costs were approximately HK\$16.72 million during the Current Period (2022 interim: approximately HK\$19.34 million), representing a decrease of approximately 13.55% as compared to the Corresponding Period. The decrease was mainly due to the disposal of subsidiaries during the Current Period.

Finance Costs

The finance costs of the Group were approximately HK\$7.99 million during the Current Period, representing an increase of approximately 75.22% as compared with approximately HK\$4.56 million for the Corresponding Period. The increase was mainly due to the default interest accrued on the Convertible Notes recognised in the Current Period. The Convertible Notes matured in July 2022 and the third supplemental deed was signed and ordinary resolutions approving the same have been passed by the shareholders of the Company in May 2023. Default interest was recognised for this period.

Management Discussion and Analysis

(Loss)/Earnings per Share

For the Current Period, the basic loss per share was approximately (HK\$0.95) cents (2022: basic earnings per share of approximately HK\$0.32 cents), representing a decrease of approximately 396.88% as compared with the Corresponding Period.

FINANCIAL POSITION

Liquidity and Financial Resources

As at 30 June 2023, the Group had cash and cash equivalents of approximately HK\$264.17 million (as at 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 30 June 2023, the Group's net current assets were approximately HK\$213.24 million (as at 31 December 2022: the Group's net current liabilities were approximately HK\$193.64 million). The Group's current ratio, being the ratio of total current assets to total current liabilities, was approximately 2.80 as compared to approximately 0.54 as at 31 December 2022.

The Group had bank and other borrowings of approximately HK\$13.39 million (as at 31 December 2022: approximately HK\$30.39 million) which were denominated in Renminbi and Hong Kong dollars. The aforesaid bank and other borrowings was accounted for 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, and ordinary resolutions have been passed by the shareholders of the Company on 5 May 2023. As at 30 June 2023, the carrying amount of the principal and the interest payables of the Convertible Notes issued by the Group was approximately HK\$131.14 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. 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 equity interest in Lijin Shuntong Logistics Company Limited (利津順通物流有限公司) in August 2020. As at 30 June 2023, the carrying amount of the bonds was approximately HK\$28.59 million (as at 31 December 2022: approximately HK\$29.03 million). The bonds bear interest at 5% per annum, payable on the maturity date of 23 October 2023.

Management Discussion and Analysis

Capital Structure and Gearing Ratio

As at 30 June 2023, the total number of issued shares of the Company was 4,455,020,888 shares.

As at 30 June 2023, the share capital and equity attributable to owners of the Company amounted to approximately HK\$5.57 million and approximately HK\$71.14 million respectively (as at 31 December 2022: approximately HK\$5.57 million and approximately HK\$114.03 million respectively).

As at 30 June 2023, the gearing ratio of the Group was approximately 243% (as at 31 December 2022: approximately 163%), which was computed by dividing the total borrowings of approximately HK\$173.11 million (as at 31 December 2022: approximately HK\$185.54 million) by shareholder's equity of approximately HK\$71.14 million (as at 31 December 2022: approximately HK\$114.03 million).

Pledge on the Group's assets

As at 30 June 2023, no assets of the Group have been pledged as security for the borrowings of the Group (as at 31 December 2022: nil).

Significant Investments and Material Acquisitions or Disposals

Save as disclosed in this report, the Group did not have significant investment or any material acquisition or disposal of subsidiaries for the six months ended 30 June 2023.

Treasury Policies

The Group does not engage in any leverage or derivative arrangements. 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 over the Current 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.

Contingent Liabilities

Save as disclosed in this report, as at 30 June 2023, the Group did not have any material contingent liabilities.

Management Discussion and Analysis

Amendments to the Terms and Conditions of the Convertible Notes

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

On 16 July 2020, the Company has entered into a supplemental deed with Qilu to (a) amend the conversion price to HK\$0.134; (b) amend the number of conversion shares in light of the amendment to the conversion price; (c) extend the maturity date to 17 July 2021, and extend the end of the conversion period to 4:00 p.m. (Hong Kong time) on the maturity date; and (d) the interest payment dates shall be 18 January 2021 and 17 July 2021. On 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 30 June 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.

