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: 8479)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

INTERIM RESULTS

The board of directors of JTF International Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed interim financial results of the Company and its subsidiaries (the "**Group**" or "**our Group**") for the three months and six months ended 30 June 2021 together with comparative figures for the corresponding periods in 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 30 June		For the six months ended 30 June	
		2021	2020	**2021**	2020
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*5*	**648,833**	347,017	**1,082,298**	483,646
Cost of sales	*6*	**(614,917)**	(330,688)	**(1,022,821)**	(460,515)
Gross profit		**33,916**	16,329	**59,477**	23,131
Other gains — net		**–**	–	**1**	12
Distribution expenses	*6*	**(5,119)**	(4,959)	**(10,829)**	(9,743)
Administrative expenses	*6*	**(3,493)**	(11,118)	**(6,248)**	(14,027)
Net impairment losses on financial assets		**–**	(144)	**–**	(144)
Operating profit/(loss)		**25,304**	108	**42,401**	(771)
Finance income/(costs) — net	*7*	**12**	57	**138**	(344)
Profit/(loss) before income tax		**25,316**	165	**42,539**	(1,115)
Income tax expense	*8*	**(8,521)**	(3,074)	**(14,540)**	(3,192)
Profit/(loss) for the period		**16,795**	(2,909)	**27,999**	(4,307)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income/(loss) for the period		**16,795**	(2,909)	**27,999**	(4,307)
Earnings/(loss) per share	*9*				
— Basic and diluted *(RMB)*		**1.8 cents**	(0.3 cents)	**3.0 cents**	(0.5 cents)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**At 30 June 2021** *RMB'000* **(Unaudited)**	At 31 December 2020 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**17,082**	17,521
Right-of-use assets		**4,470**	4,681
Deferred income tax assets		**725**	708
Prepayments		**4,644**	4,644
		26,921	27,554
Current assets			
Inventories		**110,925**	80,850
Prepayments		**258,374**	85,689
Trade and other receivables	*12*	**45,654**	147,071
Cash and cash equivalents		**67,348**	63,695
		482,301	377,305
Total assets		**509,222**	404,859
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*14*	**7,980**	7,980
Other reserves		**275,722**	273,381
Retained earnings		**93,850**	68,192
Total equity		**377,552**	349,553
LIABILITIES			
Non-current liabilities			
Lease liabilities		**4,331**	4,407
Deferred income tax liabilities		**15,548**	12,373
		19,879	16,780
Current liabilities			
Trade and other payables	*13*	**80,911**	29,590
Contract liabilities		**21,669**	2,210
Lease liabilities		**147**	336
Current income tax liabilities		**9,062**	6,390
		111,791	38,526
Total liabilities		**131,670**	55,306
Total equity and liabilities		**509,222**	404,859

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

		Other reserves						
	Share capital	**Recapitalisation reserves**	**Share premium**	**Capital reserves**	**Statutory reserves**	**Safety reserves**	**Retained earnings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note a)*	*RMB'000* *(Note b)*	*RMB'000*	*RMB'000*
Balances at 1 January 2020 (Audited)	5,301	56,125	116,618	300	14,958	22,531	63,133	278,966
Loss and total comprehensive loss for the period	–	–	–	–	–	–	(4,307)	(4,307)
Appropriation to safety reserves	–	–	–	–	–	4,105	(4,105)	–
Issuance of shares	2,679	–	53,853	–	–	–	–	56,532
Share issuance costs	–	–	(1,150)	–	–	–	–	(1,150)
Balance at 30 June 2020 (Unaudited)	7,980	56,125	169,321	300	14,958	26,636	54,721	330,041
Balances at 1 January 2021 (Audited)	**7,980**	**56,125**	**169,321**	**300**	**17,500**	**30,135**	**68,192**	**349,553**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**27,999**	**27,999**
Appropriation to safety reserves	**–**	**–**	**–**	**–**	**–**	**2,341**	**(2,341)**	**–**
Balance at 30 June 2021 (Unaudited)	**7,980**	**56,125**	**169,321**	**300**	**17,500**	**32,476**	**93,850**	**377,552**

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

Notes:

(a) Statutory reserves

In accordance with the Company Law of the People's Republic of China ("**PRC**") and the articles of association of the Group's PRC subsidiary, the Group's PRC subsidiary is required to appropriate 10% of its profits after tax, as determined in accordance with relevant accounting principles generally accepted in the PRC and other applicable regulations, to the statutory reserve until such reserve reaches 50% of its registered capital. The appropriation to the reserve must be made before any distribution of dividends to equity holders of the PRC subsidiary. The statutory reserve can be used to offset previous years' losses, if any, and part of the statutory reserve can be capitalised as the PRC subsidiary's capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of its capital.

