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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 2022**

### **ANNUAL RESULTS**

The board of directors (the “**Board**”) of JTF International Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (the “**Group**” or “**our Group**”) for the year ended 31 December 2022 together with the comparative figures for the preceding year as follows:

### **FINANCIAL RESULTS**

#### **Consolidated Statement of Comprehensive Income**

		<b>Year ended 31 December</b>	
		<b>2022</b>	<b>2021</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>1,534,524</b>	2,043,377
Cost of sales	4	<b>(1,461,613)</b>	(1,952,644)
<b>Gross profit</b>		<b>72,911</b>	90,733
Other gains — net	5	<b>3,095</b>	6
Distribution expenses	4	<b>(14,269)</b>	(21,791)
Administrative expenses	4	<b>(13,622)</b>	(12,354)
<b>Operating profit</b>		<b>48,115</b>	56,594
Finance income		<b>1,187</b>	291
Finance costs		<b>(207)</b>	(240)
Finance income — net	6	<b>980</b>	51
<b>Profit before income tax</b>		<b>49,095</b>	56,645
Income tax expense	7	<b>(17,350)</b>	(19,559)
<b>Profit for the year</b>		<b>31,745</b>	37,086
Other comprehensive income		<b>—</b>	—
<b>Total comprehensive income for the year</b>		<b>31,745</b>	37,086
<b>Earnings per share</b>	8		
— Basic and diluted (RMB)		<b>3.4 cents</b>	4.0 cents

## Consolidated Statement of Financial Position

		<b>31 December 2022</b>	31 December 2021
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		16,072	17,137
Right-of-use assets		3,837	4,259
Deferred income tax assets		813	733
Prepayments		4,194	4,194
		<u>24,916</u>	<u>26,323</u>
<b>Current assets</b>			
Inventories		124,140	42,131
Prepayments		173,737	15,210
Trade and other receivables	10	61,964	504,936
Cash and cash equivalents		106,445	7,805
		<u>466,286</u>	<u>570,082</u>
<b>Total assets</b>		<u><b>491,202</b></u>	<u><b>596,405</b></u>
<b>EQUITY</b>			
Share capital		7,980	7,980
Other reserves		291,573	282,462
Retained earnings		118,831	96,197
<b>Total equity</b>		<u><b>418,384</b></u>	<u><b>386,639</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		3,684	4,054
Deferred income tax liabilities		19,472	16,187
		<u>23,156</u>	<u>20,241</u>
<b>Current liabilities</b>			
Trade and other payables	11	15,336	179,700
Contract liabilities	12	24,487	3,527
Lease liabilities		370	353
Current income tax liabilities		9,469	5,945
		<u>49,662</u>	<u>189,525</u>
<b>Total liabilities</b>		<u><b>72,818</b></u>	<u><b>209,766</b></u>
<b>Total equity and liabilities</b>		<u><b>491,202</b></u>	<u><b>596,405</b></u>

## Notes

### 1. GENERAL INFORMATION

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

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

The Company's shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 January 2018.

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 28 February 2023.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### (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 requirements of the Hong Kong Companies Ordinance Cap. 622.

#### (b) Historical cost convention

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

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

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 2021
Amendment to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020 (Amendments)
Amendments to HKFRS 3	Reference to the Conceptual Framework
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations

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 2022 and have not been early adopted by the Group:

		<b>Effective for financial year beginning on or after</b>
HKFRS 17 and amendments to HKFRS 17	Insurance contracts Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information	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 HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendment to HKAS 16	Lease Liability in a Sale and Leaseback	1 January 2024
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 2024
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 2022 and 2021 were attributable to the market in the PRC.

As at 31 December 2022 and 2021, the Group’s non-current assets were mainly located in the PRC.

