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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: 8479)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL RESULTS

The board of directors (the “**Board**”) of JTF International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “**Group**” or “**our Group**”) for the year ended 31 December 2021 together with the comparative audited figures for the preceding year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	2,043,377	1,100,262
Cost of sales	4	(1,952,644)	(1,030,811)
Gross profit		90,733	69,451
Other gains	5	6	1,418
Distribution expenses	4	(21,791)	(20,570)
Administrative expenses	4	(12,354)	(20,699)
Impairment losses on financial assets		—	(295)
Operating profit		56,594	29,305
Finance income		291	291
Finance costs		(240)	(864)
Finance income/(costs) — net	6	51	(573)
Profit before income tax		56,645	28,732
Income tax expense	7	(19,559)	(13,527)
Profit for the year		37,086	15,205
Other comprehensive income		—	—
Total comprehensive income for the year		37,086	15,205
Earnings per share	8		
— Basic and diluted (RMB)		4.0 cents	1.6 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		17,137	17,521
Right-of-use assets		4,259	4,681
Deferred income tax assets		733	708
Prepayments		4,194	4,644
		26,323	27,554
Current assets			
Inventories		42,131	80,850
Prepayments		15,210	85,689
Trade and other receivables	<i>10</i>	504,936	147,071
Cash and cash equivalents		7,805	63,695
		570,082	377,305
Total assets		596,405	404,859
EQUITY			
Share capital		7,980	7,980
Other reserves		282,462	273,381
Retained earnings		96,197	68,192
Total equity		386,639	349,553
LIABILITIES			
Non-current liabilities			
Lease liabilities		4,054	4,407
Deferred income tax liabilities		16,187	12,373
		20,241	16,780
Current liabilities			
Trade and other payables	<i>11</i>	179,700	29,590
Contract liabilities	<i>12</i>	3,527	2,210
Lease liabilities		353	336
Current income tax liabilities		5,945	6,390
		189,525	38,526
Total liabilities		209,766	55,306
Total equity and liabilities		596,405	404,859

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 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, 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 2 March 2022.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 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 disclosure 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 standards, amendments and interpretations to standards for the first time for their annual reporting period commencing 1 January 2021:

Amendment to HKFRS 16	Covid-19-related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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 the financial year beginning on 1 January 2021 and have not been early adopted by the Group:

		Effective for financial year beginning on or after
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendment to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendment to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendment to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations	1 January 2022
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (“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 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 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 2021 and 2020 were attributable to the market in the PRC.

As at 31 December 2021 and 2020, the Group’s non-current assets were mainly located in the PRC.

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

	Year ended 31 December	
	2021	2020
	RMB’000	RMB’000
Sales of goods:		
— Refined oil	1,334,091	728,805
— Fuel oil	91,535	164,441
— Other petrochemical products	613,385	179,266
	<u>2,039,011</u>	<u>1,072,512</u>
Service income	<u>4,366</u>	<u>27,750</u>
	<u>2,043,377</u>	<u>1,100,262</u>

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

	Year ended 31 December	
	2021	2020
	RMB’000	RMB’000
Customer A**	452,785	NA*
Customer B**	312,154	157,269
Customer C**	NA*	165,855
Customer D**	NA*	109,261
Customer E**	NA*	108,090

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

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

4. EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Changes in inventories	38,719	4,892
Fuel oil, refined oil and other petrochemical products purchased	1,896,541	1,014,441
Transportation expenses	21,483	12,840
Handling charges	5,006	4,516
Expenses relating to short term leases	6,127	8,943
Staff costs (including directors' emoluments)	5,960	6,544
Taxes and surcharges	2,686	2,079
Depreciation	1,554	1,860
Auditor's remuneration	900	896
Listing expenses	3,482	10,913
Other expenses	4,331	4,156
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Total cost of sales, distribution expenses and administrative expenses	<u>1,986,789</u>	<u>1,072,080</u>

5. OTHER GAINS

Other gains of approximately RMB1,418,000 for the year ended 31 December 2020 was mainly due to the liquidated damage compensation received from a supplier.

6. FINANCE INCOME/(COSTS) — NET

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
— Interest income on bank deposits	291	291
	<hr/>	<hr/>
	291	291
Finance costs		
— Interest expenses on lease liabilities	(224)	(245)
— Net foreign exchange losses on cash and cash equivalents	(16)	(619)
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	(240)	(864)
Finance income/(costs) — net	<u>51</u>	<u>(573)</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 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 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 2021 (2020: 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 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 Group has accrued withholding tax provision at 10% withholding income tax rate for the year ended 31 December 2021 (2020: 10%).

