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

First Quarterly Report
2023

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The board of directors (the "**Board**") of the Company is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "**Group**" or "**our Group**") for the three months ended 31 March 2023 together with comparative figures for the corresponding period in 2022 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the three months ended 31 March **2023** **RMB'000** **(Unaudited)**	 2022 RMB'000 (Unaudited)
Revenue	3	**342,295**	278,020
Cost of sales		**(321,711)**	(267,271)
Gross profit		**20,584**	10,749
Other gains — net		**—**	1
Distribution expenses		**(4,102)**	(3,890)
Administrative expenses		**(2,773)**	(2,809)
Operating profit		**13,709**	4,051
Finance income — net		**388**	165
Profit before income tax		**14,097**	4,216
Income tax expense	4	**(5,032)**	(1,755)
Profit for the period		**9,065**	2,461
Other comprehensive income		**—**	—
Total comprehensive income for the period		**9,065**	2,461
Earnings per share	5		
— Basic and diluted (RMB)		**1.0 cents**	0.3 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2023

		Other reserves						
	Share capital RMB'000	Recapitalisation reserves RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000 (Note a)	Safety reserves RMB'000 (Note b)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2022 (Audited)	7,980	56,125	169,321	300	21,738	34,978	96,197	386,639
Profit and total comprehensive income for the period	—	—	—	—	—	—	2,461	2,461
Appropriation to safety reserves	—	—	—	—	—	1,828	(1,828)	—
Balance at 31 March 2022 (Unaudited)	7,980	56,125	169,321	300	21,738	36,806	96,830	389,100
Balance at 1 January 2023 (Audited)	**7,980**	**56,125**	**169,321**	**300**	**25,388**	**40,439**	**118,831**	**418,384**
Profit and total comprehensive income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**9,065**	**9,065**
Utilisation of safety reserves	**—**	**—**	**—**	**—**	**—**	**(204)**	**204**	**—**
Balance at 31 March 2023 (Unaudited)	**7,980**	**56,125**	**169,321**	**300**	**25,388**	**40,235**	**128,100**	**427,449**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Notes:

(a) Statutory reserves

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

(b) Safety reserves

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety of the PRC, the Group's PRC subsidiary is required to set aside an amount to safety reserves at progressive rates from 0.2% to 4% of the total revenue from the sales of hazardous chemical since 14 February 2012. Pursuant to the amendment of the regulations in November 2022, the range of aforesaid appropriation rates has been revised as 0.2% to 4.5%, and the PRC subsidiary can temporarily suspend the appropriation to the safety reserve when the unused monthly opening balance of the safety reserve exceeds three times of the required appropriation amount of the previous year. The reserve can be utilised for the spending in improvements and maintenance of work safety on the Group's daily operations, which are considered expenses in nature and charged to the profit and loss as incurred.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED 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 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 unaudited condensed consolidated financial statements for the three months ended 31 March 2023 are presented in Renminbi ("**RMB**"), unless otherwise stated, and have been approved for issue by the Company's Board on 15 May 2023.

2. Basis of Preparation and Accounting Policies

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2023 have been prepared in accordance with the disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 31 March 2023 are consistent with those adopted in the financial statements of the Group for the year ended 31 December 2022. The Hong Kong Institute of Certified Public Accountants has issued a number of new standards and amendments to Hong Kong Financial Reporting Standards which are effective for the current accounting period of the Group, none of those developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue

The Group principally engages in the blending and sale of fuel oil, and sale of refined oil and other petrochemical products in the PRC.

The major operating entity of the Group is domiciled in Mainland China, and the Group's revenue for the three months ended 31 March 2023 and 2022 respectively were derived in Mainland China.

Analysis of revenue is as follows:

	For the three months ended 31 March	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of goods:		
— Refined oil	**165,223**	268,336
— Fuel oil	**—**	—
— Other petrochemical products	**169,690**	9,047
	334,913	277,383
Service income	**7,382**	637
	342,295	278,020

4. 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 three months ended 31 March 2023 (three months ended 31 March 2022: 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 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 three months ended 31 March 2023 (three months ended 31 March 2022: 25%).

According to the EIT Law and the Implementation Rules, starting from 1 January 2008, a withholding income tax of 10% is levied on the immediate holding company outside the PRC when its PRC subsidiary declares dividends out of profits earned after 1 January 2008. A lower 5% withholding income tax rate may be applied when the immediate holding company of the PRC subsidiary is established in Hong Kong and fulfils requirements under the tax treaty arrangements between the relevant authorities of Mainland China and Hong Kong. The applicable withholding income tax rate of the group company in Hong Kong was 10% for the three months ended 31 March 2023 (three months ended 31 March 2022: 10%).

5. 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 three months ended 31 March 2023 and 2022.

	For the three months ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
Profit for the period (RMB'000)	**9,065**	2,461
Weighted average number of ordinary shares in issue	**930,000,000**	930,000,000
Basic earnings per share (RMB)	**1.0 cents**	0.3 cents

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

6. Dividends

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

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 December 2022, the PRC government has been removing various COVID-19 restrictions. Since the relaxation of restrictions, there was a sudden wave of COVID-19 infections all across China which temporarily affected productivity from late 2022 to January 2023. In February 2023, the PRC government declared that the country has successfully brought the COVID-19 Pandemic under control. As the general business and market environment resumes to normal, our business also gradually improved in the first quarter of 2023.

