

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: 9689

INTERIM REPORT 2024



CORPORATE INFORMATION

Executive Directors

Mr. Xu Ziming (*Chairman*)
Ms. Huang Sizhen (*Managing Director*)
Mr. Choi Sio Peng
Ms. Xu Yayi

Independent Non-Executive Directors

Mr. Chan William
Mr. Tsui Hing Shan
Mr. Kan Siu Chung

Audit Committee

Mr. Chan William (*Chairman*)
Mr. Tsui Hing Shan
Mr. Kan Siu Chung

Remuneration Committee

Mr. Tsui Hing Shan (*Chairman*)
Mr. Chan William
Mr. Kan Siu Chung

Nomination Committee

Mr. Kan Siu Chung (*Chairman*)
Mr. Chan William
Mr. Tsui Hing Shan

Company Secretary

Mr. Ng Ka Chai

Authorised Representatives

Ms. Xu Yayi
Mr. Ng Ka Chai

Principal Bankers

Nanyang Commercial Bank, Limited
Bank of Dongguan Co., Ltd.

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Headquarters And Principal Place Of Business In The PRC

No. 35, Yanjiang Road
Shazhuang Tujiang Village
Shitan Town
Zengcheng District
Guangzhou City
Guangdong Province
PRC

Principal Place Of Business In Hong Kong

Unit 1102, 11/F
29 Austin Road
Tsim Sha Tsui
Kowloon
Hong Kong

CORPORATE INFORMATION (Continued)

Legal Advisor As To Hong Kong Law

ZM Lawyers
20/F
Central 88
88–98 Des Voeux Road Central
Central, Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Compliance Advisor

Honestum International Limited
Unit 703, 7/F
Nam Wo Hong Building
148 Wing Lok Street
Sheung Wan
Hong Kong

Principal Share Registrar And Transfer Office In The Cayman Islands

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar And Transfer Office

Tricor Investor Services Limited
17/F
Fast East Finance Centre
16 Harcourt Road
Hong Kong

Company Website

www.jtfoil.com

The board (the “**Board**”) of directors (the “**Directors**”) of JTF International Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (the “**Group**” or “**our Group**”) for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	770,418	749,480
Cost of sales	7	(759,053)	(711,789)
Gross profit		11,365	37,691
Other gains/(losses) — net	6	60	(12,263)
Distribution expenses	7	(5,160)	(17,097)
Administrative expenses	7	(6,839)	(14,505)
Operating loss		(574)	(6,174)
Finance income — net	8	541	715
Loss before income tax		(33)	(5,459)
Income tax expense	9	(714)	(3,040)
Loss for the period		(747)	(8,499)
Other comprehensive income		—	—
Total comprehensive loss for the period		(747)	(8,499)
Loss per share	10		
— Basic and diluted (RMB)		(0.1 cents)	(0.9 cents)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	12	14,471	14,948
Right-of-use assets		3,036	3,156
Deferred income tax assets		2,205	2,181
Prepayments		4,194	4,194
		23,906	24,479
Current assets			
Inventories		156,387	58,298
Prepayments		185,905	144,934
Amount due from related parties		—	14,624
Trade and other receivables	13	70,402	64,706
Cash and cash equivalents		85,779	189,706
		498,473	472,268
Total assets		522,379	496,747
EQUITY			
Equity attributable to the owners of the Company			
Share capital	15	7,980	7,980
Other reserves		306,922	306,924
Retained earnings		115,850	116,595
Total equity		430,752	431,499

		At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
	Note		
LIABILITIES			
Non-current liabilities			
Lease liabilities		3,194	3,295
Deferred income tax liabilities		20,918	20,757
		24,112	24,052
Current liabilities			
Trade and other payables	14	19,359	31,345
Contract liabilities		45,903	7,600
Lease liabilities		198	193
Current income tax liabilities		2,055	2,058
		67,515	41,196
Total liabilities		91,627	65,248
Total equity and liabilities		522,379	496,747

