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JINTAI ENERGY HOLDINGS LIMITED

金泰能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2728)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Jintai Energy Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		Unaudited	
	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	128,718	13,957
Cost of sales		<u>(124,295)</u>	<u>(1,460)</u>
Gross profit		4,423	12,497
Other income		4,309	7,474
Other gains/(losses) — net		162	(6,039)
Share of loss of an associate		-	(578)
Reversal of impairment loss on trade and other receivables		-	89
Administrative expenses		(13,544)	(14,133)
Distribution expenses		(2,313)	(2,590)
Loss on disposal of subsidiaries		<u>-</u>	<u>(1,758)</u>
Operating loss		(6,963)	(5,038)
Finance income		282	72
Finance costs		<u>(5,482)</u>	<u>(7,992)</u>
Finance costs — net		<u>(5,200)</u>	<u>(7,920)</u>
Loss before income tax		(12,163)	(12,958)
Income tax expense	4	<u>(313)</u>	<u>(299)</u>
Loss for the period		<u>(12,476)</u>	<u>(13,257)</u>
(Loss)/profit for the period attributable to:			
Owners of the Company		(11,619)	(42,522)
Non-controlling interests		<u>(857)</u>	<u>29,265</u>
		<u>(12,476)</u>	<u>(13,257)</u>
Loss per share attributable to owners of the Company			
Basic loss per share (HK cents)	5	(0.26)	(0.95)
Diluted loss per share (HK cents)	5	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Loss for the period	(12,476)	(13,257)
Other comprehensive (expense)/income for the period		
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	(5,430)	(2,769)
— Translation reserve released upon disposal of subsidiaries	<u>-</u>	<u>1,430</u>
Total comprehensive expense for the period	<u>(17,906)</u>	<u>(14,596)</u>
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(17,005)	(43,829)
Non-controlling interests	<u>(901)</u>	<u>29,233</u>
	<u>(17,906)</u>	<u>(14,596)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		328	1,171
Right-of-use assets		241	1,728
		569	2,899
Current assets			
Trade and other receivables and prepayments	7	4,574	276,605
Cash and cash equivalents		282,879	25,230
		287,453	301,835
Total assets		288,022	304,734
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		5,569	5,569
Other reserves		398,585	403,971
Accumulated losses		(336,404)	(324,785)
		67,750	84,755
Non-controlling interests		122	1,039
Total equity		67,872	85,794

	<i>Notes</i>	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Convertible loan notes	9	141,397	136,221
Long service payment obligation		79	65
Lease liabilities		-	922
Deferred tax liabilities		7	7
		141,483	137,215
Current liabilities			
Trade and other payables	8	18,581	14,770
Current income tax liabilities		-	755
Amount due to a director		22,237	1,000
Amounts due to related parties		7,043	5,061
Amount due to a non-controlling shareholder of a subsidiary		16	16
Borrowings		13,387	13,387
Bond payables		-	29,845
Derivative financial liabilities		1,217	1,537
Lease liabilities		213	833
Contract liabilities		15,973	14,521
		78,667	81,725
Total liabilities		220,150	218,940
Net current assets		208,786	220,110
Total assets less current liabilities		209,355	223,009
Total equity and liabilities		288,022	304,734

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited 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 2023, except for the adoption of amendments to HKFRSs effective as of 1 January 2024. 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 condensed consolidated financial statements:

- i. Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback
- ii. Amendments to HKAS 1 Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)
- iii. Amendments to HKAS 1 Non-current Liabilities with Covenants
- iv. Amendments to HKAS 7 Supplier Finance Arrangements
and HKFRS 7

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

3 REVENUE AND 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 segments, (1) energy business which comprises mainly the trading of energy-related products; (2) operation of digital energy trading parks; and (3) drilling services.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss from each segment without allocation of finance income or costs, loss on disposal of subsidiaries, share of loss of an associate, gain on change in fair value of derivative financial liabilities, gain on modification of convertible loan notes, sales of software, net foreign exchange loss/gain, and the unallocated operating income and expenses since these activities are driven by the central function and the related income or expenses are not divided between segments.

