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

ANNUAL REPORT 2024

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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. Tsui Hing Shan
Mr. Kan Siu Chung
Ms. E Hongda

AUDIT COMMITTEE

Mr. Tsui Hing Shan *(Chairman)*
Mr. Kan Siu Chung
Ms. E Hongda

REMUNERATION COMMITTEE

Ms. E Hongda *(Chairlady)*
Mr. Tsui Hing Shan
Mr. Kan Siu Chung

NOMINATION COMMITTEE

Mr. Kan Siu Chung *(Chairman)*
Mr. Tsui Hing Shan
Ms. E Hongda

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

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Hong Kong

Corporate Information (Continued)

LEGAL ADVISER AS TO HONG KONG LAW

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

AUDITOR

Forvis Mazars CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
42nd Floor, Central Plaza
18 Harbour Road
Wan Chai, Hong Kong

COMPLIANCE ADVISER

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
Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY WEBSITE

www.jtfoil.com

Chairman's Statement

Dear shareholders:

On behalf of the board (the "**Board**") of directors (the "**Directors**") of JTF International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present to you the annual report of the Group for the year ended 31 December 2024.

The two dancing snakes indicate a good harvest in a leap year. In the past 2024, the global economy was complex and volatile, facing multiple challenges such as geopolitical conflicts, interest rate fluctuations and industry structural adjustments. The Group " confronted challenges head-on and moved forward steadily." On behalf of the Group, I would like to present our work in 2024 as follows:

1. REVIEW OF OUR WORK IN 2024

In 2024, influenced by factors such as global economic trends, geopolitical situation, "OPEC+" production policy, and new energy development, the oil market continued to adjust, with in-depth competition between supply and demand. Under the intertwined influence of positive and negative factors, international oil prices showed a wide range of fluctuations and the overall performance was relatively sluggish. International oil prices began to fluctuate upward at the beginning of the year, and have generally shown a fluctuating downward trend since then.

The domestic market is affected by multiple factors such as supply and demand, cost and profit. In 2024, the domestic refined oil market showed an "N"-shaped price trend. As the proportion of new energy replacing gasoline consumption continues to increase and the growth rate of infrastructure investment slows down, domestic terminal demand for gasoline and diesel oil did not perform as expected.

Against this backdrop, the Group adheres to the strategic policy of "sound operation, innovative breakthroughs" and actively responds to market changes. The operation team adjusted and optimized the sales product mix, continued to actively expand the sales channels of other chemical products such as naphtha and industrial raw materials, and further optimized the Company's operating income structure. In 2024, the Company's turnover was approximately RMB1.12 billion, and the total volume was approximately 361,000 tons, with 38% of naphtha, 3% of other chemical products, 59% of gasoline and diesel oil. The Group's gross profit in 2024 was approximately RMB13 million, with a gross profit margin of 1.1%, a decrease compared with 2023. Our taxation paid for the year was approximately RMB11 million.

Chairman's Statement (Continued)

2. OUTLOOK FOR THE GROUP IN 2025

In 2025, global uncertainties will increase significantly. The policies of the new US president will become a key variable affecting the prospects for global economic growth. The imposition of high tariffs on Chinese goods by the US has had an impact on China's exports. Domestically, the government work report at the two sessions mentioned that the government would actively promote consumer spending or show a gradual recovery trend, and increase the issuance of medium- and long-term government bonds. Real estate investment is expected to stop falling and stabilize, and greater efforts will be made to support the development of emerging, digital and intelligent industries, as well as economic growth for infrastructure investment. Under the influence of various factors, even though the domestic demand market for refined oil and other chemical products is under pressure in 2025 and the refined oil industry is highly competitive, the Group's operation team adheres to the strategic policy of "sound operation, innovative breakthroughs", actively responds to market changes, promotes business transformation and upgrading, and creates sustainable value for shareholders.

Xu Ziming
Chairman & Executive Director

Hong Kong, 28 March 2025

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a wholesaler of oil and other petrochemical products based in Guangdong Province, the People's Republic of China (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 year ended 31 December 2024, the Group's gross profit decreased by approximately RMB45,118,000 or by 77.9% compared with 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 year ended 31 December 2024. As a result, the Group recorded a gross loss from its sales of refined oil of approximately RMB16,213,000 for the year ended 31 December 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 RMB25,828,000 for the year ended 31 December 2024.

RESULTS OF OPERATIONS

Revenue

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

For the year ended 31 December 2024, the Group's total revenue amounted to approximately RMB1,119,646,000, representing a decrease of approximately 9.7% over the year ended 31 December 2023. The decrease was mainly attributable to the decrease of sales of other petrochemical products.

Management Discussion and Analysis (Continued)

The following table sets forth the breakdown of the Group's revenue by products in total revenue, volume and average price for the two years ended 31 December 2024 and 2023:

	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	**1,013,353**	**145,587**	**6,960**	894,128	130,591	6,847
Other petrochemical products	**80,465**	**12,518**	**6,428**	284,413	42,770	6,650
Fuel oil	**–**	**–**	**–**	14,798	2,191	6,754
Subtotal — sales of goods	**1,093,818**	**158,105**		1,193,339	175,552	
2. Service income						
Refined oil	**25,828**	**203,351**	**127**	15,988	91,248	175
Other petrochemical products	**–**	**–**	**–**	26,648	58,483	456
Fuel oil	**–**	**–**	**–**	3,540	38,817	91
Subtotal — service income	**25,828**	**203,351**		46,176	188,548	
Total	**1,119,646**	**361,456**		1,239,515	364,100	

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

Management Discussion and Analysis (Continued)

Cost of sales

Our Group's cost of sales mainly includes the cost of refined oil, other petrochemical products and fuel oil, which is measured on a moving weighted average basis. Our cost of sales for the years ended 31 December 2024 and 2023 were approximately RMB1,106,868,000 and RMB1,181,619,000, respectively. The purchase cost for our trading products is subject to the purchase prices offered by our suppliers, which are influenced by, among other things, the relative oil prices quoted in the market. The decrease of our cost of sales for the year ended 31 December 2024 was in line with our decrease in revenue for such year.

The following table sets forth the components of our cost of sales by product type for the two years ended 31 December 2024 and 2023:

	2024	2023
	RMB'000	RMB'000
Refined oil	**1,029,566**	886,722
Other petrochemical products	**77,302**	279,849
Fuel oil	**–**	15,048
Total	**1,106,868**	1,181,619

Gross profit and gross margin

The following table sets forth a breakdown of our gross profit and gross margin by product type for the two years ended 31 December 2024 and 2023:

		2024		2023	
		Gross profit/(loss) RMB'000	**Gross margin**	Gross profit/(loss) RMB'000	Gross margin
1.	Sales of goods				
	Refined oil	**(16,213)**	**(1.6%)**	7,406	0.8%
	Other petrochemical products	**3,163**	**3.9%**	4,564	1.6%
	Fuel oil	**–**	**–**	(250)	(1.7%)
	Subtotal — sales of goods	**(13,050)**	**(1.2%)**	11,720	1.0%
2.	Service income	**25,828**	**N/A**	46,176	N/A
Total		**12,778**	**1.1%**	57,896	4.7%

The Group's gross margin (excluding service income) decreased from approximately 1.0% for the year ended 31 December 2023 to approximately negative 1.2% for the year ended 31 December 2024. The decrease was mainly due to the reasons as stated in the sub-section headed "Business Review" above.

Management Discussion and Analysis (Continued)

Other gains/(losses) — net

Other losses — net for the year ended 31 December 2023 was due to the loss provision provided for the litigation. No such loss provision was provided for the year ended 31 December 2024.

Distribution expenses

Distribution expenses decreased by approximately RMB5,178,000 or 32.0% to approximately RMB11,022,000 for the year ended 31 December 2024 from approximately RMB16,200,000 for the year ended 31 December 2023. This was primarily due to the decrease in operating short term lease expenses for oil storage facilities and handling charges in current year.

Administrative expenses

Administrative expenses decreased by approximately RMB9,948,000 or 42.1% to approximately RMB13,667,000 for the year ended 31 December 2024 from approximately RMB23,615,000 for the year ended 31 December 2023. This was mainly attributable to the absence of recognition of professional fees and other expenses associated with the application of transfer of listing from GEM to the Main Board of the Stock Exchange in current year.

Finance income — net

Finance income — net increased from approximately RMB896,000 for the year ended 31 December 2023 to approximately RMB1,231,000 for the year ended 31 December 2024 which was mainly due to the increase in interest income from bank deposits compared with the previous year.

(Loss)/profit before income tax

The Group's (loss)/profit before income tax turnaround from a profit of approximately RMB5,734,000 for the year ended 31 December 2023 to a loss of approximately RMB10,600,000 for the year ended 31 December 2024 primarily due to the decrease in gross profit, partially offset by the absence of recognition 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 in current year.

Income tax credit/(expense)

Income tax credit for the year ended 31 December 2024 was mainly due to the recognition of deferred income tax assets on tax losses in the PRC.

Loss for the year

The Group's loss for the year increased by approximately RMB7,333,000 to approximately RMB8,842,000 for the year ended 31 December 2024 from approximately RMB1,509,000 for the year ended 31 December 2023 primarily due to the decrease in gross profit, partially offset by the absence of recognition 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 in current year.

Management Discussion and Analysis (Continued)

LIQUIDITY AND FINANCIAL RESOURCES

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

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	**(172,017)**	82,541
Net cash generated from investing activities	**1,180**	929
Net cash generated from/(used in) financing activities	**14,315**	(360)
Net (decrease)/increase in cash and cash equivalents	**(156,522)**	83,110

For the year ended 31 December 2024, the Group had net cash used in operating activities of approximately RMB172,017,000, which was mainly attributable to the increase in net working capital (excluding cash and cash equivalents) used in the business.

For the year ended 31 December 2024, the Group had net cash generated from investing activities of approximately RMB1,180,000, which consisted mainly of interest income from bank deposits.

For the year ended 31 December 2024, the Group had net cash generated from financing activities of approximately RMB14,315,000, which was mainly attributable to the settlement of indemnity by the Controlling Shareholders for a litigation loss.

As at 31 December 2024 and 31 December 2023, the Group had cash and cash equivalents of approximately RMB33,410,000 and RMB189,706,000, respectively.

Net current assets

As at 31 December 2024, the Group's net current assets amounted to approximately RMB421,381,000, representing a decrease of approximately RMB9,691,000 as compared to approximately RMB431,072,000 as at 31 December 2023. The decrease was primarily due to changes in working capital, which year end balance represented a snapshot of our working capital position as at 31 December 2024.

Borrowings and gearing ratio

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

No gearing ratio is presented as there is no bank borrowing held by the Group as at 31 December 2024 (31 December 2023: Nil).

Management Discussion and Analysis (Continued)

Capital commitment

The Group did not incur any capital expenditure for the year ended 31 December 2024.

As at 31 December 2024, the Group had capital commitments amounted to approximately RMB8,483,000 (31 December 2023: 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 and associated companies for the year ended 31 December 2024.

Capital structure

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

Pledged assets

The Group did not have any assets pledged for security as at 31 December 2024 (31 December 2023: Nil).

Contingent liabilities

Except for as disclosed in Note 26 of the consolidated financial statements, the Group did not have any other material contingent liabilities as at 31 December 2024 (31 December 2023: Nil).

FOREIGN EXCHANGE RISK

The Group operates in the PRC with most transactions being settled in Renminbi ("**RMB**"), except for certain transactions which are settled in foreign currencies.

At 31 December 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 monitoring the movement of the relevant foreign currency rates.

The carrying amounts of the Group's foreign currency denominated financial assets and liabilities at 31 December 2024 are presented in Notes 19, 20 and 23 of the consolidated financial statements.

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.

Management Discussion and Analysis (Continued)

SEGMENT INFORMATION

Segment information for the Group is disclosed in Note 5 of the consolidated financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

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

HUMAN RESOURCE

As at 31 December 2024, the Group had 20 full time employees who were directly employed by our Group in the PRC. For the year ended 31 December 2024, our total staff costs (including the directors' remuneration) were approximately RMB6,166,000 (2023: RMB4,958,000).

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

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

FUTURE PLANS AND PROSPECT

In 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 31 December 2024.

Management Discussion and Analysis (Continued)

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

The Company's shares (the "**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 the 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 31 December 2024 is set out below:

Business strategies as stated in the Prospectus	Implementation plan	Implementation progress as at 31 December 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. Conducting project design, including construction survey and construction drawing design.	The Group is negotiating with relevant government authorities in relation to the specific requirements in relation to the upgrading of wharf berth capability. In 2018, the Group engaged a contractor to perform works on refurbishment of certain wharf infrastructures. However, the Group incurred additional time to identify a suitable contractor for the works relating to upgrading of berth capacity. Currently, a lead contractor has been engaged. Survey and design works are in progress, and were mostly completed in December 2019. Due to the outbreak COVID-19 Pandemic since 2020, the schedule of works and government approval processes were delayed. Tentatively the Group expects all construction works will be completed in the second half of 2025.
(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.

Management Discussion and Analysis (Continued)

Use of the net proceeds of the Share Offer up to 31 December 2024 was as follows:

		Net proceeds to be applied in the percentage allocation stated in the Prospectus	Amount of net proceeds used as at 31 December 2024	Unutilised net proceeds as at 31 December 2024
		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 Zengcheng Oil Depot	9,765	9,765	–
Total		20,803	17,329	3,474

The remaining unutilised net proceeds of the Share Offer as at 31 December 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. The remaining unutilised net proceeds are expected to be utilised by 31 December 2025.

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.

EVENT AFTER THE YEAR END DATE

Save as disclosed elsewhere in this report, there were no other material subsequent events took place after 31 December 2024 and up to the date of this report.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Xu Ziming (徐子明) ("Mr. Xu"), aged 60, is an executive Director, the Chairman of our Board and a controlling shareholder of the Company. Mr. Xu is also the director of two subsidiaries of the Company. Mr. Xu has about 25 years of experience in the wholesale and trading of oil industry in the PRC. Mr. Xu had worked as an accounting supervisor at a branch of the Dongguan Rural Commercial Bank (東莞農村商業銀行) in the PRC from 1983 to 1988 prior to running his own business in various industries between 1989 and 1993. From 1998 to 2004, Mr. Xu engaged in his personal oil product brokerage business in Dongguan, the PRC, primarily identifying sources of oil supply and matching buyer and seller for commission/agency fee income. He and Ms. Huang Shizhen took over Zengcheng City Jin Taifeng Fuel Oil Company Limited* (增城市金泰豐燃油有限公司), now a subsidiary of the Group, in December 2004. Mr. Xu is primarily responsible for the Group's overall business and growth strategies, and supervision of key management issues. Mr. Xu was elected as the vice president of the Third Administrative Committee of Dongguan Qingxi Chamber of Commerce* (東莞市清溪商會第三屆理事會) in December 2009 by the Dongguan Qingxi Chamber of Commerce* (東莞市清溪商會).

As at the date of this report, Mr. Xu was interested or deemed to be interested in 480,150,000 shares or underlying shares of the Company pursuant to Part XV of the Securities and Futures Ordinance. Mr. Xu is the spouse of Ms. Huang Sizhen and the father of Ms. Xu Yayi, and Mr. Choi Sio Peng is the nephew of Mr. Xu.