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 2024

	Share capital RMB'000	Other reserves				Retained earnings RMB'000	Total 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)	
Balances at 1 January 2023 (Audited)	7,980	56,125	169,321	300	25,388	40,439	418,831
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(8,499)
Usage of safety reserves	-	-	-	-	-	(567)	567
Balance at 30 June 2023 (Unaudited)	7,980	56,125	169,321	300	25,388	39,872	409,885
Balances at 1 January 2024 (Audited)	7,980	56,125	169,321	14,924	26,816	39,738	431,499
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(747)
Usage of safety reserves	-	-	-	-	-	(2)	2
Balance at 30 June 2024 (Unaudited)	7,980	56,125	169,321	14,924	26,816	39,736	430,752

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

Notes:

(a) Statutory reserves

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

(b) Safety reserves

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	(118,416)	8,207
Income tax paid	(580)	(10,620)
Net cash used in operating activities	(118,996)	(2,413)
Cash flows from investing activities		
Interest income on bank deposits	571	653
Net cash generated from investing activities	571	653
Cash flows from financing activities		
Principal elements of lease payments	(96)	(281)
Interest paid	(84)	(98)
Contribution from the controlling shareholders	14,624	—
Net cash generated from/(used in) financing activities	14,444	(379)
Net decrease in cash and cash equivalents	(103,981)	(2,139)
Cash and cash equivalents at beginning of the period	189,706	106,445
Exchange differences on cash and cash equivalents	54	160
Cash and cash equivalents at end of the period	85,779	104,466

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 sale of refined oil, other petrochemical products, and the blending and sale of fuel oil 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 and subsequently its listing was transferred to the Main Board of the Stock Exchange on 17 May 2023.

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 on 21 August 2024.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements, except that the Hong Kong Institute of Certified Public Accountants has issued a number of new standards and amendments to HKFRSs which are effective for the current accounting period of the Group. None of those developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. ESTIMATES

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2023.

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 2023. There have been no changes in the risk management since the year ended 31 December 2023.

(b) *Liquidity risk*

Compared to the year ended 31 December 2023, there was no material change in the contractual undiscounted cash outflows 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 sale of refined oil, other petrochemical products, and the blending and sale of fuel oil 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 the PRC, and the Group’s revenue for the periods ended 30 June 2024 and 2023 were attributable to the market in the PRC.

Analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Sales of goods:		
— Refined oil	746,381	331,413
— Other petrochemical products	—	400,470
	746,381	731,883
Service income	24,037	17,597
	770,418	749,480
Timing of revenue recognition		
— At point in time	770,418	749,480

6. OTHER GAINS/(LOSSES) — NET

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Provision for litigation	—	(12,263)
Others	60	—
Other gains/(losses) — net	60	(12,263)

7. EXPENSES BY NATURE

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Changes in inventories	(98,090)	(84,184)
Refined oil, fuel oil and other petrochemical products purchased	856,434	795,410
Expenses relating to short term leases and handling charges	3,845	7,120
Staff costs (including directors' emoluments)	2,727	2,706
Taxes and surcharges	1,885	1,105
Depreciation	597	776
Listing expenses	—	10,840
Other expenses	3,654	9,618
Total cost of sales, distribution expenses and administrative expenses	771,052	743,391

8. FINANCE INCOME — NET

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest income on bank deposits	571	653
Interest expenses on lease liabilities	(84)	(98)
Net foreign exchange gains on cash and cash equivalents	54	160
Finance income — net	541	715

9. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax:		
— PRC enterprise income tax	577	4,749
Deferred income tax:		
— PRC enterprise income tax	(24)	(3,112)
— PRC withholding income tax	161	1,403
	137	(1,709)
	714	3,040

9. 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 2024 (2023: 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 six months ended 30 June 2024 (2023: same).

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 2024 (2023: 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 six months ended 30 June 2024 (2023: 10%).

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares in issue during the periods ended 30 June 2024 and 2023.

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period (RMB'000)	747	8,499
Weighted average number of ordinary shares in issue	930,000,000	930,000,000
Basic loss per share (RMB)	0.1 cents	0.9 cents

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

11. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (Six months ended 30 June 2023: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2024, there was no additions and disposals to the Group's property, plant and equipment (Six months ended 30 June 2023: Nil).

