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 REPORT 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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The board of directors of JTF International Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim financial results of the Company and its subsidiaries (the "**Group**" or "**our Group**") for the three months and six months ended 30 June 2019 together with comparative figures for the corresponding periods in 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 30 June		For the six months ended 30 June	
		2019	2018	**2019**	2018
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	5	**439,971**	572,706	**877,635**	1,093,069
Cost of sales	6	**(421,607)**	(545,893)	**(838,935)**	(1,039,934)
Gross profit		**18,364**	26,813	**38,700**	53,135
Other gains/(losses) — net		**3,410**	428	**3,410**	(255)
Distribution expenses	6	**(5,181)**	(7,027)	**(9,387)**	(12,083)
Administrative expenses	6	**(1,930)**	(1,764)	**(5,791)**	(4,287)
Operating profit		**14,663**	18,450	**26,932**	36,510
Finance income — net	7	**179**	43	**116**	111
Profit before income tax		**14,842**	18,493	**27,048**	36,621
Income tax expense	8	**(3,842)**	(5,972)	**(8,348)**	(12,572)
Profit for the period		**11,000**	12,521	**18,700**	24,049
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income for the period		**11,000**	12,521	**18,700**	24,049
Earnings per share	9				
— Basic and diluted (RMB)		**2.4 cents**	3.0 cents	**4.2 cents**	5.9 cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**At 30 June 2019 RMB'000 (Unaudited)**	At 31 December 2018 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	**15,770**	16,262
Right-of-use assets		**5,272**	–
Deferred income tax assets		**800**	1,653
Prepayments		**6,262**	318
		28,104	18,233
Current assets			
Inventories		**124,643**	65,753
Prepayments		**43,754**	39,016
Trade and other receivables	12	**82,444**	72,006
Cash and cash equivalents		**12,178**	26,699
		263,019	203,474
Total assets		**291,123**	221,707
EQUITY			
Equity attributable to the owners of the Company			
Share capital	14	**5,301**	3,456
Other reserves		**202,813**	144,980
Retained earnings		**49,687**	34,508
Total equity		**257,801**	182,944

	Note	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**4,734**	–
Deferred income tax liabilities		**8,192**	6,079
		12,926	6,079
Current liabilities			
Trade and other payables	13	**4,432**	18,209
Contract liabilities		**9,800**	6,604
Current income tax liabilities		**5,565**	7,871
Lease liabilities		**599**	–
		20,396	32,684
Total liabilities		**33,322**	38,763
Total equity and liabilities		**291,123**	221,707

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 2019

		Other reserves						
	Share capital RMB'000	**Recapitalisation reserves** RMB'000	**Share premium** RMB'000	**Capital reserves** RMB'000 (Note a)	**Statutory reserves** RMB'000 (Note b)	**Safety reserves** RMB'000 (Note c)	**Retained earnings** RMB'000	**Total** RMB'000
Balances at 1 January 2018 (Audited)	–	56,125	30,856	300	7,291	8,939	15,558	119,069
Profit and total comprehensive income for the period	–	–	–	–	–	–	24,049	24,049
Appropriation to safety reserves	–	–	–	–	–	3,349	(3,349)	–
Issuance of shares by capitalisation	2,592	–	(2,592)	–	–	–	–	–
Placing and public offering of shares	864	–	42,329	–	–	–	–	43,193
Transaction costs for placing and public offering of shares	–	–	(8,285)	–	–	–	–	(8,285)
Balance at 30 June 2018 (Unaudited)	3,456	56,125	62,308	300	7,291	12,288	36,258	178,026
Balance at 1 January 2019 (Audited)	**3,456**	**56,125**	**62,308**	**300**	**10,564**	**15,683**	**34,508**	**182,944**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**18,700**	**18,700**
Appropriation to safety reserves	**–**	**–**	**–**	**–**	**–**	**3,521**	**(3,521)**	**–**
Issuance of shares by rights issue	**1,845**	**–**	**55,374**	**–**	**–**	**–**	**–**	**57,219**
Transaction costs for rights issue	**–**	**–**	**(1,062)**	**–**	**–**	**–**	**–**	**(1,062)**
Balance at 30 June 2019 (Unaudited)	**5,301**	**56,125**	**116,620**	**300**	**10,564**	**19,204**	**49,687**	**257,801**

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

Notes:

(a) Capital reserves

Zengcheng City Jintaifeng Fuel Company Limited ("JTF (PRC)"), a subsidiary of the Company established in the People's Republic of China (the "PRC"), occupies a piece of land and an office building located in Zengcheng City, Guangdong Province, the PRC owned by the Controlling Shareholders (as defined in notes to the unaudited condensed consolidated interim financial statements). The Controlling Shareholders have waived the operating lease expenses in prior years totalling RMB300,000, which were deemed as contributions by the Controlling Shareholders to the Group.