Ms. Huang Sizhen (黃四珍) ("Ms. Huang"), aged 60, is an executive Director, the managing director of the Company and a controlling shareholder of the Company. Ms. Huang is also the director of two subsidiaries of the Company. Ms. Huang has about 25 years of experience in the wholesale and trading of oil industry in the PRC. She worked in the cashier department at a branch of the Dongguan Rural Commercial Bank (東莞農村商業銀行) in the PRC from 1983 to 1989 prior to running her own business in various industries with Mr. Xu between 1989 and 1993. From 1998 to 2004, Ms. Huang assisted Mr. Xu in running his personal oil product brokerage business in Dongguan, the PRC, primarily identifying sources of oil supply and matching buyer and seller for commission/agency fee income. She and Mr. Xu took over Zengcheng City Jin Taifeng Fuel Oil Company Limited* (增城市金泰豐燃油有限公司), now a subsidiary of the Group, in December 2004. Ms. Huang is primarily responsible for overseeing overall operation and business development of the Group.

As at the date of this report, Ms. Huang was interested or deemed to be interested in 480,150,000 shares or underlying shares of the Company pursuant to Part XV of the Securities and Futures Ordinance. Ms. Huang is the spouse of Mr. Xu, the mother of Ms. Xu Yayi, and Mr. Choi Sio Peng is the nephew of Ms. Huang.

Mr. Choi Sio Peng (徐小平) ("Mr. Choi"), aged 43, is an executive Director of the Company. Mr. Choi is also the director of two subsidiaries of the Company. Mr. Choi obtained a bachelor degree in laws from China University of Political Science and Law (中國政法大學) in July 2004 and a master degree in civil and commercial laws from Tsinghua University (清華大學) in July 2006. He joined the Group in 2007 and has over 16 years of experience in the wholesale and trading of oil industry in the PRC. Mr. Choi is the nephew of Mr. Xu and Ms. Huang, as well as the cousin of Ms. Xu Yayi.

Ms. Xu Yayi (徐雅怡) ("Ms. Xu"), aged 36, is an executive Director of the Company. Ms. Xu is also the director of three subsidiaries of the Company. Ms. Xu obtained a bachelor degree in Business and Management from Oxford Brookes University in the United Kingdom in 2012. She joined the Group in 2023 and has over 10 years of experience in capital investment, property development and management. She has been a member of the Chinese People's Political Consultative Conference of Dongguan City (東莞市政協委員) since 2017.

As at the date of this report, Ms. Xu was interested or deemed to be interested in 130,140,000 shares or underlying shares of the Company pursuant to Part XV of the Securities and Futures Ordinance. Ms. Xu is the daughter of Mr. Xu and Ms. Huang, as well as the cousin of Mr. Choi.

Biographical Details of Directors and Senior Management (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsui Hing Shan (徐興珊) ("Mr. Tsui"), aged 46, was appointed as our independent non-executive Director on 20 December 2017. Mr. Tsui is the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Mr. Tsui is the founder and director of Migo Hong Kong Group Limited (美高香港集團有限公司), a pharmaceutical company, where he has been responsible for the overall business and finance matters since June 2010. Prior to this, he was employed by Deloitte Touche Tohmatsu from September 2002 to June 2010 as audit manager.

Mr. Tsui obtained a bachelor degree of arts in accountancy from The Hong Kong Polytechnic University in November 2002. Mr. Tsui has been a member of the Hong Kong Institute of Certified Public Accountants since July 2007.

Mr. Kan Siu Chung (靳紹聰) ("Mr. Kan"), aged 43, was appointed as our independent non-executive Director on 13 September 2017. Mr. Kan is the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee. He is also the chairman of the compliance committee of the Company.

Mr. Kan is currently the chief operating officer of Peopro Tech Co., Ltd.* (廣州彼博網絡科技有限公司), responsible for various fields including finance, administration and technique, which he also served in the same capacity during 2011 to 2015. Mr. Kan was the chief operating officer of Joyzz Tech Co., Ltd.* (廣州悅正網絡科技有限公司) during 2015 to 2020, overseeing the financial, administrative and technical matters of the company. Prior to these, he was employed by Beijing Ling Yi Technology Corporation* (北京市淩怡科技公司), a subsidiary of PetroChina Company Limited (中國石油天然氣股份有限公司), a company listed on the Main Board of the Stock Exchange (Stock Code: 857), from 2007 to 2009. During his employment there he was assigned to a project responsible for the implementation of the enterprise resource planning system.

Mr. Kan obtained a bachelor degree in computer science and technology from Sun Yat-Sen University (中山大學) in June 2004 and a master degree in software engineering from Tsinghua University (清華大學) in July 2007.

Ms. E Hongda (鄂宏達) ("Ms. E"), aged 57, was appointed as our independent non-executive Director on 2 September 2024. Ms. E is the chairlady of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

From August 1989 to April 2004, Ms. E worked for East China Branch of Sinopec Sales Co., Ltd. (中國石化銷售股份有限公司華東分公司). From March 2004 to March 2014, Ms. E served in Shanghai CHIMBUSCO Marine Bunker Co., Ltd. (上海中燃船舶燃料有限公司) and her last position was general manager. From December 2010 to February 2023, Ms. E served in China Shipping & Sinopec Suppliers Co., Ltd. (中石化中海船舶燃料供應有限公司) and her last position was general manager. From March 2021 to April 2023, Ms. E also served as the general manager of China Marine Bunker (Petro China) Co., Ltd. (中國船舶燃料有限責任公司).

Ms. E obtained a Bachelor of Engineering degree in Industrial Management Engineering from China Textile University (中國紡織大學) (currently known as Donghua University (東華大學)) in 1989, and a Master of Economics degree in Political Economy from Fudan University (復旦大學) in 1998.

Biographical Details of Directors and Senior Management (Continued)

SENIOR MANAGEMENT

Mr. Liu Fa Long (劉發龍) ("Mr. Liu"), aged 45, was appointed on 1 January 2005 as finance manager of our Group responsible for our accounting and financial management. He has over 15 years of experience in finance and accounting matters through his time with us.

Mr. Liu obtained a bachelor degree in accountancy from Lantian Zhiye Jishu Xueyuan* (藍天職業技術學院) (currently known as Jiangxi University of Technology (江西科技學院)) in July 2001.

* *For identification purpose only*

Corporate Governance Report

The Company and the Board recognise the importance of good corporate governance in management and internal control procedures so as to achieve accountability.

During the year ended 31 December 2024, the Company had complied with the requirements set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities of the Stock Exchange (the "**Listing Rules**").

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

During the year ended 31 December 2024, the Company has adopted Appendix C3 of the Listing Rules as the code of conduct regarding Directors' securities transactions (the "**Model Code**"). Having made specific enquiries with all Directors, all of them have confirmed that they had complied with the Model Code during the year ended 31 December 2024.

BOARD OF DIRECTORS

Function of the Board

The Company is governed by the Board which has the responsibility for leadership and control of the Company. The Board is collectively responsible for establishing the Group's strategic goals, leading and monitoring the Group's development and achieving established strategic goals to protect and maximize the interests of the Company and its shareholders. Apart from its statutory responsibilities, the Board is also required to approve the Group's strategic development plan, key operational initiatives, major investments and funding decisions. It also reviews the Group's financial performance, identifies principal risks of the Group's business and ensures implementation of appropriate systems to manage these risks.

The Board is also responsible for ensuring the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget.

Daily business operations and administrative functions of the Group are delegated to the management.

Board Composition

The Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Corporate Governance Report (Continued)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman and chief executive of the Company are separated, with a clear division of responsibilities.

Mr. Xu Ziming serves as the chairman of the Board and is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting its agenda and taking into account any matters proposed by other Directors for inclusion in the agenda. Through the Board, he is responsible for ensuring that good corporate governance practices and procedures are followed by the Group. Ms. Huang Sizhen, the managing director of the Company, carries out the responsibility of chief executive officer and is responsible for general management and day-to-day operation of the Group.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has met the requirements of rules 3.10 and 3.10A of the Listing Rules of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

The Company has received confirmations of independence from Mr. Tsui Hing Shan, Mr. Kan Siu Chung and Ms. E Hongda, being all the independent non-executive Directors, in accordance with rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all independent non-executive Directors are independent.

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

All independent non-executive Directors are appointed for a term of three years.

Each of such appointments is subject to the rotation and retirement provisions in the Articles of Association of the Company.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the "**Board Committees**"). Each committee has its own written terms of reference and is responsible to make recommendations to the Board. All of the Board Committees are allocated with sufficient resources to discharge their duties.

Audit Committee

The Board established the Audit Committee on 20 December 2017 in compliance with rule 3.21 of the Listing Rules and adopted the terms of reference set out in the CG Code. Details of the terms of reference of the Audit Committee are set out on the Company's website and the website of the Stock Exchange. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Tsui Hing Shan (chairman), Mr. Kan Siu Chung and Ms. E Hongda. None of them is a member of the former or existing auditors of the Company.

Corporate Governance Report (Continued)

The primary responsibilities of the Audit Committee include, among others, (i) making recommendations to the Board on the appointment and removal of external auditors and review of the effectiveness of the audit process; (ii) review of the Company's financial information; and (iii) oversight of the Company's financial reporting system, risk management and internal control systems.

During the year ended 31 December 2024, the Audit Committee had held three meetings. A summary of the work performed by the Audit Committee is listed below:

— reviewed the Group's annual financial statements for the year ended 31 December 2023 and interim financial statements for the six months ended 30 June 2024, the related result announcements, documents and other matters or issues raised by the external auditor of the Company;

— reviewed the terms of engagement of the external auditor of the Company;

— recommended to the Board, for the approval by shareholders, of the re-appointment of the auditor; and

— discussed and confirmed with the management the effectiveness of the Group's financial reporting process, risk management and internal control systems covering all material controls, including financial, operational and compliance controls. In particular, the review has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget. The result has been reported to the Board.

Remuneration Committee

The Board established the Remuneration Committee on 20 December 2017 in compliance with rules 3.25 to 3.27 of the Listing Rules and adopted the terms of reference set out in the CG Code. Details of the terms of reference of the Remuneration Committee are set out on the Company's website and the website of the Stock Exchange. The Remuneration Committee currently comprises three independent non-executive Directors, namely Ms. E Hongda (chairlady), Mr. Tsui Hing Shan and Mr. Kan Siu Chung.

The primary responsibilities of the Remuneration Committee include, among others, (i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; (iii) making recommendations to the Board on the remuneration packages of Directors and senior management. The Remuneration Committee is responsible to review and recommend to the Board the remuneration of the Directors and senior management with reference to their respective experiences, responsibilities with the Group and the general market conditions; and (iv) reviewing and approving matters related to share schemes.

During the year ended 31 December 2024, the Remuneration Committee had held two meetings to reviews the remuneration package of the Directors and the senior management of the Group.

Corporate Governance Report (Continued)

Details of the Directors' emoluments are disclosed in Note 8 to the consolidated financial statements. Details of the remuneration by band of the members of the senior management of the Group for the year ended 31 December 2024 are set out below:

Remuneration band	Number of individuals
Nil to HK$500,000	1

Nomination Committee

The Board established the Nomination Committee on 20 December 2017 in compliance with the CG Code and adopted the terms of reference set out in the CG Code. Details of the terms of reference of the Nomination Committee are set out on the Company's website and the website of the Stock Exchange. The Nomination Committee currently comprises three independent non-executive Directors, namely Mr. Kan Siu Chung (chairman), Mr. Tsui Hing Shan and Ms. E Hongda.

The primary responsibility of the Nomination Committee is to make recommendations to the Board regarding the structure, size and composition of the Board, selection of members of the Board and assessment of the independence of independent non-executive Directors.

When considering the appointment or reappointment of Directors, the Nomination Committee will consider various factors including the background, experience and qualification of the proposed candidate to ensure that he/she possesses the requisite experience, characters and integrity to act as a Director, and other criteria with regard to the benefits of diversity, including but not limited to gender, age, cultural and educational background, skill, knowledge, or professional/business experience and taking into account the Group's business model and specific needs. The Nomination Committee will discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption, as set out in the board diversity policy adopted by the Company.

During the year ended 31 December 2024, the Nomination Committee had held two meetings to review the Board's composition, structure and size. The Board currently comprises of seven Directors, three of which is female. Our diversity philosophy is to avoid a single gender Board. Two of our Directors are in the age group of 60–69, one in the age group of 50–59, three in the age group of 40–49 and one in the age group of 30–39. The background of our Directors including oil industry, accounting, law, and IT. In view of these, the Nomination Committee was of the opinion that the Board consisted of members with diversified gender, age, cultural and education background, professional/business experience, skills and knowledge. Ms. E Hongda has been appointed as an independent non-executive Director during the year.

CORPORATE GOVERNANCE FUNCTIONS

The Board has adopted terms of reference for corporate governance functions set out in the CG Code and is responsible for performing the corporate governance duties set out therein.

The Board has reviewed the Company's compliance with the CG Code for the year ended 31 December 2024 and other legal and regulatory requirements.

Corporate Governance Report (Continued)

BOARD MEETINGS AND GENERAL MEETING

Pursuant to code provision C.5.1 of the CG Code, the Board meets regularly and Board meetings would be held at least four times a year. Additional meetings would be arranged if and when required. Board members are provided with all agenda and adequate information for their review within reasonable time before the meetings. After each meeting, draft minutes are circulated to all Directors for comments before confirmation. Minutes of Board meetings and meetings of board committees are kept by the company secretary and are available for inspection by the Directors at all times. Each Director is entitled to seek independent professional advice in appropriate circumstances at the expense of the Company. Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

In addition to regular Board meetings, the chairman of the Board had met with the independent non-executive Directors without the presence of other executive Directors during the year ended 31 December 2024.

The Board is regularly provided with brief reports containing balanced and comprehensive evaluation on the Group's performance, status and prospects to keep it abreast of the Group's affairs and to facilitate the Directors' performance of their obligations under the relevant requirements of the Listing Rules.

During the year ended 31 December 2024, the Company had held one annual general meeting ("**2024 AGM**").

Directors' attendance records at meetings of the Board and the Board Committees and general meeting

	Attended/Eligible to attend				
Name of Directors	**Board meetings**	**Audit Committee meetings**	**Nomination Committee meetings**	**Remuneration Committee meetings**	**2024 AGM**
Executive Directors:					
Mr. Xu Ziming	7/7	N/A	N/A	N/A	1/1
Ms. Huang Sizhen	7/7	N/A	N/A	N/A	1/1
Mr. Choi Sio Peng	7/7	N/A	N/A	N/A	1/1
Ms. Xu Yayi	7/7	N/A	N/A	N/A	1/1
Independent non-executive Directors:					
Mr. Chan William (resigned on 2 September 2024)	3/3	2/2	1/1	1/1	1/1
Mr. Tsui Hing Shan	7/7	3/3	2/2	2/2	1/1
Mr. Kan Siu Chung	7/7	3/3	2/2	2/2	1/1
Ms. E Hongda (appointed on 2 September 2024)	3/3	1/1	N/A	N/A	N/A

Corporate Governance Report (Continued)

TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

For the year ended 31 December 2024, all Directors had participated in continuous professional development with respect to directors' duties, relevant programmes and seminars or had perused reading materials and updated information in relation to business and industrial development. The Directors had provided the relevant training records to the Company.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her roles, functions, duties and responsibilities under the Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group.

During the year ended 31 December 2024, the trainings attended by each of the Directors are summarised as follows:

	Reading regulatory updates	Attended trainings organised by professional organisations	Attended trainings organised by the Company
Executive Directors:			
Mr. Xu Ziming	✔		✔
Ms. Huang Sizhen	✔		✔
Mr. Choi Sio Peng	✔		✔
Ms. Xu Yayi	✔		✔
Independent non-executive Directors:			
Mr. Chan William (resigned on 2 September 2024)	✔	✔	✔
Mr. Tsui Hing Shan	✔	✔	✔
Mr. Kan Siu Chung	✔		✔
Ms. E Hongda (appointed on 2 September 2024)	✔		✔

COMPANY SECRETARY

Company Secretary supports the Board by ensuring good information flow within the Board and that the Board policy and procedures are followed. The Company Secretary is responsible for advising the Board on corporate governance matters and facilitating induction and professional development of the Directors. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws, rules and regulations are followed.