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

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
Sales of goods:		
— Other petrochemical products	<b>929,469</b>	613,385
— Refined oil	<b>590,853</b>	1,334,091
— Fuel oil	<b>1,609</b>	91,535
	<u><b>1,521,931</b></u>	<u>2,039,011</u>
Service income	<u><b>12,593</b></u>	<u>4,366</u>
	<u><b>1,534,524</b></u>	<u>2,043,377</u>
Timing of revenue recognition		
— At point in time	<u><b>1,534,524</b></u>	<u>2,043,377</u>

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

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<i>RMB'000</i>
Customer A**	<b>238,195</b>	452,785
Customer B**	<b>191,877</b>	NA*
Customer C	<b>174,136</b>	NA*
Customer D**	<u><b>163,351</b></u>	<u>312,154</u>

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

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

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

#### 4. EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Changes in inventories	(82,009)	38,719
Fuel oil, refined oil and other petrochemical products purchased	1,539,919	1,896,541
Staff costs (including directors' emoluments)	5,825	5,960
Expenses relating to short term leases	4,297	6,127
Handling charges	4,217	5,006
Transportation expenses	4,058	21,483
Listing expenses	3,284	3,482
Taxes and surcharges	2,718	2,686
Depreciation	1,560	1,554
Auditor's remuneration	1,060	900
Other expenses	4,575	4,331
	<u>1,489,504</u>	<u>1,986,789</u>
Total cost of sales, distribution expenses and administrative expenses	<u>1,489,504</u>	<u>1,986,789</u>

#### 5. OTHER GAINS — NET

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Subsidy income	3,351	6
Others	(256)	—
	<u>3,095</u>	<u>6</u>

## 6. FINANCE INCOME — NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Finance income		
— Interest income on bank deposits	1,035	291
— Net foreign exchange gains on cash and cash equivalents	152	—
	<u>1,187</u>	<u>291</u>
Finance costs		
— Interest expenses on lease liabilities	(207)	(224)
— Net foreign exchange losses on cash and cash equivalents	—	(16)
	<u>(207)</u>	<u>(240)</u>
Finance income — net	<u>980</u>	<u>51</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 2022 (2021: 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 2022 (2021: 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 2022 (2021: 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 2022 (2021: 10%).

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Current income tax:		
— PRC enterprise income tax	<u>14,145</u>	<u>15,770</u>
Deferred income tax:		
— PRC enterprise income tax	(80)	(25)
— PRC withholding income tax	<u>3,285</u>	<u>3,814</u>
	<u>3,205</u>	<u>3,789</u>
	<u><u>17,350</u></u>	<u><u>19,559</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 2022 and 2021.

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
Profit for the year (RMB'000)	31,745	37,086
Weighted average number of ordinary shares in issue	930,000,000	930,000,000
Basic earnings per share (RMB)	<u>3.4 cents</u>	<u>4.0 cents</u>

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 2022 (2021: same).



## 10. TRADE AND OTHER RECEIVABLES

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Trade receivables	<b>34,306</b>	499,491
Less: provision for impairment of trade receivables	<b>(1,443)</b>	(1,443)
	<hr/>	<hr/>
Trade receivables — net	<b>32,863</b>	498,048
VAT recoverable	<b>14,740</b>	3,725
Purchase refund receivable	<b>6,812</b>	—
Deposits and others	<b>7,549</b>	3,163
	<hr/>	<hr/>
Trade and other receivables	<b>61,964</b>	504,936
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2022, ageing analysis of trade receivables (net of provision of RMB1,443,000) (2021: RMB1,443,000) based on the dates when the trade receivables are recognised is as follows:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Less than 30 days	<b>32,703</b>	69,346
31 days to 180 days	<b>159</b>	428,412
Over 180 days	<b>1</b>	290
	<hr/>	<hr/>
	<b>32,863</b>	498,048
	<hr/> <hr/>	<hr/> <hr/>

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

## 11. TRADE AND OTHER PAYABLES

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Trade payables ( <i>Note (a)</i> )	—	157,030
Accruals for listing expenses	<b>2,691</b>	2,728
Accruals for staff costs and allowances	<b>2,410</b>	2,903
Accruals for short term lease expenses	<b>544</b>	1,808
Accruals for construction projects	<b>251</b>	251
Accruals for handling charges	<b>216</b>	2,540
Other payables	<b>5,250</b>	12,093
Other tax payables	<b>3,974</b>	347
	<hr/>	<hr/>
Trade and other payables	<b>15,336</b>	179,700
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Less than 30 days	–	32,044
31 to 180 days	–	124,986
	<u>–</u>	<u>157,030</u>

## 12. CONTRACT LIABILITIES

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

## 13. CAPITAL COMMITMENTS

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

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Property, plant and equipment	<u>8,483</u>	<u>8,483</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