(b) Statutory reserves

In accordance with the Company Law of the PRC and its articles of association, JTF (PRC) 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 JTF (PRC). The statutory reserve can be used to offset previous years' losses, if any, and part of the statutory reserve can be capitalised as JTF (PRC)'s capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of its capital.

(c) Safety reserves

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety of the PRC, JTF (PRC) 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 from 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	**(56,930)**	(23,444)
Income tax paid	**(7,688)**	(7,057)
Net cash used in operating activities	**(64,618)**	(30,501)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(67)**	(2,876)
Prepayments for property, plant and equipment	**(5,944)**	(3,918)
Interest income on cash deposit	**116**	177
Net cash used in investing activities	**(5,895)**	(6,617)
Cash flows from financing activities		
Proceeds of placing and public offering of shares	**–**	43,193
Payments of professional fees in respect of listing	**–**	(3,743)
Principal elements of lease payments	**(285)**	–
Proceeds of rights issue	**57,219**	–
Payments of professional fees in respect of rights issue	**(1,062)**	–
Net cash generated from financing activities	**55,872**	39,450
Net (decrease)/increase in cash and cash equivalents	**(14,641)**	2,332
Cash and cash equivalents at beginning of the period	**26,699**	23,566
Exchange differences on cash and cash equivalents	**120**	(66)
Cash and cash equivalents at end of the period	**12,178**	25,832

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 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 14 August 2019.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 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 2018, 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 2018, 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. Except as disclosed below, 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.

2.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting HKFRS 16 *Leases*.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 2.2 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies

This note discloses the new accounting policies of HKFRS 16 *Leases* that have been applied from 1 January 2019 and explains the impact of the adoption on the Group's interim financial statements.

(a) HKFRS 16 Leases

The Group has adopted HKFRS 16 from 1 January 2019 which resulted in changes in accounting policies. In accordance with the transition provisions in HKFRS 16, the Group has adopted the modified retrospective approach for transition to the new lease standard. Under this transition approach, (i) comparative information for prior periods is not restated; (ii) the date of the initial application of HKFRS 16 is the first day of the annual reporting period in which the Group first applies the requirement of HKFRS 16, i.e. 1 January 2019; and (iii) the Group recognises the cumulative effect of initially applying the guidance as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) in the year of adoption, i.e. as at 1 January 2019.

Accounting policies

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

The Group leases buildings and offices. Rental contracts are typically made for a fixed period. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(a) HKFRS 16 Leases (Continued)

Accounting policies (Continued)

Before the adoption of HKFRS 16, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the condensed consolidated statement of comprehensive income on a straight-line basis over the period of the lease. Commitments under operating leases for future periods were not recognised by the Group as liabilities.

From 1 January 2019, leases are recognised as right-of-use assets and the corresponding lease liabilities at the dates at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the condensed consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are amortised over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(a) HKFRS 16 Leases (Continued)

Accounting policies (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs, and
- restoration costs.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(a) HKFRS 16 Leases (Continued)

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- payments associated with short-term leases for all classes of underlying assets are recognised on a straight-line basis over the lease terms as expenses in the condensed consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 *Leases* and HKFRIC 4 *Determining whether an Arrangement contains a Lease*.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) Impact of adoption to the interim financial statements

The following tables illustrate the amounts by each financial statements line item affected in the current period by the application of HKFRS 16 as compared to HKAS 17 and HKFRIC 4 that were previously in effect before the adoption of HKFRS 16:

	Six months ended 30 June 2019		
Condensed Consolidated Statement of Comprehensive Income	**Reported under current accounting policies RMB'000**	**Effect of HKFRS16 RMB'000**	**Balance without the adoption of HKFRS 16 RMB'000**
Revenue	877,635	–	877,635
Cost of sales	(838,935)	–	(838,935)
Gross profit	38,700	–	38,700
Other gains — net	3,410	–	3,410
Distribution expenses	(9,387)	–	(9,387)
Administrative expenses	(5,791)	(72)	(5,863)
Operating profit	26,932	(72)	26,860
Finance income — net	116	133	249
Profit before income tax	27,048	61	27,109
		–	
Income tax expense	(8,348)	–	(8,348)
Profit for the period	18,700	61	18,761
Other comprehensive income	–	–	–
Total comprehensive income for the period	18,700	61	18,761

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) Impact of adoption to the interim financial statements (Continued)

Condensed Consolidated Statement of Financial Position	At 30 June 2019 Reported under current accounting policies RMB'000	Effect of HKFRS16 RMB'000	Balance without the adoption of HKFRS 16 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15,770	–	15,770
Right-of-use assets	5,272	(5,272)	–
Deferred income tax assets	800	–	800
Prepayments	6,262	–	6,262
	28,104	(5,272)	22,832
Current assets			
Inventories	124,643	–	124,643
Prepayments	43,754	–	43,754
Trade and other receivables	82,444	–	82,444
Cash and cash equivalents	12,178	–	12,178
	263,019	–	263,019
Total assets	291,123	(5,272)	285,851
EQUITY			
Equity attributable to the owners of the Company			
Share capital	5,301	–	5,301
Other reserves	202,813	–	202,813
Retained earnings	49,687	61	49,748
Total equity	257,801	61	257,862

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) Impact of adoption to the interim financial statements (Continued)

Condensed Consolidated Statement of Financial Position	At 30 June 2019 Reported under current accounting policies RMB'000	Effect of HKFRS16 RMB'000	Balance without the adoption of HKFRS 16 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	4,734	(4,734)	–
Deferred income tax liabilities	8,192	–	8,192
	12,926	(4,734)	8,192
Current liabilities			
Trade and other payables	4,432	–	4,432
Contract liabilities	9,800	–	9,800
Current income tax liabilities	5,565	–	5,565
Lease liabilities	599	(599)	–
	20,396	(599)	19,797
Total liabilities	33,322	(5,333)	27,989
Total equity and liabilities	291,123	(5,272)	285,851

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) Impact of adoption to the interim financial statements (Continued)

Condensed Consolidated Statement of Cash Flows	Six months ended 30 June 2019 Reported under current accounting policies RMB'000	Effect of HKFRS 16 RMB'000	Balance without the adoption of HKFRS 16 RMB'000
Net cash used in operating activities	(64,618)	(285)	(64,903)
Net cash used in investing activities	(5,895)	–	(5,895)
Net cash generated financing activities	55,872	285	56,157
Net decrease in cash and cash equivalents	**(14,641)**	**–**	**(14,641)**

Difference between operating lease commitments disclosed under HKAS 17 and lease liabilities recognised under HKFRS 16

The operating lease commitments disclosed as at 31 December 2018 were RMB7,490,000, while the lease liabilities recognised as at 1 January 2019 were RMB5,617,000, of which RMB689,000 were current lease liabilities and RMB4,928,000 were non-current lease liabilities.

The differences between the operating lease commitments discounted using the lessee's incremental borrowing rate and the total lease liabilities recognised in the condensed consolidated statement of financial position at the date of initial application of HKFRS 16 mainly comprised the exclusion of short-term leases recognised on a straight-line basis as expenses.

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 2018.

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 2018. There have been no changes in the risk management since the year ended 31 December 2018.

(b) Liquidity risk

Compared to the year ended 31 December 2018, 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 2019 and 2018 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**	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Sales of goods:				
— Refined oil	**336,634**	352,136	**671,190**	646,754
— Fuel oil	**69,436**	127,086	**145,071**	267,456
— Other petrochemical products	**33,901**	93,484	**61,374**	178,859
	439,971	572,706	**877,635**	1,093,069