Mr. Ng Ka Chai ("**Mr. Ng**") is engaged, as an external professional company secretarial service provider, by the Company as the Company Secretary. Ms. Xu Yayi, the executive Director, has been designated as the primary contact person of the Company who would communicate with Mr. Ng on the Company's matters.

Mr. Ng has complied with all requirements relating to qualifications, experiences and training under the Listing Rules.

Corporate Governance Report (Continued)

ACCOUNTABILITY AND AUDIT

Responsibilities in respect of the Financial Statements

The Directors acknowledge that it is their responsibility to prepare the accounts of the Company. The management provides information and explanation to the Board to enable it to make informed decisions in this connection.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the Consolidated Financial Statements for the year ended 31 December 2024 is set out in the section headed "Independent Auditor's Report" of this annual report.

Risk Management and Internal Control

The Board acknowledges that it has overall responsibilities for establishing and maintaining appropriate and effective risk management and internal control systems of the Group and reviewing their effectiveness. This responsibility is primarily undertaken by the Audit Committee on its behalf as mentioned above. The Group's systems of risk management and internal control include a defined management structure with limits of authority, is designed to help achieve business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

In the course of conducting the business of the Group, it is exposed to various types of risks, including business risks, financial risks, operation and other risks. The Board is ultimately responsible for the risk management of the Group and it has delegated to executive management to carry out the risk identification and monitoring procedures. The objectives of the risk management are to enhance the governance and corporate management processes as well as to safeguard the Group against unacceptable levels of risks and losses.

Main features of the risk management systems of the Group

The risk management process of the Group involves, among others, (i) an annual risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks and the development of risk management plans for mitigating such risks; and (ii) an annual review of the implementation of the risk management plans and fine tuning of the implementation plan when necessary.

Corporate Governance Report (Continued)

The executive Directors and the management constitute the ultimate risk management decision-making body and make risk management decisions on major risk matters, including managing the Group's risk matters, directing and coordinating the work of centralised risk management function and specifying risk responsible departments. Each specific risk responsible department is responsible for risk management assessment and responses in relation to its corresponding business activities.

The Board and the management have the responsibility of overseeing the effectiveness of the risk assessment framework and risk management functions. There are established control procedures to identify, assess, control and report for risks including those of business and market risk, compliance risk, financial and treasury risk and operational risk. The management reports to the Audit Committee and the Board regarding the results of the risk management process on an annual basis.

For the year ended 31 December 2024, the management assessed that there were no significant changes in the Group's business, and the existing risk assessment framework, methods and procedures are still applicable to the Group.

The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Market Risk

Market risk is the risk that adversely affects profitability or the ability to meet business objectives arising from the movement in market prices. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign Exchange Risk

The Group's principal business is located in the PRC and its major transactions are conducted in Renminbi ("**RMB**"). Most of its assets and liabilities are denominated in RMB, except for trade and other receivables, cash and cash equivalents and trade and other payables that are denominated in Hong Kong dollars ("**HKD**"). RMB is not freely convertible. There is a risk that the Chinese government may take actions affecting exchange rates which may have a material adverse effect on the Group's net assets, earnings and any dividends it declares if such dividend is to be exchanged or converted into foreign exchange. The Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies as it considers that it does not have any significant exposure to the risk of fluctuation in the exchange rate between HKD and RMB.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance its operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. Our management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Corporate Governance Report (Continued)

Main features of the internal control system of the Group

The management will report to the Board from time to time as regards findings on the internal control weaknesses and provide remedial action plan to the Board. The management will also follow-up on status of remediation of selected internal control weaknesses which have been reviewed and pointed out by external consultant engaged by the Group.

Although the Group does not maintain an internal audit function, the Board has overall responsibility for the risk management and internal control systems and for reviewing their effectiveness. The Board has engaged an external consultant to conduct an internal control review and assessment for the year ended 31 December 2024. The internal control assessment procedures conducted by the external consultant include a comprehensive system for reviewing and reporting information and findings to the Board and the management, and to assess whether the material controls are sufficient and adequate for the Group.

Methods used to assess the internal control of the Group include (i) assessing and discussing the entities and processes to be included in the scope of assessment; (ii) reviewing of standard operating policies and procedures; (iii) performing walkthrough procedures on selected operating cycles for selected entities; (iv) enquiring process owners of the key controls (including financial, operational and compliance controls) of the selected scope and entities; and (v) discussing with the management and key process owners on internal control weakness and remediation plan.

The Board reviews the Group's risk management and internal control system on an annual basis. For the year ended 31 December 2024, the Board has reviewed and considered the risk management and internal control systems are effective and adequate. No significant areas of concern that might affect the financial, operational, compliance controls, and risk management functions of the Group were identified. The scope of such review covers the adequacy of resources, qualification and experience of staff of the Group's accounting and financial reporting functions and their attitude against internal control of the Group. The Board will continue to work with the management to discuss and follow-up on the status of remediation of the internal control weaknesses and to monitor the risks of the Group in the coming years.

Although the Group currently does not have an internal audit department, the Board has reviewed, on an annual basis, the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent professionals to perform independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review at least annually the need for an internal audit department.

Procedure and internal controls for the handling and dissemination of inside information

The Group has no written policy on handling and dissemination of inside information currently, but measures have been taken from time to time to ensure that proper safeguards exist to prevent any breach of confidentiality in respect of inside information of the Group, which include the following:

— The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

— All employees are required to strictly adhere to the employment terms regarding the management of confidential information.

Corporate Governance Report (Continued)

In addition, all employees are required to strictly adhere to the rules and regulations regarding the management of inside information, including that all employees who, because of his/her office or employment, are likely to be in possession of inside information in relation to the Group, are required to comply with the Model Code.

The Group complies with the requirements of the Securities and Futures Ordinance (the "**SFO**") and the Listing Rules in respect of disclosure of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in the announcements or circulars of the Company is not false or misleading as to any material fact, or false or misleading through the omission of any material fact and presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

Going Concern Assessment

As at 31 December 2024 and up to the date of this report, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

INSURANCE ON DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for liability insurance cover to indemnify the Directors and the senior management of the Company. The Board reviews the insurance coverage on an annual basis.

REMUNERATION TO THE COMPANY'S AUDITOR

For the year ended 31 December 2024, the total remuneration paid or payable to the Company's auditor, Forvis Mazars CPA Limited, for audit and audit related services amounted to RMB800,000 and there has no non-audit related service provided by Forvis Mazars CPA Limited.

SHAREHOLDERS' RIGHTS

The Company communicates to its shareholders through announcements and interim and annual reports published on its website at www.jtfoil.com. Shareholders may put enquiries to the Board through its website at www.jtfoil.com or in writing sent to the principal office of the Company at Unit 1102, 11/F, 29 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Directors, company secretary or other appropriate members of senior management of the Company respond to enquiries from shareholders promptly. All shareholders are also encouraged to attend general meetings of the Company to discuss matters relating to the Group. At general meetings of the Company, the Directors answer questions from the shareholders.

Pursuant to Article 58 of the Articles of Association of the Company, shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner.

Corporate Governance Report (Continued)

INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the shareholders and potential investors on the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

The annual general meeting provides opportunity for shareholders to communicate directly with the Directors. The chairman of the Board, the chairmen of the Board Committees will attend the annual general meeting to answer shareholders' questions. The external auditor of the Company will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor independence.

To promote effective communication, the Company maintains a website at www.jtfoil.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. The Board has reviewed the above measures regularly to ensure its effectiveness.

DIVIDEND POLICY

The Company may declare and pay dividends to the shareholders of the Company ("**Shareholders**") by way of cash or by other means that the Board considers appropriate. In recommending dividends to allow the Shareholders to participate in the Company's profits, the Board would also ensure the Company has adequate reserves for future growth. The Board's decision to declare or to pay any dividends in the future, and the amount of such dividends will depend upon, among other things, the current and future operations, financial condition, liquidity position and capital requirements of the Group, as well as dividends received from the Company's subsidiaries, which in turn will depend on the ability of those subsidiaries to pay a dividend. In addition, any final dividends for a financial year will be subject to the approval of Shareholders. The declaration and payment of dividends by the Company is also subject to any applicable restrictions under the laws of the Cayman Islands, the laws of Hong Kong, the Company's Articles of Association and any other applicable laws, rules and regulations.

On behalf of the Board

Xu Ziming
Chairman

Hong Kong, 28 March 2025

Environmental, Social and Governance Report

For the year ended 31 December 2024

INTRODUCTION

JTF International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to present this Environmental, Social and Governance ("**ESG**") Report, highlighting the ESG performance, with disclosure reference to the requirements of the Environmental, Social and Governance Reporting Guide (the "**Guide**"; which has been upgraded to the 'Environment, Social and Governance Reporting Code' since 1 January 2025), Appendix C2 of the Rules Governing the Listing of Securities on HKEX. The information stated in this report covers the period from 1 January 2024 to 31 December 2024 (the "**Reporting Period**") which aligns with the financial year as the 2024 annual report of the Group.

MESSAGE FROM THE BOARD

At JTF, the execution of the ESG strategy involves the collective effort of the entire company, primarily through a top-down approach. The responsibility for the oversight of the Group sustainability and environmental, social, and governance (ESG) issues lies firmly with the Board of directors. We are ultimately accountable for the long-term success of the Group, and it is important as part of modern corporate governance to embed sustainability and ESG into decision-making and long-term growth strategies. We specifically address and monitors ESG-related matters at least once a year.

The security department is responsible for executing and implementing ESG-related policies, while the operation department, with assistance from the administration department, manages the data collection process related to ESG aspects. The Board prioritises material ESG topics and establishes goals and targets specifically related to the nature of the business. The prioritisation of material ESG topics is enlightened by an annual materiality assessment. Both the Board and the management of the Group monitor trends and developments in ESG-related topics that are relevant to the business throughout the year.

Climate change threatens global prosperity. Recognising its severe environmental effects, the Board is developing a green, low-carbon strategy that aligned with China's carbon neutrality goals. The Group has been working closely with different stakeholders including our suppliers and encourage them to identify ways to enhance the operations and make them more environmentally sustainable. The Group gives priority to suppliers with a lower carbon footprint. The Group aims to not only influence the employees to conserve the environment, but also other stakeholders to reduce their carbon footprints.

Throughout the year, the board continued to maintain strong internal monitoring to ensure proper ESG management and compliance. No pollution incidents has been identified which shows the Group's commitment to responsible and long-term-oriented operations. Looking forward, the Group will remain attentive to global and PRC environmental protection policies and regulatory to enhance the Group's sustainability performance. As the Group transition into a low carbon economy, the core principle of green operation will be reinforced in our business lines to pursue a sustainable development for a brighter future with all of our stakeholders.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

REPORTING PRINCIPLES

The ESG Report is prepared according to the "Comply or Explain" provisions and the four Reporting Principles as required by the ESG Reporting Guide:

1. Materiality: Based on our continuous communication with stakeholders, the Group has formulated models to analyse environmental and social aspects. Based on our internal materiality analysis, ESG topics that may influence the perspectives of the stakeholders are disclosed.

2. Quantitative: ESG data are presented numerically and our ESG performance can be compared against our peers, industry standards and our previous year's performance. The details of calculation basis are further disclosed in relevant sections of the Report.

3. Balance: All information disclosed in the Report shall be unbiased. There will not be any misleading presentation format, selections and omission that may inappropriately influence the decision of a stakeholder.

4. Consistency: In order to ensure comparability, all ESG Key Performance Indicators ("**KPI**") calculation and assumption are consistent with the previous year. Any changes in our methodologies are disclosed clearly to inform the stakeholders.

REPORTING BOUNDARY

The Group is principally engaged in the wholesale of oil and other petroleum products in the PRC. The oil products that we operate in can be broadly categorised into (i) refined oil; (ii) fuel oil; and (iii) other petrochemical products. The report's social aspects covered the whole Group while the environmental aspects are mainly focused on the wholesale of oil and other petroleum products in the PRC, which is the area that represents the majority of the Group's revenue generated, and thus the major business activities that made social, environmental and economic impacts.

The Group's ESG practices has been set up along with the daily operations and supported by our data collection system. The scope of disclosure is expanded in view of the increasing social awareness of ESG. However, ESG data from our vendors or service providers is not included as such data is difficult and impractical to verify with available resources.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

COMMENT AND SUGGESTION

Our group values the comments from different stakeholders, if you have any opinions regarding this ESG report or the sustainability development of the Group, please contact the ESG reporting team via the following channels.

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STAKEHOLDERS ENGAGEMENT

The Group believes that the interests of all stakeholders must be considered in order to strengthen relationships with our shareholders, employees, customers, suppliers, government authorities and society as a whole. Our approach to stakeholder engagement is designed to ensure that our stakeholders' perspectives and expectations are fully understood to help define our current and future sustainability strategies.

The Group proactively engaged with the key stakeholder groups in a variety of ways to ensure effective communication of our objectives and progress in relation to the following areas of concern.

Major Stakeholders		Major Communication Channels	Major Concerns
Internal	Shareholders and investors	• Circulars, press release and corporate announcements • Financial reports • General meetings, and other shareholder meetings • Company website	• Public information disclosure and transparency • Sustainable return on investment • Strong corporate governance and risk management • Information disclosure and transparency
	Employees	• Seminars and conferences • Performance review • Business meetings and briefings	• Attractive remuneration package and benefits • Health and safety of working environment • Training opportunities and career development

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Major Stakeholders		Major Communication Channels	Major Concerns
External	Suppliers	• Periodic review and examination • Procurement meetings • Site visit • Phone calls, conferences, and e-mails	• Suppliers grading system • Laws and regulation compliance • Long-term cooperation • Credibility and business ethics
	Customers	• Company website • Meetings and correspondences • Customer hotlines	• Improvement of service and product quality • Customer satisfaction • Privacy protection
	Public community	• Charitable activities • Community volunteering events • Company website	• Corporate social responsibilities • Environmental Impact • Community investment and charitable activities
	Government and supervisory institutions	• Major conferences and policy consultation • Information disclosures • Inspections and site visits	• Compliance with laws and regulations • Strong corporate governance • Facilitating the development of the local community • Tax payment in accordance with laws

MATERIALITY ASSESSMENT

During the Reporting Period, the Group has conducted an annual review on the materiality assessment to strengthen stakeholders' comprehension of the Group's ESG performance and sustainable development strategy. By referring to international, national, and industry standards, as well as benchmarking within the industry, the Group identified 28 key topics that are indicative of our business's sustainable development. To gauge the level of importance attached to each issue, the Group has considered both internal and external stakeholders opinion through various channels. The materiality assessment process follows the following steps to ensure comprehensive coverage of significant ESG issues and stakeholder input:

1. Designing the methodology: The materiality analysis methodology aligns with the implementation of the ESG initiative and adheres to the materiality principles stated in the Reporting Principles section and Listing Rules mentioned earlier.

2. Identifying material ESG issues: The Group considers a range of sources, including previous year's significant ESG issues, stakeholders feedback, policies and procedures, industry and international trend reports, regulatory updates, and external standards to identify key ESG issues.

3. Validating and engaging stakeholders: Both internal and external stakeholders voices are considered in the assessment process. The ESG issues are rated on a scale of no significance to high significance. All stakeholders are encouraged to provide feedback on engagement practices and raise any additional ESG issues.