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax:		
— PRC enterprise income tax	<u>15,770</u>	<u>11,211</u>
Deferred income tax:		
— PRC enterprise income tax	(25)	(24)
— PRC withholding income tax	<u>3,814</u>	<u>2,340</u>
	<u>3,789</u>	<u>2,316</u>
	<u><u>19,559</u></u>	<u><u>13,527</u></u>

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the years ended 31 December 2021 and 2020.

	Year ended 31 December	
	2021	2020
Profit for the year (RMB'000)	37,086	15,205
Weighted average number of ordinary shares in issue	930,000,000	922,622,951
Basic earnings per share (RMB)	4.0 cents	1.6 cents

Diluted earnings per share is equal to basic 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 2021 (2020: nil).

10. TRADE AND OTHER RECEIVABLES

	31 December 2021 RMB'000	31 December 2020 RMB'000
Trade receivables	499,491	138,974
Less: provision for impairment of trade receivables	(1,443)	(1,443)
Trade receivables — net	498,048	137,531
VAT recoverable	3,725	7,443
Deposits and others	3,163	2,097
Trade and other receivables	504,936	147,071

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

	31 December 2021 RMB'000	31 December 2020 RMB'000
Less than 30 days	69,346	137,358
31 days to 180 days	428,412	173
Over 180 days	290	—
	498,048	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.

11. TRADE AND OTHER PAYABLES

	31 December 2021 RMB'000	31 December 2020 RMB'000
Trade payables (<i>Note (a)</i>)	157,030	16,243
Accruals for staff costs and allowances	2,903	2,538
Accruals for construction projects	251	251
Accruals for handling charges	2,540	1,216
Accruals for short term lease expenses	1,808	1,089
Accruals for listing expenses	2,728	2,236
Other payables	12,093	5,753
Other tax payables	347	264
	<hr/>	<hr/>
Trade and other payables	179,700	29,590
	<hr/> <hr/>	<hr/> <hr/>

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

	31 December 2021 RMB'000	31 December 2020 RMB'000
Less than 30 days	32,044	16,243
31 to 180 days	124,986	–
	<hr/>	<hr/>
	157,030	16,243
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12. CONTRACT LIABILITIES

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

13. COMMITMENTS

Capital commitments

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

	31 December 2021 RMB'000	31 December 2020 RMB'000
Property, plant and equipment	8,483	8,483
	<hr/>	<hr/>

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.

Currently, our wholesale business operations are primarily conducted through our oil depots in Guangzhou and Gaolan Port Economic Zone in Zhuhai within the Pearl River Delta region of Guangdong Province, the PRC, where our oil depots store and trade different types of oil products. All of our Group's products are sold in the PRC with primary focus in Guangdong Province.

While the outbreak of COVID-19 Pandemic since January 2020 continues to affect the economic activities and transportations worldwide in 2021, the situation in PRC was generally under control after the implementation of preventive and control measures by the government. In addition, various economic restoration policies were implemented. According to the data issued by Statistic Bureau of Guangdong Province, the gross domestic product and the volume of freight traffic in Guangdong Province were increased by 8% and 11.91% respectively in 2021 as compared to 2020. The international crude oil price also bounced back from 2020 and had a stable increase throughout 2021.

As the Group was able to earn a higher per ton profit gap for through-port trades by lower purchase costs from bulk purchases and higher price charged to customers for providing logistic and storage flexibly, the Group took advantage of the resumption of transportation and economic activities and conduct more through-port trades, which accounted for 90.3% of our sales volume for the year ended 31 December 2021 (2020: 60.2%), and as a result the sales increased significantly by 85.7% from approximately RMB1,100,262,000 for year ended 31 December 2020 to approximately RMB2,043,377,000 for the year ended 31 December 2021. Besides, the Group can negotiate higher selling price in 2021 because of the improvement in general market environment after the gradual recovery of the COVID-19 Pandemic, therefore, despite the slight decrease in sales volume by 5.7%, the increase in proportion of through-port trades in our sales mix resulted the increase of gross profit by 30.6%, from approximately RMB69,451,000 for year ended 31 December 2020 to approximately RMB90,733,000 for the year ended 31 December 2021, and the gross profit margin (excluding services income) increased from 3.9% to 4.2%.