Management Discussion and Analysis

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.

Human Resources and Remuneration

The Group has employed a total of approximately 133 employees as at 30 June 2023 (as at 30 June 2022: approximately 131) in Hong Kong and the PRC. Staff costs (excluding Directors' emoluments) during the Current Period amounted to approximately HK\$6.22 million (2022 interim: approximately HK\$6.74 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 experiences. The Group makes contributions to social insurances and housing provident funds as required by the PRC laws and regulations.

Management Discussion and Analysis

Connected Transactions

Provision of drilling services

On 10 August 2021, Ningxia Deliheng Oil and Gas Technology Service Company (寧夏德力恒油氣技術服務有限公司) (“**Ningxia Deliheng**”), an indirect wholly-owned subsidiary of the Company and Beijing Huaye Jinqun 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**”) entered into an agreement regarding oil well drilling in Huian Oil Field (惠安油田), the PRC (the “**Huian Well Agreement**”). Pursuant to the Huian Well Agreement, Ningxia Deliheng agreed to provide drilling services of an aggregate of 63 oil wells for Beijing Huaye for the purpose of extraction of oil at an aggregate consideration of RMB748,171,700.00.

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

Management Discussion and Analysis

SUBSEQUENT EVENTS AFTER THE CURRENT PERIOD

Save as disclosed below, there were no significant subsequent events that needed to be disclosed by the Group since 30 June 2023 and up to the date of this report.

Disposal of a Subsidiary

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 Dongfang Xinshi Petrochemical Company Limited (青島東方信實石油化工有限公司) (“**Qingdao Dongfang**”) at the consideration of RMB1.00. Qingdao Dongfang has ceased to carry on its major business in the trading of energy products since June 2022 and does not intend to re-activate such business in the near foreseeable future. Moreover, Qingdao Dongfang was at a net liabilities position of approximately RMB28,437,000. Hence, the disposal will allow the Group to reduce its share of net liabilities and improve its overall financial position accordingly.

For further details, please refer to the announcement of the Company dated 24 July 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other future plans for material investments, acquisitions and capital assets as at the date of this report.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: nil).

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Pursuant to code provision C.1.6 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Our non-executive Director, Mr. Chen Yunwei was unable to attend the extraordinary general meeting of the Company held on 5 May 2023 due to other working commitments.

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

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

The interim results of the Group for the six months ended 30 June 2023 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 2023 and this report with the Directors and senior management of the Group.

Corporate Governance and Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

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

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

As at 30 June 2023, 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 of the 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 ⁽¹⁾	Total number of shares	Approximate percentage of the 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 30 June 2023, 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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2023, 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 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⁾ Beneficial owner	892,768,273 23,340,000	20.56%
Oriental Gold Honour Joy International Holdings Limited (" Oriental Gold ") ⁽⁷⁾	Beneficial owner	892,768,273	20.04%

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Name	Capacity	Number of Shares held ⁽¹⁾	Approximate percentage of the issued Shares (as at 30 June 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 interested 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 30 June 2023, 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

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 856,700,000 Shares, representing approximately 19.23% 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 30 June 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.

Corporate Governance and Other Information

SHARE OPTION SCHEME (Continued)

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

Name or category of participants	Date of grant (dd/mm/yyyy)	Exercise price after (before) share subdivision in 2018 HK\$	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 30/06/2023
DIRECTOR										
Mr. Yuan Hongbing	19/6/2020	0.145	19/6/2020	19/6/2020–18/6/2026	37,000,000	–	–	–	–	37,000,000
Total					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	19/6/2021	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
Total					769,700,000	–	–	–	–	769,700,000 ⁽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 17.28% of the weighted average number of Shares in issue for the six months ended 30 June 2023 (i.e. 4,455,021,000 Shares).