Since late 2021, the outbreak of the COVID-19 Omicron variant in China has caused disruption to traffic and economic activities, in particular, during late March to May 2022, a number of major cities were under strict and widespread COVID-19 lockdown measures imposed by the PRC government. Together with the drastic price surge in international oil price due to the political crisis between Russia and Ukraine since late 2021, market participants in general became more conservative and prudent in the trading of oil and other petrochemical products. However, since June 2022, despite that a number of Chinese cities continued to be subject to partial or full lockdown measures, the PRC government has been gradually easing the city-wide strict lockdown measures in major Chinese cities, such that businesses and transportation could gradually resume operations.

As a result of the gradually easing lockdown measures as compared to the first half of 2022, the Group could resume negotiations for more sales contracts and deliver our oil products and services to our customers in the second half of 2022. Despite the decrease in turnover by approximately 24.9% for the year ended 31 December 2022 comparing with 2021, during the second half of 2022 the Group recorded a turnover of approximately RMB1,134,398,000, which is an increase by approximately RMB734,272,000 or 183.5% comparing with the first half of 2022. The gross profit ratio for through port trade (i.e. excluding service income) for the year ended 31 December 2022 was approximately 4.0%, slightly decreased as compared with 4.2% of 2021. Based on the results in the second half of 2022, the Directors believe that the economic environment in PRC and the business activity of the Group have been gradually recovered from the impacts of the Ukraine crisis and the COVID-19 Pandemic.

## RESULTS OF OPERATIONS

### Revenue

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

For the year ended 31 December 2022, the Group's total revenue amounted to approximately RMB1,534,524,000, representing a decrease of approximately 24.9% over the year ended 31 December 2021. The decrease was mainly attributable to the reasons stated in the subsection headed "Business Review" above.

The following table sets forth the breakdown of the Group's revenue by products in total revenue, volume and average selling price for the two years ended 31 December 2022 and 2021:

	2022			2021		
	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
<b>1. Sales of goods</b>						
Refined oil	590,853	75,726	7,803	1,334,091	211,555	6,306
Fuel oil	1,609	273	5,894	91,535	27,512	3,327
Other petrochemical products	929,469	137,703	6,750	613,385	127,200	4,822
Subtotal — sales of goods	1,521,931	213,702		2,039,011	366,267	
<b>2. Service income</b>						
Refined oil	5,569	24,228	230	3,945	34,494	114
Fuel oil	1,804	9,949	181	421	4,992	84
Other petrochemical products	5,220	22,289	234	—	—	N/A
Subtotal — service income	12,593	56,466		4,366	39,486	
Total	1,534,524	270,168		2,043,377	405,753	

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

## 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 2022 and 2021 were approximately RMB1,461,613,000 and RMB1,952,644,000, respectively. The purchase cost for our trading products is subject to the purchase prices offered by our suppliers, which are influenced by, among other things, the relative oil prices quoted in the market. The decrease of our cost of sales for the year ended 31 December 2022 was in line with our decrease in revenue for such year.

The following table sets forth the components of our cost of sales by product type for the two years ended 31 December 2022 and 2021:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Refined oil	<b>569,152</b>	1,281,116
Fuel oil	<b>1,550</b>	88,957
Other petrochemical products	<b>890,911</b>	582,571
Total	<b>1,461,613</b>	1,952,644

## 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 2022 and 2021:

	2022		2021	
	Gross profit RMB'000	Gross profit margin	Gross profit RMB'000	Gross profit margin
1. Sales of goods				
Refined oil	21,701	3.7%	52,975	4.0%
Fuel oil	59	3.6%	2,578	2.8%
Other petrochemical products	38,558	4.1%	30,814	5.0%
	<u>60,318</u>	<u>4.0%</u>	<u>86,367</u>	<u>4.2%</u>
2. Service income	12,593	N/A	4,366	N/A
Total	<u>72,911</u>	<u>4.8%</u>	<u>90,733</u>	<u>4.4%</u>

The Group's overall gross profit margin (excluding for service income) decreased slightly from approximately 4.2% for the year ended 31 December 2021 to approximately 4.0% for the year ended 31 December 2022. The decrease was mainly due to the reasons as stated in "Business Review" above.