RESULTS OF OPERATIONS

Revenue

The Group derived its 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 year ended 31 December 2021, the Group's total revenue amounted to approximately RMB2,043,377,000, representing an increase of approximately 85.7% over the year ended 31 December 2020. The increase 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 selling price for the two years ended 31 December 2021:

	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	1,334,091	211,555	6,306	728,805	154,138	4,728
Fuel oil	91,535	27,512	3,327	164,441	47,799	3,440
Other petrochemical products	613,385	127,200	4,822	179,266	57,143	3,137
	<u>2,039,011</u>	<u>366,267</u>		<u>1,072,512</u>	<u>259,080</u>	
Subtotal — sales of goods						
2. Service income						
Refined oil	3,945	34,494	114	25,664	145,815	176
Fuel oil	421	4,992	84	1,259	11,254	112
Other petrochemical products	—	—	N/A	827	13,957	59
	<u>4,366</u>	<u>39,486</u>		<u>27,750</u>	<u>171,026</u>	
Subtotal — service income						
Total	<u>2,043,377</u>	<u>405,753</u>		<u>1,100,262</u>	<u>430,106</u>	

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

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 years ended 31 December 2021 and 2020 were approximately RMB1,952,644,000 and RMB1,030,811,000 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 for the year ended 31 December 2021 was in line with our increase 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 2021:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Refined oil	1,281,116	700,954
Fuel oil	88,957	156,886
Other petrochemical products	582,571	172,971
Total	1,952,644	1,030,811

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 2021:

	2021		2020	
	Gross profit <i>RMB'000</i>	Gross profit margin	Gross profit <i>RMB'000</i>	Gross profit margin
1. Sales of goods				
Refined oil	52,975	4.0%	27,851	3.8%
Fuel oil	2,578	2.8%	7,555	4.6%
Other petrochemical products	30,814	5.0%	6,295	3.5%
Subtotal — sales of goods	86,367	4.2%	41,701	3.9%
2. Service income	4,366	N/A	27,750	N.A.
Total	90,733	4.4%	69,451	6.3%

The Group's overall gross profit margin (excluding for service income) increased slightly from approximately 3.9% for the year ended 31 December 2020 to approximately 4.2% for the year ended 31 December 2021. The increase was mainly due to the reasons as stated in "Business Review" above.

Other gains — net

Other gains — decreased by approximately RMB1,412,000 or 99.6% to approximately RMB6,000 for the year ended 31 December 2021 from approximately RMB1,418,000 for the year ended 31 December 2020 due to the one-off gain from liquidated damages compensation received from a supplier in 2020.

Distribution expenses

Distribution expenses increased by approximately RMB1,221,000 or 5.9% to approximately RMB21,791,000 for the year ended 31 December 2021 from approximately RMB20,570,000 for the year ended 31 December 2020. The increase in distribution expenses was primarily due to the increase in transportation expenses as a result of increase in through-port trades.

Administrative expenses

Administrative expenses decreased by approximately RMB8,345,000 or 40.3% to approximately RMB12,354,000 for the year ended 31 December 2021 from approximately RMB20,699,000 for the year ended 31 December 2020. This was mainly attributable to decrease in professional fee for the preparation of transfer of listing from GEM to Main Board of the Stock Exchange.

Finance income/(costs) — net

Finance income/(costs) — net change from a net finance cost of approximately RMB573,000 for the year ended 31 December 2020 to net finance income of approximately RMB51,000 for the year ended 31 December 2021 was mainly due to the decrease in foreign exchange loss compared with the previous year.

Profit before income tax

The Group's profit before income tax increased by approximately RMB27,913,000 from approximately RMB28,732,000 for the year ended 31 December 2020 to approximately RMB56,645,000 for the year ended 31 December 2021 primarily due to the increase in gross profit and decrease in professional fee for the preparation of transfer of listing from GEM to Main Board of the Stock Exchange.

Income tax expense

Income tax expense increased by approximately RMB6,032,000 to approximately RMB19,559,000 for the year ended 31 December 2021 from approximately RMB13,527,000 for the year ended 31 December 2020 mainly due to the increase in taxable profit from the Group's operations in the PRC.

Profit for the year

The Group's profit for the year increased by approximately RMB21,881,000 to approximately RMB37,086,000 for the year ended 31 December 2021 from approximately RMB15,205,000 for the year ended 31 December 2020 primarily due to the increase in gross profit and decrease in professional fee for the preparation of transfer of listing from GEM to Main Board of the Stock Exchange.