Corporate Governance and Other Information

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

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

On 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules, throughout the six months ended 30 June 2023.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim results announcement and this interim report have been published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at www.jintaienergy.com.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

	Notes	Unaudited	
		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
Revenue	6	13,957	111,050
Cost of sales		(1,460)	(82,692)
Gross profit		12,497	28,358
Other income		7,474	14,616
Other (losses)/gains — net		(6,039)	4,371
Loss on disposal of subsidiaries	18	(1,758)	—
Share of loss of an associate		(578)	—
Reversal of impairment loss/(impairment loss) on trade and other receivables		89	(4)
Distribution expenses		(2,590)	(2,811)
Administrative expenses		(14,133)	(16,527)
Operating (loss)/profit	6, 7	(5,038)	28,003
Finance income		72	681
Finance expenses		(7,992)	(4,556)
Finance expenses — net		(7,920)	(3,875)
(Loss)/profit before income tax		(12,958)	24,128
Income tax (expense)/credit	8	(299)	729
(Loss)/profit for the period		(13,257)	24,857
(Loss)/profit for the period attributable to:			
Owners of the Company		(42,522)	14,084
Non-controlling interests		29,265	10,773
		(13,257)	24,857
(Loss)/earnings per share attributable to owners of the Company			
Basic (loss)/earnings per share (HK cents)	9	(0.95)	0.32
Diluted (loss)/earnings per share (HK cents)	9	N/A	N/A

The notes on pages 29 to 60 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
(Loss)/profit for the period	(13,257)	24,857
Other comprehensive (expense)/income for the period		
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	(2,769)	33,693
— Reclassification of translation reserve upon disposal of subsidiaries	1,430	7
Total comprehensive (expense)/income for the period	(14,596)	58,557
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(43,829)	46,690
Non-controlling interests	29,233	11,867
	(14,596)	58,557

The notes on pages 29 to 60 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	1,320	2,552
Advance payments for assets acquisition		–	163,575
Right-of-use assets		2,779	2,440
Interest in an associate		–	126,866
		4,099	295,433
Current assets			
Derivative financial asset		1,817	–
Trade and other receivables and prepayments	12	41,176	49,963
Advance payments for assets acquisition		–	101,529
Amounts due from non-controlling interests of a subsidiary		24,500	24,500
Cash and cash equivalents		264,171	49,238
		331,664	225,230
Total assets		335,763	520,663
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	13	5,569	5,569
Other reserves		408,620	415,273
Accumulated losses		(343,051)	(306,816)
		71,138	114,026
Non-controlling interests		14,012	(12,760)
Total equity		85,150	101,266

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2023

	Notes	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
LIABILITIES			
Non-current liabilities			
Convertible loan notes	16	131,136	–
Lease liabilities		1,052	524
		132,188	524
Current liabilities			
Trade and other payables	15	58,344	79,907
Current income tax liabilities		98	1,504
Amount due to a shareholder	16	–	126,118
Amount due to an associate		–	121,276
Amounts due to related parties		4,979	10,953
Borrowings	17	13,387	30,390
Bond payables		28,588	29,028
Lease liabilities		1,342	1,955
Contract liabilities		11,687	17,742
		118,425	418,873
Net current assets/(liabilities)		213,239	(193,643)
Total assets less current liabilities		217,338	101,790
Total liabilities		250,613	419,397
Total equity and liabilities		335,763	520,663

The notes on pages 29 to 60 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Unaudited Attributable to owners of the Company				Non- controlling interests HK\$'000	Total equity HK\$'000
	Share Capital HK\$'000	Other Reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
Balance at 1 January 2023	5,569	415,273	(306,816)	114,026	(12,760)	101,266
Loss for the period	-	-	(42,522)	(42,522)	29,265	(13,257)
Currency translation differences	-	(2,737)	-	(2,737)	(32)	(2,769)
Release of translation reserve upon disposal of subsidiaries	-	1,430	-	1,430	-	1,430
Total comprehensive loss for the six months ended 30 June 2023	-	(1,307)	(42,522)	(43,829)	29,233	(14,596)
Appropriation to statutory reserve	-	1,143	(1,143)	-	-	-
Recognition of equity component of convertible loan notes upon modification	-	941	-	941	-	941
Capital injection by non-controlling interests	-	-	-	-	53	53
Dividend paid to non-controlling interests	-	-	-	-	(5,206)	(5,206)
Disposal of subsidiaries	-	(7,430)	7,430	-	2,692	2,692
Balance at 30 June 2023	5,569	408,620	(343,051)	71,138	14,012	85,150