## Other gains — net

Other gains — net increased by approximately RMB3,089,000 to approximately RMB3,095,000 for the year ended 31 December 2022 from approximately RMB6,000 for the year ended 31 December 2021 due to the government subsidy granted by local government authorities of the PRC in 2022.

## Distribution expenses

Distribution expenses decreased by approximately RMB7,522,000 or 34.5% to approximately RMB14,269,000 for the year ended 31 December 2022 from approximately RMB21,791,000 for the year ended 31 December 2021. The decrease in distribution expenses was primarily due to the decrease in transportation expenses as a result of decrease in through-port trades and decrease in short-term lease expenses.

### **Administrative expenses**

Administrative expenses increased by approximately RMB1,268,000 or 10.3% to approximately RMB13,622,000 for the year ended 31 December 2022 from approximately RMB12,354,000 for the year ended 31 December 2021. This was mainly attributable to the increase in salaries for administrative staff, professional fee and stamp duties.

### **Finance income — net**

Finance income — net increased from approximately RMB51,000 for the year ended 31 December 2021 to approximately RMB980,000 for the year ended 31 December 2022 was mainly due to the increase in interest income from bank deposits compared with the previous year.

### **Profit before income tax**

The Group's profit before income tax decreased by approximately RMB7,550,000 from approximately RMB56,645,000 for the year ended 31 December 2021 to approximately RMB49,095,000 for the year ended 31 December 2022 primarily due to the decrease in revenue and gross profit for the reasons above.

### **Income tax expense**

Income tax expense decreased by approximately RMB2,209,000 to approximately RMB17,350,000 for the year ended 31 December 2022 from approximately RMB19,559,000 for the year ended 31 December 2021 mainly due to the decrease in taxable profit from the Group's operations in the PRC.

### **Profit for the year**

The Group's profit for the year decreased by approximately RMB5,341,000 to approximately RMB31,745,000 for the year ended 31 December 2022 from approximately RMB37,086,000 for the year ended 31 December 2021 primarily due to the decrease in revenue and gross profit for the reasons above.

## LIQUIDITY AND FINANCIAL RESOURCES

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

	For the year ended	
	31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from/(used in) operating activities	<b>98,086</b>	(55,307)
Net cash generated from/(used in) investing activities	<b>962</b>	(7)
Net cash used in financing activities	<b>(560)</b>	(560)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	<b>98,488</b>	(55,874)

For the year ended 31 December 2022, the Group had net cash generated from operating activities of approximately RMB98,086,000. The improvement of net cashflow from operation was mainly resulted from the faster settlement from the Group's customers during the year, and the settlement status with customers and suppliers towards the year end.

For the year ended 31 December 2022, the Group had net cash generated from investing activities of approximately RMB962,000, which consisted mainly of interest income from bank deposits.

For the year ended 31 December 2022, 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 2022 and 31 December 2021, the Group had cash and cash equivalents of approximately RMB106,445,000 and RMB7,805,000, respectively.

### Net current assets

As at 31 December 2022, the Group's net current assets amounted to approximately RMB416,624,000, representing an increase of approximately RMB36,067,000 as compared to approximately RMB380,557,000 as at 31 December 2021. 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 2022.

### Borrowings and gearing ratio

The Group did not have any borrowings during the year ended 31 December 2022 (31 December 2021: Nil).



No gearing ratio is presented as the Group had net cash surplus as at 31 December 2022 (31 December 2021: net cash surplus).

### **Capital commitment**

As at 31 December 2022, the Group had capital commitments amounted to approximately RMB8,483,000 (31 December 2021: RMB8,483,000).

### **Capital structure**

As at 31 December 2022, 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 2022 (31 December 2021: 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. 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**”). As at 31 December 2021, JTF (PRC)’s cash and cash equivalents of approximately RMB5,988,000 were frozen, as detailed in Note 20(a).

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 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.

The case was transferred to the People’s Court of Nansha District of Guangzhou City (廣州市南沙區人民法院) (the “**Nansha Court**”) pursuant to the relevant PRC laws, and two court hearing sessions were held in October 2022 and February 2023, respectively. No new evidence related to this case was proposed by the Current Creditor. Nansha Court has granted a permission to perform authentication for the Repayment Agreement and other documents related to the Loan, and court session was adjourned awaiting the result of authentication. Save as the above, Nansha Court has not issued any other ruling, judgment, decision or subpoena relating to the Repayment Request.