LIQUIDITY AND FINANCIAL RESOURCES

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

	For the year ended	
	31 December	
	2021	2020
	RMB'000	RMB'000
Net cash used in operating activities	(55,307)	(32,403)
Net cash used in investing activities	(7)	(282)
Net cash (used in)/generated from financing activities	(560)	54,419
Net (decrease)/increase in cash and cash equivalents	(55,874)	21,734

For the year ended 31 December 2021, the Group had net cash used in operating activities of approximately RMB55,307,000. The net cashflow was mainly influenced by the timing of sales and purchases, and settlement terms with the customers and suppliers towards the year end.

For the year ended 31 December 2021, the Group had net cash used in investing activities of approximately RMB7,000, which consisted mainly of purchases of property, plant and equipment.

For the year ended 31 December 2021, the Group had net cash used in financing activities of approximately RMB560,000, which was mainly attributable to the lease payments.

As at 31 December 2021 and 31 December 2020, the Group had cash and cash equivalents of approximately RMB7,805,000 and RMB63,695,000 respectively.

Net current assets

As at 31 December 2021, the Group's net current assets amounted to approximately RMB380,557,000, representing an increase of approximately RMB41,778,000 as compared to approximately RMB338,779,000 as at 31 December 2020. 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 2021.

Borrowings and gearing ratio

The Group did not have any borrowings during the year ended 31 December 2021 (31 December 2020: Nil).

No gearing ratio is presented as the Group had net cash surplus as at 31 December 2021 (31 December 2020: net cash surplus).

Capital commitment

As at 31 December 2021, the Group had capital commitments amounted to approximately RMB8,483,000 (31 December 2020: RMB8,483,000).

Capital structure

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

Contingent liabilities

During the year ended 31 December 2021, it has come to the attention of the Group that, when Zengcheng City Jintaifeng Fuel Co., Ltd. (“**JTF (PRC)**”), an indirect wholly-owned subsidiary of the Company was still owned by its previous shareholders (the “**Former Shareholders**”), has entered into a loan agreement as debtor with the Industry and Commercial Bank of China, Zengcheng Branch (the “**ICBC Zengcheng Branch**”), in May 2003 with a total borrowing amount of RMB10 million (the “**Loan**”). In December 2004 the founders of the Group and current Controlling Shareholders acquired the entire equity interest of JTF (PRC) (the “**Acquisition**”). Subsequent to the Acquisition, the Former Shareholders purported to cause JTF (PRC) to enter into a repayment agreement (the “**Repayment Agreement**”) to confirm the outstanding balance of RMB4,208,500 of the Loan, with one of the Former Shareholders signing in the purported capacity of JTF (PRC)’s legal representative. The Repayment Agreement was then notarized (the “**Notarization**”) by Guangdong Provincial Notary Office (廣東省公證處) on 1 February 2005 and a Compulsory Enforcement Certificate (強制執行證書) was issued, granting the creditor of the Loan the power to compulsorily enforce the Loan. The Notarization was not authorised by the Controlling Shareholders who were the shareholders of JTF (PRC) at that time, or Ms. Huang Sizhen, the legal representative of JTF (PRC) at that time, and the Controlling Shareholders have not been informed by Former Shareholders the existence of the Loan. Subsequently between 2005 and 2020, there were several transfers of the creditor’s rights to the Loan, which were also not aware of by the Controlling Shareholders or JTF (PRC).

In August 2021, the current creditor (the “**Current Creditor**”) applied to People’s Court of Zengcheng District of Guangzhou City (廣州市增城區人民法院) (the “**Court**”) for execution of the Compulsory Enforcement Certificate. As the Court found that the Notarization was unauthorised, it ruled that both the Notarization and the Compulsory Enforcement Certificate will not be enforced in September 2021.

In October 2021, the Current Creditor applied again to the Court for, among others (i) repayment from JTF (PRC) of the full amount of the Loan and all interests and late repayment penalty relating thereto (the “**Repayment Request**”); and (ii) interim preservation of JTF (PRC)’s properties prior to trial (the “**Interim Preservation**”).

Subsequently, the Court made an order to freeze several bank accounts of JTF (PRC) (the “**Bank Accounts**”). In November 2021, JTF (PRC) made application to the Court for the unfrozen of the Bank Accounts with a replacement of certain real property (“**Certain Real Property**”) owned by the Controlling Shareholders and their relatives. In December 2021, the Court made a further ruling which the Bank Accounts would be unfrozen, a portion of JTF (PRC)’s bank balances amount to approximately RMB7,095,000 would be placed under custody of the Court and Certain Real Property would be temporarily seized by the Court. The Bank Accounts were subsequently unfrozen in January 2022 and there has not been any interruption in the business of the Group which has had a material adverse effect on the Group’s financial condition and results of operations as a result of the Repayment Request or the Interim Preservation.