4. Prioritizing significant ESG issues: Through analysis of the collected data, the materiality assessment prioritizes ESG issues based on their overall importance. The results are presented in a chart format for clarity and understanding.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

The table below illustrates the significant ESG issues identified by the Group:

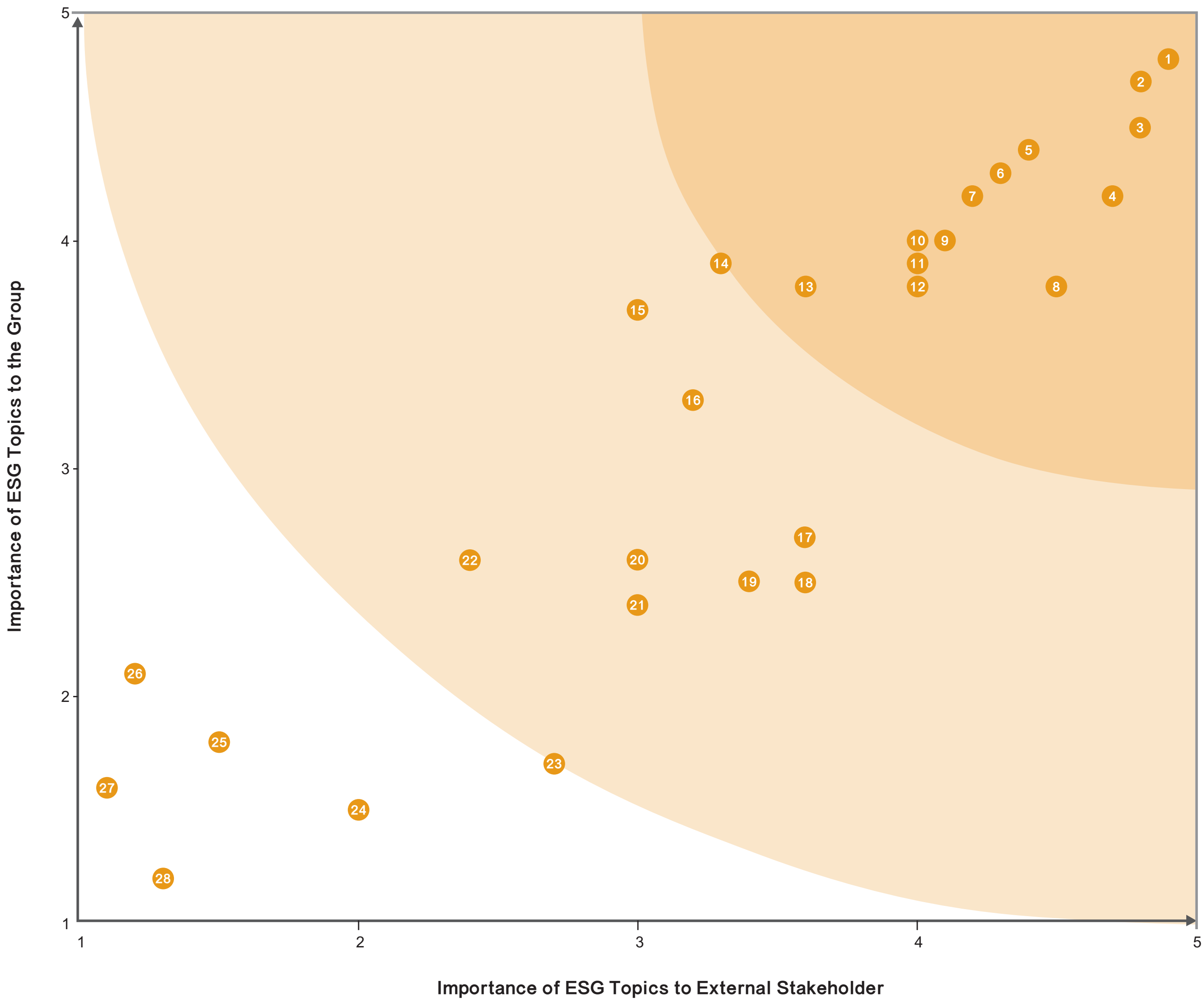
Item	ESG Topic	Item	ESG Topic
1	Product health and safety	15	Observing and protecting intellectual property rights
2	Occupational health and safety	16	Product and service labelling
3	Energy use (e.g. electricity, gas, fuel)	17	Mitigation measures to protect environment and natural resources
4	Environmentally preferable products and services	18	Customer satisfaction
5	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	19	Selection and monitoring of suppliers
6	Anti-corruption training provided to directors and staff	20	Preventing child and forced labour
7	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering	21	Hazardous waste production
8	Air emissions	22	Climate change
9	Anti-corruption policies and whistle-blowing procedure	23	Cultivation of local employment
10	Greenhouse gas emissions	24	Non-hazardous waste production
11	Customer information and privacy	25	Water use
12	Employee development and training	26	Use of materials (e.g. paper, packaging, raw materials)
13	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers	27	Marketing communications (e.g. advertisement)
14	Diversity and equal opportunity of employees	28	Community support (e.g. donation, volunteering)

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

The assessment results are summarized in the following graph:

Materiality Assessment Matrix



Based on the aforementioned analysis, the Group has identified "Product health and safety," "Occupational health and safety," and "Energy use (e.g. electricity, gas, fuel)" as the top three priority areas for attention during the Reporting Period.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

A. ENVIRONMENTAL ASPECT

The Group's business activities involve the wholesale of oil and other petroleum products in the PRC. Energy efficiency serves as a key metric for monitoring the Group's greenhouse gas ("**GHG**") emissions. To continually enhance energy performance and reduce the Group's carbon footprint, it is crucial for the Group to closely monitor energy usage. The Group actively seeks out energy-saving opportunities, particularly by selecting environmentally friendly equipment and facilities.

The Group strictly complies with but not limited to the *Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)*, *Zhuhai Environmental Protection Regulations (《珠海市環境保護條例》)*, and *Guangdong Province Environmental Protection Regulations (《廣東省環境保護條例》)*. Expanding beyond energy-saving measures in business operations, the Group has extended these principles to create a green working environment and foster a green mindset among employees. When procuring office equipment, the Group prioritizes models with higher energy efficiency, sourced from suppliers with relatively low carbon footprints. Regular reminders are provided to employees to adopt energy-efficient practices in their respective workspaces.

In 2024, the Group did not identified any material fines or non-monetary sanctions for violations of environmental laws and regulations. To the best of our knowledge, there were no material breaches of relevant statutes that would have significantly impacted the Group concerning emissions to air and greenhouse gases, discharges to water and land, as well as generation of hazardous and non-hazardous waste. The Group was compliant with applicable environmental requirements throughout the Reporting Period. During the Reporting Period, the Group has complied with all relevant environmental regulations and requirements, and no violations have been recorded in the environmental aspects.

A1. Emissions

A1.1 Air Emissions

The logistics for the Group's major operation have been outsourced to several third parties' service providers. The air emissions produced by the Group are attributed to the usage of vehicles owned by the Group for business traveling purpose. The Group strictly complies with the Law of the People's Republic of *China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)* and related laws and regulations.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

The types of air emissions generated from our Group are shown in the table below:

The types of emissions[1]	Units	2023	2024	Percentage change
Emissions data from vehicles[2]				
Nitrogen Oxides ("$\mathbf{NO_x}$")	kg	1.31	**1.23**	(6.11%)
Sulphur Oxides ("$\mathbf{SO_x}$")	kg	0.02	**0.02**	–
Particulate Matter ("**PM**")	kg	0.10	**0.09**	(10.00%)
Total air emissions	kg	1.43	**1.34**	(6.29%)

Note:

1. The methodology adopted for reporting on emissions set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

2. The emission factors used to calculate the NOx, SOx and PM are sourced from: the Hong Kong Environmental Protection Department's EMFAC-HK Vehicle Emission Calculation model and the United States Environmental Protection Agency's Vehicle Emission Modelling Software — MOBILE 6.1; and the assumptions of 80% relative humidity, a temperature of 25 degrees Celsius, an average speed of 30km/h, and include running exhaust emissions only.

Vehicle usage is optimised based on actual needs resulting in a total 6.29% decrease in total air emissions comparing to 2023.

Considering the Group's business nature and its ongoing efforts towards environmental protection, there are limited rooms for further improvement in air emissions. The Group will continue to closely monitor air emissions and aims to maintain the current emission levels, taking into account the scale of its business operations.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

A1.2 Greenhouse Gas Emissions

In view of the Group's business portfolio, the greenhouse gas ("**GHG**") emission produced by the Group is mainly due to the indirect emissions (Scope 2) resulted from the use of electricity for operation of the Group. To a limited extent, the Group also produces direct emissions (Scope 1) attributed to mobile combustion sources (vehicle usage).

The total emissions of carbon dioxide ("$\mathbf{CO_2}$") equivalent generated from the Group are shown in the table below:

GHG Emissions[1]	Units[2]	2023	2024	Percentage change
Total GHG emissions from Scope 1[3]	tCO_2e	2.93	**2.87**	(2.05%)
Total GHG emissions from Scope 2[4&6]	tCO_2e	63.94	**34.74**	(45.67%)
Total GHG emissions from Scope 3[5]	tCO_2e	0.74	**0.34**	(54.05%)
Total GHG emissions	tCO_2e	67.61	**37.95**	(43.87%)
Total GHG emissions intensity (per floor area)	tCO_2e/m^2	Less than 0.01	**Less than 0.01**	–
Total GHG emissions intensity (per employee)	tCO_2e/employee	2.94	**1.90**	(35.37%)

Note:

1. The methodology adopted for reporting on emissions set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

2. tCO_2e refers to tonnes of carbon dioxide equivalent.

3. Direct emissions of the Group were from fuel combustion in vehicle.

4. Indirect emissions of the Group were from purchased electricity.

5. Other indirect emissions of the Group included electricity used for fresh water and sewage processing by government department.

6. The decrease in GHG emissions from Scope 2 is primarily attributed to the cessation of operation at one of the fuel depots in 2024.

During the Reporting Period, the total GHG emissions were 37.95 tonnes, representing a total decrease of 29.66 tonnes, or approximately 43.87%, compared to the total GHG emission in 2023.

The Group will continue to record and monitor the GHG emissions and other relevant environmental data from time to time. Similar to the air emissions, the rooms of improvement in the GHG emissions are limited. The Group will continue to closely monitor the greenhouse gas emissions and aims to maintain the current emission levels, taking into account the scale of its business operations.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

A1.3 Waste Management

During the operation of the business, the Group produces hazardous and non-hazardous waste. The Group believes the essential part of minimizing impacts on the environment is proper waste management. This process goes both way — in terms of reducing waste production and handling various types of waste appropriately. To achieve this objective, we have set up a standardized procedure for effective waste management, ensuring compliance with relevant laws and regulations, such as the *Law of the People's Republic of China on Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物環境防治法》)*.

The non-hazardous waste primarily consists of office paper and other office waste. However, the quantity of this waste is minimal and considered immaterial. As a result, no data collection has been conducted for non-hazardous waste.

In order to enhance environment protection, the Group has followed the below resources saving and efficiency measures to promote paperless office:

- Use printers that can print on both sides of the paper;
- Non-essential items should be in an electronic format instead of a printed version; and
- Any documents that are no longer in use should be shredded and recycled.

Hazardous waste, such as minimal oil residue, is generated during our operations. According to the *Technical specifications for Pollution Control for Collection and Recycle of Used Mineral Oil of the PRC (《中華人民共和國廢礦物油回收利用污染控制技術規範》)*, the proper disposal and collection of oil residue must be carried out by licensed collectors. The Group ensures compliance with the relevant regulatory requirements by annually reviewing the qualifications of the licensed collector responsible for collecting our oil residue. Due to the limited quantity of hazardous waste and its proper handling, the potential environmental impact is relatively minimal.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

In order to provide a comprehensive overview of the Group's environmental performance, the amount of hazardous waste is now included in this Reporting Period, even though the environmental impact resulting from proper handling of the oil residue is limited. The following are the total amounts of hazardous waste produced during the Reporting Period:

Hazardous waste[1]	**Units**	**2023**	**2024**	**Percentage change**
Oil residue	Tonnes	1	–	(100%)
Total hazardous waste	Tonnes	1	–	(100%)
Total hazardous waste intensity (per million revenue)	Tonnes/ RMB million revenue	Less than 0.01	–	(100%)

Notes:

1. The hazardous waste is mainly from the oil residue, the amount of the oil reside is collected from the licenced collector.

As previously mentioned, the environmental impact of the hazardous waste is unavoidable during our operation and proper handling procedures are in place. The Group remains committed to ensuring there is proper waste management practices and will continue to monitor the quantity of hazardous waste generated.

A2. Use of Resources

The use of resources plays a major role in environmental protection, the Group encourages employees to foster resource conservation and recycling practices in the daily work, and also strictly complies with the *Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》)*. The Group closely monitors the status of resources usage to ensure the full use of resources and avoid waste. The Group mainly use electricity and non-renewable fuel as the source of energy, and also use water in the daily operation.

The Group primarily sells oil through three methods: transportation via ship, transfer through pipelines, and direct fulfilment of client's car fuel tankers. Hence, there is no packaging materials are used in the business operations.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

A2.1 Energy Consumption

Electricity is the major indirect energy consumption for the Group which is consumed during daily business operations in our offices through the use of indoor lighting, air-conditioning, office equipment and equipment related to repair and maintenance, etc. Moreover, limited non-renewable fuel consumed was sourced from the usage of vehicles and the kitchen owned by the Group for business and operation purposes.

In order to enhance the environment protection and save energy consumption, the Group has established the following energy saving measures:

- Lighting should be switched off while employees are off duty; and
- Employees are encouraged to switch off all non-essential items (i.e. computers and photocopiers) during non-office hours.

The amount of energy consumption of the Group is shown in the table below:

Energy consumption[1]	Units	2023	2024	Percentage change
Non-renewable fuel consumed[2]	MWh	10.66	**10.47**	(1.78%)
Electricity consumption[3]	MWh	104.79	**55.99**	(46.57%)
Total energy consumption	MWh	115.45	**66.46**	(42.43%)
Total energy consumption intensity (per floor area)	MWh/m^2	0.01	**Less than 0.01**	N/A
Total energy consumption intensity (per employee)	MWh/employee	5.02	**3.32**	(33.86%)

Note:

1. The methodology adopted for reporting on consumptions set out above was based on "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

2. The conversion factors used to calculate the units to MWh are sourced from the Energy Statistics Manual issued by the International Energy Agency.

3. The decrease in electricity consumption is primarily attributed to the cessation of operation at one of the fuel depots in 2024.

During the Reporting Period, the total energy consumption was 66.46 MWh with an intensity of 3.32 MWh per employee. This figure represents a decrease of 42.43%, compared to the total energy consumption in 2023, and an decrease of 33.86%, compared to the total energy consumption intensity per employee. The increase in the intensity per employee was due to the decrease in the number of employees.

The Group will continue to assess and record its energy consumption and compare it with last year's data for developing emission reduction's Key Performance Indicator ("**KPI**") in the future.

Considering the Group's business nature and its ongoing efforts towards environmental protection, there are limited rooms for further improvement in air emissions. The Group will continue to closely monitor air emissions and aims to maintain the current emission levels, taking into account the scale of its business operations.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

A2.2 Water Consumption

The Group endeavours to implement an effective water management through efficient water use. The primary goal is to reduce the water consumption by measuring our water use, inspecting water pipes constantly to prevent any water leakage, and promoting water-saving behaviours to all employees.