6. EXPENSES BY NATURE

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Changes in inventories	**88,433**	46,893	**58,890**	12,420
Fuel oil, refined oil and other petrochemical products purchased	**332,911**	498,706	**779,460**	1,027,004
Transportation expenses	**1,067**	1,947	**1,789**	3,197
Operating lease expenses and handling charges	**2,907**	4,015	**5,794**	6,953
Listing expenses	**–**	–	**–**	478
Staff costs (including directors' emoluments)	**2,020**	1,133	**3,908**	2,202
Taxes and surcharges	**263**	452	**585**	825
Auditor's remuneration	**–**	–	**–**	–
Depreciation	**441**	108	**903**	216
Changes in provision for impairment of trade receivables	**–**	–	**–**	(171)
Other expenses	**676**	1,430	**2,784**	3,180
Total cost of sales, distribution expenses and administrative expenses	**428,718**	554,684	**854,113**	1,056,304

7. FINANCE INCOME — NET

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
— Interest income on bank deposits	**88**	108	**129**	177
— Interest on lease liabilities	**(63)**	–	**(133)**	–
— Net foreign exchange gains/ (losses) on cash and cash equivalent	**154**	(65)	**120**	(66)
Finance income — net	**179**	43	**116**	111

8. INCOME TAX EXPENSE

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current income tax:				
— PRC enterprise income tax	**2,633**	4,725	**6,235**	9,920
— PRC withholding income tax	**–**	–	**–**	–
	2,633	4,725	**6,235**	9,920
Deferred income tax:				
— PRC enterprise income tax	**–**	(7)	**–**	9
— PRC withholding income tax	**1,209**	1,254	**2,113**	2,643
	1,209	1,247	**2,113**	2,652
	3,842	5,972	**8,348**	12,572

8. INCOME TAX EXPENSE (Continued)

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 2019 (2018: 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 entities was 25% for the six months ended 30 June 2019 (2018: 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 rates of the group company in Hong Kong was 10% for the six months ended 30 June 2019 (2018: 10%).

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the periods ended 30 June 2019 and 2018.

	For the three months ended 30 June		For the six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit for the period (RMB'000)	**11,000**	12,521	**18,700**	24,049
Weighted average number of ordinary shares in issue	**466,153,846**	420,000,000	**443,204,420**	410,718,232
Basic earnings per share (RMB)	**2.4 cents**	3.0 cents	**4.2 cents**	5.9 cents

Diluted earnings per share is equal to basic earnings 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 an interim dividend for the six months ended 30 June 2019 (2018: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2019, additions to the Group's property, plant and equipment were approximately RMB67,000 (2018: RMB2,876,000).

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Trade receivables	**67,520**	73,630
Less: provision for impairment of trade receivables	**(958)**	(4,369)
Trade receivables — net	**66,562**	69,261
Deductible value-added-tax ("**VAT**")	**14,005**	627
Deposits and others	**1,877**	2,118
Trade and other receivables	**82,444**	72,006

As of 30 June 2019, ageing analysis of trade receivables (net of provision of RMB958,000) (31 December 2018: RMB4,369,000) based on the dates when the trade receivables are recognised is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Less than 30 days	**52,461**	55,850
31 days to 180 days	**13,631**	13,058
Over 180 days	**470**	353
	66,562	69,261

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.

12. TRADE AND OTHER RECEIVABLES (Continued)

As at 30 June 2019, trade receivables of RMB66,562,000 (31 December 2018: RMB48,271,000) were past due but not impaired. These related to a number of independent customers for whom there were no recent history of default. The ageing analysis of these trade receivables based on the dates when they are recognised is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Less than 30 days	**52,461**	34,860
31 days to 180 days	**13,631**	13,058
Over 180 days	**470**	353
	66,562	48,271

13. TRADE AND OTHER PAYABLES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Trade payables	**3,118**	8,410
Accrual for staff costs and allowances	**837**	3,446
Accrual for construction projects	**–**	2,816
Accruals for operating lease expenses and handling charges	**–**	926
Other payables	**477**	2,465
Other tax payables	**–**	146
Trade and other payables	**4,432**	18,209

13. TRADE AND OTHER PAYABLES (Continued)

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Less than 30 days	**3,118**	8,410
	3,118	8,410

14. SHARE CAPITAL

	Number of shares		Share capital	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019 HK$	As at 31 December 2018 HK$
Authorised				
Ordinary shares of HK$0.01 each	**1,000,000,000**	1,000,000,000	**10,000,000**	10,000,000