As at 31 December 2021, approximately RMB5,988,000 of JTF (PRC)’s bank balances were frozen and approximately RMB2,318,000 of JTF (PRC)’s other receivables were under the custody of the Court.

As of the date of this announcement, JTF (PRC) had not received further court ruling, judgment, decision or subpoena relating to the Repayment Request.

Based on a legal opinion issued by a PRC counsel engaged by the Group, which have taken into consideration the court ruling on the Notarization, the Repayment Agreement is null and void, the possibility of upholding the Current Creditor’s allegations with regard to the settlement of the Loan against JTF (PRC) by the PRC courts is remote. In addition, pursuant to the agreements between the Controlling Shareholders and the Former Shareholders for the Acquisition, that all rights, obligations and taxes accrued and incurred by JTF (PRC) prior to 30 December 2004 shall be assumed and borne by the Former Shareholders. The Controlling Shareholders have also agreed to indemnify JTF (PRC) against any claims, liabilities, losses or other expenses arising from any disputes relating to the settlement of the Loan.

Based on the above, the directors of the Company are of the view that the disputes relating to the settlement of the Loan will not have a material adverse impact on the Group’s business operation and financial performance.

Except as disclosed above, the Group did not have any other material contingent liabilities as at 31 December 2021 (31 December 2020: Nil).

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 2021, 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.

HUMAN RESOURCE

As at 31 December 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 year ended 31 December 2021, our total staff costs (including the directors' remuneration) were approximately RMB5,960,000 (2020: RMB6,544,000).

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

The Energy Bureau of Guangdong Province (廣東省能源局) has issued the "Working Plan of Gasoline Retail Market in Guangdong Province for the 14th Five-Year Plan" (廣東省成品油分銷體系「十四五」發展規劃編制工作方案) in April 2021, which emphasized both the optimization of the retail networks and adequate coverage to remote areas. And in January 2022, with the issuance of the "Comprehensive Three-dimensional Transportation Network Planning Outline for Guangdong Province" (廣東省綜合立體交通網規劃綱要), the Traffic and Transportation Department of Guangdong Province (廣東省交通運輸廳) detailed the overall strategy to enhance the transportation capacity in the province including the strengthening of highways and logistic networks. 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 FROM THE COMPANY’S INITIAL PUBLIC OFFERING

The Company’s shares were listed on GEM of the Stock Exchange on 17 January 2018 (the “**Listing Date**”). 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 31 December 2021 is set out below:

Business strategies as stated in the Prospectus	Implementation plan	Implementation progress as at 31 December 2021
(1) Upgrading of the wharf berth capability at Zengcheng Oil Depot	<p>Conducting project planning and filing registration documents with relevant government authorities, including construction approval, environmental impact assessment, safety pre-evaluation and construction planning permit.</p> <p>Conducting project design, including construction survey and construction drawing design.</p>	<p>The Group is negotiating with relevant government authorities in relation to the specific requirements in relation to the upgrading of wharf berth capability.</p> <p>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.</p>

Business strategies as stated in the Prospectus	Implementation plan	Implementation progress as at 31 December 2021
(2) Refurbishment and enhancement of oil tanks, pipelines and other oil depot facilities at Zengcheng Oil Depot	<p>Conducting project planning and filing registration documents with relevant government authorities, including construction approval, environmental impact assessment, safety pre-evaluation and construction planning permit.</p> <p>Modification/installation works for tanks storage and other oil depot facilities.</p>	Refurbishment works for storage tanks, pipelines, oil depot facilities and equipment have been completed.

Use of the net proceeds of the Share Offer up to 31 December 2021 was as follows:

	Net proceeds to be applied in the percentage allocation stated in the Prospectus <i>RMB'000</i>	Amount of net proceeds used as at 31 December 2021 <i>RMB'000</i>	Unutilised net proceeds as at 31 December 2021 <i>RMB'000</i>
(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

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 and its first resubmission on 9 March 2021 were lapsed and the Company has resubmitted a formal renewal of application to the Stock Exchange on 28 October 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.

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 2021 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 2021.

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 Monday, 11 April 2022 (the "**2022 AGM**"), the register of members of the Company will be closed from Tuesday, 5 April 2022 to Monday, 11 April 2022, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2022 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 4 April 2022.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2021, the Company had complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

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.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2021 containing all the information required by the GEM 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 GEM Listing Rules.

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

Hong Kong, 2 March 2022

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 Company Announcements” page for a minimum period of 7 days from the day of its posting and on the Company’s website at www.jtfoil.com.