(b) Safety reserves

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety of the PRC, the Group's PRC subsidiary is required to set aside an amount to safety reserve at progressive rates from 0.2% to 4% of the total revenue from the sales of hazardous chemical since 14 February 2012. The reserve can be utilised for the spending in improvements and maintenances of work safety on the Group's daily operations, which are considered expenses in nature and charged to the profit and loss as incurred.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	**12,614**	(43,771)
Income tax paid	**(8,711)**	(6,503)
Net cash generated from/(used in) operating activities	**3,903**	(50,274)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(123)**	(128)
Interest income on bank deposit	**225**	112
Net cash generated from/(used in) investing activities	**102**	(16)
Cash flows from financing activities		
Principal elements of lease payments	**(248)**	(302)
Interest paid	**(132)**	(119)
Proceeds from issuance of shares	**–**	56,532
Payments of professional fees in respect of issuance of shares	**–**	(1,150)
Net cash (used in)/generated from financing activities	**(380)**	54,961
Net increase in cash and cash equivalents	**3,625**	4,671
Cash and cash equivalents at beginning of the period	**63,695**	42,580
Exchange differences on cash and cash equivalents	**28**	(337)
Cash and cash equivalents at end of the period	**67,348**	46,914

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 blending and sale of fuel oil, sale of refined oil and other petrochemicals 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.

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 of directors on 6 August 2021.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 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 2020, 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 2020, 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 2020.

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 2020. There have been no changes in the risk management since the year ended 31 December 2020.

(b) Liquidity risk

Compared to the year ended 31 December 2020, there was no material change in the contractual undiscounted cash out flows 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 blending and sale of fuel oil, sale of refined oil and other petrochemicals 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 Mainland China, and the Group's revenue for the periods ended 30 June 2021 and 2020 respectively were derived from Mainland China.

Analysis of revenue is as follows:

	For the three months ended 30 June		**For the six months ended 30 June**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Sales of goods:				
— Refined oil	**317,568**	255,163	**623,057**	379,826
— Fuel oil	**40,585**	68,445	**91,401**	76,250
— Other petrochemical products	**288,984**	22,556	**363,474**	22,556
	647,137	346,164	**1,077,932**	478,632
Service income	**1,696**	853	**4,366**	5,014
	648,833	347,017	**1,082,298**	483,646

6. EXPENSES BY NATURE

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Changes in inventories	**(915)**	86,014	**(30,075)**	6,606
Refined oil, fuel oil and other petrochemical products purchased	**615,832**	244,404	**1,052,896**	453,482
Transportation expenses	**1,581**	719	**2,458**	1,146
Expenses relating to short term leases and handling charges	**2,496**	3,050	**5,823**	6,499
Staff costs (including directors' emoluments)	**1,439**	1,554	**2,901**	3,608
Taxes and surcharges	**426**	557	**734**	901
Depreciation	**255**	424	**644**	773
Listing expenses	**262**	8,935	**1,201**	8,935
Other expenses	**2,153**	1,108	**3,316**	2,335
Total cost of sales, distribution expenses and administrative expenses	**623,529**	346,765	**1,039,898**	484,285

7. FINANCE INCOME/(COSTS) — NET

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
— Interest income on bank deposits	**78**	50	**225**	112
— Interest expenses on lease liabilities	**(57)**	(58)	**(115)**	(119)
— Net foreign exchange (losses)/gains on cash and cash equivalent	**(9)**	65	**28**	(337)
Finance income/(costs) — net	**12**	57	**138**	(344)

8. INCOME TAX EXPENSE

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current income tax:				
— PRC enterprise income tax	**6,656**	502	**11,383**	2,843
Deferred income tax:				
— PRC enterprise income tax	**5**	2,269	**(18)**	(72)
— PRC withholding income tax	**1,860**	303	**3,175**	421
	1,865	2,572	**3,157**	349
	8,521	3,074	**14,540**	3,192

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 2021 (2020: 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 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 period.