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2023

	Unaudited Attributable to owners of the Company				Non- controlling interests HK\$'000	Total equity HK\$'000
	Share Capital HK\$'000	Other Reserves HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
Balance at 1 January 2022	5,569	458,374	(273,355)	190,588	(28,229)	162,359
Profit for the period	-	-	14,084	14,084	10,773	24,857
Currency translation differences	-	32,599	-	32,599	1,094	33,693
Release of translation reserve upon disposal of subsidiaries	-	7	-	7	-	7
Total comprehensive income for the six months ended 30 June 2022	-	32,606	14,084	46,690	11,867	58,557
Appropriation to statutory reserve	-	1,299	(1,299)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	(5,730)	(5,730)
Balance at 30 June 2022	5,569	492,279	(260,570)	237,278	(22,092)	215,186

The notes on pages 29 to 60 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	Unaudited	
		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
Cash flows from operating activities			
Cash (used in)/generated from operations		(44,744)	559,731
Interest received		72	681
Income tax paid		(293)	(23,442)
Net cash (used in)/generated from operating activities		(44,965)	536,970
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(212)	(1,465)
Net cash outflow from disposal of subsidiaries	18	(14,827)	–
Refund of deposits paid for potential acquisition		258,418	–
Proceeds of consideration receivable arising from disposal of subsidiaries in prior year		13,715	–
Net cash generated from/(used in) investing activities		257,094	(1,465)
Cash flows from financing activities			
Capital injection from non-controlling interests of a subsidiary		53	–
Interest paid		–	(5,522)
Dividend paid to non-controlling shareholders		(5,206)	(5,730)
Loan repayment to shareholders		–	(4,793)
Advance from related parties		587	5,190
Loan repayments to related parties		–	(3,881)
Advances from an associate		11,430	–
Repayments to an associate		(11,430)	–
Loan proceeds from other borrowings		3,000	–
Loan repayment to other borrowings		(159)	–
Repayment of lease liabilities and interest		(1,663)	(1,675)
Net cash used in financing activities		(3,388)	(16,411)

Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Net increase in cash and cash equivalents	208,741	519,094
Cash and cash equivalents at beginning of the period	49,238	55,681
Effect of foreign exchange rate changes	6,192	38,741
Cash and cash equivalents at end of the period	264,171	613,516

The notes on pages 29 to 60 form an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2023

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 trading, including mainly trading of fuel oil and kerosene, operation of digital energy trading parks, and oil drilling services. The Group has operations mainly in Hong Kong and the People’s Republic of China (“**PRC**”).

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

These condensed consolidated financial statements are presented in HK\$, unless otherwise stated.

This condensed consolidated financial information was approved for issue by the Board of Directors on 30 August 2023.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2023 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.

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 2022, except for the adoption of amendments to HKFRSs effective as of 1 January 2023. 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 HKFRS Practice Statement 2 | Disclosure of Accounting Policies |
| ii. | Amendments to HKAS 8 | Definition of Accounting Estimates |
| iii. | Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

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 2022.

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 2022.

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 2023

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	After 2 years but within 5 years	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 30 June 2023					
Trade and other payables (excluding non-financial liabilities)	52,535	-	-	52,535	52,535
Amounts due to related parties	4,979	-	-	4,979	4,979
Borrowings	13,387	-	-	13,387	13,387
Convertible loan notes (Note)	-	-	152,908	152,908	131,136
Bond payables	29,121	-	-	29,121	28,588
Lease liabilities	1,424	337	795	2,556	2,394
At 31 December 2022					
Trade and other payables (excluding non-financial liabilities)	72,330	-	-	72,330	72,330
Amount due to a shareholder (Note)	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 the 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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

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 2023 and 31 December 2022 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
- Amounts due from non-controlling interests of a subsidiary
- Trade and other payables (excluding payroll and welfare payables and other tax payables)

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

5 FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

(a) Financial assets and liabilities (Continued)

- Amount due to a shareholder
- Amount due to an associate
- Amounts due to related parties
- Convertible loan notes
- Bond payables
- Borrowings

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

	30 June 2023	31 December 2022
Financial asset	HK\$'000	HK\$'000
Derivative financial asset	1,817	–

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

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 three business lines, (1) energy business which comprises mainly the trading of fuel oil and kerosene; (2) drilling services which represent provision of drilling services; and (3) operation of digital energy trading parks.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss from each segment without allocation of finance income or expenses, and the unallocated operating expenses since these activities are driven by the central function and the related income or expenses are not divided between segments.