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	45,824	51,017
Less: provision for impairment of trade receivables	(1,443)	(1,443)
Trade receivables — net	44,381	49,574
Value-added-tax recoverable	25,845	7,561
Deposits and others	176	7,571
Trade and other receivables	70,402	64,706

As at 30 June 2024, ageing analysis of trade receivables (net of provision of RMB1,443,000) (31 December 2023: RMB1,443,000) based on the dates when the trade receivables are recognised is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Less than 30 days	44,381	49,573
31 days to 180 days	—	—
Over 180 days	—	1
	44,381	49,574

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.

14. TRADE AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables	1,602	4,610
Payable for legal claim	–	13,139
Accruals for staff costs and allowances	4,075	3,023
Accruals for construction projects	251	251
Accruals for handling charges	77	136
Accruals for short term lease expenses	495	516
Other payables	5,981	7,758
Other tax payables	6,878	1,912
Trade and other payables	19,359	31,345

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Less than 30 days	1,096	4,610
31 days to 180 days	506	–
	1,602	4,610

15. SHARE CAPITAL

Number of shares		Share capital	
As at	As at	As at	As at
30 June	31 December	30 June	31 December
2024	2023	2024	2023
		HK\$	HK\$

Authorised

Ordinary shares of HK\$0.01 each	2,000,000,000	2,000,000,000	20,000,000	20,000,000
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Number of shares		Share capital	
As at	As at	As at	As at
30 June	31 December	30 June	31 December
2024	2023	2024	2023
		HK\$	HK\$

Issued and fully paid

Ordinary shares of HK\$0.01 each	930,000,000	930,000,000	9,300,000	9,300,000
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16. CAPITAL COMMITMENTS

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

	As at	As at
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Property, plant and equipment	8,483	8,483

17. RELATED PARTY TRANSACTIONS

- (a) The directors of the Company are of the view that the following parties that had transactions or balances with the Group are related parties:

Name	Relationship
Mr. Xu and Ms. Huang	The Controlling Shareholders and directors of the Company
Mr. Choi Sio Peng	Director of the Company
Ms. Xu Yayi	Director of the Company

(b) *Transactions with related parties*

The Group had entered into a lease agreement with the Controlling Shareholders to lease a piece of land and office building located in Guangzhou City, Guangdong Province with annual rental fee of RMB360,000 from 1 April 2017 to 31 March 2037.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on lease liabilities		
— The Controlling Shareholders	84	89

(c) *Balances with related parties*

	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Lease liabilities		
— The Controlling Shareholders	3,392	3,488
Amount due from related parties		
— The Controlling Shareholders	—	14,624

17. RELATED PARTY TRANSACTIONS (Continued)

(d) Key management compensations

Key management includes directors (executive and non-executive) and managers of key operating departments. Compensation for key management is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, wages, welfare and other benefits	1,730	1,225
Contributions to employee social security plans	89	78
	1,819	1,303

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.

During the six months ended 30 June 2024, despite the increase in turnover and total volume, the Group's gross profit decreased by approximately RMB26,326,300 or by 69.8% compared to the corresponding period in 2023. In view of the electric vehicles have been more popular after the COVID-19 pandemic, since the second half of 2023, the Group has been exploring its trading of naphtha, which is a type of refined oil used as a raw material for chemical industry. In order to secure stable supply and meet potential market demand, the Group maintained certain level of inventories of naphtha which has been subject to the risk of price volatility and has been affected by the unexpected periodic fluctuation in its market price during the second half of 2023 and during the six months ended 30 June 2024. As a result, the Group recorded a gross loss from its sales of refined oil of approximately RMB12,672,000 during the six months ended 30 June 2024 as the Group occasionally opted to sell its inventory of naphtha below its purchase cost in order to maintain its market position and to reduce further price risk due to the uncertainty of market trend.

The Group also mitigated its risk through engaged in outport trade which was recognised as service income, which amounted to approximately RMB24,037,000 and represented an increase by approximately RMB6,440,000 or 36.6% compared to the corresponding period in 2023.

RESULTS OF OPERATIONS

Revenue

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

For the six months ended 30 June 2024, the Group's total revenue amounted to approximately RMB770,418,000, representing an increase of approximately 2.8% over the six months ended 30 June 2023. The increase was mainly attributable to the reasons stated in the subsection headed "Business Review" above.

