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## **JTF International Holdings Limited**

**金泰豐國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9689)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **FINANCIAL HIGHLIGHTS**

Revenue for the year ended 31 December 2023 amounted to approximately RMB1,239.5 million, representing a decrease of 19.2% from approximately RMB1,534.5 million for the year ended 31 December 2022.

Gross profit for the year ended 31 December 2023 amounted to approximately RMB57.9 million, representing a decrease of 20.6% from approximately RMB72.9 million for the year ended 31 December 2022.

(Loss)/profit for the year turnaround from a profit of approximately RMB31.7 million for the year ended 31 December 2022 to a loss of approximately RMB1.5 million for the year ended 31 December 2023.

Adjusted net profit\* for the year ended 31 December 2023 amounted to approximately RMB20.3 million, representing a decrease of 42.0% from approximately RMB35.0 million for the year ended 31 December 2022.

Net assets as at 31 December 2023 amounted to approximately RMB431.5 million, representing an increase of 3.1% from approximately RMB418.4 million as at 31 December 2022.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023.

\* *The Group defined adjusted net profit as (loss)/profit for the year adjusted by adding back the after tax effect of (i) litigation loss; and (ii) professional fees and other expenses associated with the application of transfer of listing from GEM to Main Board. The adjusted net profit is not defined under the Hong Kong Financial Reporting Standards.*

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of JTF International Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (the “**Group**” or “**our Group**”) for the year ended 31 December 2023 together with the comparative figures for the preceding year as follows:

## FINANCIAL RESULTS

### Consolidated Statement of Comprehensive Income

		Year ended 31 December	
		2023	2022
	Note	RMB'000	RMB'000
Revenue	3	<b>1,239,515</b>	1,534,524
Cost of sales	4	<b>(1,181,619)</b>	(1,461,613)
<b>Gross profit</b>		<b>57,896</b>	72,911
Other (losses)/gains — net	5	<b>(13,243)</b>	3,095
Distribution expenses	4	<b>(16,200)</b>	(14,269)
Administrative expenses	4	<b>(23,615)</b>	(13,622)
<b>Operating profit</b>		<b>4,838</b>	48,115
Finance income		<b>1,080</b>	1,187
Finance costs		<b>(184)</b>	(207)
Finance income — net	6	<b>896</b>	980
<b>Profit before income tax</b>		<b>5,734</b>	49,095
Income tax expense	7	<b>(7,243)</b>	(17,350)
<b>(Loss)/Profit for the year</b>		<b>(1,509)</b>	31,745
Other comprehensive income		—	—
<b>Total comprehensive income for the year</b>		<b>(1,509)</b>	31,745
<b>(Loss)/Earnings per share</b>	8		
— Basic and diluted (RMB)		<b>(0.2) cents</b>	3.4 cents

## Consolidated Statement of Financial Position

		<b>31 December 2023</b>	31 December 2022
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		14,948	16,072
Right-of-use assets		3,156	3,837
Deferred income tax assets		2,181	813
Prepayments		4,194	4,194
		<u>24,479</u>	<u>24,916</u>
<b>Current assets</b>			
Inventories		58,298	124,140
Prepayments		144,934	173,737
Amount due from related parties		14,624	–
Trade and other receivables	10	64,706	61,964
Cash and cash equivalents		189,706	106,445
		<u>472,268</u>	<u>466,286</u>
<b>Total assets</b>		<u><b>496,747</b></u>	<u><b>491,202</b></u>
<b>EQUITY</b>			
Share capital		7,980	7,980
Other reserves		306,924	291,573
Retained earnings		116,595	118,831
<b>Total equity</b>		<u><b>431,499</b></u>	<u><b>418,384</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		3,295	3,684
Deferred income tax liabilities		20,757	19,472
		<u>24,052</u>	<u>23,156</u>
<b>Current liabilities</b>			
Trade and other payables	11	31,345	15,336
Contract liabilities	12	7,600	24,487
Lease liabilities		193	370
Current income tax liabilities		2,058	9,469
		<u>41,196</u>	<u>49,662</u>
<b>Total liabilities</b>		<u><b>65,248</b></u>	<u><b>72,818</b></u>
<b>Total equity and liabilities</b>		<u><b>496,747</b></u>	<u><b>491,202</b></u>

## Notes

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 23 October 2014 as an exempted company with limited liability under the Companies Law (Cap.22) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the sale of refined oil, other petrochemical products, and the blending and sale of fuel oil in the People's Republic of China (the "PRC").