The Group complies with the *Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)*, and other related laws and regulations. The majority of sewage is arising from rainwater and domestic sewage. Tributary septic tanks are used for cleaning process that improves wastewater quality before it is discharged to the environment. Bacteria, viruses, and parasites, which are harmful to public health, are also removed at this stage. In addition, a grease trap and partition are set at the end of the discharge pipe.

All rainwater is discharged through the grease trap and partition. In case of oil leakage or oil discharge, the partition can stop the pipe discharge into the environment and avoid oil spill.

Water consumption[1]	**Units**	**2023**	**2024**	**Percentage change**
Total water consumption[2]	m^3	1,200.00	**520.00**	(56.67%)
Total water consumption intensity (per floor area)	m^3/m^2	0.08	**0.03**	(56.67%)
Total water consumption intensity (per employee)	m^3/employee	52.17	**26.00**	(50.17%)

Note:

1. The methodology adopted for reporting on consumptions set out above was based on "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

2. The decrease in water consumption is primarily attributed to the cessation of operation at one of the fuel depots in 2024.

During the Reporting Period, the total water consumption was 520 cubic meters (m^3). This figure represents a decrease of 680 m^3, or 56.67%, compared to the total water consumption in 2023. The Group will continue to assess and record its water consumption and compare it with last year's data for maintaining water consumption reduction target in the future. In the Reporting Period, the Group did not identify any issues in sourcing water for business operations.

Considering the Group's business nature and its ongoing efforts towards environmental protection, there is limited scope for further improvement in air emissions. The Group will continue to closely monitor air emissions and aims to maintain the current emission levels, taking into account the scale of its business operations.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

A3. The Environment and Natural Resources

As the Group engaged in the wholesale of oil and other petroleum products, our operation is subject to occupational hazards inherent in the oil and gas industry, such as fires, explosions, blowouts, and oil spills that can cause pollution and other damage to the environment. In the course of our operations and oil blending process, we do not identify significant discharge of pollutants.

Despite the fact that the Group's operations itself do not cause any material adverse impact to the environment. The Group has taken steps to reduce its impact on the environment by adopting energy and resources saving measures as mentioned in "A1. Emissions" and "A2. Use of resources" in response to the potential impacts on the environment and natural resources. Mandatory on-job training was provided to employees to raise their awareness of environmental protection. The Group is committed to minimizing any negative impact on the environment which may be resulted from our business activities.

In anticipation of stricter national requirements and shift of client preferences, the Group will continue to research and adjust its product structure in the upcoming Reporting Period. This adjustment aims to not only meet the preferences of clients but also promote cleaner emissions and enhance environmental friendliness. By adapting the product structure, the Group aims to align with changing market demands and regulatory standards. This proactive approach will enable the Group to offer products that are in line with environmentally conscious practices and contribute to a cleaner and more sustainable future.

A4. Climate Change

At the United Nations Climate Change Conference (COP29), nations reached a historic agreement on the New Collective Quantified Goal on Climate Finance (NCQG), aimed at providing robust support for addressing climate impacts and accelerating clean energy transitions. Consensus was achieved on the operational framework for carbon markets under the Paris Agreement, marking a significant milestone in enabling international carbon trading, fostering cost-effective emissions reductions, and enhancing financial flows to support developing countries in achieving their climate ambitions.

The impact and consequences of climate change are receiving increasing attention and awareness nowadays, not only on the international stage but also on a personal level. Citizens around the globe are focusing more on climate-related issues due to the influence of natural disasters caused by global warming. Eventually, we all suffer from these natural disasters. As suggested by the Task Force on Climate-Related Financial Disclosures (TCFD), there are two types of climate-related risks, including the transition risks and physical risks. The transition risks refer to risks related to the transition to a lower-carbon economy, and the physical risks refer to risks related to the physical impacts of climate change. Likewise, the Group has been closely monitoring the risks and seizing the opportunities presented by climate change. Investments will be allocated and prioritized to address the primary climate-related risks, enabling our Group to transition smoothly and thrive in a low-carbon economy.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Description of risks	Possible Effects*	Response measures
Transition Risk		
Policy and Legal		
• Implementation of stricter government regulations and policies. • Limitations on the utilization of fossil fuels in business operations.	• Stricter regulatory requirements for environmental information disclosure lead to increased compliance costs. (S)	• Operated flexibly to ensure adaptability to regulatory changes in climate change policies, with low exposure to policy and legal risks due to its focus on wholesale oil and petrochemical products. • Considered greenhouse gas and carbon pricing across the value chain in the long term. • Continued to monitor potential developments of the regulations and policies.
Technology and Market		
• Low-carbon transition imposes higher requirements on technology to meet stricter emission standards.	• Increased investment in the development of energy-saving and emission-reduction technologies will lead to higher labor and capital costs. (M)	• Upgraded the oil tanks, pipelines, and depot facilities in 2020 to mitigate technological risks, with these enhancements remaining effective during the Reporting Period. • Considered exploring additional technological improvements to further streamline business operations in the future.
• Change in market preferences toward low-carbon products and clean energy • Increase in cost of raw materials.	• Growing demand for green and low-carbon energy solutions. • Fiercer competition in oil and gas resources, alternative energy, and other areas. (M)	• Leveraged extensive experience and strong customer network, including partnerships with the three largest state-owned oil companies in the PRC, to position it to expand its market share and role in the supply chain. • Deliberated on exploring the wholesale of relatively more environmentally friendly petrochemical products and will continue to monitor associated risks.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Description of risks	Possible Effects*	Response measures
Reputation		
• A low-carbon image has become an important benchmark for stakeholders to assess the influence of energy companies.	• Failure to adequately respond to stakeholders' expectations for low-carbon development may negatively affect the company's reputation and brand image. (M)	• Incorporated environmental measures into its business operations to align with the public's sentiment on climate change. • Monitored the carbon footprint of the operations closely and the supply chain and explore ways to minimise the impact to the environment.
Physical Risk		
Acute		
• Frequent extreme weather events (e.g., storms, natural disasters, and floods).	• Flooding of facilities may cause production interruptions or asset losses, increasing maintenance and protection costs. • High temperatures affecting the safety of storage and employee health who works outdoor. (S)	• Developed contingency measures to address various weather-related events to mitigate resilience risks.
Chronic		
• Changes in precipitation patterns and extreme instability in weather patterns	• Potentially affect the storage environment for oil tanks and petrochemical products. • Rising sea levels may also pose risks to the operational sites of the business. (L)	• Implemented measures to minimize the impact of changing weather patterns on storage environments. • Maintained ongoing monitoring of chronic risks to ensure prompt and effective responses.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Description of opportunity	Potential financial impact*	Realization strategy
Products and services		
• Technological innovation and process optimization for green, low-carbon products.	• Attracting more customers who prioritise sustainability, enhancing competitiveness. (L)	• Evaluated the possibility of exploring in the wholesale of other relatively more environmentally friendly petrochemical products.

*
S: Short-term 1-3 years
M: Medium-term 3-5 years
L: Long-term Over 5 years

B. SOCIAL ASPECTS

The Group places equal importance on the social aspect as it does on the environmental aspect. The Group prioritizes the welfare and mental health of our employees, recognizing that their support is crucial for the long-term success of our business. Additionally, the Group strictly adheres to national standards to ensure product quality. For instance, our refined oil products generally conform to GB-17930-2013, GB-19147-2013, and GB-252-2015, which are the PRC national standards for automobile gasoline, automobile diesel fuel, and general diesel fuel, respectively.

B1. Employment

The Group firmly believes that employees are its most valuable asset for sustainable development. With this in mind, the goal of the Group is to create a harmonious workplace and foster strong relationships with our employees. To achieve this goal, the Group focuses on four key areas: (i) Labour rights, (ii) Fairness and zero discrimination, (iii) Benefits and welfare, and (iv) Occupational health and safety. The Group strictly adheres to the applicable laws and standards of the jurisdiction in which it operates. It strives to fulfil its responsibilities to employees, respects their legitimate rights and interests, promotes their professional development, improves the working environment, and pays attention to the physical and mental health of employees. This commitment aims to achieve the mutual development of the Group and its employees.

The Group had established a "Recruitment Management Procedure" that outlines the recruitment methods, procedures, and requirements. The recruitment process involves conducting two rounds of interviews to ensure that candidates are well-suited to the Group. This procedure has been put in place to ensure that all candidates are treated equally and fairly throughout the recruitment process. By adhering to this procedure, the Group aims to create a transparent and unbiased selection process, where each candidate is given an equal opportunity to showcase their qualifications and capabilities. The "Recruitment Management Procedure" serves as a guiding document for recruitment activities within the Group, promoting consistency and fairness in the hiring process. It also helps the Group maintain a high standard of professionalism and ensure that the most suitable candidates are selected to join the organization.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

B1.1 Total workforce

The Group had a total of 20 employees as of 31 December 2024, of which all are full-time employees. The total workforce categorised by (i) gender, (ii) age group and (iii) geographical region are shown below:

Total number of workforce[1]	Categories	2023	2024	Percentage Change[2]
Gender	Male	17	**14**	(17.65%)
	Female	6	**6**	–
Age Group	Below 30	4	**–**	(100.00%)
	30–50	15	**14**	(6.67%)
	Above 50	4	**6**	50.00%
Geographical Region	Hong Kong	2	**1**	(50.00%)
	Guangzhou	16	**13**	(18.75%)
	Zhuhai	5	**6**	20.00%

Note:

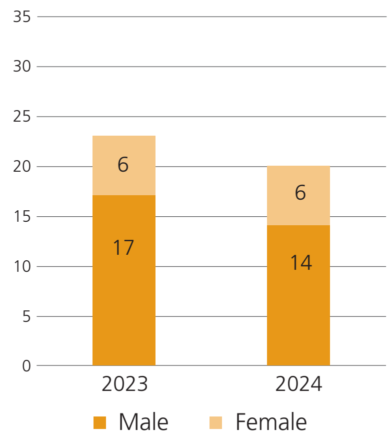
1. The methodology adopted for reporting on the number of workforce set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

2. The calculation of percentage change based on a narrow base of numbers of total employees, therefore, the percentage change for the number of workforce had significant increase or decrease.

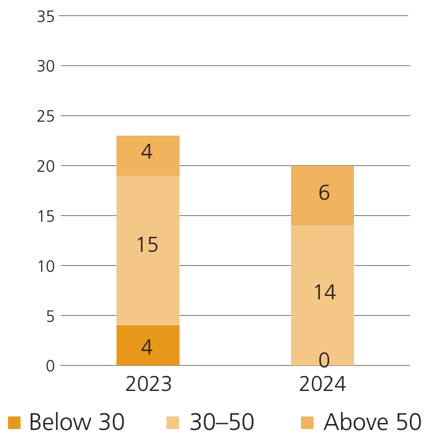
Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

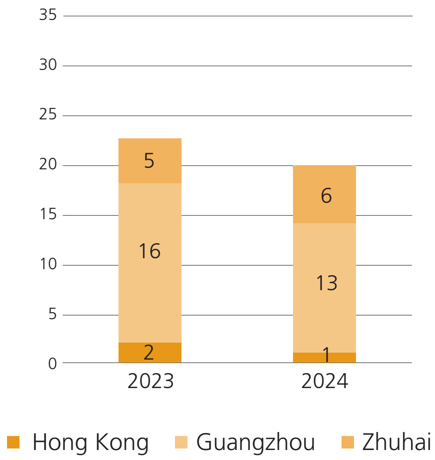
Number of Workforce by Gender



Number of Workforce by Age Group



Number of Workforce by Geographical Region



Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

B1.2 Employee turnover

Talent management is important to the Group, a wide range of incentives are provided, including competitive remuneration and benefits packages, which are based on individual performances and the qualifications of employees and benchmarked against our industry peers on an annual basis. All our employees are essentially treated with fair wages, fixed working hours, proper insurance coverage and statutory holidays. In addition, a various of leisure activities are organized which includes but not limited to annual dinner, Chinese New Year gathering and mid-autumn lantern carnival.

During the Reporting Period, the Group has implemented different measures to reduce employee turnover rate, such as strengthening recruitment controls, so that applicants can fully understand the working environment and control of the Group. The Group has also strengthened the employees' training system to meet the career development requirement of employees at all levels; focus on the work pressure of employees, expand the development prospects of the Group so that competitive career platform can be provided to the employees.

During the Reporting Period, the Group's overall employee turnover rate was approximately 23.26% (2023: 32.73%). The employee turnover rate by (i) gender, (ii) age group (iii) geographical region are presented in the table below:

Percentage of turnover rate[1]	Categories	2023	2024	Percentage Change
Gender	Male	25.64%	**25.81%**	0.65%
	Female	50.00%	**16.67%**	(66.67%)
Age Group	Below 30	44.44%	**50.00%**	12.51%
	30–50	18.18%	**27.59%**	51.74%
	Above 50	61.54%	**–**	(100.00%)
Geographical region	Hong Kong	–	**–**	–
	Guangzhou	56.25%	**27.59%**	(50.96%)
	Zhuhai	–	**18.18%**	N/A

Notes:

1. The methodology adopted for reporting on the turnover rate set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

B2. Health and safety

Operating within the oil and petroleum industry, the Group prioritizes occupational health and safety above all else. The Group is committed to deter the occurrence of all kinds of potential safety hazards, incidents, and injuries.

To mitigate and contain the risks under our control, the Group encourages our employees at all levels to monitor and report any hazards or potential threats and has established a comprehensive set of policies and procedures to ensure our safety performance conforms to the highest industry standards, including but not limited to the below:

Temporary power supply safety management policy	Formulated to strengthen the controls and safety measures over the use of temporary power supply and to avoid electric shock, fire and explosion, and various electrical accidents.
Fire safety management policy	Formulated to ensure arrangements are made in respect of the maintenance of fire safety provision for the relevant premises and that fire safety regulations are strictly enforced to ensure compliance with the national laws and regulations including but not limited to the "Code for Design of Electrical Installations in Explosive Atmospheres" (《爆炸和火災危險環境電力裝置設計規範》).
Warehouse and oil tank zone safety management policy	Formulated to ensure all storage items are classified, piled, stored and continuously monitored and are in compliance with the national laws and regulations including but not limited to the "Code for Fire Protection Design of Buildings" (《建築設計防火規範》).
Hazardous chemical safety management policy	Formulated to regulate the safety management of use, transportation, distribution, storage and other processes of hazardous chemicals and to ensure compliance with the national laws and regulations including but not limited to the "Fire Protection Law of the People's Republic of China" (《中華人民共和國消防法》), "Regulations on the Safety Management of Hazardous Chemicals" (《危險化學品安全管理條例》), "Regulations on the Safe Use of Chemicals in the Workplace" (《工作場所安全使用化學品規定》), "Provisions on the Administration of Road Transport of Dangerous Goods" (《道路危險貨物運輸管理規定》), "Specifications for Storage and Preservation of Combustible and Explosive Goods " (《易燃易爆性商品儲存養護技術條件》) and "Rule for Storage of Chemical Dangers" (《常用化學危險品儲存通則》).

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

In the past three Reporting Periods, the Group was not aware of any work-related fatalities, lost days due to work injury and any violations of Hong Kong and PRC health and safety laws and regulations.

The Group also take care of employees' mental health, which aimed to provide a fairness and zero-discrimination workplace. The Group is committed to providing a workplace free from any form of discrimination and harassment and provides opportunities to employees with different backgrounds and characteristics so as to build a diversified workforce. As demonstrated in our "Recruitment Management Policy" and "Promotion and Termination Management Policy", the Group emphases a transparent recruitment and employment mechanism. In all employment decisions, including recruitment, promotion and termination, the Group only takes the qualifications, experience and performance of candidates or employees relevant to the job function into account. Any form of discrimination against our potential or current employees on the grounds of nationality, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, political inclination is strongly prohibited. The Group also forbids unlawful harassment, harassment, and victimization of any type at workplace.