The following table sets forth, for the six months ended 30 June 2024 and 2023, the breakdown of the Group's revenue by products in total revenue, volume and average price:

	For the six months ended 30 June					
	2024			2023		
	Total revenue RMB'000	Total volume Tonnes	Average price (Note) RMB	Total revenue RMB'000	Total volume Tonnes	Average price (Note) RMB
1. Sales of goods						
Refined oil	746,381	106,218	7,027	331,413	50,003	6,628
Other petrochemical products	–	–	N/A	400,470	60,959	6,569
Subtotal — sales of goods	746,381	106,218		731,883	110,962	
2. Service income						
Refined oil	24,037	180,229	133	7,294	11,458	637
Fuel oil	–	–	N/A	10,303	36,100	285
Subtotal — service income	24,037	180,229		17,597	47,558	
Total	770,418	286,447		749,480	158,520	

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

RESULTS OF OPERATIONS (Continued)

Cost of sales

Our Group's cost of sales mainly includes the cost of 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 2024 and 2023 were approximately RMB759,053,000 and RMB711,789,000, respectively. The purchase cost for our trading products is subject to the purchase prices offered by our suppliers, which are influenced by, among other things, the relative oil prices quoted in the market. The increase of our cost of sales during the six months ended 30 June 2024 was in line with our increase in revenue during the period.

The following table sets forth, for the six months ended 30 June 2024 and 2023, the components of our cost of sales by product type:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Refined oil	759,053	326,093
Other petrochemical products	—	385,696
Total	759,053	711,789

RESULTS OF OPERATIONS (Continued)

Gross profit and gross margin

The following table sets forth a breakdown of our gross profit and gross margin by product type for the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June		2023	
	Gross profit/(loss) RMB'000	Gross margin	Gross profit RMB'000	Gross margin
1. Sales of goods				
Refined oil	(12,672)	(1.7%)	5,320	1.6%
Other petrochemical products	—	N/A	14,774	3.7%
Subtotal — sales of goods	(12,672)	(1.7%)	20,094	2.7%
2. Service income	24,037	N/A	17,597	N/A
Total	11,365	1.5%	37,691	5.0%

The Group's gross margin (excluding service income) decreased from approximately 2.7% for the six months ended 30 June 2023 to approximately negative 1.7% for the six months ended 30 June 2024. The decrease was mainly attributable to the reasons stated in the sub-section headed "Business Review" above.

Other gains/(losses) — net

Other losses — net for the six months ended 30 June 2023 was due to the loss provision provided for the litigation.

Distribution expenses

Distribution expenses decreased by approximately RMB11,937,000 or 69.8% to approximately RMB5,160,000 for the six months ended 30 June 2024 from approximately RMB17,097,000 for the six months ended 30 June 2023 mainly due to the decrease of expenses relating to short term leases and handling charges in current period.

RESULTS OF OPERATIONS (Continued)

Administrative expenses

Administrative expenses decreased by approximately RMB7,666,000 or 52.9% to approximately RMB6,839,000 for the six months ended 30 June 2024 from approximately RMB14,505,000 for the six months ended 30 June 2023. This was mainly attributable to the absence of professional fees and other expenses associated with the application of transfer of listing from GEM to Main Board of the Stock Exchange recognised in current period.

Finance income — net

Finance income — net decreased by approximately RMB174,000 to approximately RMB541,000 for the six months ended 30 June 2024 from approximately RMB715,000 for the six months ended 30 June 2023 mainly due to the decrease in interest income on bank deposits.

Loss before income tax

The Group's loss before income tax decreased from approximately RMB5,459,000 for the six months ended 30 June 2023 to approximately RMB33,000 for the six months ended 30 June 2024 primarily due to the absence of loss provision provided for the litigation and professional fees and other expenses associated with the application of transfer of listing from GEM to Main Board of the Stock Exchange, partially offset by the decrease in gross profit in current period.

Income tax expense

Income tax expense decreased by approximately RMB2,326,000 to approximately RMB714,000 for the six months ended 30 June 2024 from approximately RMB3,040,000 for the six months ended 30 June 2023, mainly due to the decrease in taxable profit from the Group's operation in the PRC.

