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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of JTF International Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (the “**Group**” or “**our Group**”) for the six months ended 30 June 2024 together with comparative figures for the corresponding periods in 2023 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
	Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	770,418	749,480
Cost of sales	7	(759,053)	(711,789)
Gross profit		11,365	37,691
Other gains/(losses) — net	6	60	(12,263)
Distribution expenses	7	(5,160)	(17,097)
Administrative expenses	7	(6,839)	(14,505)
Operating loss		(574)	(6,174)
Finance income — net	8	541	715
Loss before income tax		(33)	(5,459)
Income tax expense	9	(714)	(3,040)
Loss for the period		(747)	(8,499)
Other comprehensive income		—	—
Total comprehensive loss for the period		(747)	(8,499)
Loss per share	10		
— Basic and diluted (RMB)		(0.1 cents)	(0.9 cents)

The accompanying notes form an integral part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	14,471	14,948
Right-of-use assets		3,036	3,156
Deferred income tax assets		2,205	2,181
Prepayments		4,194	4,194
		<u>23,906</u>	<u>24,479</u>
Current assets			
Inventories		156,387	58,298
Prepayments		185,905	144,934
Amount due from related parties		–	14,624
Trade and other receivables	13	70,402	64,706
Cash and cash equivalents		85,779	189,706
		<u>498,473</u>	<u>472,268</u>
Total assets		<u><u>522,379</u></u>	<u><u>496,747</u></u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		7,980	7,980
Other reserves		306,922	306,924
Retained earnings		115,850	116,595
Total equity		<u><u>430,752</u></u>	<u><u>431,499</u></u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		3,194	3,295
Deferred income tax liabilities		20,918	20,757
		<u>24,112</u>	<u>24,052</u>
Current liabilities			
Trade and other payables	14	19,359	31,345
Contract liabilities		45,903	7,600
Lease liabilities		198	193
Current income tax liabilities		2,055	2,058
		<u>67,515</u>	<u>41,196</u>
Total liabilities		<u>91,627</u>	<u>65,248</u>
Total equity and liabilities		<u><u>522,379</u></u>	<u><u>496,747</u></u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. 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 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 ("Thrive Shine"), 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 unaudited condensed consolidated interim financial statements are presented in Renminbi ("RMB"), unless otherwise stated, and have been approved for issue by the Company's Board on 21 August 2024.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting". The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements, except that the Hong Kong Institute of Certified Public Accountants has issued a number of new standards and amendments to HKFRSs which are effective for the current accounting period of the Group. None of those developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. ESTIMATES

The preparation of the condensed consolidated interim financial statements 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 the condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2023.

4. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The condensed consolidated interim financial statements 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 2023. There have been no changes in the risk management since the year ended 31 December 2023.

(b) Liquidity risk

Compared to the year ended 31 December 2023, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5. REVENUE AND SEGMENT INFORMATION

The chief operating decision-makers ("CODM") have been identified as the executive directors who review the Group's internal reports in order to assess performance and allocate resources regularly.

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 consider 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 periods ended 30 June 2024 and 2023 were attributable to the market in the PRC.

Analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of goods:		
— Refined oil	746,381	331,413
— Other petrochemical products	—	400,470
	<u>746,381</u>	<u>731,883</u>
Service income	24,037	17,597
	<u>770,418</u>	<u>749,480</u>
Timing of revenue recognition		
— At point in time	<u>770,418</u>	<u>749,480</u>

6. OTHER GAINS/(LOSSES) — NET

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Provision for litigation	—	(12,263)
Others	<u>60</u>	<u>—</u>
Other gains/(losses) — net	<u><u>60</u></u>	<u><u>(12,263)</u></u>

7. EXPENSES BY NATURE

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Changes in inventories	(98,090)	(84,184)
Refined oil, fuel oil and other petrochemical products purchased	856,434	795,410
Expenses relating to short term leases and handling charges	3,845	7,120
Staff costs (including directors' emoluments)	2,727	2,706
Taxes and surcharges	1,885	1,105
Depreciation	597	776
Listing expenses	—	10,840
Other expenses	<u>3,654</u>	<u>9,618</u>
Total cost of sales, distribution expenses and administrative expenses	<u><u>771,052</u></u>	<u><u>743,391</u></u>

8. FINANCE INCOME — NET

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	571	653
Interest expenses on lease liabilities	(84)	(98)
Net foreign exchange gains on cash and cash equivalents	<u>54</u>	<u>160</u>
Finance income — net	<u><u>541</u></u>	<u><u>715</u></u>

9. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax:		
— PRC enterprise income tax	<u>577</u>	<u>4,749</u>
Deferred income tax:		
— PRC enterprise income tax	(24)	(3,112)
— PRC withholding income tax	<u>161</u>	<u>1,403</u>
	<u>137</u>	<u>(1,709)</u>
	<u><u>714</u></u>	<u><u>3,040</u></u>

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 six months ended 30 June 2024 (2023: 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 six months ended 30 June 2024 (2023: same).