The Company's shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 January 2018 and subsequently its listing was transferred to the Main Board of the Stock Exchange on 17 May 2023.

The ultimate holding company of the Company is Thrive Shine Limited, a company incorporated in the British Virgin Islands, which is owned as to 80% and 20% by Mr. Xu Ziming ("Mr. Xu") and Ms. Huang Sizhen ("Ms. Huang"), respectively. The ultimate controlling party of the Group is Mr. Xu and Ms. Huang (collectively, the "Controlling Shareholders").

The financial statements are presented in Renminbi ("RMB"), unless otherwise stated, and have been approved for issue by the Board on 15 March 2024.

### 2. BASIS OF PREPARATION

#### (a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosures requirements of the Hong Kong Companies Ordinance Cap. 622.

#### (b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis.

#### (c) New standards, amendments and interpretations to standards

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(d) New standards, amendments and interpretations to standards not yet adopted**

The following new standards, amendments and interpretations to standards relevant to the Group have been issued but are not effective for 31 December 2023 reporting period and have not been early adopted by the Group:

		<b>Effective for financial year beginning on or after</b>
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendment to HKAS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be Determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

**3. REVENUE AND SEGMENT INFORMATION**

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

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group principally engages in the sale of refined oil, other petrochemical products, and the blending and sale of fuel oil in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. The CODM considers that there is only one operating segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC, and the Group’s revenue for the years ended 31 December 2023 and 2022 were attributable to the market in the PRC.

As at 31 December 2023 and 2022, the Group’s non-current assets were mainly located in the PRC.

Revenue of the Group recognised during the year comprised the following:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
Sales of goods:		
— Refined oil	<b>894,128</b>	590,853
— Other petrochemical products	<b>284,413</b>	929,469
— Fuel oil	<b>14,798</b>	1,609
	<u><b>1,193,339</b></u>	<u>1,521,931</u>
Service income	<u><b>46,176</b></u>	<u>12,593</u>
	<u><b>1,239,515</b></u>	<u>1,534,524</u>
Timing of revenue recognition		
— At point in time	<u><b>1,239,515</b></u>	<u>1,534,524</u>

Revenue from transactions with external customers amounting to approximately 10% or more of the Group's revenue are as follows:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
Customer A	<b>610,360</b>	N/A*
Customer B	<b>163,049</b>	N/A*
Customer C**	N/A*	238,195
Customer D**	N/A*	191,877
Customer E	N/A*	174,136
Customer F**	N/A*	163,351

*Note\**: These customers contributed less than 10% of total revenue for the corresponding year.

*Note\*\**: Customers are defined as a group if they are under common control, which have the same ultimate controlling shareholder.

- (a) As permitted under HKFRS 15, the aggregate amount of transaction price allocated to these unsatisfied contracts is not disclosed as all contracts with customers are for periods of less than one year.

#### 4. EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Fuel oil, refined oil and other petrochemical products purchased	1,099,607	1,539,919
Changes in inventories	60,713	(82,009)
Transportation expenses	16,898	4,058
Listing expenses	10,840	3,284
Expenses relating to short term leases	9,804	4,297
Provision for impairment of inventories	5,129	–
Staff costs (including directors' emoluments)	4,958	5,825
Taxes and surcharges	2,666	2,718
Handling charges	2,418	4,217
Depreciation	1,440	1,560
Auditor's remuneration	1,350	1,060
Other expenses	5,611	4,575
	<u>1,221,434</u>	<u>1,489,504</u>
Total cost of sales, distribution expenses and administrative expenses	<u>1,221,434</u>	<u>1,489,504</u>

#### 5. OTHER (LOSSES)/GAINS — NET

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Litigation loss	(13,267)	–
Subsidy income	–	3,351
Others	24	(256)
	<u>24</u>	<u>(256)</u>
Other (losses)/gains — net	<u>(13,243)</u>	<u>3,095</u>