The Group's bond payables, borrowings, convertible loan notes, amount due to a shareholder, amount due to an associate, amounts due to related parties, 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 2023

6 SEGMENT INFORMATION (Continued)

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Revenue from external customers		
Energy business	–	78,928
Operation of digital energy trading parks	13,957	32,122
Total	13,957	111,050
Timing of revenue recognition		
At a point in time	–	78,928
Over time	13,957	32,122
Total	13,957	111,050
Segment profit/(loss)		
Energy business	–	(1,539)
Operation of digital energy trading parks	8,974	22,077
Total	8,974	20,538

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

6 SEGMENT INFORMATION (Continued)

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Segment assets		
Energy business	266,937	201,152
Drilling services	733	880
Operation of digital energy trading parks	13,718	24,294
Services business of customs declaration	–	35
Total	281,388	226,361
Segment liabilities		
Energy business	41,993	59,879
Drilling services	8	9
Operation of digital energy trading parks	18,737	32,980
Services business of customs declaration	–	31
Total	60,738	92,899

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

	Unaudited Six months ended 30 June 2023 HK\$'000	2022 HK\$'000
PRC	13,957	111,050

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

6 SEGMENT INFORMATION (Continued)

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Segment profit	8,974	20,538
Loss on disposal of subsidiaries	(1,758)	–
Share of loss of an associate	(578)	–
Fair value change in derivative financial asset	1,211	–
Gain on modification of convertible loan notes	1,983	–
Net foreign exchange (loss)/gain	(9,233)	4,328
Unallocated operating income	89	7,730
Unallocated operating expenses	(5,726)	(4,593)
Operating (loss)/profit	(5,038)	28,003
Finance income	72	681
Finance expenses	(7,992)	(4,556)
(Loss)/profit before income tax	(12,958)	24,128
Income tax (expense)/credit	(299)	729
(Loss)/profit for the period	(13,257)	24,857

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

6 SEGMENT INFORMATION (Continued)

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

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Total segment assets	281,388	226,361
Unallocated assets	54,375	294,302
Total assets	335,763	520,663

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

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Total segment liabilities	60,738	92,899
Unallocated liabilities	16,666	265,576
Bond payables	28,588	29,028
Borrowings	13,387	30,390
Convertible loan notes	131,136	–
Current income tax liabilities	98	1,504
Total liabilities	250,613	419,397

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

7 OPERATING (LOSS)/PROFIT

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Employee benefit expense	6,224	6,741
Depreciation of right-of-use assets	1,131	764
Depreciation of property, plant and equipment (Note 11)	276	363
Net foreign exchange loss/(gain)	9,233	(4,328)
Government grant related to income (Note)	(7,438)	(5,618)

Note: During the period, the Group recognised government grant of HK\$7,438,000 provided by PRC government which relates to the operation of digital energy trading parks.

8 INCOME TAX EXPENSE/(CREDIT)

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
— PRC income tax	299	(729)

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 2023 and 30 June 2022.

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. Those Company's subsidiaries incorporated in the PRC are subject to Enterprise Income Tax ("EIT") at the rate of 25% (six months ended 30 June 2022: 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 are subject to withholding tax upon the distribution of such profits to foreign investors.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

9 (LOSS)/EARNINGS PER SHARE

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	(42,522)	14,084

	Unaudited	
	Six months ended 30 June	
	2023	2022
	shares	shares
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,455,021	4,455,021
Effect of dilutive potential ordinary shares:		
Share options	–	–
Convertible loan notes	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,455,021	4,455,021

	30 June	30 June
	2023	2022
	HK Cents	HK Cents
Basic (loss)/earnings per share	(0.95)	0.32
Diluted (loss)/earnings per share	NA	NA

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

9 (LOSS)/EARNINGS PER SHARE (Continued)

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue for the six months ended 30 June 2023 and 30 June 2022.