Pursuant to the Enterprise Income Tax (“EIT”) 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 six months ended 30 June 2024 (2023: 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 six months ended 30 June 2024 (2023: 10%).

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares in issue during the periods ended 30 June 2024 and 2023.

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period (RMB'000)	747	8,499
Weighted average number of ordinary shares in issue	930,000,000	930,000,000
Basic loss per share (RMB)	<u>0.1 cents</u>	<u>0.9 cents</u>

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

11. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (Six months ended 30 June 2023: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2024, there was no additions and disposals to the Group's property, plant and equipment (Six months ended 30 June 2023: Nil).

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	45,824	51,017
Less: provision for impairment of trade receivables	<u>(1,443)</u>	<u>(1,443)</u>
Trade receivables — net	44,381	49,574
Value-added-tax recoverable	25,845	7,561
Deposits and others	<u>176</u>	<u>7,571</u>
Trade and other receivables	<u>70,402</u>	<u>64,706</u>

As at 30 June 2024, ageing analysis of trade receivables (net of provision of RMB1,443,000) (31 December 2023: RMB1,443,000) based on the dates when the trade receivables are recognised is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Less than 30 days	44,381	49,573
31 days to 180 days	–	–
Over 180 days	–	1
	<u>44,381</u>	<u>49,574</u>

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.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables	1,602	4,610
Payable for legal claim	–	13,139
Accruals for staff costs and allowances	4,075	3,023
Accruals for construction projects	251	251
Accruals for handling charges	77	136
Accruals for short term lease expenses	495	516
Other payables	5,981	7,758
Other tax payables	6,878	1,912
	<u>19,359</u>	<u>31,345</u>

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Less than 30 days	1,096	4,610
31 days to 180 days	506	–
	<u>1,602</u>	<u>4,610</u>

15. CAPITAL COMMITMENTS

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
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.

During the six months ended 30 June 2024, despite the increase in turnover and total volume, the Group's gross profit decreased by approximately RMB26,326,300 or by 69.8% compared to the corresponding period in 2023. In view of the electric vehicles have been more popular after the COVID-19 pandemic, since the second half of 2023, the Group has been exploring its trading of naphtha, which is a type of refined oil used as a raw material for chemical industry. In order to secure stable supply and meet potential market demand, the Group maintained certain level of inventories of naphtha which has been subject to the risk of price volatility and has been affected by the unexpected periodic fluctuation in its market price during the second half of 2023 and during the six months ended 30 June 2024. As a result, the Group recorded a gross loss from its sales of refined oil of approximately RMB12,672,000 during the six months ended 30 June 2024 as the Group occasionally opted to sell its inventory of naphtha below its purchase cost in order to maintain its market position and to reduce further price risk due to the uncertainty of market trend.

The Group also mitigated its risk through engaged in outport trade which was recognised as service income, which amounted to approximately RMB24,037,000 and represented an increase by approximately RMB6,440,000 or 36.6% compared to the corresponding period in 2023.

RESULTS OF OPERATIONS

Revenue

Our Group derived our revenue from sales of refined oil, other petrochemical products and fuel oil. Revenue principally represents the net value of goods sold after deduction of value-added tax of the PRC.

For the six months ended 30 June 2024, the Group's total revenue amounted to approximately RMB770,418,000, representing an increase of approximately 2.8% over the six months ended 30 June 2023. The increase was mainly attributable to the reasons stated in the subsection headed "Business Review" above.