## 6. FINANCE INCOME — NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Finance income		
— Interest income on bank deposits	929	1,035
— Net foreign exchange gains on cash and cash equivalents	151	152
	<u>1,080</u>	<u>1,187</u>
Finance costs		
— Interest expenses on lease liabilities	(184)	(207)
	<u>(184)</u>	<u>(207)</u>
Finance income — net	<u>896</u>	<u>980</u>

## 7. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from the Cayman Islands income tax.

No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong for the year ended 31 December 2023 (2022: same). The profit of the group company in Hong Kong is mainly derived from dividend income from its subsidiary, which is not subject to Hong Kong profits tax. The Group's unused tax losses were incurred by the group company in Hong Kong that is not probable to generate taxable income in the foreseeable future. They can be carried forward indefinitely.

The income tax provision of the Group in respect of its operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profit for the year ended 31 December 2023 (2022: same).

Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT Law") and the Implementation Rules of the EIT Law, the EIT is unified at 25% for all types of entities, effective from 1 January 2008. The standard tax rate of the Group's PRC entities was 25% for the year ended 31 December 2023 (2022: 25%).

According to the EIT Law and the Implementation Rules, starting from 1 January 2008, a withholding income tax of 10% is levied on the immediate holding company outside the PRC when its PRC subsidiary declares dividends out of profits earned after 1 January 2008. A lower 5% withholding income tax rate may be applied when the immediate holding company of the PRC subsidiary is established in Hong Kong and fulfils requirements under the tax treaty arrangements between the relevant authorities of Mainland China and Hong Kong. The Group has accrued withholding tax provision at 10% withholding income tax rate for the year ended 31 December 2023 (2022: 10%).

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current income tax:		
— PRC enterprise income tax	<u>7,326</u>	<u>14,145</u>
Deferred income tax:		
— PRC enterprise income tax	(1,368)	(80)
— PRC withholding income tax	<u>1,285</u>	<u>3,285</u>
	<u>(83)</u>	<u>3,205</u>
	<u><u>7,243</u></u>	<u><u>17,350</u></u>

## 8. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the year by the weighted average number of ordinary shares in issue during the years ended 31 December 2023 and 2022.

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
(Loss)/Profit for the year ( <i>RMB'000</i> )	(1,509)	31,745
Weighted average number of ordinary shares in issue	<b>930,000,000</b>	930,000,000
Basic (loss)/earnings per share ( <i>RMB</i> )	<u><u>(0.2) cents</u></u>	<u><u>3.4 cents</u></u>

Diluted (loss)/earnings per share is equal to basic (loss)/earnings per share as there was no potential diluted shares outstanding for the reporting period.

## 9. DIVIDENDS

There were no dividends paid or payable by the Company in respect of the year ended 31 December 2023 (2022: same).

## 10. TRADE AND OTHER RECEIVABLES

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Trade receivables	<b>51,017</b>	34,306
Less: provision for impairment of trade receivables	<b>(1,443)</b>	(1,443)
Trade receivables — net	<b>49,574</b>	32,863
VAT recoverable	<b>7,561</b>	14,740
Deposits and others	<b>7,571</b>	7,549
Purchase refund receivable	<b>—</b>	6,812
Trade and other receivables	<b>64,706</b>	61,964

As at 31 December 2023, ageing analysis of trade receivables (net of provision of RMB1,443,000) (2022: RMB1,443,000) based on the dates when the trade receivables are recognised is as follows:

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Less than 30 days	<b>49,573</b>	32,703
31 days to 180 days	<b>—</b>	159
Over 180 days	<b>1</b>	1
	<b>49,574</b>	32,863

The Group's sales are usually made on credit terms of 0 to 30 days counted from the dates when the trade receivables are recognised.