As at 31 December 2022, JTF (PRC)’s cash and cash equivalents of approximately RMB7,095,000 were placed under the custody of the Court of Zengcheng District.

Based on a legal opinion issued by a PRC counsel engaged by the Group, which have taken into consideration the Court of Zengcheng District 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 2022 (31 December 2021: 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 2022, the Group's major non-RMB denominated assets and liabilities included trade and other receivables, cash and cash equivalents and trade and other payables, which were denominated in Hong Kong dollars. Fluctuation of the exchange rate of RMB against Hong Kong dollars could affect the Group's results of operations.

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

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

## **COMPLIANCE WITH LAWS AND REGULATIONS**

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

## **HUMAN RESOURCE**

As at 31 December 2022, the Group had 31 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 2022, our total staff costs (including the directors' remuneration) were approximately RMB5,825,000 (2021: RMB5,960,000).

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

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

## **FUTURE PLANS AND PROSPECT**

In 2022, Guangzhou, Dongguan, Huizhou, Zhuhai cities have issued their "Gasoline Retail Market for the 14th Five-Year Plan" (成品油分銷體系「十四五」發展規劃) pursuant to 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) issued by The Energy Bureau of Guangdong Province (廣東省能源局), which the gasoline stations are to be increased and optimized, with adequate coverage in major highways and remote areas. The Traffic and Transportation Department of Guangdong Province (廣東省交通運輸廳) also issued 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) in January 2022, 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 more important 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 2022 is set out below:

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

### **Implementation plan**

### **Implementation progress as at 31 December 2022**

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

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

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

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

In 2018, the Group engaged a contractor to perform works on refurbishment of certain wharf infrastructures. However, the Group incurred additional time to identify a suitable contractor for the works relating to upgrading of berth capacity. Currently, a lead contractor has been engaged. Survey and design works are in progress, and were mostly completed in December 2019. Due to the outbreak COVID-19 Pandemic since 2020, the schedule of works and government approval processes were delayed. Tentatively the Group expects all construction works will be completed in the second half of 2023.

**Business strategies  
as stated  
in the Prospectus**

**Implementation plan**

**Implementation progress as at  
31 December 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.  Modification/installation works for tanks storage and other oil depot facilities.	Refurbishment works for storage tanks, pipelines, oil depot facilities and equipment have been completed.
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Use of the net proceeds of the Share Offer up to 31 December 2022 was as follows:

	<b>Net proceeds to be applied in the percentage allocation stated in the Prospectus <i>RMB'000</i></b>	<b>Amount of net proceeds used as at 31 December 2022 <i>RMB'000</i></b>	<b>Unutilised net proceeds as at 31 December 2022 <i>RMB'000</i></b>
(1) Upgrading of the wharf berth capability at Zengcheng Oil Depot	11,038	7,564	3,474
(2) Refurbishment of oil tanks, pipelines and other oil depot facilities at Zengcheng Oil Depot	9,765	9,765	–
Total	20,803	17,329	3,474

The remaining unutilised net proceeds of the Share Offer as at 31 December 2022 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 2023.

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.

## **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 subsequent resubmissions on 9 March 2021, 28 October 2021 and 12 May 2022 were lapsed and the Company has resubmitted a formal renewal of application to the Stock Exchange on 17 November 2022.

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 2022 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 2022.

## **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 Tuesday, 25 April 2023 (the “**2023 AGM**”), the register of members of the Company will be closed from Thursday, 20 April 2023 to Tuesday, 25 April 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Wednesday, 19 April 2023.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES**

During the year ended 31 December 2022, 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 2022, 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.

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

The figures in the “Financial Results” section in respect of this preliminary announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.



## **PUBLICATION OF ANNUAL REPORT**

The annual report of the Company for the year ended 31 December 2022 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, 28 February 2023

*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 “Latest Listed Company Information” page of the website of the Stock Exchange for a minimum period of 7 days from the day of its posting and on the Company’s website at [www.jtfoil.com](http://www.jtfoil.com).*