The following table sets forth, for the six months ended 30 June 2024 and 2023, the breakdown of the Group's revenue by products in total revenue, volume and average price:

	For the six months ended 30 June					
	2024			2023		
	Total revenue RMB'000	Total volume Tonnes	Average price (Note) RMB	Total revenue RMB'000	Total volume Tonnes	Average price (Note) RMB
1. Sales of goods						
Refined oil	746,381	106,218	7,027	331,413	50,003	6,628
Other petrochemical products	—	—	N/A	400,470	60,959	6,569
Subtotal — sales of goods	<u>746,381</u>	<u>106,218</u>		<u>731,883</u>	<u>110,962</u>	
2. Service income						
Refined oil	24,037	180,229	133	7,294	11,458	637
Fuel oil	—	—	N/A	10,303	36,100	285
Subtotal — service income	<u>24,037</u>	<u>180,229</u>		<u>17,597</u>	<u>47,558</u>	
Total	<u><u>770,418</u></u>	<u><u>286,447</u></u>		<u><u>749,480</u></u>	<u><u>158,520</u></u>	

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

Cost of sales

Our Group's cost of sales mainly includes the cost of refined oil and other petrochemical products, which is measured on a moving weighted average basis. Our cost of sales for the six months ended 30 June 2024 and 2023 were approximately RMB759,053,000 and RMB711,789,000, 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 increase of our cost of sales during the six months ended 30 June 2024 was in line with our increase in revenue during the period.

The following table sets forth, for the six months ended 30 June 2024 and 2023, the components of our cost of sales by product type:

	For the six months ended 30 June	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Refined oil	759,053	326,093
Other petrochemical products	—	385,696
Total	<u>759,053</u>	<u>711,789</u>

Gross profit and gross margin

The following table sets forth a breakdown of our gross profit and gross margin by product type for the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June			
	2024		2023	
	Gross profit/(loss) RMB'000	Gross margin	Gross profit RMB'000	Gross margin
1. Sales of goods				
Refined oil	(12,672)	(1.7%)	5,320	1.6%
Other petrochemical products	—	N/A	14,774	3.7%
Subtotal — sales of goods	(12,672)	(1.7%)	20,094	2.7%
2. Service income	24,037	N/A	17,597	N/A
Total	11,365	1.5%	37,691	5.0%

The Group's gross margin (excluding service income) decreased from approximately 2.7% for the six months ended 30 June 2023 to approximately negative 1.7% for the six months ended 30 June 2024. The decrease was mainly attributable to the reasons stated in the sub-section headed "Business Review" above.

Other gains/(losses) — net

Other losses — net for the six months ended 30 June 2023 was due to the loss provision provided for the litigation.

Distribution expenses

Distribution expenses decreased by approximately RMB11,937,000 or 69.8% to approximately RMB5,160,000 for the six months ended 30 June 2024 from approximately RMB17,097,000 for the six months ended 30 June 2023 mainly due to the decrease of expenses relating to short term leases and handling charges in current period.

Administrative expenses

Administrative expenses decreased by approximately RMB7,666,000 or 52.9% to approximately RMB6,839,000 for the six months ended 30 June 2024 from approximately RMB14,505,000 for the six months ended 30 June 2023. This was mainly attributable to the absence of professional fees and other expenses associated with the application of transfer of listing from GEM to Main Board of the Stock Exchange recognised in current period.

Finance income — net

Finance income — net decreased by approximately RMB174,000 to approximately RMB541,000 for the six months ended 30 June 2024 from approximately RMB715,000 for the six months ended 30 June 2023 mainly due to the decrease in interest income on bank deposits.

Loss before income tax

The Group's loss before income tax decreased from approximately RMB5,459,000 for the six months ended 30 June 2023 to approximately RMB33,000 for the six months ended 30 June 2024 primarily due to the absence of loss provision provided for the litigation and professional fees and other expenses associated with the application of transfer of listing from GEM to Main Board of the Stock Exchange, partially offset by the decrease in gross profit in current period.

Income tax expense

Income tax expense decreased by approximately RMB2,326,000 to approximately RMB714,000 for the six months ended 30 June 2024 from approximately RMB3,040,000 for the six months ended 30 June 2023, mainly due to the decrease in taxable profit from the Group's operation in the PRC.

Loss for the period

The Group's loss for the period decreased from approximately RMB8,499,000 for the six months ended 30 June 2023 to approximately RMB747,000 for the six months ended 30 June 2024 primarily due to the absence of loss provision provided for the litigation and professional fees and other expenses associated with the application of transfer of listing from GEM to Main Board of the Stock Exchange, partially offset by the decrease in gross profit in current period.