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

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers		
Trading of energy-related products	122,881	-
Operation of digital energy trading parks	5,837	13,957
Total	128,718	13,957
Timing of revenue recognition		
At a point in time	122,881	-
Over time	5,837	13,957
Total	128,718	13,957
Segment (loss)/profit		
Energy business	122	-
Drilling services	(221)	-
Operation of digital energy trading parks	(1,487)	8,974
Total	(1,586)	8,974

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 <i>HK\$'000</i>
Segment assets		
Energy business	2,796	274,897
Drilling services	-	707
Operation of digital energy trading parks	1,430	2,536
Unallocated	283,796	26,594
	<u>288,022</u>	<u>304,734</u>
Segment liabilities		
Energy business	24,606	823
Drilling services	8	8
Operation of digital energy trading parks	22,650	20,937
Unallocated	172,886	197,172
	<u>220,150</u>	<u>218,940</u>

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

	Unaudited Six months ended 30 June 2024 HK\$'000	2023 <i>HK\$'000</i>
PRC	128,718	13,957
	<u>128,718</u>	<u>13,957</u>

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Segment (loss)/profit	(1,586)	8,974
Loss on disposal of subsidiaries	-	(1,758)
Share of loss of an associate	-	(578)
Gain on change in fair value of derivative financial liabilities	320	1,211
Gain on modification of convertible loan notes	-	1,983
Sales of software	1,085	-
Net foreign exchange gain/(loss)	66	(9,233)
Unallocated operating income	-	89
Unallocated operating expenses	(6,848)	(5,726)
	<hr/>	<hr/>
Operating loss	(6,963)	(5,038)
Finance income	282	72
Finance costs	(5,482)	(7,992)
	<hr/>	<hr/>
Loss before income tax	(12,163)	(12,958)
Income tax expense	(313)	(299)
	<hr/>	<hr/>
Loss for the period	(12,476)	(13,257)
	<hr/> <hr/>	<hr/> <hr/>

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

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Total segment assets	4,226	278,140
Unallocated assets	283,796	26,594
	<hr/>	<hr/>
Total assets	288,022	304,734
	<hr/> <hr/>	<hr/> <hr/>

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

	Unaudited 30 June 2024 <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
Total segment liabilities	47,264	21,768
Other unallocated liabilities	18,102	16,964
Bond payables	-	29,845
Borrowings	13,387	13,387
Convertible loan notes	141,397	136,221
Current income tax liabilities	-	755
	<u> </u>	<u> </u>
Total liabilities	<u>220,150</u>	<u>218,940</u>

4 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June 2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
—PRC Enterprise Income Tax	<u>313</u>	<u>299</u>

No provision for Hong Kong profits tax has been made, as the Group's subsidiaries in Hong Kong did not derive any assessable profit for the six months ended 30 June 2024 and 2023.

PRC Enterprise Income Tax 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 at the rate of 25% (six months ended 30 June 2023: 25%).

5 LOSS PER SHARE

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share	<u>(11,619)</u>	<u>(42,522)</u>
	shares	shares
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	4,455,021	4,455,021
Effect of dilutive potential ordinary shares:		
Share options (Note a)	-	-
Convertible loan notes (Note b)	-	-
	<u>4,455,021</u>	<u>4,455,021</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>4,455,021</u>	<u>4,455,021</u>
	30 June	30 June
	2024	2023
	<i>HK Cents</i>	<i>HK Cents</i>
Basic loss per share	(0.26)	(0.95)
Diluted loss per share	<u>N/A</u>	<u>N/A</u>

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue for the six months ended 30 June 2024 and 2023.

Notes:

- (a) The computation of the diluted loss per share for the six months ended 30 June 2024 and 2023 does not assume the conversion of the Company's outstanding convertible loan notes since their assumed exercise would result in a decrease in loss per share for the six months ended 30 June 2024 and 2023.
- (b) The computation of diluted loss per share for the six months ended 30 June 2024 and 2023 does not assume the exercise of the Company's share options because the exercise prices of these share options were higher than the average market price for shares for the six months ended 30 June 2024 and 2023.