## 11. TRADE AND OTHER PAYABLES

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Trade payables ( <i>Note (a)</i> )	<b>4,610</b>	—
Payable for legal claim	<b>13,139</b>	—
Other payables	<b>7,758</b>	5,250
Accruals for staff costs and allowances	<b>3,023</b>	2,410
Other tax payables	<b>1,912</b>	3,974
Accruals for short term lease expenses	<b>516</b>	544
Accruals for construction projects	<b>251</b>	251
Accruals for handling charges	<b>136</b>	216
Accruals for listing expenses	<b>—</b>	2,691
Trade and other payables	<b>31,345</b>	15,336

(a) The ageing analysis of trade payables based on the date when the trade payables being recognised is as follows:

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Less than 30 days	<u>4,610</u>	<u>–</u>
	<u><b>4,610</b></u>	<u><b>–</b></u>

## 12. CONTRACT LIABILITIES

Contract liabilities represent cash received from customers in advance for which the goods are yet to be delivered.

## 13. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities was as follows:

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Property, plant and equipment	<u>8,483</u>	<u>8,483</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is a wholesaler of oil and other petrochemical products based in Guangdong Province, the PRC. The oil products of the Group can be broadly categorised into (i) refined oil; (ii) other petrochemical products; and (iii) fuel oil. Oil and petrochemical products of the Group are primarily used as fuel in transportation vehicles, marine vessels, and machinery equipment, for retail sale at gas stations and as raw materials in refining process for oil refineries. The Group also sells blended fuel oil according to customers' specifications in order to meet their different needs and application requirements.

Since December 2022, the PRC government has been removing various COVID-19 restrictions and despite a wave of COVID-19 infections which temporarily affected productivity from late 2022 to January 2023, in February 2023, the COVID-19 Pandemic has been successfully brought under control.

During the year ended 31 December 2023, despite the increase in total volume, the Group recorded a turnover of approximately RMB1,239,515,000, which is a decrease by approximately RMB295,009,000 or by 19.2% by comparing with 2022. Furthermore, the Group recorded a gross profit of approximately RMB57,896,000, which is a decrease by approximately RMB15,015,000 or by 20.6% by comparing with 2022. The decrease in revenue and gross profit compared with same period in 2022 was due to the fluctuation of oil price and the conservative sentiments in the market as the recovery of the economy after COVID-19 Pandemic was not as strong as generally expected. These factors caused the customers and suppliers in general to act more prudently in negotiation. As a result, the gross profit margin for through-port trades (i.e. excluding service income) decrease from approximately 4.0% for the year ended 31 December 2022 to approximately 1.0% for the year ended 31 December 2023.

### **RESULTS OF OPERATIONS**

#### **Revenue**

The Group derived its revenue from sales of (i) refined oil, (ii) other petrochemical products and (iii) fuel oil. Revenue principally represents the net value of goods sold after deduction of value-added tax of the PRC.

For the year ended 31 December 2023, the Group's total revenue amounted to approximately RMB1,239,515,000, representing a decrease of approximately 19.2% over the year ended 31 December 2022. The decrease was mainly attributable to the reasons stated in the subsection headed "Business Review" above.

The following table sets forth the breakdown of the Group's revenue by products in total revenue, volume and average price for the two years ended 31 December 2023 and 2022:

	2023			2022		
	Total revenue <i>RMB'000</i>	Total volume <i>Tonnes</i>	Average price <i>(Note)</i> <i>RMB</i>	Total revenue <i>RMB'000</i>	Total volume <i>Tonnes</i>	Average price <i>(Note)</i> <i>RMB</i>
<b>1. Sales of goods</b>						
Refined oil	894,128	130,591	6,847	590,853	75,726	7,803
Other petrochemical products	284,413	42,770	6,650	929,469	137,703	6,750
Fuel oil	14,798	2,191	6,754	1,609	273	5,894
Subtotal — sales of goods	<u>1,193,339</u>	<u>175,552</u>		<u>1,521,931</u>	<u>213,702</u>	
<b>2. Service income</b>						
Refined oil	15,988	91,248	175	5,569	24,228	230
Other petrochemical products	26,648	58,483	456	5,220	22,289	234
Fuel oil	3,540	38,817	91	1,804	9,949	181
Subtotal — service income	<u>46,176</u>	<u>188,548</u>		<u>12,593</u>	<u>56,466</u>	
Total	<u>1,239,515</u>	<u>364,100</u>		<u>1,534,524</u>	<u>270,168</u>	

*Note:* Average price is arrived at by dividing the total revenue by the total volume for the relevant years.