LIQUIDITY AND FINANCIAL RESOURCES

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

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Net cash used in operating activities	(118,996)	(2,413)
Net cash generated from investing activities	571	653
Net cash generated from/(used in) financing activities	<u>14,444</u>	<u>(379)</u>
Net decrease in cash and cash equivalents	<u>(103,981)</u>	<u>(2,139)</u>

For the six months ended 30 June 2024, the Group had net cash used in operating activities of approximately RMB118,996,000, which was mainly attributable to the increase in net working capital (excluding cash and cash equivalent) used in the business.

For the six months ended 30 June 2024, the Group had net cash generated from investing activities of approximately RMB571,000, which consisted mainly of interest income on bank deposits during the period.

For the six months ended 30 June 2024, the Group had net cash generated from financing activities of approximately RMB14,444,000, which was primarily attributable to the settlement of indemnity by the Controlling Shareholders for a litigation loss.

As at 30 June 2024 and 31 December 2023, the Group had cash and cash equivalents of approximately RMB85,779,000 and RMB189,706,000, respectively.

Net current assets

As at 30 June 2024, the Group's net current assets amounted to approximately RMB430,958,000, a slight decrease of approximately RMB114,000 as compared with approximately RMB431,072,000 as at 31 December 2023.

Borrowings and gearing ratio

The Group did not have any borrowings for the six months ended 30 June 2024 (31 December 2023: Nil).

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total bank borrowings less cash and cash equivalents. Total equity represents the “total equity” as shown in the unaudited condensed consolidated statement of financial position.

No gearing ratio is presented as the Group had net cash surplus as at 30 June 2024 (31 December 2023: same).

Capital commitment

The Group did not incur any capital expenditure for the six months ended 30 June 2024.

Capital commitments contracted for but not incurred by the Group as at 30 June 2024 amounted to approximately RMB8,483,000, which mainly related to wharf infrastructures (31 December 2023: approximately 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 for the six months ended 30 June 2024.

Capital structure

As at 30 June 2024 and 31 December 2023, the capital structure of the Company comprised of its issued share capital and reserves.

Pledged assets

Our Group did not have any assets pledged as security for the six months ended 30 June 2024 (31 December 2023: Nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2024 and 31 December 2023.

FOREIGN EXCHANGE RISK

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

At 30 June 2024, 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 monitor the movement of the 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.

HUMAN RESOURCE

As at 30 June 2024, the Group had 20 full time employees who were directly employed by the Group in the PRC. For the six months ended 30 June 2024, our total staff costs (including the directors' remuneration) were approximately RMB2,727,000 (Six months ended 30 June 2023: approximately RMB2,706,000).

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 has also made contributions to statutory mandatory provident fund scheme for its 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 30 June 2024.

USE OF NET PROCEEDS OF 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 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 30 June 2024 is set out below:

Business strategies as stated in the Prospectus	Implementation plan	Implementation progress as at 30 June 2024
(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.	The Group is negotiating with relevant government authorities in relation to the specific requirements in relation to the upgrading of wharf berth capability.

Business strategies as stated in the Prospectus

Implementation plan

Implementation progress as at 30 June 2024

Conducting project design including construction survey and construction drawing design.

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 in 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.

(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.

Refurbishment works for storage tanks, pipelines, oil depot facilities and equipment have been completed.

Modification/installation works for tanks storage and other oil depot facilities.

Use of the net proceeds of the Share Offer up to 30 June 2024 was as follows:

	Net proceeds to be applied in the percentage allocation stated in the Prospectus RMB'000	Amount of net proceeds used as at 30 June 2024 RMB'000	Unutilised net proceeds as at 30 June 2024 RMB'000
(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 Zhencheng Oil Depot	9,765	9,765	–
Total	<u>20,803</u>	<u>17,329</u>	<u>3,474</u>

The remaining unutilised net proceeds of the Share Offer as at 30 June 2024 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 dated 29 December 2017. 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.

INTERIM DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2024 (Six months ended 30 June 2023: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2024.

CORPORATE GOVERNANCE PRACTICES

The Company had complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the six months ended 30 June 2024.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted Appendix C3 of the Listing Rules relating to securities transactions by the directors (the “**Model Code**”) as the code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all Directors, all of them confirmed that they have complied with the Model Code throughout the six months ended 30 June 2024.

COMPETING INTERESTS

None of the controlling shareholders, namely Thrive Shine Limited, Mr. Xu Ziming and Ms. Huang Sizhen, the directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group’s business during the six months ended 30 June 2024 and up to the date of this announcement.

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 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 of the Company has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 and this announcement.

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

Hong Kong, 21 August 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.