14. SHARE CAPITAL (Continued)

		Number of shares		Share capital	
		Six months ended 30 June 2019	Year ended 31 December 2018	**Six months ended 30 June 2019**	Year ended 31 December 2018
	Note			**HK$**	HK$
Issued and fully paid					
Ordinary shares of HK$0.01 each, as at 1 January 2019 (2018: As at 1 January 2018)		**420,000,000**	1,000	**4,200,000**	10
Capitalisation issue	(a)	**–**	314,999,000	**–**	3,149,990
Shares issued pursuant to the placing and public offering	(b)	**–**	105,000,000	**–**	1,050,000
Shares issued pursuant to the rights issue	(c)	**210,000,000**	–	**2,100,000**	–
		630,000,000	420,000,000	**6,300,000**	4,200,000

Notes:

(a) Pursuant to the resolutions of the shareholders passed on 20 December 2017, 314,999,000 shares of HK$0.01 each of the Company were allotted and issued at par to the then shareholders in proportion to their respective shareholdings as of 20 December 2017 by capitalisation of the sum of HK$3,149,990 standing to the credit of the share premium account of the Company as a result of the placing and public offer of the Company's shares on 17 January 2018.

(b) The Company issued 52,500,000 new shares of HK$0.01 each by way of placing and 52,500,000 new shares by way of public offer at the price of HK$0.5 per share in connection with the listing of the Company's shares on GEM of the Stock Exchange on 17 January 2018.

(c) On 11 June 2019, 210,000,000 shares of HK$0.01 each were issued by way of rights issue on the basis of one rights share for every two ordinary shares at a subscription price of HK$0.31 per rights share.

15. COMMITMENTS

(a) Capital commitments

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Property, plant and equipment	**8,916**	1,200
Intangible assets	**318**	318
	9,234	1,518

(b) Operating lease commitments — group companies as lessee

The Group's future minimum lease payments under non-cancellable operating leases were as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within one year	**–**	913
Later than one year but no later than five years	**–**	2,167
Over five years	**–**	4,410
	–	7,490

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) fuel oil; (ii) refined oil; and (iii) other petrochemical products. Oil and petrochemical products of the Group are primarily used as fuel in marine vessels, transportation vehicles 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 based in three oil depots in Zengcheng and Panyu in Guangzhou and Gaolan Port Economic Zone in Zhuhai within the Pearl River Delta region of Guangdong Province, 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.

The Group's business faces multiple challenges from international and domestic factors in 2019. The trade dispute between the PRC and the United States have adversely affected the market atmosphere. Sentiments in various sectors including investment, infrastructure, trade, logistic, research and developments, and domestic consumption, etc. have become conservative. As a result, in the first half of 2019, the Group's total sales volume decreased by 25.7% compared with the corresponding period in 2018. In particular, the sales volume of fuel oil, which was mainly for marine vessel consumption, decreased by 55.0%, which effect was partially offset by an increase in the Group's sales volume of refined oil by 8.8% as the Group was able to shift more sales to refined oil with a broader end customer base for the general public.

On 29 December 2018, seven bureaus and commissions of the PRC government, including the National Development and Reform Commission, issued a notice ordering that from 1 January 2019 onward, all gasoline and diesel sold in Mainland China have to comply with the Sixth Stage Mandatory National Standard (VIA standard gasoline and VI standard diesel) for gasoline and diesel for motor vehicle consumption. Sale of motor vehicle gasoline and diesel below the standard is prohibited. Series of government environmental protection standards and policies increased the operating cost of the Group's upstream suppliers and refineries, which lead to increase in the Group's cost of purchases. As refineries that cannot meet the national environmental protection standards fade out in the market, the bargaining power of those who can meet those standards is strengthened versus the Group. Together with the aforesaid conservative sentiments in the market which made customers and suppliers acted more prudently in negotiation, the Group's gross profit margin decreased by 0.5% to 4.4% in the first half of year 2019 compared with the corresponding period in 2018.

On 27 May 2019, the shareholders of the Company approved the adoption of a share option scheme relating to the grant of options to eligible persons including directors, employees, consultants or advisers of the Group to subscribe for shares of the Company to enable the Group to offer valuable incentive to attract and retain quality personnel and other persons to work to increase the value of the shares of the Company. The Company has not granted any option under the share option scheme since its adoption.