### Cost of sales

Our Group's cost of sales mainly includes the cost of refined oil, other petrochemical products and fuel oil, which is measured on a moving weighted average basis. Our cost of sales for the years ended 31 December 2023 and 2022 were approximately RMB1,181,619,000 and RMB1,461,613,000, respectively. The purchase cost for our trading products is subject to the purchase prices offered by our suppliers, which are influenced by, among other things, the relative oil prices quoted in the market. The decrease of our cost of sales for the year ended 31 December 2023 was in line with our decrease in revenue for such year.

The following table sets forth the components of our cost of sales by product type for the two years ended 31 December 2023 and 2022:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Refined oil	<b>886,722</b>	569,152
Other petrochemical products	<b>279,849</b>	890,911
Fuel oil	<b>15,048</b>	1,550
	<u><b>1,181,619</b></u>	<u>1,461,613</u>
Total	<u><b>1,181,619</b></u>	<u>1,461,613</u>

### **Gross profit and gross profit margin**

The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the two years ended 31 December 2023 and 2022:

	<b>2023</b>		2022	
	<b>Gross profit</b>	<b>Gross profit margin</b>	Gross profit	Gross profit margin
	<b><i>RMB'000</i></b>		<i>RMB'000</i>	
1. Sales of goods				
Refined oil	<b>7,406</b>	<b>0.8%</b>	21,701	3.7%
Other petrochemical products	<b>4,564</b>	<b>1.6%</b>	38,558	4.1%
Fuel oil	<b>(250)</b>	<b>(1.7%)</b>	59	3.6%
	<u><b>11,720</b></u>	<u><b>1.0%</b></u>	<u>60,318</u>	<u>4.0%</u>
Subtotal — sales of goods				
2. Service income	<u><b>46,176</b></u>	<u><b>N/A</b></u>	<u>12,593</u>	<u>N/A</u>
Total	<u><b>57,896</b></u>	<u><b>4.7%</b></u>	<u>72,911</u>	<u>4.8%</u>

The Group's gross profit margin (excluding service income) decreased from approximately 4.0% for the year ended 31 December 2022 to approximately 1.0% for the year ended 31 December 2023. The decrease was mainly due to the reasons as stated in the sub-section headed "Business Review" above and provision for write-down of inventories of approximately RMB5,129,000 for the year ended 31 December 2023.

### **Other (losses)/gains — net**

Other (losses)/gains — net change from gains of approximately RMB3,095,000 for the year ended 31 December 2022 to losses of approximately RMB13,243,000 for the year ended 31 December 2023 mainly due to the litigation loss of approximately RMB13,267,000 in 2023. For further details please refer to the Company's announcements dated 20 July 2023, 17 August 2023, 28 December 2023 and 2 January 2024 in relation to the litigation.

### **Distribution expenses**

Distribution expenses increased by approximately RMB1,931,000 or 13.5% to approximately RMB16,200,000 for the year ended 31 December 2023 from approximately RMB14,269,000 for the year ended 31 December 2022. The increase in distribution expenses was primarily due to the increase in operating short term lease expenses for oil storage facilities.

### **Administrative expenses**

Administrative expenses increased by approximately RMB9,993,000 or 73.4% to approximately RMB23,615,000 for the year ended 31 December 2023 from approximately RMB13,622,000 for the year ended 31 December 2022. This was mainly attributable to the increase in professional fees and other expenses associated with the application of transfer of listing from GEM to the Main Board of the Stock Exchange recognised in current year.

### **Finance income — net**

Finance income — net decreased from approximately RMB980,000 for the year ended 31 December 2022 to approximately RMB896,000 for the year ended 31 December 2023 which was mainly due to the decrease in interest income from bank deposits compared with the previous year.

### **Profit before income tax**

The Group's profit before income tax decreased by approximately RMB43,361,000 from approximately RMB49,095,000 for the year ended 31 December 2022 to approximately RMB5,734,000 for the year ended 31 December 2023 primarily due to the (i) recognition of litigation loss in current year; (ii) decrease in gross profit; and (iii) increase in distribution and administrative expenses for the reasons above.