The computation of the diluted (loss)/earnings per share for the six months ended 30 June 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/an increase in earnings per share for the six months ended 30 June 2023 and 2022.

The computation of diluted (loss)/earnings per share for the six months ended 30 June 2023 and 2022 does not assume the exercise of the Company's share options granted because the exercise prices of these share options were higher than the average market price for shares for the six months 30 June 2023 and 2022.

10 DIVIDENDS

The Board of Directors did not propose any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

11 PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment
	HK\$'000
Six months ended 30 June 2023 — Unaudited	
Net book value	
Opening amount as at 1 January 2023	2,552
Additions	212
Depreciation	(276)
Disposal	(1)
Disposal of subsidiaries	(1,108)
Currency translation differences	(59)
Closing amount as at 30 June 2023	1,320
Year ended 31 December 2022 — Audited	
Net book value	
Opening amount as at 1 January 2022	2,108
Additions	1,471
Depreciation	(823)
Disposal	(17)
Currency translation differences	(187)
Closing amount as at 31 December 2022	2,552

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Trade receivables from third parties	–	14,721
Less: allowance for impairment of trade receivables	–	(89)
Trade receivables — net of impairment recognised	–	14,632
Consideration receivable for disposal of subsidiaries	2,106	14,768
Other receivables	25,673	5,612
Value added tax receivables	760	1,424
Prepayments to suppliers	11,283	11,803
Deposits paid	1,004	842
Prepaid expenses	350	882
Total	41,176	49,963

The Group normally allows a credit period of 0–180 days from invoice date to its customers and may further extend the credit period to selected customers depending on their trade volume and settlement history. At 30 June 2023 and 31 December 2022, the aging analysis of trade receivables based on invoice date was as follows:

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
121–365 days	–	9,288
Over 365 days	–	5,344
	–	14,632

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

13 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares	Share capital HK\$'000
Unaudited		
At 1 January 2023 and 30 June 2023 (HK\$0.00125 each)	4,455,020,888	5,569
Unaudited		
At 1 January 2022 and 30 June 2022 (HK\$0.00125 each)	4,455,020,888	5,569

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 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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

14 SHARE-BASED PAYMENTS (Continued)

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.

On 20 May 2021, share options were granted with an aggregate estimated fair value of approximately HK\$16,012,000. The closing price of the Company's shares immediately before 20 May 2021, the date of grant, was HK\$0.148 per share.

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 per share.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

14 SHARE-BASED PAYMENTS (Continued)

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

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

Date of grant	20.5.2021	19.6.2020
Share price at grant date	HK\$0.148	HK\$0.142
Exercise price	HK\$0.15	HK\$0.145
Expected volatility	121.70%	100.59%
Expected life	6 years	6 years
Risk-free rate	0.76%	0.39%
Expected dividend yield	0%	0%
Sub-optimal exercise factor	0 for the employees of the Group	2.47 for director of the Group, 1.6 for employees of the Group

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.

No share-based payments was recognised for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

14 SHARE-BASED PAYMENTS (Continued)

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

At 30 June 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, which totally representing 18.11% 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:

For the period from 1 January 2023 to 30 June 2023:

Category of participants	Grant date	Exercise price (before) share subdivision	Vesting date	Exercisable period	Number of share options		
					As at 01/01/2023	Granted	As at 30/06/2023
Employees	19/06/2015	HK\$0.64125	19/06/2015	19/06/2015 – 18/06/2025	123,200,000	–	123,200,000
Employees	24/09/2019	HK\$0.15	24/09/2019	24/09/2019 – 23/09/2029	362,500,000	–	362,500,000
Director	19/06/2020	HK\$0.145	19/06/2020	19/06/2020 – 18/06/2026	37,000,000	–	37,000,000
Employees	19/06/2020	HK\$0.145	19/06/2020	19/06/2020 – 18/06/2026	159,000,000	–	159,000,000
Employees	20/05/2021	HK\$0.15	20/05/2021	20/05/2021 – 19/05/2027	125,000,000	–	125,000,000
Total					806,700,000	–	806,700,000