On 11 June 2019, the Company completed a rights issue of 210,000,000 shares at HK$0.31 per rights share and raised net proceeds of about HK$63,889,000 after deducting related expenses (the "**Rights Issue**"). Detailed terms of the Rights Issue, and its results were set out in the Company's prospectus dated 17 May 2019 (the "**Rights Issue Prospectus**") and the announcement dated 10 June 2019 respectively. Please refer to the section headed "Use of net proceeds of the Rights Issue" for details of the use of the net proceeds of the Rights Issue.

RESULTS OF OPERATIONS

Revenue

Our Group derived our revenue from sales of (i) fuel oil, (ii) refined oil and (iii) other petrochemical products. Revenue principally represents the net value of goods sold after deduction of 17% value-added tax of the PRC.

For the six months ended 30 June 2019, the Group's total revenue amounted to approximately RMB877,635,000, representing a decrease of approximately 19.7% over the six months ended 30 June 2018. The decrease was mainly attributable to the decrease in revenue from the sales of our fuel oil and other petrochemical products by approximately RMB122,385,000 and RMB117,485,000 respectively, which was partly offset by the increase in revenue from the sales of our refined oil products by approximately RMB24,436,000.

The following table sets forth, for the six months ended 30 June 2019 and 2018, the breakdown of the Group's revenue by products in total revenue, volume and average selling price:

	For the six months ended 30 June					
	2019			2018		
	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
Sales of goods						
Refined oil	**671,190**	**117,630**	**5,706**	646,754	108,140	5,981
Fuel oil	**145,071**	**37,783**	**3,840**	267,456	84,022	3,183
Other petrochemical products	**61,374**	**12,360**	**4,965**	178,859	33,692	5,309
Total	**877,635**	**167,773**		1,093,069	225,854	

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

RESULTS OF OPERATIONS (Continued)

Cost of sales

Our Group's cost of sales mainly includes the cost of fuel oil, refined oil and other petrochemical products, which is measured on a moving weighted average basis. Our cost of sales for the six months ended 30 June 2019 and 2018 were approximately RMB838,935,000 and RMB1,039,934,000, 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 during the six months ended 30 June 2019 was in line with our decrease in revenue during the period.

The following table sets forth, for the six months ended 30 June 2019 and 2018, the components of our cost of sales by product type:

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Refined oil	**641,247**	611,452
Fuel oil	**138,206**	255,885
Other petrochemical products	**59,482**	172,597
Total	**838,935**	1,039,934

RESULTS OF OPERATIONS (Continued)

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 2019 and 2018:

	For the six months ended 30 June			
	2019		2018	
	Gross profit RMB'000	**Gross profit margin**	Gross profit RMB'000	Gross profit margin
Sales of goods				
Refined oil	**29,943**	**4.5%**	35,302	5.5%
Fuel oil	**6,865**	**4.7%**	11,571	4.3%
Other petrochemical products	**1,892**	**3.1%**	6,262	3.5%
Total	**38,700**	**4.4%**	53,135	4.9%

The Group's overall gross profit margin decreased from approximately 4.9% for the six months ended 30 June 2018 to approximately 4.4% for the six months ended 30 June 2019. The decrease in gross profit and gross profit margin were mainly attributable to the reasons stated in the sub-section headed "Business Review" above, which affected the extent our Group was able to pass on increase in product costs to our customers pursuant to our cost plus pricing policy and matched trade sales model.

RESULTS OF OPERATIONS (Continued)

Other gains/(losses) — net

Other gains/(losses) — net decreased by approximately RMB3,665,000 to gains of approximately RMB3,410,000 for the six months ended 30 June 2019 from losses of approximately RMB255,000 for the six months ended 30 June 2018, which was mainly attributable to the reversal of impairment provision on trade receivables by approximately RMB3,410,000.

Distribution expenses

Distribution expenses decreased by approximately RMB2,696,000 or 22.3% to approximately RMB9,387,000 for the six months ended 30 June 2019 from approximately RMB12,083,000 for the six months ended 30 June 2018. Operating lease expense 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 increased by approximately RMB1,504,000 or 35.1% to approximately RMB5,791,000 for the six months ended 30 June 2019 from approximately RMB4,287,000 for the six months ended 30 June 2018. This was mainly attributable to the increase in directors' remuneration and legal and professional fees.