B3. Training and development

The Group emphasises the importance of cultivating a culture of safety by providing employees with systematic technical and safety related training programs and encourage the participation of external trainings and seminars to ensure that all of our employees are trained to promptly report the occurrence of any incidents and potential hazards, and to take appropriate measures to avoid damages to themselves and the assets of the Group.

The Group has implemented a "Training Management Control Procedure" that outlines training objectives of various type of training provided to different level of employees. The training programs include (i) occupational ethics training, moral training, and company culture training; (ii) orientation training for new entry employees; (iii) skills training for frontline employees; (iv) managing skills training for management; and (v) off-job training.

The trainings provided to the employees are aimed to enhance the skills and increase the engagement of employees. For example, new employees can understand the department's structure, job responsibilities, and necessary working skills in the orientation training. The process enables new employees to swiftly acclimate to their roles and effectively integrate within the Group's operations. For off-job training, it allows employees to enhance their knowledge and skills beyond their daily job responsibilities.

By implementing the "Training Management Procedure," the Group aims to meet employees' expectations and provide them with opportunities for growth and advancement. The belief is that through these training programs, employees can make valuable contributions to the Group's success and develop a promising career path within the Group.

Moreover, all directors of the Group had participated in continuous professional development related training programmes and seminars, to ensure that they understand business operations of the Group, directors' responsibilities and obligations under the Listing Rules and other regulatory requirements.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

The percentage of employees trained by gender and employment category are listed below:

Category[1]	Sub-Categories	Units	2023	2024	Percentage Change
Gender	Male	%	73.91	**70.00**	(5.29%)
	Female		26.09	**30.00**	15.00%
Employment category	Senior management	%	26.09	**30.00**	15.00%
	Middle management		17.39	**20.00**	15.00%
	Frontline and other employees		56.52	**50.00**	(11.54%)
Overall percentage of employees trained		%	100.00	**100.00**	–

Note:

1. The methodology adopted for reporting on the percentage of employees trained set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

The percentage of employees trained, and the average training hours completed per employee are listed below:

Category[1]	Sub-Categories	Units	2023	2024	Percentage Change
Gender	Male	hours	12.94	**13.00**	0.45%
	Female		16.67	**16.67**	–
Employment category	Senior management	hours	10.00	**10.00**	–
	Middle management		10.00	**10.00**	–
	Frontline and other employees		16.92	**18.20**	7.55%
Overall average training hours completed per employee		hours	13.91	**14.10**	1.34%

Note:

1. The methodology adopted for reporting on the overall average training hours set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

B4. Labour Standards

In line with the local employment laws including the *Employment Ordinance of Hong Kong, Labour Law of the PRC (《中華人民共和國勞動法》)*, *Labour Contract Law of the PRC (《中華人民共和國勞動合同法》)*, *Cap. 57 Employment Ordinance of Hong Kong (第57章《僱傭條例》)* as well as other related labour laws and regulations, the Group prohibits the employment of child labour or any other form of forced and illegal labour.

The Group only recruits candidates who meet the legal age requirements. The Human Resources Department is responsible for ensuring the absence of child and force labour, and the identity copy of candidate is needed for the recruitment procedure. Once the child or forced labour is discovered, the Group will dismiss the related person. It strictly adheres to the relevant labour regulations in the PRC and Hong Kong concerning working hours and holidays, aiming to safeguard the physical and mental health of all employees. The Group is also working on human rights due diligence in the supply chains, to ensure the safety, health, or education right of all children.

B5. Supply Chain Management

For many corporations nowadays, outsourcing non-core business processes has become not only the norm but also a key strategy to realign their focus on core areas and maintain competitiveness in the industry. However, our Group firmly believes that outsourcing does not absolve a corporation from responsibilities or risks associated with poor performance in the ESG area. The Group understands that it should play a role in every stage of its products and services throughout its life cycle, and effective supply chain management is crucial for maintaining the Group's reputation, ensuring business sustainability and managing operating costs.

Our procurement and resources management processes are continuously monitored and well-documented. The Group has implemented a supply chain management system to ensure that only suppliers capable of providing qualified services and products and adhering to relevant environmental and safety standards are selected. Suppliers with lower carbon footprint will be prioritized in the selection process.

Before engaging new suppliers, staff members from relevant departments are required to examine their licenses. The group only sell any refined oil used for business purpose to any supplier or customer with the qualification to engage in refined oil business and in compliance with *Article 37 of the Regulation on Safety Management of Hazardous Chemicals* (《危險化學品安全管理條例》), the Group only purchase hazardous chemicals from supplier or customer that obtained the licenses for manufacturing such chemicals or the licenses for trading in such chemicals. In addition, policy is established to maintain and update licenses register that keep track of the relevant licenses of our existing and new suppliers and customers, such as their licensing conditions and expiry dates and complete the Supplier Application Form. Only suppliers that meet all the requirements can be selected by the Group as its qualified vendors.

During the Reporting Period, the Group has a total of 12 (2023: JTF had 19 suppliers) suppliers located in the PRC (People's Republic of China) to support the local business.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

B6. Product Responsibility, intellectual property, and consumer data protection

Product responsibility

For the competition in the current market environment, customers have become increasingly demanding on products and services. The Group understands that customers attach great importance to the quality of energy products provided by the Group. Therefore, the Group must maintain good quality in order to maintain its reputation and secure long-term customer support.

As an energy trader, the Group is committed to consistently providing high quality products and services that are in accordance with the requirements and specifications of our customers and complied with the relevant laws and regulations.

Since oil products are classified as dangerous goods under statutory regulations, the Group has paid great attention to ensure safety operation in the process of loading, transportation and storage during the trading process. In accordance with fire protection regulations, the Group properly stores oil products in dedicated warehouses, premises or storage rooms equipped with fire-fighting devices and communication and alarm devices to prevent accidents.

The Group has established a comprehensive "Return Policy" that provides guidelines for employees to follow regarding quality control. This policy clearly outlines the criteria for issuing refunds, the procedures to be followed, and the handling of refund. With this procedure in place, any products that do not meet the Group's quality standards are returned to the supplier. This ensures that the Group maintains a high standard of quality for the products it sells. By promptly addressing any quality issues and returning non-compliant products, the Group upholds its commitment to delivering high-quality goods to its customers.

It is noteworthy that during the Reporting Period, the Group has not received any reports of product recalls or customer complaints. This indicates the effectiveness of the quality control measures in place and the Group's dedication to providing products that meet or exceed customer expectations.

Intellectual Property

The Group's senior management is responsible for safeguarding the intellectual properties. Contracts between the Group and distributors, employees and relevant parties contain a confidentiality clause to prevent the disclosure of sensitive information. A whistle-blowing platform is in place for employees report any incident of sensitive information disclosure.

Consumer Data Protection

Data protection measures are set up by the senior management to protect and monitor all data with regards to customers, suppliers, distributors, and other relevant parties. The Group adheres to the relevant privacy rules and regulation in the operating environment and is unaware of any unauthorised access, accidental, usage or amendments of these data.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

The Group has implemented a "Data Security Management Policy" to govern the storage and handling of personal data. This policy ensures that only authorized personnel have access to sensitive data and outlines specific security measures to protect the data. Under the policy, access to sensitive data is restricted to individuals with the necessary permissions and responsibilities. This helps to safeguard the confidentiality and integrity of the data. Additionally, the Group installed security systems such as firewalls and anti-virus software to provide further protection against unauthorized access or malicious activities. To mitigate potential security vulnerabilities, the policy prohibits personal use of company computers. This measure helps to minimize the risk of introducing external threats or compromising the security of the data stored within the systems. By implementing the "Data Security Management Policy," the Group demonstrates its commitment to ensuring the privacy and security of personal data. These measures are designed to comply with applicable data protection regulations and industry best practices, protecting both the interests of individuals and the reputation of the organization.

B7. Anti-corruption

The Group recognizes the potential risks associated with unethical conduct and is committed to taking a strong stance against bribery, extortion, fraud, and any form of misconduct. A zero-tolerance policy is in place to address such behaviours.

To reinforce this commitment throughout the Group, the Group has established two key policies: the "Anti-Fraud Management Policy" and the "Conflict of Interest Management Policy." These policies are designed to align with relevant regulatory laws and standards, promoting anti-fraud principles and consistent organizational behaviours. They provide clear guidelines, assign responsibilities for developing controls and conducting investigations, and facilitate the early detection of potential fraud that may harm the Group or its customers. The policies define a broad range of terms related to anti-corruption and outline how these terms apply in various situations to ensure compliance. By providing this clarity, employees are equipped with the necessary guidance to make ethical decisions and prevent fraudulent activities. In the event of suspected misconduct, internal investigations are conducted by the Audit Committee of the Board. The content and results of these investigations are treated with strict confidentiality, ensuring the integrity and privacy of the process. Through the implementation of these policies and the diligent enforcement of anti-fraud measures, the Group aims to maintain a culture of integrity, transparency, and ethical conduct throughout the organization.

Our directors and senior employees have undergone anti-corruption training to strength our corporate governance. The number of employees trained is presented in the table below:

Category[1]	Units	2023	2024	Percentage Change
Directors	Number of Employees	7	**7**	–
Other Employees		1	**1**	–
Total Number of Directors and Employees		8	**8**	–

Note:

1. The methodology adopted for reporting on the number of directors or employees trained in anti-corruption set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Anti-corruption training was provided to seven directors and one employee in the last Reporting Period. During this Reporting Period, the Group providing training to seven directors and one employee. Considering the limited personnel change in this Reporting Period, the Group ensures all employees understand the zero-tolerance attitude of the Group. The Group will monitor closely if there's any violation of laws and provide the training in the coming years if necessary.

Whistleblowing channels, as described in the "Whistle Blowing Policy" has been in place for any reporting on the case of anti-corruption by employees without any fear of receiving any negative impacts. Suspected non-compliance will be reported to the Audit Committee. Employees found to have breached our standards and be engaged in misconduct will be investigated and may be subject to termination of contract, dismissal, or criminal proceedings.

The Group was not involved in any cases of violations related to corruption during the Reporting Period, nor was involved in any corruption litigation cases related to the Group and the employees.

B8. Engaging our Community

The Group is committed to exert available resources to support our community and encourage our employees to participate in various charitable and voluntary activities.

The Group will continue to uphold the principle of being responsible for its shareholders and investors, employees, suppliers, customers, public community and will seek further development opportunities to maintain a harmonious relationship with its stakeholders.

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/Explanation
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Aspect
KPI A1.1	The types of emissions and respective emissions data.	A1.1 Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	A1.2 Greenhouse Gas Emission
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	A1.3 Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	A1.3 Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	A1. Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1.3 Waste Management

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/Explanation
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A2. Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	A2.1 Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	A2.2 Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2.1 Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2.2 Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2. Use of Resources
Aspect A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	A3. The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3. The Environment and Natural Resources

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/Explanation
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A4. Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4. Climate Change
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1. Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	B1. Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B1. Employment

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/Explanation
Aspect B2: Health and Safety		
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2. Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2. Health and Safety
KPI B2.2	Lost days due to work injury.	B2. Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2. Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	B3. Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	B3. Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	B3. Training and Development

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/Explanation
Aspect B4: Labour Standard		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B4. Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4. Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B4. Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	B5. Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5. Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5. Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5. Supply Chain Management

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/Explanation
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6. Product Responsibility, Intellectual Property, and Consumer Data Protection
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6. Product Responsibility, Intellectual Property, and Consumer Data Protection
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	B6. Product Responsibility, Intellectual Property, and Consumer Data Protection
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6. Product Responsibility, Intellectual Property, and Consumer Data Protection
KPI B6.4	Description of quality assurance process and recall procedures.	B6. Product Responsibility, Intellectual Property, and Consumer Data Protection
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B6. Product Responsibility, Intellectual Property, and Consumer Data Protection

Environmental, Social and Governance Report (Continued)

For the year ended 31 December 2024

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/Explanation
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7. Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	B7. Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	B7. Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7. Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8. Engaging our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8. Engaging our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focused area	B8. Engaging our Community

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The Group is principally engaged in the wholesale of refined oil, fuel oil and other petrochemical products in the PRC.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, are set out in the sections headed "Management Discussion and Analysis" and "Corporate Governance Report — Accountability and Audit — Risk Management and Internal Control" of this annual report, and the discussion on the Group's environmental policies and performance, compliance with relevant laws and regulations that have a significant impact on the Group, and the Group's key relationships with its employees, customers and suppliers are set out in the section headed "Environmental, Social and Governance Report" of this annual report. Those discussion and analysis form part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated financial statements on pages 75 to 127 of this annual report. The Directors do not recommend the payment of any final dividend for the year (2023: nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the five largest customers in aggregate and the largest customer of the Group accounted for approximately 97.0% and 86.2%, respectively, of the Group's sales.

For the year ended 31 December 2024, the five largest suppliers in aggregate and the largest supplier of the Group accounted for approximately 98.0% and 69.3%, respectively, of the Group's purchases.

None of the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the issued shares of the Company) had any interest in any of these major customers or suppliers during the year ended 31 December 2024.

Directors' Report (Continued)

DIRECTORS

The directors of the Company during the year ended 31 December 2024 and up to the date of this report are:

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 (resigned on 2 September 2024)
Mr. Tsui Hing Shan
Mr. Kan Siu Chung
Ms. E Hongda (appointed on 2 September 2024)

In accordance with Articles 84 of the Company's Articles of Association, Mr. Choi Sio Peng, Mr. Kan Siu Chung and Ms. E Hongda will retire from office by rotation at the forthcoming annual general meeting and, being eligible, have offered themselves for re-election.

No directors of the Company proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Each of them is entitled to their respective remuneration and benefits under employee social security plan which have been agreed with the Company. In addition, each of them will be entitled to a discretionary bonus and a performance bonus as may be determined by the Remuneration Committee from time to time with reference to the financial performance of the Company and the individual performance of the relevant executive Directors.

Each of the independent non-executive Directors has entered into a service contract with the Company for a term of three years. Each of them is entitled to their respective remuneration which has been agreed with the Company.

Directors' Report (Continued)

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

As at 31 December 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 SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Appendix C3 of 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:

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 Ms. Xu Yayi.

Save as disclosed herein, as at 31 December 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, 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.

Directors' Report (Continued)

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the material related party transactions set out in Note 28 to the consolidated financial statements and in the section headed "Connected transactions and continuing connected transactions" below, there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director (has the meaning given by section 486 of the Companies Ordinance of Hong Kong) had a material interest, whether directly or indirectly, subsisted at 31 December 2024 or at any time during the reporting period. There was no contract of significance or any arrangement between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries for the year ended 31 December 2024.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2024, the Group had not entered into any transactions which need to be disclosed as connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules. Details of other material related party transactions are set out in Note 28 to the consolidated financial statements.

During the year ended 31 December 2024, there is no contract of significance between the Group and a controlling shareholder of the Company (as defined in the Listing Rules) or any of its subsidiaries, including for the provision of services to the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PERMITTED INDEMNITY PROVISION

A directors' and officers' liability insurance is currently in place to protect the Directors against potential costs and liabilities arising from claims brought by third parties against them.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any exemption or relief from taxation available to the shareholders by reason of their holdings of the Shares.

COMPETING INTERESTS

None of the controlling shareholders, namely Thrive Shine Limited, Mr. Xu Ziming and Ms. Huang Sizhen, the Directors or 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 year ended 31 December 2024 and up to the date of this report.