Loss for the period

The Group's loss for the period decreased from approximately RMB8,499,000 for the six months ended 30 June 2023 to approximately RMB747,000 for the six months ended 30 June 2024 primarily due to the absence of loss provision provided for the litigation and professional fees and other expenses associated with the application of transfer of listing from GEM to Main Board of the Stock Exchange, partially offset by the decrease in gross profit in current period.

LIQUIDITY AND FINANCIAL RESOURCES

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Net cash used in operating activities	(118,996)	(2,413)
Net cash generated from investing activities	571	653
Net cash generated from/(used in) financing activities	14,444	(379)
Net decrease in cash and cash equivalents	(103,981)	(2,139)

For the six months ended 30 June 2024, the Group had net cash used in operating activities of approximately RMB118,996,000, which was mainly attributable to the increase in net working capital (excluding cash and cash equivalent) used in the business.

For the six months ended 30 June 2024, the Group had net cash generated from investing activities of approximately RMB571,000, which consisted mainly of interest income on bank deposits during the period.

For the six months ended 30 June 2024, the Group had net cash generated from financing activities of approximately RMB14,444,000, which was primarily attributable to the settlement of indemnity by the Controlling Shareholders for a litigation loss.

As at 30 June 2024 and 31 December 2023, the Group had cash and cash equivalents of approximately RMB85,779,000 and RMB189,706,000, respectively.

Net current assets

As at 30 June 2024, the Group's net current assets amounted to approximately RMB430,958,000, a slight decrease of approximately RMB114,000 as compared with approximately RMB431,072,000 as at 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Borrowings and gearing ratio

The Group did not have any borrowings as at 30 June 2024 (31 December 2023: Nil).

The Group monitors 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 unaudited condensed consolidated statement of financial position.

No gearing ratio is presented as the Group had net cash surplus as at 30 June 2024 (31 December 2023: same).

Capital commitment

The Group did not incur any capital expenditure for the six months ended 30 June 2024.

Capital commitments contracted for but not incurred by the Group as at 30 June 2024 amounted to approximately RMB8,483,000, which mainly related to wharf infrastructures (31 December 2023: approximately RMB8,483,000).

Significant investment, material acquisition and disposal of subsidiaries and associated companies

The Group did not hold any significant investment nor make any material acquisition or disposal of subsidiaries for the six months ended 30 June 2024.

Capital structure

As at 30 June 2024 and 31 December 2023, the capital structure of the Company comprised of its issued share capital and reserves.

Pledged assets

The Group did not have any assets pledged as security as at 30 June 2024 and 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2024 and 31 December 2023.

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 2024, 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 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, did not carry out any financial instruments such as forward currency exchange contracts to hedge the risks.

HUMAN RESOURCE

As at 30 June 2024, the Group had 20 full time employees who were directly employed by the Group in the PRC. For the six months ended 30 June 2024, our total staff costs (including the directors' remuneration) were approximately RMB2,727,000 (Six months ended 30 June 2023: approximately RMB2,706,000).

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 has also made contributions to statutory mandatory provident fund scheme for its employees in Hong Kong.

FUTURE PLANS AND PROSPECT

In 2023, The Energy Bureau of Guangdong Province (廣東省能源局) issued the Implementation Plan for Promoting High Quality Energy Development for Guangdong Province (廣東省推進能源高質量發展實施方案). According to which, energy security and safety would be the primary task of the strategic direction in the PRC's energy development. Therefore, despite the importance of developing new energy and environmental protection, it must be complemented by diversifying of energy sources and maintaining sufficient energy reserves. During the course, resources allocation would be decisively market oriented. 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.

The Group did not have specific plans for material investments or capital assets in the coming year as at 30 June 2024.

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 and its listing was successfully transferred to the Main Board of the Stock Exchange on 17 May 2023. The Company intends that the net proceeds of the Company’s placing and public offering of a total of 105,000,000 shares from GEM Listing (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 2024 is set out below:

Business strategies as stated in the Prospectus	Implementation plan	Implementation progress as at 30 June 2024
(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 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 2024.