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

14 SHARE-BASED PAYMENTS (Continued)

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

For the period from 1 January 2022 to 30 June 2022:

Category of participants	Grant date	Exercise price (before) share subdivision	Vesting date	Exercisable period	Number of share options		
					As at 01/01/2022	Granted	As at 30/06/2022
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

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

15 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Trade payables	9	2,152
Accrued salaries	764	1,459
Accrued expenses	5,042	6,118
Other payable	49,231	66,878
Interest payable	3,298	3,300
	58,344	79,907

The suppliers normally allow credit periods ranging from 60 to 365 days for the Group. As at 30 June 2023 and 31 December 2022, the aging analysis of trade payables based on invoice date was as follows:

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Within 30 days	–	395
31–60 days	–	789
61–90 days	–	959
91–120 days	–	–
Over 120 days	9	9
	9	2,152

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

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 share. 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.

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 noteholder signed a supplemental agreement to revise the terms of Convertible Notes under which the Convertible Notes would be redeemed on 17 July 2021 at the conversion price of HK\$0.1340 per share. The effective interest adopted in the valuation of the liability component was 23.70% per annum. Except for the above mentioned, all other terms of the Convertible Notes remain unchanged.

On 4 August 2021, the Company and the noteholder signed the second supplemental agreement to revise the terms of the Convertible Notes. Pursuant to this supplemental agreement, the Convertible Notes would be redeemed on 17 July 2022 and the interest on the notes was charged at 10% 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, the Convertible Notes contained liability component and conversion option derivative component. The fair value of the Convertible Notes at 4 August 2021 was estimated to be HK\$161,924,000, which was valued by an independent financial advisor. The fair value of the Convertible Notes comprised the liability component amounted to HK\$114,871,000. The effective interest rate adopted in the valuation of liability component was 6.36% per annum.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

16 CONVERTIBLE LOAN NOTES (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. The total outstanding balance of the Convertible Notes of HK\$126,118,000, comprising the principal amount of the Convertible Notes of HK\$110,953,000 and the related interest payable and accrued interests of HK\$13,666,000 and HK\$1,499,000 was reclassified to amount due to a shareholder upon their maturity.

On 5 May 2023, the Company and the shareholder signed the third supplemental agreement 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, conversion option equity component and early redemption option derivative component. The fair value of the Convertible Notes at 5 May 2023 was estimated to be HK\$129,609,000 (representing principal of HK\$121,773,000 and accrued interest of HK\$7,836,000), which was valued by an independent financial advisor. The fair value of the Convertible Notes comprises the liability component, equity component and the derivative component amounted to HK\$129,609,000, HK\$941,000 and HK\$606,000 respectively. The effective rate applied for the liability component carried at amortised cost at 30 June 2023 is 7.5% per annum.

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

	At 5 May 2023	At 30 June 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:	4.18%	4.18%
(f) Expected volatility:	77.99%	84.3%
(g) Expected dividend yield:	0%	0%

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

16 CONVERTIBLE LOAN NOTES (Continued)

The gain on modification of the Convertible Notes during the period amounted to HK\$1,983,000, 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 recognised in profit and loss in respect of that period and was included in other income. In addition, on modification of the Convertible Notes, the equity component of the Convertible Notes amounted to HK\$941,000 was recognized to convertible notes reserve.