Directors' Report (Continued)

NON-COMPETITION UNDERTAKINGS

As disclosed in the Prospectus and the listing document of the Company dated 11 May 2023 (the "**Listing Document**"), to protect the Group from any potential competition, Mr. Xu Ziming, Ms. Huang Sizhen, Ms. Xu Yayi, Thrive Shine Limited and Thrive Era Investments Limited (the "**Covenantors**") have given non-competition undertakings (the "**Non-competition Undertakings**") in favour of the Company pursuant to which each of the Covenantors has, among other matters, undertaken with the Company that each of the Covenantors and their respective associates (other than the Group) shall not engage in any business which will or may compete with the business currently and from time to time engaged by the Group. Details of the Non-competition Undertakings were set out in the paragraph headed "Relationship with Controlling Shareholders — Non-competition Undertakings" of the Listing Document.

Each of the Covenantors has provided to the Company a written confirmation in respect of the full compliance with the Non-competition Undertakings for the year ended 31 December 2024.

EMOLUMENT POLICY

The remuneration of the Group's employees is primarily determined based on the job responsibilities, work experience, qualification, job performance and length of service of each employee and the prevailing market condition. On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual employees' performance. Other staff benefits include provision of retirement benefits and medical benefits. The Remuneration Committee reviews and determines the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group.

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.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors the confirmation of independence pursuant to rule 3.13 of the Listing Rules and considers all the independent non-executive directors are independent.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group had been entered into or existed during the year ended 31 December 2024.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

Directors' Report (Continued)

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 21 to the consolidated financial statements.

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.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on page 78 and in Note 30(a) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Pursuant to applicable statutory provisions of the Cayman Islands, the Company's reserves available for distribution to the shareholders of the Company as at 31 December 2024 amounted to approximately RMB191,815,000.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules during the year ended 31 December 2024 and up to the date of this annual report.

Directors' Report (Continued)

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on Wednesday, 28 May 2025 ("**2025 AGM**"). For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfer of shares accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Thursday, 22 May 2025.

AUDITOR

With effect from 11 December 2024, PricewaterhouseCoopers ("**PwC**") resigned as the auditor of the Company, and the Board resolved to appoint Forvis Mazars CPA Limited ("**Forvis Mazars**") as the external auditor of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company. For further details, please refer to the announcement of the Company dated 11 December 2024. The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Forvis Mazars.

Forvis Mazars will retire and a resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

By Order of the Board

Xu Ziming
Chairman

Hong Kong, 28 March 2025

Independent Auditor's Report

FORVIS MAZARS CPA LIMITED
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To the Shareholders of JTF International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of JTF International Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 75 to 127, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance (the "**CO**").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to recoverability of trade receivables.

Recoverability of trade receivables

Refer to note 4(a) and note 19 to the consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 December 2024, the net book value of trade receivables amounted to RMB19,099,000 (after the provision of RMB1,443,000), which approximated 4% of the Group's total assets. Management performed credit evaluations for the Group's customers and assessed expected credit losses of trade receivables. These assessments were focused on the customers' settlement history and their current ability to pay, and took into account information specific to respective customer as well as pertaining to the economic environment in which the customer operated. All of these assessments involved significant judgements of management. We consider this area as a key audit matter because management made subjective judgements over assessing the credit standing of the Group's customers and the estimation of expected credit losses of trade receivables.	Our key audit procedures in relation to management's recoverability assessment of trade receivables included: • Understanding the management's credit evaluation for the Group's customers and the assessment of expected credit loss of trade receivables; • Obtaining an understanding and evaluating the design, and determining the implementation of controls with respect to the identification of receivables with overdue or default payments and the measurement of expected credit losses of trade receivables; • Assessing management's judgement over the expected credit losses and creditworthiness of the customers by assessing the available information, such as available forward-looking information, independent research on publicly available information, the debtors' ageing analysis, customers' payment records during the current year and subsequent to the year end, settlement history and history of bad debt losses; and • Checking the ageing profile of the trade receivables at the end of reporting period and the post-year ended subsequent settlements from customers, on a sample basis, to underlying accounting records and supporting documents.

Independent Auditor's Report (Continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2024 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGE WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the CO, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2025

The engagement director on the audit resulting in this independent auditor's report is:
Lam Ka Ki
Practising Certificate number: P08258

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	**1,119,646**	1,239,515
Cost of sales	7	**(1,106,868)**	(1,181,619)
Gross profit		**12,778**	57,896
Other gains (losses) — net	9	**80**	(13,243)
Distribution expenses	7	**(11,022)**	(16,200)
Administrative expenses	7	**(13,667)**	(23,615)
Operating (loss) profit		**(11,831)**	4,838
Finance income	10	**1,406**	1,080
Finance costs	10	**(175)**	(184)
Finance income — net	10	**1,231**	896
(Loss) Profit before income tax		**(10,600)**	5,734
Income tax credit (expense)	11	**1,758**	(7,243)
Loss and total comprehensive expense for the year		**(8,842)**	(1,509)
Loss per share			
— Basic and diluted (RMB)	12	**(1.0) cents**	(0.2) cents

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**14,008**	14,948
Right-of-use assets	15	**3,310**	3,156
Deferred income tax assets	16	**3,593**	2,181
Prepayments	18	**4,194**	4,194
		25,105	24,479
Current assets			
Inventories	17	**205,530**	58,298
Prepayments	18	**132,758**	144,934
Amounts due from related parties	19	**–**	14,624
Trade and other receivables	19	**66,255**	64,706
Cash and cash equivalents	20	**33,410**	189,706
		437,953	472,268
Total assets		**463,058**	496,747

Consolidated Statement of Financial Position (Continued)

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
EQUITY			
Share capital	21	**7,980**	7,980
Other reserves	22	**306,913**	306,924
Retained earnings		**107,764**	116,595
Total equity		**422,657**	431,499
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	**3,418**	3,295
Deferred income tax liabilities	16	**20,411**	20,757
		23,829	24,052
Current liabilities			
Trade and other payables	23	**14,730**	31,345
Contract liabilities	24	**88**	7,600
Lease liabilities	15	**279**	193
Current income tax liabilities		**1,475**	2,058
		16,572	41,196
Total liabilities		**40,401**	65,248
Total equity and liabilities		**463,058**	496,747

The consolidated financial statements on pages 75 to 127 were approved by the Board of Directors on 28 March 2025 and were signed on its behalf

Xu Ziming
Director

Huang Sizhen
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

		Other reserves							
	Share capital RMB'000 Note 21	Recapitalisation reserves RMB'000 Note 22(a)	Share premium RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000 Note 22(b)	Safety reserves RMB'000 Note 22(c)	Sub-total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance as at 1 January 2023	7,980	56,125	169,321	300	25,388	40,439	291,573	118,831	418,384
Loss and total comprehensive expense	–	–	–	–	–	–	–	(1,509)	(1,509)
Usage of safety reserves	–	–	–	–	–	(701)	(701)	701	–
Appropriation to statutory reserves	–	–	–	–	1,428	–	1,428	(1,428)	–
Contribution from the Controlling Shareholders (Note 9)	–	–	–	14,624	–	–	14,624	–	14,624
Balance as at 31 December 2023	7,980	56,125	169,321	14,924	26,816	39,738	306,924	116,595	431,499
Balance as at 1 January 2024	**7,980**	**56,125**	**169,321**	**14,924**	**26,816**	**39,738**	**306,924**	**116,595**	**431,499**
Loss and total comprehensive expense	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,842)**	**(8,842)**
Usage of safety reserves	**–**	**–**	**–**	**–**	**–**	**(11)**	**(11)**	**11**	**–**
Balance as at 31 December 2024	**7,980**	**56,125**	**169,321**	**14,924**	**26,816**	**39,727**	**306,913**	**107,764**	**422,657**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Cash (used in) generated from operations	25	**(171,434)**	97,278
Income tax paid		**(583)**	(14,737)
Net cash (used in) generated from operating activities		**(172,017)**	82,541
Investing activity			
Interest income on cash deposit		**1,180**	929
Cash generated from investing activity		**1,180**	929
Financing activities			
Cash advance from a Controlling Shareholder		**–**	180,000
Repayment of cash advance to a Controlling Shareholder		**–**	(180,000)
Repayment from a Controlling Shareholder	28(c)	**14,624**	–
Advance from the director	28(c)	**87**	–
Principal elements of lease payments	25(b)	**(221)**	(176)
Interest paid	25(b)	**(175)**	(184)
Net cash generated from (used in) financing activities		**14,315**	(360)
Net (decrease) increase in cash and cash equivalents		**(156,522)**	83,110
Cash and cash equivalents at beginning of the year		**189,706**	106,445
Exchange differences on cash and cash equivalents		**226**	151
Cash and cash equivalents at end of the year	20	**33,410**	189,706

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

1. GENERAL INFORMATION

JTF International Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 23 October 2014 as an exempted company with limited liability under the Companies Law (Cap. 22) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY 1-1111, Cayman Islands.

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

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The ultimate holding company of the Company is Thrive Shine Limited ("**Thrive Shine**"), a company incorporated in the British Virgin Islands ("**BVI**"), which is owned as to 80% and 20% by Mr. Xu Ziming ("**Mr. Xu**") and Ms. Huang Sizhen ("**Ms. Huang**"), respectively. The ultimate controlling party of the Group is Mr. Xu and Ms. Huang (collectively, the "**Controlling Shareholders**").

The financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated, and have been approved for issue by the Company's Board of Directors on 28 March 2025.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

2. BASIS OF PREPARATION (Continued)

Adoption of amendments to HKFRSs

The Group has applied, for the first time, the following amendments to HKFRSs:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new and amendments to HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Annual Improvements to HKFRSs	Volume 11[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 The effective date to be determined

The directors do not anticipate that the adoption of the new and amendments HKFRSs in future periods will have any material impact on the results of the Group.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

2. BASIS OF PREPARATION (Continued)

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full upon consolidation. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

3. FINANCIAL RISK MANAGEMENT

3.1 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the financial department under policies approved by the Board of Directors.

3.1.1 Market risk

(a) 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.

As at 31 December 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 Dollar ("**HK$**"). Fluctuation of the exchange rate of RMB against HK$ could affect the Group's results of operations.

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

The carrying amounts of the Group's foreign currency denominated financial assets and liabilities at the respective balance sheet dates are presented in note 19, note 20 and note 23. At 31 December 2024, the Group has no significant foreign currency risk.

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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(b) Cash flow interest rate risk

Other than deposits held in banks, the Group does not have other significant interest bearing assets and liabilities.

The management considers that the Group's exposure to cash flow interest rate risk on variable-rate bank balances, as a result of the change of market interest rate is insignificant due to current interest rates on bank balances at the end of the reporting period, thus no sensitivity analysis is prepared for cash flow interest rate risk.

3.1.2 Credit risk

The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of trade and other receivables, amounts due from related parties and cash at bank.

As at 31 December 2024, all of the Group's bank deposits were deposited with financial institutions incorporated in Mainland China and Hong Kong. Management believes that these financial institutions are of high credit quality and does not have significant credit risk.

As at 31 December 2024, the top five debtors of the Group contributed to 100% of the Group's total trade receivables (2023: 98%).

All of the Group's trade and other receivables have no collateral. The Group has policies in place to ensure that sales are made to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers. Management reviews its receivables for the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period by considering actual or expected significant changes in the operating results of the debtor, default or significant delay in payments and other available forward-looking information. Specifically for the Group's trade receivables, the Group applies the HKFRS 9 simplified approach to measure Expect Credit Loss ("**ECL**") which uses a lifetime expected loss allowance. Other receivables is measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. The Group established ECL model based on historical settlement records, past experience and available forward-looking information which include Gross Domestic Product and other macro-economic factors affecting the ability of the customers to settle the receivables. The directors consider the Group's credit risk of trade receivables to be immaterial. The Group's other receivables are deposits or receivables arose from normal operations, which based on management's assessment, the credit risk is not significant. In this regard, the directors are satisfied that the risks of impairment are monitored and adequate provision, if any, has been made in the consolidated financial statements. On that basis, the expected loss rate as at 31 December 2024 was 7.03% (2023: 2.83%). Further quantitative disclosures in respect of trade and other receivables are set out in note 19.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk

The Group's primary cash requirements are for additions and upgrades to property, plant and equipment, capital injections into subsidiaries, payments for purchases and operating expenses. The Group finances its working capital requirements through funds generated from its operations.

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and available sources of financing.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024						
Trade and other payables (excluding accruals and other tax payables)	**8,223**	**–**	**–**	**–**	**8,223**	**8,223**
Lease liabilities	**454**	**460**	**1,335**	**2,580**	**4,829**	**3,697**
31 December 2023						
Trade and other payables (excluding accruals and other tax payables)	25,507	–	–	–	25,507	25,507
Lease liabilities	360	360	1,080	2,940	4,740	3,488

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

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 consolidated statements of financial position.

No gearing ratio is presented as there is no bank borrowing held by the Group as at 31 December 2024 (2023: Nil).

3.3 Fair value estimation

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

3.4 Financial instruments by category

	31 December 2024 RMB'000	31 December 2023 RMB'000
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables (excluding VAT recoverable receivable)	**31,815**	57,145
Amounts due from related parties	**–**	14,624
Cash and cash equivalents	**33,410**	189,706
	65,225	261,475
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables (excluding accruals and other taxes payables)	**8,223**	25,507
Lease liabilities	**3,697**	3,488
	11,920	28,995

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as below.

(a) Impairment of receivables

The Group records impairment of receivables based on an assessment made by management on the ECL of trade and other receivables. Impairment assessment requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact both the carrying value of trade and other receivables and the impairment charge in the period in which such estimate has been changed.

(b) Write-down of inventories and prepayments for inventories

The Group's trading activities of petrochemical products are subject to the risk of volatility of crude oil price. The crude oil price is affected by a wide range of global and domestic factors that are beyond the control of the Group, which results in critical accounting estimates by the management when determining the net realisable value of inventories and prepayments for inventories.

Even if the Group has made the estimate of net realisable value of inventories and prepayments for inventories and write down the carrying amounts of inventories and prepayments for inventories to their net realisable value, there is a possibility that changes in market condition will alter the result.

(c) Deferred taxation

The Group is subject to income taxes in the PRC. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Impairment of property, plant and equipment and right of-use assets

The management of the Group determines whether the Group's property, plant and equipment and right-of-use assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment and right-of-use assets, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and right-of-use assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

5. SEGMENT INFORMATION

Accounting policy of segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("**CODM**"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group principally engages in the 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 considers that there is only one operating segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC, and the Group's revenue for the years ended 31 December 2024 and 2023 were attributable to the market in the PRC.

As at 31 December 2024 and 2023, the Group's non-current assets were mainly located in the PRC.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

6. REVENUE

Accounting policy of revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied or service rendered, stated net of discounts, returns and value added taxes. The Group recognises revenue when specific criteria have been met for each of the Group's activities, as described below.

(a) *Sales of goods*

Sales of goods are recognised when control of the products has transferred, being at the point when a group entity has delivered products to the customers, the customers have full discretions to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and the customers have accepted the products in accordance with the sales contracts.

Deposits on sales of goods received prior to the date of revenue recognition are included in the consolidated statements of financial position as "contract liabilities".