6 DIVIDENDS

The Board of Directors did not propose any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

7 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Trade receivables from third parties	2,534	144,295
Less: allowance for impairment of trade receivables	-	-
Trade receivables — net of impairment recognised	2,534	144,295
Other receivables	896	790
Value added tax receivables	11	51
Trade and other receivables	3,441	145,136
Prepayments to suppliers	-	130,564
Deposits paid	679	511
Prepaid expenses	454	394
Total	<u>4,574</u>	<u>276,605</u>

The Group normally allows a credit period of 0–30 days (2023: 0-3 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 2024 and 31 December 2023, the aging analysis of trade receivables based on invoice date was as follows:

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
0–30 days	-	144,295
31–60 days	2,534	-
	<u>2,534</u>	<u>144,295</u>

8 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2024 <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
Trade payables	2,584	405
Other payable	5,996	3,984
Interest payable	3,298	3,299
Accrued salaries	1,715	1,629
Accrued expenses	4,720	4,836
Other tax payable	268	617
	18,581	14,770

The suppliers normally allow credit periods ranging from 60 to 365 days for the Group. As at 30 June 2024 and 31 December 2023, the aging analysis of trade payables based on invoice date was as follows:

	Unaudited 30 June 2024 <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
Within 30 days	2	405
31–60 days	2,553	-
61–90 days	21	-
91-120 days	-	-
Over 120 days	8	-
	2,584	405

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

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

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

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

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

On 5 May 2023, the shareholders of the Company passed the ordinary resolutions approving the third supplemental deed with the note holder to revise the terms of the Convertible Notes. Pursuant to the third supplemental deed, the Convertible Notes will 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in three businesses: (i) energy business which comprised mainly the trading of energy-related products; (ii) operation of digital energy trading parks; and (iii) drilling services during the six months ended 30 June 2024 (the “**Current Period**”).

The Group’s revenue during the Current Period was approximately HK\$128.72 million, representing a significant increase of approximately 822.25% as compared to approximately HK\$13.96 million for the corresponding period in 2023 (the “**Corresponding Period**”). The gross profit during the Current Period was approximately HK\$4.42 million (2023 interim: gross profit of approximately HK\$12.50 million), representing a significant decrease of approximately 64.61% or HK\$8.07 million.

Energy business

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

The Group entered into purchase agreements with suppliers to produce specific energy-related products and made certain prepayments to suppliers before delivery and entered into sales agreements with customers to sell the specific energy-related products with its own discretion.

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

During the Current Period, the revenue and the gross margin derived from the energy trading business was approximately HK\$122.88 million (2023 interim: nil), and 0.49% (2023 interim: nil). The increase in revenue was mainly due to the Group having just resumed this business since July 2023 and the low gross margin is due to keen competition in the industry.

Operation of digital energy trading parks

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

During the Current Period, the revenue derived from the operation of digital energy trading parks was approximately HK\$5.84 million (2023 interim: approximately HK\$13.96 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 Jinqian Petroleum Energy Technology Development Company Limited, Yanchi Branch* (北京華燁金泉石油能源技術開發有限公司鹽池分公司) (“**Beijing Huaye**”) pursuant to which Ningxia Deliheng provided drilling services of 19 oil wells for Beijing Huaye for the purpose of extraction of oil under the SL16-5-4 and SL27 Well Agreement. The drillings were commenced by 4 June 2021 and has been completed in June 2021.

The Group has further entered into a new drilling service agreement with Beijing Huaye to provide drilling services for 63 oil wells 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 announcement.

During the Current Period, the revenue derived from the drilling services business was nil (2023 interim: nil).

PROSPECTS

Looking forward to the second half of 2024, 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 price fluctuation in oil and certain petrochemicals caused by the continuation of the military conflict between Ukraine and Russia and the economic uncertainty subsequent to the prolonged COVID-19 pandemic.

1. Energy Business

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

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

3. Business Expansion

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

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

FINANCIAL REVIEW

Results of Operations

Revenue

During the Current Period, the revenue of the Group increased significantly to approximately HK\$128.72 million (2023 interim: approximately HK\$13.96 million), representing an increase of approximately 822.25% as compared to the Corresponding Period. The increase in revenue was mainly attributable to the temporary suspension of the energy trading business since October 2021 the same of which was resumed since July 2023 and was partially net off by the decrease in revenue derived from the operation of digital energy trading parks. In the Current Period, revenue derived from the energy trading business was approximately HK\$122.88 million while there was no revenue generated in the Corresponding Period. Revenue derived from operation of digital energy trading parks was approximately HK\$5.84 million in the Current Period, representing a decrease of approximately 58.18% as compared with the revenue of approximately HK\$13.96 million in the Corresponding Period. The decrease in revenue from the operation of digital energy trading parks was primarily attributable to the challenging business environment.

Net Loss

During the Current Period, the Group recorded a net loss attributable to the owner of the Company of approximately HK\$11.62 million (2023 interim: net loss of approximately HK\$42.52 million). The net loss in the Current Period was mainly attributable to the decrease in revenue and segment loss derived from the operation of digital energy trading parks.