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 subsidiary was 25% for the six months ended 30 June 2021 (2020: 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 applicable withholding income tax rate of the group company in Hong Kong was 10% for the six months ended 30 June 2021 (2020: 10%).

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the period by the weighted average number of ordinary shares in issue during the periods ended 30 June 2021 and 2020.

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit/(loss) for the period *(RMB'000)*	**16,795**	(2,909)	**27,999**	(4,307)
Weighted average number of ordinary shares in issue	**930,000,000**	930,000,000	**930,000,000**	915,164,830
Basic earnings/(loss) per share *(RMB)*	**1.8 cents**	(0.3 cents)	**3.0 cents**	(0.5 cents)

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

10. DIVIDENDS

The board of directors does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (For the year ended 31 December 2020: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2021, additions to the Group's property, plant and equipment were approximately RMB123,000 (For the year ended 31 December 2020: RMB573,000).

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**35,990**	138,974
Less: provision for impairment of trade receivables	**(1,443)**	(1,443)
Trade receivables — net	**34,547**	137,531
Deductible value-added-tax ("**VAT**")	**9,510**	7,443
Deposits and others	**1,597**	2,097
Trade and other receivables	**45,654**	147,071

As of 30 June 2021, ageing analysis of trade receivables (net of provision of RMB1,443,000) (31 December 2020: RMB1,443,000) based on the dates when the trade receivables are recognised is as follows:

	As at 30 June 2021 *RMB'000* **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Less than 30 days	**34,547**	137,358
31 days to 180 days	**–**	173
	34,547	137,531

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.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2021 *RMB'000* **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Trade payables	**72,823**	16,243
Accruals for staff costs and allowances	**2,313**	2,538
Accruals for construction projects	**–**	251
Accruals for handling charges	**719**	1,216
Accruals for short term lease expenses	**980**	1,089
Accruals for listing expenses	**2,386**	2,236
Other payables	**1,150**	5,753
Other tax payables	**540**	264
Trade and other payables	**80,911**	29,590

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

	As at 30 June 2021 *RMB'000* **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Less than 30 days	**24,775**	16,243
31 days to 90 days	**48,048**	–
	72,823	16,243

14. SHARE CAPITAL

	Number of shares		Share capital	
	As at 30 June 2021	As at 31 December 2020	**As at 30 June 2021** ***HK$***	As at 31 December 2020 *HK$*
Authorised				
Ordinary shares of HK$0.01 each	**1,000,000,000**	1,000,000,000	**10,000,000**	10,000,000

	Note	Number of shares		Share capital	
		Six months ended 30 June 2021	Year ended 31 December 2020	**Six months ended 30 June 2021** ***HK$***	Year ended 31 December 2020 *HK$*
Issued and fully paid					
Ordinary shares of HK$0.01 each, as at 1 January 2021 (2020: As at 1 January 2020)		**930,000,000**	630,000,000	**9,300,000**	6,300,000
Issuance of shares	*(a)*	**–**	300,000,000	**–**	3,000,000
		930,000,000	930,000,000	**9,300,000**	9,300,000

Notes:

(a) On 10 January 2020, 225,000,000 and 75,000,000 new shares of the Company have been issued and allotted to Thrive Shine and Thrive Era Investments Limited at HK$0.211 per share respectively.

15. 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 2021 ***RMB'000*** **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Property, plant and equipment	**8,483**	8,483

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) fuel oil; and (iii) other petrochemical products. 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. All of our Group's products are sold in the PRC with primary focus in Guangdong Province.

The outbreak of COVID-19 Pandemic since January 2020 has adversely affected economic activities and transportations in China. In response to the COVID-19 Pandemic, the PRC Government has imposed lockdown and other containment measures on various PRC cities since January 2020. While some of the lockdown measures and related restrictions have been lifted afterwards, various restrictions still remain in place in the PRC. As our Group's major operating entity is domiciled in China and the revenue is solely derived from the market in China, the COVID-19 Pandemic has direct impact on the Group's revenue and financial performance. As economic activities were almost brought to a halt in China from January 2020 to March 2020, the number of sales contracts that we entered into dropped significantly during such period. However, as economic activities started to resume generally since May 2020, the Group gradually entered into relatively more sales contracts since then. As compared to the corresponding period in 2020 under the severe situation amid COVID-19 Pandemic, the Group's revenue for the six months ended 30 June 2021 increased significantly by approximately RMB598,652,000 or 123.8%, and its sales volume increased by approximately 64,000 tonnes or 33.3%. In addition, with the increase in market demand, the Group was able to negotiate better terms with its customers and gross profit margin increased from approximately 4.8% during the six months ended 30 June 2020 to approximately 5.5% in the same period in 2021.