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 2024
(2) Refurbishment and enhancement of oil tanks, pipelines and other oil depot facilities at Zengcheng Oil Depot	<p data-bbox="372 331 669 563">Conducting project planning and filing registration documents with relevant government authorities, including construction approval, environmental impact assessment, safety pre-evaluation and construction planning permit.</p> <p data-bbox="372 595 669 683">Modification/installation works for tanks storage and other oil depot facilities.</p>	Refurbishment works for storage tanks, pipelines, oil depot facilities and equipment have been completed.

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

Use of the net proceeds of the Share Offer up to 30 June 2024 was as follows:

	Net proceeds to be applied in the percentage allocation stated in the Prospectus RMB'000	Amount of net proceeds used as at 30 June 2024 RMB'000	Unutilised net proceeds as at 30 June 2024 RMB'000
(1) Upgrading of the wharf berth capability at Zengcheng Oil Depot	11,038	7,564	3,474
(2) Refurbishment of oil tanks, pipelines and other oil depot facilities at Zhencheng Oil Depot	9,765	9,765	–
Total	20,803	17,329	3,474

The remaining unutilised net proceeds of the Share Offer as at 30 June 2024 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 2024.

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.

INTERIM DIVIDEND

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2024 (Six months ended 30 June 2023: Nil).

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 six months ended 30 June 2024.

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

As at 30 June 2024, 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 Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**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	480,150,000	51.63%
Mr. Xu Ziming	Interest in a controlled corporation	480,150,000 (Note 1)	51.63%
Ms. Huang Sizhen	Interest of spouse	480,150,000 (Note 1)	51.63%
Thrive Era Investments Limited	Beneficial owner	130,140,000	13.99%
Ms. Xu Yayi	Interest in a controlled corporation	130,140,000 (Note 2)	13.99%

Notes:

- 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.
- These shares are held by Thrive Era Investments Limited, a company wholly owned by Ms. Xu Yayi.

Save as disclosed herein, as at 30 June 2024, 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.

SHARE OPTION SCHEME

On 28 May 2019, the Company adopted a share option scheme (the “**Scheme**”) for the purpose of attracting and retaining quality personnel and other persons who may contribute to the business and operation of the Group. Options may be granted without any initial payment to (i) persons including directors, employees, consultants or advisers of the Group or a company in which the Group holds an equity interest or a subsidiary of such company (“**Relevant Person**”); or (ii) any discretionary trust whose discretionary objects include any Relevant Person; or (iii) a company beneficially owned by any Relevant Person to subscribe for Shares. As at the date of this report, the total number of shares available for issue under the Scheme is 42,000,000 shares, representing about 4.52% of the issued share capital of the Company on such date. The maximum number of shares in respect of which options may be granted to any one person in any 12-month period is 1% of the issued share capital of the Company on the last date of such 12-month period unless with shareholders’ approval. The option period shall be not more than 10 years from the date of grant of an option, and may include a minimum period an option must be held before it can be exercised. The exercise price is the highest of (i) the nominal value of one share of the Company; (ii) the closing price per share as stated in the Stock Exchange’s daily quotations sheet on the date of the grant of the option; and (iii) the average closing price per share as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the date of the grant of the option. The Scheme will remain in force until 27 May 2029.

The Company has not granted any option under the Scheme since its adoption.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, no person (other than the directors or chief executive of the Company disclosed above) 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 C1 of the Listing Rules during the six months ended 30 June 2024.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted Appendix C3 of the Listing Rules relating to securities transaction by the directors (the “**Model Code**”) as the code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all Directors, all of them confirmed that they have complied with the Model Code throughout the six months ended 30 June 2024.

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 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 2024 and up to the date of this report.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with rule 3A.19 of the Listing Rules, the Company has appointed Honestum International Limited as its compliance adviser (the “**Compliance Adviser**”). Except for the compliance adviser agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Company.

CHANGES IN THE DIRECTORS’ INFORMATION

There is no change in directors’ information since the date of the Group’s annual financial statements for the year ended 31 December 2023 and up to the date of this report, which are required to be disclosed under Rule 13.51B(1) of the 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 2024 and this interim report.

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

Hong Kong, 21 August 2024

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