## **Income tax expense**

Income tax expense decreased by approximately RMB10,107,000 to approximately RMB7,243,000 for the year ended 31 December 2023 from approximately RMB17,350,000 for the year ended 31 December 2022 mainly due to the decrease in taxable profit from the Group's operations in the PRC.

## **(Loss)/profit for the year**

The Group's (loss)/profit for the year turnaround from a profit of approximately RMB31,745,000 for the year ended 31 December 2022 to a loss of approximately RMB1,509,000 for the year ended 31 December 2023 primarily due to the (i) recognition of litigation loss in current year; (ii) decrease in gross profit; and (iii) increase in distribution and administrative expenses for the reasons above.

## **Non-HKFRS Measure**

To supplement our consolidated annual results which are presented in accordance with HKFRS, the Group also uses adjusted net profit as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with, HKFRS. The Group believes that this non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of its operating performance, such as items which were one-off and non-operating in nature.

The Group believes that this measure provides useful information to investors and others in understanding and evaluating its results of operations in the same manner as it helps the Group's management. However, the Group's presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this non-HKFRS measure has its limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under HKFRS.

The following table reconciles the Group's adjusted net profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is the (loss)/profit for the year:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Reconciliation of (loss)/profit for the year to adjusted net profit</b>		
(Loss)/profit for the year	<b>(1,509)</b>	31,745
Add:		
Litigation loss, net of tax	<b>11,002</b>	—
Professional fees and other expenses associated with the application of transfer of listing from GEM to the Main Board	<b>10,840</b>	3,284
	<u><b>20,333</b></u>	<u>35,029</u>
Adjusted net profit	<u><b>20,333</b></u>	<u>35,029</u>

## **LIQUIDITY AND FINANCIAL RESOURCES**

The following table summarises the Group's consolidated statement of cash flows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net cash generated from operating activities	<b>82,541</b>	98,086
Net cash generated from investing activities	<b>929</b>	962
Net cash used in financing activities	<b>(360)</b>	(560)
	<u><b>83,110</b></u>	<u>98,488</u>
Net increase in cash and cash equivalents	<u><b>83,110</b></u>	<u>98,488</u>

For the year ended 31 December 2023, the Group had net cash generated from operating activities of approximately RMB82,541,000, which was mainly attributable to the decrease in working capital (excluding cash and cash equivalents), partially offset by the payment of income tax.

For the year ended 31 December 2023, the Group had net cash generated from investing activities of approximately RMB929,000, which consisted mainly of interest income from bank deposits.

For the year ended 31 December 2023, the Group had net cash used in financing activities of approximately RMB360,000, which was mainly attributable to the lease payments.

As at 31 December 2023 and 31 December 2022, the Group had cash and cash equivalents of approximately RMB189,706,000 and RMB106,445,000, respectively.

### **Net current assets**

As at 31 December 2023, the Group's net current assets amounted to approximately RMB431,072,000, representing an increase of approximately RMB14,448,000 as compared to approximately RMB416,624,000 as at 31 December 2022. The increase was primarily due to changes in working capital, which year end balance represented a snapshot of our working capital position as at 31 December 2023.

### **Borrowings and gearing ratio**

The Group did not have any borrowings as at 31 December 2023 (31 December 2022: Nil).

No gearing ratio is presented as the Group had net cash surplus as at 31 December 2023 (31 December 2022: net cash surplus).

### **Capital commitment**

The Group did not incur any capital expenditure for the year ended 31 December 2023.

As at 31 December 2023, the Group had capital commitments amounted to approximately RMB8,483,000 (31 December 2022: RMB8,483,000).

### **Significant investment, material acquisition and disposal of subsidiaries and associated companies**

The Group did not hold any significant investment nor make any material acquisition or disposal of subsidiaries and associated companies for the year ended 31 December 2023.

### **Capital structure**

As at 31 December 2023, the capital structure of the Company comprised of its issued share capital and reserves.

## **Pledged assets**

The Group did not have any assets pledged for security as at 31 December 2023 (31 December 2022: Nil).