During the first quarter of 2023, the Group's sales volume increased and recorded turnover of RMB342,295,000, which is an increase by approximately RMB64,275,000 or 23.1% comparing with the same period in 2022. The gross profit ratio for through port trade (i.e. excluding service income) in the first quarter of 2023 was approximately 3.9%, slightly increased as compared with 3.6% for the same period in 2022. Based on the results in first quarter of 2023, 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's revenue was derived from sales of (i) refined oil, (ii) fuel oil and (iii) other petrochemical products. Revenue principally represents the net value of goods sold after deduction of value-added tax of the PRC.

For the three months ended 31 March 2023, the Group's total revenue amounted to approximately RMB342,295,000, representing an increase of approximately 23.1% comparing with the corresponding period in 2022. The increase was mainly attributable to the reasons as stated in the Business Review section.

Income tax expense

Income tax expense increased by approximately RMB3,277,000 to approximately RMB5,032,000 for the three months ended 31 March 2023 from approximately RMB1,755,000 for the three months ended 31 March 2022, mainly due to the increase in taxable profit from the Group's operation in the PRC.

Profit for the period

The Group's profits for the three months ended 31 March 2023 increased from approximately RMB2,461,000 for the three months ended 31 March 2022 to approximately RMB9,065,000 primarily due to the reasons as stated in the Business Review section.

Borrowings

The Group did not have any borrowings during the three months ended 31 March 2023 (31 December 2022: Nil).

Pledged assets

The Group did not have any assets pledged for security during the three months ended 31 March 2023 (31 December 2022: Nil).

Results of Operations (Continued)

Contingent liabilities

Reference is made to the dispute as disclosed in Note 26 of the Group's consolidated financial statements for the year ended 31 December 2022 contained in the Group's Annual Report 2022 dated 28 February 2023. In the opinion of the directors of the Company, there were no material developments in relation to the dispute since the date of the Annual Report 2022. The directors of the Company have made a further assessment and 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.

Save as the above, the Group did not have any other material contingent liabilities as at 31 March 2023 (31 December 2022: Same).

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 March 2023 is set out below:

Business strategies as stated in the Prospectus	Implementation plan	Implementation progress as at 31 March 2023
(1) Upgrading of the wharf berth capability at Zengcheng Oil Depot	Conducting project planning and filing registration documents with relevant government authorities, including construction approval, environmental impact assessment, safety pre-evaluation and construction planning permit.	The Group is negotiating with relevant government authorities in relation to the specific requirements in relation to the upgrading of wharf berth capability.
	Conducting project design, including construction survey and construction drawing design.	In 2018, the Group engaged a contractor to perform works on refurbishment of certain wharf infrastructures. However, the Group incurred additional time to identify a suitable contractor for the works relating to upgrading of berth capacity. Currently, a lead contractor has been engaged. Survey and design works are in progress, and were mostly completed in December 2019. Due to the outbreak COVID-19 Pandemic in 2020, the schedule of works and government approval processes were delayed. Tentatively the Group expects all construction works will be completed in the second half of 2023.

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

Business strategies as stated in the Prospectus	Implementation plan	Implementation progress as at 31 March 2023
(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.

The remaining unutilised net proceeds of the Share Offer as at 31 March 2023 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 approval-in-principle for the Transfer of Listing was granted by the Stock Exchange on 10 May 2023. The Company has published its Listing Document on 11 May 2023 in connection with the Transfer of Listing. As at the date of this report, all applicable pre-conditions for the Transfer of Listing have been fulfilled in relation to the Company and the Shares. The last day of dealings in the Shares on GEM (stock code on GEM: 8479) will be 16 May 2023. It is expected that dealings in the Shares on the Main Board (stock code on the Main Board: 9689) will commence at 9:00 a.m. on 17 May 2023.

INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the three months ended 31 March 2023 (three months ended 31 March 2022: Nil).

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

As at 31 March 2023, 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 directors (the "**Model Code**") were as follows:

Name	**Nature of interest**	**Number of shares**	**Percentage of shareholding**
Thrive Shine Limited	Beneficial owner	480,150,000	51.63%
Mr. Xu Ziming (Note 1)	Interest in a controlled corporation	480,150,000	51.63%
Ms. Huang Sizhen (Note 1)	Interest of spouse	480,150,000	51.63%
Thrive Era Investments Limited	Beneficial owner	130,140,000	13.99%
Mr. Choi Sio Peng (Note 2)	Interest in a controlled corporation	130,140,000	13.99%

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 31 March 2023, 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 31 March 2023, no person (other than the directors or chief executive of the Company disclosed above) had interests in the share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the three months ended 31 March 2023.

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.

AUDIT COMMITTEE

The Audit Committee of the Company 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 unaudited condensed consolidated financial statements for the three months ended 31 March 2023 and this report.

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

Hong Kong, 15 May 2023

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.