Finance income — net

Finance income — net increased from approximately RMB111,000 for the six months ended 30 June 2018 to approximately RMB116,000 for the six months ended 30 June 2019 mainly due to the net foreign exchange gains on cash and cash equivalents.

Profit before income tax

The Group's profit before income tax decreased by approximately RMB9,573,000 from approximately RMB36,621,000 for the six months ended 30 June 2018 to approximately RMB27,048,000 for the six months ended 30 June 2019 primarily due to the decrease in gross profit and gross profit margin as described above.

Income tax expense

Income tax expense decreased by approximately RMB4,224,000 to approximately RMB8,348,000 for the six months ended 30 June 2019 from approximately RMB12,572,000 for the six months ended 30 June 2018, mainly due to the decrease in taxable profit from the Group's operation in the PRC.

RESULTS OF OPERATIONS (Continued)

Profit for the period

The Group's profit for the period decreased by approximately RMB5,349,000 to approximately RMB18,700,000 for the six months ended 30 June 2019 from a profit of approximately RMB24,049,000 for the six months ended 30 June 2018 primarily due to the decrease in gross profit and gross profit margin as described above.

LIQUIDITY AND FINANCIAL RESOURCES

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Net cash used in operating activities	**(64,618)**	(30,501)
Net cash used in investing activities	**(5,895)**	(6,617)
Net cash generated from financing activities	**55,872**	39,450
Net (decrease)/increase in cash and cash equivalents	**(14,641)**	2,332

For the six months ended 30 June 2019, the Group had net cash used in operating activities of approximately RMB64,618,000, which was mainly attributable to increase in net working capital (excluding cash and cash equivalent) from its business.

For the six months ended 30 June 2019, the Group had net cash used in investing activities of approximately RMB5,895,000, which consisted mainly of purchases of and prepayments for property, plant and equipment during the period.

For the six months ended 30 June 2019, the Group had net cash generated from financing activities of approximately RMB55,872,000, which was primarily attributable to the net proceeds of approximately RMB56,157,000 received upon completion of the Rights Issue.

As at 30 June 2019 and 31 December 2018, the Group had cash and cash equivalents of approximately RMB12,178,000 and RMB25,832,000 respectively.

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Net current assets

As at 30 June 2019, the Group's net current assets amounted to approximately RMB242,623,000, an increase of approximately RMB71,833,000 as compared with approximately RMB170,790,000 as at 31 December 2018. The increase was primarily due to the net proceeds of approximately RMB56,157,000 received upon completion of the Rights Issue (which has been applied as general working capital of the Company), and profits generated by the Group during the period. Other changes in working capital and the resulting period end balance represented a snapshot of our working capital position as at 30 June 2019.

Borrowings and gearing ratio

Our Group did not have any borrowings for the six months ended 30 June 2019 (31 December 2018: 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 2019.

Capital commitment

The Group incurred capital expenditures of RMB67,000 for the six months ended 30 June 2019.

Capital commitments contracted for but not incurred by the Group as at 30 June 2019 amounted to RMB9,234,000, which mainly related to wharf infrastructures (31 December 2018: RMB1,518,000).

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 2019.

Capital structure

As at 30 June 2019 and 31 December 2018, the capital structure of the Company comprised of its issued share capital and reserves.

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Pledged assets

Our Group did not have any assets pledged as security for the six months ended 30 June 2019 (31 December 2018: Nil).

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2019 (31 December 2018: 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 2019, 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 2019, the Group had 37 full time employees who were directly employed by our Group in the PRC and two full-time employees in Hong Kong. For the six months ended 30 June 2019, our total staff costs (including the directors' remuneration) were approximately RMB3,908,000 (2018: RMB2,202,000).

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.

HUMAN RESOURCE (Continued)

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

The Group's primary objectives are to continue to expand our scale of operations to achieve business growth and increase our market share in the industry. Since 2016, the trading volume of gasoline has grown significantly. For the six months ended 30 June 2019, gasoline sales accounted for approximately 76.5% of our total revenue (year ended 31 December 2018: 60.7%). As comparing with fuel oil and diesel products, gasoline products have broader end customer base for the general public, the directors believe that further development into the gasoline market in Guangdong Province, the PRC can enhance our earning capability.