## **Contingent liabilities**

The Group did not have any material contingent liabilities as at 31 December 2023.

Except for as disclosed in Note 26 of the Group's consolidated financial statements for the year ended 31 December 2022 contained in the Group's Annual Report 2022 dated 28 February 2023, the Group did not have any other material contingent liabilities as at 31 December 2022.

## **FOREIGN EXCHANGE RISK**

The Group operates in the PRC with most transactions being settled in Renminbi (“RMB”), except for certain transactions which are settled in foreign currencies.

At 31 December 2023, the Group's major non-RMB denominated assets and liabilities included trade and other receivables, cash and cash equivalents and trade and other payables, which were denominated in Hong Kong dollars. Fluctuation of the exchange rate of RMB against Hong Kong dollars could affect the Group's results of operations.

The Group currently does not have a foreign currency hedging policy, and manages our foreign currency risk by closely monitoring the movement of the relevant foreign currency rates.

The Directors do not consider the foreign exchange rate risks as material to the Group and therefore, did not carry out any financial instruments such as forward currency exchange contracts to hedge the risks.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

To the best of the Directors' knowledge, information and belief, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has material impact on the business and operation of the Group.

## **HUMAN RESOURCE**

As at 31 December 2023, the Group had 23 full time employees who were directly employed by our Group in the PRC. For the year ended 31 December 2023, our total staff costs (including the directors' remuneration) were approximately RMB4,958,000 (2022: RMB5,825,000).

Our Group considers employees valuable assets and are vital to our success. We recruit employees mainly based on our business strategies, operational requirements, expected staff turnover, and corporate structure and management. Employees' remunerations are determined on the basis of their qualifications, positions and seniority. We review the performance of the employees annually and award salary increment, bonuses and promotions based on their performance.

The Group has established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance for employees in the PRC pursuant to the PRC rules and regulations and the existing policy requirements of the local government. The Group makes contributions to statutory mandatory provident fund scheme for employees in Hong Kong.

## **FUTURE PLANS AND PROSPECT**

In 2023, The Energy Bureau of Guangdong Province (廣東省能源局) issued the Implementation Plan for Promoting High-Quality Energy Development for Guangdong Province (廣東省推進能源高質量發展實施方案). According to which, energy security and safety would be the primary task of the strategic direction in the PRC's energy development. Therefore, despite the importance of developing new energy and environmental protection, it must be complemented by diversifying of energy sources and maintaining sufficient energy reserves. During the course, resources allocation would be decisively market oriented. It is expected that, with our Group's experience in the refined oil market and network of established customers including the three largest state-owned oil companies in the PRC, the Group is expected to play a more important role in the local supply chain.

The Group did not have specific plans for material investments or capital assets in the coming year as at 31 December 2023.

## USE OF NET PROCEEDS FROM THE COMPANY’S INITIAL PUBLIC OFFERING

The Company’s shares were listed on GEM of the Stock Exchange on 17 January 2018 and its listing was successfully transferred to the Main Board of the Stock Exchange on 17 May 2023. The Company intends that the net proceeds of the Company’s placing and public offering of a total of 105,000,000 shares from the GEM listing (the “**Share Offer**”) (after deducting related underwriting fees and listing expenses) of approximately RMB20,803,000 be applied according to the percentage allocation described under the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 29 December 2017 (the “**Prospectus**”). An analysis of the progress of the implementation plans up to 31 December 2023 is set out below:

### **Business strategies as stated in the Prospectus**

### **Implementation plan**

### **Implementation progress as at 31 December 2023**

- (1) Upgrading of the wharf berth capability at Zengcheng Oil Depot

Conducting project planning and filing registration documents with relevant government authorities, including construction approval, environmental impact assessment, safety pre-evaluation and construction planning permit.

Conducting project design, including construction survey and construction drawing design.

The Group is negotiating with relevant government authorities in relation to the specific requirements in relation to the upgrading of wharf berth capability.