RESULTS OF OPERATIONS

Revenue

Our Group derived our revenue from sales of (i) refined oil, (ii) fuel oil and (iii) other petrochemical products. 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 2021, the Group's total revenue amounted to approximately RMB1,082,298,000, representing an increase of approximately 123.8% over the six months ended 30 June 2020. 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 2021 and 2020, the breakdown of the Group's revenue by products in total revenue, volume and average selling price:

	For the six months ended 30 June					
	2021			2020		
	Total revenue *RMB'000*	**Total sales volume** *Tonnes*	**Average selling price** *(Note)* *RMB*	Total revenue *RMB'000*	Total sales volume *Tonnes*	Average selling price *(Note)* *RMB*
1. Sales of goods						
Refined oil	**623,057**	**112,903**	**5,519**	379,826	77,118	4,925
Fuel oil	**91,401**	**27,490**	**3,325**	76,250	19,146	3,983
Other petrochemical products	**363,474**	**77,679**	**4,679**	22,556	7,609	2,964
Subtotal — sales of goods	**1,077,932**	**218,072**		478,632	103,873	
2. Service income						
Refined oil	**421**	**4,992**	**84**	4,882	84,355	58
Fuel oil	**3,945**	**34,494**	**114**	132	4,888	27
Subtotal — service income	**4,366**	**39,486**		5,014	89,243	
Total	**1,082,298**	**257,558**		483,646	193,116	

Note: Average selling prices represent the revenue for the period divided by the total sales volume for the period.

Cost of sales

Our Group's cost of sales mainly includes the cost of refined oil, fuel 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 2021 and 2020 were approximately RMB1,022,821,000 and RMB460,515,000, 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 2021 was in line with our increase in revenue during the period.

The following table sets forth, for the six months ended 30 June 2021 and 2020, the components of our cost of sales by product type:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Refined oil	**588,551**	367,824
Fuel oil	**88,827**	73,446
Other petrochemical products	**345,443**	19,245
Total	**1,022,821**	460,515

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 six months ended 30 June 2021 and 2020:

	For the six months ended 30 June			
	2021		2020	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000		*RMB'000*	
1. Sales of goods				
Refined oil	**34,506**	**5.5%**	12,002	3.2%
Fuel oil	**2,574**	**2.8%**	2,804	3.7%
Other petrochemical products	**18,031**	**5.0%**	3,311	14.7%
Subtotal-sales of goods	**55,111**	**5.1%**	18,117	3.8%
2. Service income	**4,366**	**N.A.**	5,014	N.A.
Total	**59,477**	**5.5%**	23,131	4.8%

The Group's gross profit margin (excluding service income) increased from approximately 3.8% for the six months ended 30 June 2020 to approximately 5.1% for the six months ended 30 June 2021. The increase in gross profit and gross profit margin were mainly attributable to the reasons stated in the sub-section headed "Business Review" above.

Distribution expenses

Distribution expenses increased by approximately RMB1,086,000 or 11.1% to approximately RMB10,829,000 for the six months ended 30 June 2021 from approximately RMB9,743,000 for the six months ended 30 June 2020. Expenses relating to short term leases and handling charge were the largest component in the Group's distribution expense structure and mainly represented the lease of our oil depots.

Administrative expenses

Administrative expenses decreased by approximately RMB7,779,000 or 55.5% to approximately RMB6,248,000 for the six months ended 30 June 2021 from approximately RMB14,027,000 for the six months ended 30 June 2020. This was mainly attributable to the decrease in the professional fee for the application of transfer of listing from GEM to Main Board of the Stock Exchange recognised in the current period.

Finance income/(costs) — net

Finance income/(costs) — net changed from net costs of approximately RMB344,000 for the six months ended 30 June 2020 to net income of approximately RMB138,000 for the six months ended 30 June 2021 mainly due to the increase in interest income from bank deposit.