The movement of the liability, derivative and equity components of the Convertible Notes for the six months ended 30 June 2023 is set out below:

	Liability component HK\$'000	Derivative component HK\$'000	Equity component HK\$'000
Reclassified from amount due to a shareholder upon modification	129,609	(606)	941
Gain on change in fair value of derivative financial asset	–	(1,211)	–
Interest charge	1,562	–	–
Exchange difference	(35)	–	–
Carrying amount at 30 June 2023 (Unaudited)	131,136	(1,817)	941

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

17 BORROWINGS

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Bank borrowings — unsecured (a)	13,387	13,387
Loans from related parties (b)	—	17,003
Total borrowings	13,387	30,390

- (a) As at 30 June 2023, bank borrowings with principal and interest payables of HK\$13,387,000 and HK\$3,257,000 were default and not repaid in accordance with scheduled payment dates. Up to the date of this report, the default bank borrowings with principal and interest payables of HK\$13,387,000 and HK\$3,257,000 are still outstanding and the Group is negotiating with the bank for the settlement.
- (b) The amount due to related parties is unsecured, interest-free and are repayable within one year.

18 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, and Dongying An Yu Energy Technology Company Limited 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 subsequent to 30 June 2023.

- (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 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 subsequent to 30 June 2023.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

18 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 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 subsequent to 30 June 2023.

Net liabilities disposed of

	Six months ended 30 June 2023 HK\$'000
Non-current assets	
Property, plant and equipment	1,108
Interest in an associate	120,725
Current assets	
Trade and other receivables	7,525
Cash and cash equivalents	14,827
Total assets	144,185
Current liabilities	
Trade and other payables	1,192
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	144,443
Net liabilities disposed of	(258)

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

18 DISPOSAL OF SUBSIDIARIES (Continued)

Loss on disposal of subsidiaries

	Six months ended 30 June 2023 HK\$'000
Consideration for disposal	
— Received	—
— Receivable	2,106
Total consideration for disposal	2,106
Net liabilities disposed of	258
Non-controlling interests	(2,692)
Exchange reserve released upon disposal	(1,430)
Loss on disposal	(1,758)

Cash outflow on disposal of subsidiaries

	Six months ended 30 June 2023 HK\$'000
Consideration for disposal received	—
Less: Bank balances and cash disposed of	(14,827)
Net cash outflow on disposal	(14,827)

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

19 CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no significant contingent liability.

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.

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	
	2023	2022
	HK\$'000	HK\$'000
Salaries and other short-term benefits	1,516	1,690

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

20 RELATED-PARTY TRANSACTIONS (Continued)

(b) Related parties

Name of related parties	Relationship
陳金潔 (“Chen Jinjie”)	Legal representative of certain subsidiaries
北京眾誠嘉業化工貿易有限公司 (“Beijing Zhongcheng Jiaye Huagong Trading Company”)*	Director of the related party is legal representative of a subsidiary
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
袁紅兵 (“Yuan Hongbing”)	Director of the Company

(c) Related party transactions

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

Transactions	Unaudited	
	Six months ended 30 June 2023 HK\$'000	2022 HK\$'000
Qilu International Funds SPC — interest expense	7,022	3,553
Chen Qiusan — interest expense	879	890
	7,901	4,443

* For identification purpose only

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

20 RELATED-PARTY TRANSACTIONS (Continued)

(d) Related party balances

The balances with related parties as at 30 June 2023 and 31 December 2022 were as follows:

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
Bond payables		
— Chen Qiusan	28,588	29,028
Convertible loan notes/Amount due to a shareholder		
— Qilu International Funds SPC	131,136	—
Amount due to a shareholder		
— Qilu International Funds SPC	—	126,118
Loans from related parties		
— Yuan Hongbing	—	17,003
Amounts due to related parties		
— Beijing Yuanchuang	4,907	10,209
— Chen Qiusan	72	744
	4,979	10,953

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2023

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.

On 24 July 2023, the Group entered into an agreement with an independent third party (the "**Purchaser**") to dispose of 50% equity interest in 青島東方信實石油化工有限公司 (Qingdao Dongfang Xinshi Petrochemical Company Limited, the "**Target Company**") at the consideration of RMB1. The consideration was determined after arm's length negotiations between the Group and the Purchaser with reference to, among others, the current financial status of the Target Company, which was at a net liabilities position as at the date of the Agreement.

Completion of the agreement is conditional upon compliance by the Group of all requirements under the applicable laws, regulations and Listing Rules in respect of the transactions contemplated under the agreement.