Operating Costs

The operating costs were approximately HK\$15.86 million during the Current Period (2023 interim: approximately HK\$16.72 million), representing a decrease of approximately 5.18% as compared to the Corresponding Period. The decrease was mainly due to the decrease in depreciation charge on property, plant and equipment and right-of-use assets during the Current Period.

Finance Costs

The finance costs of the Group were approximately HK\$5.48 million during the Current Period, representing a decrease of approximately 31.41% as compared with approximately HK\$7.99 million for the Corresponding Period. The decrease was mainly due to the default interest accrued on the Convertible Notes recognised in the Corresponding Period while there was no such amount in the Current Period. The Convertible Notes matured in July 2022 and the third supplemental deed was signed by the relevant parties and ordinary resolutions approving the same have been passed by the shareholders of the Company in May 2023. Default interest was recognised for this in the Corresponding Period.

Loss per Share

For the Current Period, the basic loss per share was approximately HK\$0.26 cents (2023: basic loss per share of approximately HK\$0.95 cents), representing a decrease of approximately 72.68% as compared with the Corresponding Period.

FINANCIAL POSITION

Trade and Other Receivables and Prepayments

As at 30 June 2024, the Group's trade and other receivables and prepayments were approximately HK\$4.57 million (as at 31 December 2023: approximately HK\$276.61 million). The decrease was mainly due to subsequent settlement of trade receivables and subsequent utilization of prepayments to suppliers during the Current Period.

Liquidity and Financial Resources

As at 30 June 2024, the Group had cash and cash equivalents of approximately HK\$282.88 million (as at 31 December 2023: approximately HK\$25.23 million), which were mainly denominated in Hong Kong dollars (HK\$), US dollars (US\$) and Renminbi (RMB).

As at 30 June 2024, the Group's net current assets were approximately HK\$208.79 million (as at 31 December 2023: approximately HK\$220.11 million). The Group's current ratio, being the ratio of total current assets to total current liabilities, was approximately 3.65 as compared to approximately 3.69 as at 31 December 2023.

The Group had bank and other borrowings of approximately HK\$13.39 million (as at 31 December 2023: approximately HK\$13.39 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 approving the same have been passed by the shareholders of the Company on 5 May 2023. Pursuant to the third supplemental deed, the Convertible Notes will be redeemed on 17 July 2025 and the interest on the notes was charged at 8% per annum until the settlement date. Except for the above, all other terms of the Convertible Notes remain unchanged. As at 30 June 2024, the carrying amount of the principal and the interest payables of the Convertible Notes issued by the Group was approximately HK\$141.40 million (as at 31 December 2023: approximately HK\$136.22 million).

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

Capital Structure and Gearing Ratio

As at 30 June 2024, the total number of issued shares of the Company was 4,455,020,888 shares (as at 31 December 2023: 4,455,020,888).

As at 30 June 2024, the share capital and equity attributable to owners of the Company amounted to approximately HK\$5.57 million and approximately HK\$67.75 million respectively (as at 31 December 2023: approximately HK\$5.57 million and approximately HK\$84.76 million respectively).

As at 30 June 2024, the gearing ratio of the Group was approximately 228% (as at 31 December 2023: approximately 212%), which was computed by dividing the total borrowings of approximately HK\$154.78 million (as at 31 December 2023: approximately HK\$179.45 million) by the equity attributable to the owners of the Company of approximately HK\$67.75 million (as at 31 December 2023: approximately HK\$84.76 million).

Pledge on the Group's assets

As at 30 June 2024, no assets of the Group have been pledged as security for the borrowings of the Group (as at 31 December 2023: nil).

Significant Investments and Material Acquisitions or Disposals

Save as disclosed in this announcement, the Group did not have significant investment or any material acquisition or disposal of subsidiaries for the six months ended 30 June 2024.

Treasury Policies

The Group does not engage in any leverage or derivative arrangements, since most of the Group's assets and liabilities are denominated in HK dollars, Renminbi or US dollars and the exchange rates of such currencies were relatively stable over the 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 for disclosed in this announcement, as at 30 June 2024, the Group did not have any material contingent liabilities (as at 31 December 2023: nil).

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 2023 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 2023 and 17 July 2023. 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.

All of the net proceeds have already been used for redemption of the notes issued by the Company in 2017 and repayment of bank loans.