Profit/(loss) before income tax

The Group changed from a loss before income tax of approximately RMB1,115,000 for the six months ended 30 June 2020 to a profit before income tax of approximately RMB42,539,000 for the six months ended 30 June 2021 primarily due to the increase in gross profit and gross profit margin and decrease in the professional fee for the application of transfer of listing from GEM to Main Board of the Stock Exchange recognised in the current period.

Income tax expense

Income tax expense increased by approximately RMB11,348,000 to approximately RMB14,540,000 for the six months ended 30 June 2021 from approximately RMB3,192,000 for the six months ended 30 June 2020, mainly due to the increase in taxable profit from the Group's operation in the PRC.

Profit/(loss) for the period

The Group changed from a loss of approximately RMB4,307,000 for the six months ended 30 June 2020 to a profit of approximately RMB27,999,000 for the six months ended 30 June 2021 primarily due to the increase in gross profit and gross profit margin and decrease in the professional fee for the application of transfer of listing from GEM to Main Board of the Stock Exchange recognised in the 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	
	2021	2020
	RMB'000	*RMB'000*
Net cash generated from/(used in) operating activities	**3,903**	(50,274)
Net cash generated from/(used in) investing activities	**102**	(16)
Net cash (used in)/generated from financing activities	**(380)**	54,961
Net increase in cash and cash equivalents	**3,625**	4,671

For the six months ended 30 June 2021, the Group had net cash generated from operating activities of approximately RMB3,903,000, which was mainly attributable to increase in net working capital (excluding cash and cash equivalent) used in the business.

For the six months ended 30 June 2021, the Group had net cash generated from investing activities of approximately RMB102,000, which consisted mainly of interest income on bank deposit during the period.

For the six months ended 30 June 2021, the Group had net cash used in financing activities of approximately RMB380,000, which was primarily attributable to the lease payments during the period.

As at 30 June 2021 and 31 December 2020, the Group had cash and cash equivalents of approximately RMB67,348,000 and RMB63,695,000, respectively.

Net current assets

As at 30 June 2021, the Group's net current assets amounted to approximately RMB370,510,000, an increase of approximately RMB31,731,000 as compared with approximately RMB338,779,000 as at 31 December 2020. The increase was primarily due to the operating profit of the current period. Other changes in working capital and the resulting period end balance represented a snapshot of our working capital position as at 30 June 2021.

Borrowings and gearing ratio

Our Group did not have any borrowings for the six months ended 30 June 2021 (31 December 2020: Nil).

Our Group monitors our 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 consolidated statements of financial position.

No gearing ratio is presented as the Group had net cash surplus as at 30 June 2021.

Capital commitment

The Group incurred capital expenditures of approximately RMB123,000 for the six months ended 30 June 2021.

Capital commitments contracted for but not incurred by the Group as at 30 June 2021 amounted to approximately RMB8,483,000, which mainly related to wharf infrastructures (31 December 2020: 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 2021.

Capital structure

As at 30 June 2021 and 31 December 2020, 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 2021 (31 December 2020: Nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2021 (31 December 2020: Nil).

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 2021, the Group's major non-RMB denominated assets and liabilities included cash and cash equivalents and accruals denominated in Hong Kong dollars. Fluctuation of the exchange rate of RMB against Hong Kong dollars could affect the Group's results of operations.

Our 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, have not taken out any financial instruments such as forward currency exchange contracts to hedge the risks.

HUMAN RESOURCE

As at 30 June 2021, the Group had 40 full time employees who were directly employed by our Group in the PRC and one full-time employees in Hong Kong. For the six months ended 30 June 2021, our total staff costs (including the directors' remuneration) were approximately RMB2,901,000 (2020: approximately RMB3,608,000).

The Group determines remuneration based on each employee's qualifications, position and seniority. Review of the performance of employees is conducted annually to determine on salary increment, bonuses and promotions based on their performance. The Group considers the employees valuable assets and are vital to the Group's success. The recruitment of employees is mainly based on the Group's business strategies, operational requirements, expected stuff turnover and our corporate structure and management.