According to 13th Five year plan gasoline retail market development of Guangzhou City, Dongguan City and Huizhou City (2016–2020) （廣州市成品油零售體系「十三五」發展規劃 (2016–2020), （東莞市成品油零售體系「十三五」發展規劃 (2016–2020) and （惠州市成品油零售體系「十三五」發展規劃 (2016–2020)), the cities of Guangzhou, Dongguan and Huizhou, which are close to our oil depot at Zengcheng City, Guangzhou, Guangdong Province, the PRC ("**Zengcheng Oil Depot**"), will provide a combined market of refined oil consumption estimated at approximately 11,151,300 tonnes, through a network of 1,525 gas stations by 2020. The directors believe that with our experience in the refined oil market and network of established customers including the largest three State-owned oil companies, the strategically advantageous location of Zengcheng Oil Depot would enable us to attract gas station operators to purchase refined oil from such depot.

However, the Group's management expects that in the second half of 2019, the negative factors mentioned in the section headed "Management Discussion and Analysis — Business Review" above will still affect the Group's business. Our management will closely monitor market development and price trend to make necessary adjustment to our product mix with a view to maintain the Group's profitability.

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 2019 is set out below:

Business strategies as stated in the Prospectus	Implementation plan	Implementation progress as at 30 June 2019
(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 related to upgrading berth capacity. Currently, a lead contract has been engaged. Survey and design works are in progress, and are expected to be finalised by October 2019. Subject to government approval, the Group expects to commence construction works in late 2019 and completion in early 2020.

USE OF NET PROCEEDS OF THE COMPANY'S INITIAL PUBLIC OFFERING (Continued)

Business strategies as stated in the Prospectus	Implementation plan	Implementation progress as at 30 June 2019
(2) Refurbishment 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.	Except for storage of gasoline which requires additional facilities and government approval, the Group has obtained all government approval for current operation usage of Zengcheng Oil Depot.
	Modification/installation works for tanks storage and other oil depot facilities	Except for additional facilities required for storage of gasoline, refurbishment works for storage tanks, pipelines, oil depot facilities and equipment are mostly completed.

USE OF NET PROCEEDS OF THE COMPANY'S INITIAL PUBLIC OFFERING (Continued)

Use of the net proceeds of the Share Offer up to 30 June 2019 was as follows:

		Net proceeds to be applied in the percentage allocation stated in the Prospectus	Amount of net proceeds used as at 30 June 2019	Unutilized net proceeds as at 30 June 2019
		RMB'000	RMB'000	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	17,584	3,474

The remaining unutilized net proceeds of the Share Offer as at 30 June 2019 were placed in bank accounts with licensed banks maintained by the Group in Hong Kong and in the PRC 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 THE RIGHTS ISSUE

The Company has applied the net proceeds of the Rights Issue after deducting related underwriting fees and other expenses of approximately RMB56,157,000 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, sale of refined oil and other petrochemicals business in the PRC as mentioned in the Rights Issue Prospectus.

INTERIM DIVIDEND

The directors do not recommend the payment of any dividend for the six months ended 30 June 2019.

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 2019.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests of the directors and chief executive of the Company in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the directors (the "Model Code") were as follows:

Name	Nature of interest	Number of shares	Percentage of shareholding
Thrive Shine Limited	Beneficial owner	255,150,000	40.5%
Mr. Xu Ziming (Note 1)	Interest in a controlled corporation	255,150,000	40.5%
Ms. Huang Sizhen (Note 1)	Interest of spouse	255,150,000	40.5%
Thrive Era Investments Limited	Beneficial owner	85,040,000	13.5%
Mr. Choi Sio Peng (Note 2)	Interest in a controlled corporation	85,040,000	13.5%

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Notes:

1. These shares are held by Thrive Shine Limited, a company owned by Mr. Xu Ziming and Ms. Huang Sizhen as to 80% and 20% respectively. Mr. Xu Ziming and Ms. Huang Sizhen are spouses.

2. These shares are held by Thrive Era Investments Limited, a company wholly owned by Mr. Choi Sio Peng.

Save as disclosed herein, as at 30 June 2019, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, no person (other than a director or chief executive of the Company) had interests in the share capital of the Company recorded in the register required to be kept by the Company under section 336 of the SFO.

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 2019.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted 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 2019.

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 2019.

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.

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 2019 and this interim report.

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

Hong Kong, 14 August 2019

As at the date of this report, 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.