As at 30 June 2024 and 31 December 2023, the carrying amount of the principal and the interest payables of the Convertible Notes were approximately HK\$141.40 million and HK\$136.22 million respectively.

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 157 employees as at 30 June 2024 (as at 30 June 2023: approximately 133 employees) in Hong Kong and the PRC. Staff costs (excluding Directors' emoluments) during the Current Period amounted to approximately HK\$9.21 million (2023 interim: approximately HK\$6.22 million). The Group recruits and selects candidates based on their qualifications and suitability for the position. It is the policy of the Group to recruit the most capable person available for each position.

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

Share Option Scheme

The former share option scheme of the Company expired on 25 June 2015. Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 16 September 2019, a new share option scheme of the Company (the "**New Scheme**") was adopted by the Company accordingly and will expire on 15 September 2029. The Company operates the New Scheme for the purpose of providing incentives or rewards to selected eligible participants who contribute to the success of the Group's operations. Subject to the restrictions under the Listing Rules, 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 announcement was 806,700,000 shares, which represents approximately 18.11% of issued share capital of the Company as at the date of this announcement. 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 2024 and 30 June 2024, 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.

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)	Exercisable period (dd/mm/yyyy)	Number of share options					As at 30/06/2024
					As at 01/01/2024	Granted during the period	Exercised during the period	Forfeited during the period	Lapsed during the period	
DIRECTOR										
Mr. Yuan Hongbing	19/6/2020	0.145	19/6/2020	19/6/2020– 18/6/2026	37,000,000	-	-	-	-	37,000,000
					<u>37,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,000,000</u>
OTHER PARTICIPANTS										
Eligible employees ⁽¹⁾	19/6/2015	0.64125 (1.2825)	19/6/2015	19/6/2015– 18/6/2025	123,200,000	-	-	-	-	123,200,000
Eligible employees ⁽¹⁾	24/9/2019	0.15	24/9/2019	24/9/2019– 23/9/2029	362,500,000	-	-	-	-	362,500,000
Eligible employees ⁽¹⁾	19/6/2020	0.145	19/6/2020	19/6/2020– 18/6/2026	159,000,000	-	-	-	-	159,000,000
Eligible employees ⁽¹⁾	20/5/2021	0.15	20/5/2021	20/5/2021– 19/5/2027	125,000,000	-	-	-	-	125,000,000
					<u>769,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>769,700,000</u>
				Total	<u>806,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>806,700,000⁽³⁾</u>

Notes:

1. Eligible employees are working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).
2. The share options are not subject to any performance target.
3. The number of Shares that may be issued in respect of the Share Options granted represents approximately 18.11% of the weighted average number of Shares in issue for the six months ended 30 June 2024 (i.e. 4,455,020,888 shares).

Connected Transactions

Drilling services

On 10 August 2021, Ningxia Deliheng Oil and Gas Technology Service Company (寧夏德力恒油氣技術服務有限公司) (“**Ningxia Deliheng**”), an indirect wholly-owned subsidiary of the Company and Beijing Huaye Jinquan Petroleum Energy Technology Development Company Limited, Yanchi Branch (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 approximately RMB748 million.

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

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

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

EVENTS AFTER THE REPORTING PERIOD

There were no significant subsequent events that needed to be disclosed by the Group since 30 June 2024 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

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

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments, acquisitions and additions of capital assets as at 30 June 2024.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: 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 C 1 of the Listing Rules for the Current Period, except for the following deviation:

Pursuant to code provision C.1.6 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Our non-executive Director, Mr. Chen Yunwei was unable to attend the annual general meeting of the Company held on 12 June 2024 due to other work commitments.

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

There is no change of information of the Directors subsequent to the date of the Company's 2023 Annual Report which is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

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 C3 of the Listing Rules as its code of conduct regarding the company's directors' securities transactions. Having made specific enquiry by the company, all directors of the company have confirmed that they had complied with the required standards set out in the Model Code and the Company's 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 2024 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 2024 and this announcement with the directors and senior management of the Group.

ACKNOWLEDGEMENT

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

PUBLICATION OF INTERIM RESULT AND INTERIM REPORT 2024

This interim results announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jintaienergy.com), and the interim report containing all information required by Appendix D2 to the Listing Rules will be despatched to the relevant shareholders of the Company who have requested for the same and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 29 August 2024

* *The English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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