The Group has established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group 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 August 2019, the State Council issued the "Opinions of the General Office of the State Council on Accelerating the Development of Circulation to Promote Commercial Consumption" which promulgated a series of measures aiming to strengthen the development and transformation of traditional trading enterprises, effectiveness in provision of domestic products and services, and optimizing consumption environment to stimulate domestic consumptions in cities and rural areas. Included in such measures was the abolishment of special licenses required for petroleum wholesale and storage business, and the right to approve petroleum retail licenses was granted to local government at the city-level. In line with the PRC government's direction in opening its energy sector to private and foreign participants, in July 2020, the Ministry of Commerce repealed the Measures for the Administration of the Refined Oil Market (成品油市場管理辦法). These greatly eased market access to the refined oil market. The Group expects that there will be more participants in the refined oil wholesale and storage markets, which will result in more fierce market competition, and at the same time, the easing of regulations will stimulate market circulation. In addition, according to the "Measures for Formulating 14th Five Year Plan Gasoline Retail Market Development Planning" issued by the Energy Bureau of Guangdong Province in April 2021, the development of the gasoline retail market in the Guangdong Province will be based on optimization and balancing the actual consumption needs, utilization rate, etc. 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 bigger role in the local supply chain and be able to capture a bigger market share in the future.

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. The Company intends that the net proceeds of the Company's placing and public offering of a total of 105,000,000 shares (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 2021 is set out below:

Business strategies as stated in the Prospectus	Implementation plan	Implementation progress as at 30 June 2021
(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.
	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 first half of 2022.
(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 2021 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 2021 *RMB'000*	Unutilized net proceeds as at 30 June 2021 *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	20,803	17,329	3,474

The remaining unutilized net proceeds of the Share Offer as at 30 June 2021 were placed in bank accounts with licensed banks maintained by the Group as working capital.

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

USE OF NET PROCEEDS OF PLACING

On 10 January 2020, the Company issued and allotted 225,000,000 ordinary shares to Thrive Shine Limited and 75,000,000 ordinary shares to Thrive Era Investments Limited at HK$0.211 per share pursuant to the subscription agreement dated 26 November 2019 (the "**Placing**"). Details of such subscription were set out in the Company's announcements dated 26 November 2019, 6 January 2020 and 10 January 2020, and circular dated 12 December 2019.

The Company has applied 90% of the net proceeds from the Placing after deducting related expenses of approximately RMB55,382,000 to support and finance the ongoing working capital requirements for developing and enhancing the trading capacity of the Group's blending and sale of fuel oil, and sale of refined oil and other petrochemical businesses in the PRC, and the remaining 10% as general working capital of the Group, as mentioned in the circular dated 12 December 2019.

APPLICATION FOR THE TRANSFER OF LISTING

On 10 July 2020, the Company submitted a formal application for the proposed transfer of listing of the shares of the Company from GEM to the Main Board of the Stock Exchange ("**Transfer of Listing**"). The application was lapsed and the Company has re-submitted a formal renewal of application to the Stock Exchange on 9 March 2021.

The definitive timetable for the Transfer of Listing has not yet been finalized, and it is subject to, among others, the conditions of the Transfer of Listing to be fulfilled as set out in the Company's announcement dated 10 July 2020. There is no assurance that the approval will be obtained from the Stock Exchange for the Transfer of Listing. Accordingly, the Transfer of Listing may or may not proceed. Further announcement(s) will be made by the Company to keep the shareholders and potential investors of the Company informed of the progress of the Transfer of Listing as and when appropriate.

INTERIM DIVIDEND

The directors do not recommend the payment of any dividend for the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE 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 2021.

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 15 to the GEM Listing Rules during the six months ended 30 June 2021.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transaction 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 required standard of dealings throughout the six months ended 30 June 2021.

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 GEM 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 2021.

INTERESTS OF THE COMPLIANCE ADVISER

Save for the compliance adviser agreement between the Company and Kingsway Capital Limited, none of Kingsway Capital Limited, its directors, employees or close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules during the six months ended 30 June 2021. The terms of the agreement with Kingsway Capital Limited was completed during the period upon the Company's satisfaction of the requirement under Rule 6A.19 of the GEM Listing Rules.

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 2021 and this interim results.

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

Hong Kong, 6 August 2021

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at "www.hkgem.com" on the "Latest Listed Company Information" page for a minimum period of 7 days from the day of its posting and on the Company's website at www.jtfoil.com.