In 2018, the Group engaged a contractor to perform works on refurbishment of certain wharf infrastructures. However, the Group incurred additional time to identify a suitable contractor for the works relating to upgrading of berth capacity. Currently, a lead contractor has been engaged. Survey and design works are in progress, and were mostly completed in December 2019. Due to the outbreak COVID-19 Pandemic since 2020, the schedule of works and government approval processes were delayed. Tentatively the Group expects all construction works will be completed in the second half of 2024.

**Business strategies  
as stated  
in the Prospectus**

**Implementation plan**

**Implementation progress as at  
31 December 2023**

(2) Refurbishment and enhancement of oil tanks, pipelines and other oil depot facilities at Zengcheng Oil Depot	Conducting project planning and filing registration documents with relevant government authorities, including construction approval, environmental impact assessment, safety pre-evaluation and construction planning permit.  Modification/installation works for tanks storage and other oil depot facilities.	Refurbishment works for storage tanks, pipelines, oil depot facilities and equipment have been completed.
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Use of the net proceeds of the Share Offer up to 31 December 2023 was as follows:

	<b>Net proceeds to be applied in the percentage allocation stated in the Prospectus <i>RMB'000</i></b>	<b>Amount of net proceeds used as at 31 December 2023 <i>RMB'000</i></b>	<b>Unutilised net proceeds as at 31 December 2023 <i>RMB'000</i></b>
(1) Upgrading of the wharf berth capability at Zengcheng Oil Depot	11,038	7,564	3,474
(2) Refurbishment of oil tanks, pipelines and other oil depot facilities at Zengcheng Oil Depot	9,765	9,765	–
Total	20,803	17,329	3,474

The remaining unutilised net proceeds of the Share Offer as at 31 December 2023 were placed in bank accounts with licensed banks maintained by the Group in Hong Kong and in the PRC and are currently intended to be applied in the manner consistent with the proposed allocations as set out in the Prospectus. The remaining unutilised net proceeds are expected to be utilised by 31 December 2024.

The directors will regularly evaluate the Group's business objectives and may change or modify our plans in view of the changing market condition to attain sustainable business growth of the Group.

## **EVENT AFTER THE YEAR END DATE**

Save as disclosed elsewhere in this announcement, there were no other material subsequent events took place after 31 December 2023 and up to the date of this announcement.

## **FINAL DIVIDEND**

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Wednesday, 22 May 2024 (“**2024 AGM**”), the register of members of the Company will be closed from Friday, 17 May 2024 to Wednesday, 22 May 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Thursday, 16 May 2024.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

During the year ended 31 December 2023, the Company had complied with the requirements set out in the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) when the Company is listed on GEM, and Appendix C1 of the Rules Governing the Listing of Securities of the Stock Exchange (the “**Listing Rules**”) after the transfer of listing.

## **COMPLIANCE WITH THE MODEL CODE BY DIRECTORS**

During the year ended 31 December 2023, the Company has adopted rules 5.48 to 5.67 of the GEM Listing Rules and Appendix C3 of the Listing Rules as the code of conduct regarding Directors’ securities transactions (the “**Model Code**”). Having made specific enquiries with all Directors, all of them have confirmed that they had complied with the Model Code during the year ended 31 December 2023.

## **INTERESTS OF THE COMPLIANCE ADVISER**

In accordance with rule 3A.19 of the Listing Rules, the Company has appointed Honestum International Limited as its compliance adviser (the “**Compliance Adviser**”). Except for the compliance adviser agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Company.

## **AUDIT COMMITTEE**

The primary duties of the Audit Committee of the Company are to review and supervise the Group’s financial report process and internal control and risk management systems, and to formulate or review policies relating to anti-bribery compliances by ensuring regular management review of relevant corporate governance measures and its implementation and to communicate with external auditor on the audit procedures and accounting issues.

The Audit Committee has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters including the review of the consolidated financial statements and above annual results.

## **SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

On behalf of the Board  
**JTF International Holdings Limited**  
**Xu Ziming**  
*Chairman and Executive Director*

Hong Kong, 15 March 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Xu Ziming, Ms. Huang Sizhen, Mr. Choi Sio Peng and Ms. Xu Yayi; and the independent non-executive directors are Mr. Chan William, Mr. Tsui Hing Shan and Mr. Kan Siu Chung.*