(b) *Service income*

The Group also acts as an agent in matching suppliers and customers for outport trade business. Service income is recognised when the related services are rendered.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Sales of goods:		
— Refined oil	**1,013,353**	894,128
— Other petrochemical products	**80,465**	284,413
— Fuel oil	**–**	14,798
	1,093,818	1,193,339
Service income	**25,828**	46,176
	1,119,646	1,239,515
Timing of revenue recognition		
— At point in time	**1,119,646**	1,239,515

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

6. REVENUE (Continued)

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Customer A	**964,279**	610,360
Customer B	**–**	163,049

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

7. EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fuel oil, refined oil and other petrochemical products purchased	**1,238,657**	1,099,607
Changes in inventories	**(142,049)**	60,713
Transportation expenses	**17,799**	16,898
Listing expenses	**–**	10,840
Expenses relating to short term leases (Note 15)	**7,982**	9,804
(Reversal of) Provision for write-down of inventories (Note 17)	**(5,129)**	5,129
Staff costs (including directors' emoluments) (Note 8)	**6,166**	4,958
Taxes and surcharges	**2,372**	2,666
Handling charges	**238**	2,418
Depreciation (Notes 14 and 15)	**1,216**	1,440
Auditor's remuneration	**800**	1,350
Other expenses	**3,505**	5,611
Total cost of sales, distribution expenses and administrative expenses	**1,131,557**	1,221,434

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, wages, welfare and other benefits	**5,576**	4,239
Contributions to employee social security plans	**590**	719
	6,166	4,958

During the year ended 31 December 2024, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2023: Nil). As at 31 December 2024, no forfeited contribution was available to reduce the contribution payable in future years.

(i) Directors' and chief executive's emoluments

The emoluments of individual director of the Company paid/payable by the Group during the years ended 31 December 2024 and 2023 are presented as below:

	Salaries, wages, welfare and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to employee social security plans RMB'000	Total RMB'000
For the year ended 31 December 2024				
Executive directors:				
Mr. Xu	**822**	**–**	**29**	**851**
Ms. Huang (i)	**822**	**–**	**2**	**824**
Mr. Choi Sio Peng ("**Mr. Choi**")	**657**	**–**	**15**	**672**
Ms. Xu Yayi ("**Ms. Xu**") (ii)	**1,027**	**–**	**12**	**1,039**
Independent non-executive directors:				
Mr. Chan William (iii)	**66**	**–**	**–**	**66**
Ms. E Hongda (iv)	**33**	**–**	**–**	**33**
Mr. Tsui Hing Shan	**99**	**–**	**–**	**99**
Mr. Kan Siu Chung	**99**	**–**	**–**	**99**
	3,625	**–**	**58**	**3,683**

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(i) Directors' and chief executive's emoluments (Continued)

	Salaries, wages, welfare and other benefits RMB'000	Discretionary bonuses RMB'000	Contributions to employee social security plans RMB'000	Total RMB'000
For the year ended 31 December 2023				
Executive directors:				
Mr. Xu	282	–	40	322
Ms. Huang (i)	282	–	8	290
Mr. Choi	486	–	14	500
Ms. Xu (ii)	100	–	2	102
Independent non-executive directors:				
Mr. Chan William	97	–	–	97
Mr. Tsui Hing Shan	97	–	–	97
Mr. Kan Siu Chung	97	–	–	97
	1,441	–	64	1,505

Notes:

(i) Ms. Huang also carries out the responsibility of chief executive officer.

(ii) Ms. Xu has been appointed as an executive director with effect from 18 October 2023.

(iii) Mr. Chan William has resigned as independent non-executive director with effect from 2 September 2024.

(iv) Ms. E Hongda has been appointed as independent non-executive director with effect from 2 September 2024.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(i) Directors' and chief executive's emoluments (Continued)

Except for disclosed above, during the years ended 31 December 2024 and 2023, the directors did not receive or were entitled to receive any fees, salaries and other emoluments from the Company or its subsidiaries undertaking.

During the years ended 31 December 2024 and 2023:

— no retirement benefits, payments or benefits in respect of termination of directors' services had been paid/made, directly or indirectly, to the directors;

— no consideration had been provided to or receivable by third parties for making available directors' services;

— no loans, quasi-loans or other dealings had been provided in favour of the directors, their controlled bodies corporate and connected entities;

— no directors of the Company had a material interest, directly or indirectly in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of each of the year or at any time during each of the year

(ii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2024 included 4 directors (2023: 2), whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 1 individuals (2023: 3) during the years are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, wages, welfare and other benefits	**300**	907
Contributions to employee social security plans	**127**	144
	427	1,051

During the year ended 31 December 2024, no bonuses was awarded by the group to any of the five highest paid individuals above (2023: Nil).

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

(ii) Five highest paid individuals (Continued)

The emoluments of these individuals of the Group fall within the following bands:

	Year ended 31 December	
	2024	2023
Number of individuals falls in the emolument bands from nil to HK$1,000,000	**1**	3

During the year ended 31 December 2024, no emolument was paid by the Group to any of the five highest paid individuals above as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office (2023: Nil).

(iii) Senior management's emoluments by band

The senior management's (excluding the directors and the five highest paid individuals) emoluments fell within the following bands:

	Year ended 31 December	
	2024	2023
Number of individuals falls in the emolument bands from nil to HK$1,000,000	**2**	1

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

9. OTHER GAINS (LOSSES) — NET

	Note	Year ended 31 December **2024** RMB'000	2023 RMB'000
Litigation loss	(a)	**–**	(13,267)
Subsidy income		**80**	—
Others		**–**	24
Other gains (losses) — net		**80**	(13,243)

(a) Litigation loss

In December 2004, the founders of the Group and current Controlling Shareholders acquired the entire equity interest of Zengcheng City Jintaifeng Fuel Co., Ltd. ("**JTF (PRC)**"). During the year ended 31 December 2021, it has come to the attention of the Group that, JTF (PRC) had entered into a loan agreement as debtor in May 2003 with a total borrowing amount of RMB10 million (the "**Loan**"), when JTF (PRC) was still owned by its previous shareholders ("**Former Shareholders**"). The Loan has an outstanding balance of approximately RMB4,209,000 as at 31 December 2021, the creditor of the loan ("**Creditor**") has applied to Zengcheng District People's Court of Guangzhou City (廣州市增城區人民法院) (the "**Court of Zengcheng District**") for execution of the repayment of outstanding balance with accrued interest.

The legal case was closed during the year ended 31 December 2023. On 29 December 2023, JTF (PRC) received the final judgement (the "**Final Judgement**") from the Guangzhou City Intermediate People's Court of Guangdong Province (廣州省廣州市中級人民法院) (the "**Court of Guangzhou City**"), pursuant to which JTF (PRC) was ordered to pay the remaining outstanding balance of the Loan of approximately RMB4,209,000 and accrued interest of approximately RMB8,822,000 to the Creditor, and to pay the litigation fees of approximately RMB236,000 to the relevant courts. The compensation as ordered by the Final Judgement amounted to approximately RMB13,267,000, of which approximately RMB128,000 was settled during the year ended 2023, with the remaining balance of approximately RMB13,139,000 was recognised as other payables of the Group as at year end and was subsequently settled in January 2024.

The Controlling Shareholders have agreed to indemnify JTF (PRC) against any claims, liabilities, losses or other expenses arising from any disputes relating to the settlement of the Loan. The amounts due from related parties was subsequently settled in March 2024. For details of the case, please refer to note 9 (a) to the consolidated financial statement for the year ended 31 December 2023.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

10. FINANCE INCOME — NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Finance income		
— Interest income on bank deposits	**1,180**	929
— Net foreign exchange gains on cash and cash equivalents	**226**	151
	1,406	1,080
Finance costs		
— Interest expenses on lease liabilities	**(175)**	(184)
	(175)	(184)
Finance income — net	**1,231**	896

11. INCOME TAX (CREDIT) 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 made as the Group did not have assessable profit in Hong Kong for the year ended 31 December 2024 (2023: Nil). 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.

No provision for PRC enterprise income tax was made as the Group did not have assessable profit in Mainland China for the year ended 31 December 2024. The income tax provision of the Group in respect of its operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profit for the year ended 31 December 2023.

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 25% for the year ended 31 December 2024 (2023: 25%).

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

11. INCOME TAX (CREDIT) EXPENSE (Continued)

According to the EIT Law and the Implementation Rules, starting from 1 January 2008, a withholding income tax of 10% is levied on the immediate holding company outside the PRC when its PRC subsidiary declares dividends out of profits earned after 1 January 2008. A lower 5% withholding income tax rate may be applied when the immediate holding company of the PRC subsidiary is established in Hong Kong and fulfils requirements under the tax treaty arrangements between the relevant authorities of Mainland China and Hong Kong. The Group has accrued withholding tax provision at 10% withholding income tax rate for the year ended 31 December 2024 (2023: 10%).

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax:		
— PRC enterprise income tax	**–**	7,326
Deferred income tax:		
— PRC enterprise income tax	**(1,412)**	(1,368)
— PRC withholding income tax	**(346)**	1,285
	(1,758)	(83)
	(1,758)	7,243

Income tax expense on the Group's (loss) profit before income tax differs from the theoretical amounts that would arise using the tax rates applicable to the profit or loss of the consolidated entities is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
(Loss) Profit before income tax	**(10,600)**	5,734
Tax calculated at tax rates applicable to (loss) profit in the respective tax jurisdictions	**(2,229)**	4,735
Tax effect of:		
— Tax loss for which no deferred tax assets were recognised	**814**	149
— Expenses not deductible for tax purposes	**3**	1,074
— PRC withholding income tax of a group company	**(346)**	1,285
Income tax (credit) expense	**(1,758)**	7,243

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

12. LOSS PER SHARE

The calculation of the basic loss per share is based on loss attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the year as follows:

Loss	**Year ended 31 December**	
	2024 **RMB'000**	2023 RMB'000
Loss for the year attributable to equity shareholders of the Company	**(8,842)**	(1,509)

Number of shares	**Year ended 31 December**	
	2024	2023
Weighted average number of ordinary shares in issue	**930,000,000**	930,000,000
Basic loss per share (RMB)	**(1.0) cents**	(0.2) cents

For the years ended 31 December 2024 and 2023, no diluted earnings per share was presented because there were no potential dilutive ordinary shares in existence during both years.

13. DIVIDENDS

There were no dividends paid or payable by the Company in respect of the year ended 31 December 2024 (2023: Nil).

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT

Accounting policy of property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the lease term if shorter, as follows:

Storage facilities and leasehold improvements	18-20 years
Office equipment, motor vehicles and others	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as "other gains/(losses) — net" in the profit or loss.

Assets under construction are stated at cost. Costs include construction and acquisition costs. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property and equipment and depreciated in accordance with the policy as stated above.

The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Storage facilities RMB'000	Leasehold improvements RMB'000	Office equipment, motor vehicles and others RMB'000	Assets under construction RMB'000	Total RMB'000
Year ended 31 December 2023					
Opening net book amount	10,022	3,712	588	1,750	16,072
Depreciation charges	(593)	(260)	(271)	–	(1,124)
Closing net book amount	9,429	3,452	317	1,750	14,948
At 31 December 2023					
Cost	20,384	4,818	2,098	1,750	29,050
Accumulated depreciation	(10,266)	(1,366)	(1,781)	–	(13,413)
Accumulated impairment	(689)	–	–	–	(689)
Net book amount	9,429	3,452	317	1,750	14,948
Year ended 31 December 2024					
Opening net book amount	**9,429**	**3,452**	**317**	**1,750**	**14,948**
Depreciation charges	**(593)**	**(260)**	**(87)**	**–**	**(940)**
Closing net book amount	**8,836**	**3,192**	**230**	**1,750**	**14,008**
At 31 December 2024					
Cost	**20,384**	**4,818**	**2,098**	**1,750**	**29,050**
Accumulated depreciation	**(10,859)**	**(1,626)**	**(1,868)**	**–**	**(14,353)**
Accumulated impairment	**(689)**	**–**	**–**	**–**	**(689)**
Net book amount	**8,836**	**3,192**	**230**	**1,750**	**14,008**

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Depreciation expenses have been charged to the profit or loss as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Distribution expenses	**623**	623
Administrative expenses	**317**	501
	940	1,124

15. LEASES

(a) Amounts recognised in the consolidated statement of financial position

	31 December 2024	31 December 2023
	RMB'000	RMB'000
Right-of-use assets		
Land and buildings	**3,310**	3,156
Lease liabilities		
Current	**279**	193
Non-Current	**3,418**	3,295
	3,697	3,488

The additions to the right-of-use assets amounted to RMB430,000 during the year ended 31 December 2024 (2023: no additions to the right-of-use assets).

(b) Amounts recognised in the consolidated statement of comprehensive income

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets	**276**	316
Interest expenses (included in finance cost)	**175**	184
Expenses relating to short-term leases (included in distribution expenses and administrative expenses)	**7,982**	9,804

The total cash payment for leases during the year ended 31 December 2024 was RMB8,378,000 (2023: RMB10,192,000).

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

15. LEASES (Continued)

(c) The Group's leasing activities and how these are accounted for

The Group leases land, offices and oil tanks. Rental contracts are typically made for fixed periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. DEFERRED INCOME TAX

(a) The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Deferred income tax assets:		
— to be recovered within 12 months	**–**	1,282
— to be recovered after more than 12 months	**3,593**	899
	3,593	2,181
Deferred income tax liabilities:		
— to be settled after more than 12 months	**(20,411)**	(20,757)
Deferred income tax liabilities — net	**(16,818)**	(18,576)

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
At beginning of the year	**(18,576)**	(18,659)
Tax credited to profit or loss	**1,758**	83
At end of the year	**(16,818)**	(18,576)

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

16. DEFERRED INCOME TAX (Continued)

(b) The movements in deferred income tax assets and liabilities for the years ended 31 December 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Deferred income tax assets					Deferred income tax liabilities		
	Temporary difference on							
	Bad debt provision RMB'000	Write-down of inventories RMB'000	Depreciation, impairment and timing difference on lease adopted RMB'000	Payroll accruals RMB'000	Tax losses RMB'000	PRC withholding income tax on unremitted retained earnings of the group company in Mainland China and others RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	361	–	525	153	–	(19,472)	(226)	(18,659)
Tax credited (charged) to profit or loss	–	1,282	8	–	–	(1,285)	78	83
At 31 December 2023 and 1 January 2024	**361**	**1,282**	**533**	**153**	**–**	**(20,757)**	**(148)**	**(18,576)**
Tax credited (charged) to profit or loss	**–**	**(1,282)**	**11**	**–**	**2,650**	**346**	**33**	**1,758**
At 31 December 2024	**361**	**–**	**544**	**153**	**2,650**	**(20,411)**	**(115)**	**(16,818)**

At the end of the reporting period, the Group has the following tax losses arising in the PRC that can be offset against future taxation profits of the subsidiary for a maximum of 5 years from the year in which the tax loss was incurred:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Year of expiry		
2029	**10,600**	–

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

17. INVENTORIES

Accounting policy of inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprises purchasing cost, transportation cost and other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable distribution expenses and relevant taxes.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Refined oil	**195,055**	42,538
Other petrochemical products	**–**	20,889
Good in transit — refined oil	**10,475**	–
Write-down — gross	**205,530**	63,427
Less: provision for write-down	**–**	(5,129)
Inventories — net	**205,530**	58,298

During the year ended 31 December 2024, the cost of inventories recognised as expenses and included in "cost of sales" in profit and loss amounted to RMB1,106,001,000 (2023: RMB1,180,510,000).

The write-down of inventory was reversed upon the sale of the goods. A reversal of write-downs of inventories amounted to RMB5,129,000 (2023: Write-downs of inventories to net realisable value amounted RMB5,129,000) is recognised in profit or loss during the year ended 31 December 2024 and included in 'cost of sales' in the statement of comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

18. PREPAYMENTS

Accounting policy of prepayments for inventories

Prepayments for inventories are amounts paid to suppliers while the inventories are yet to be received by the Group in the ordinary course of business. Prepayments for inventories are stated at the lower of purchasing cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable distribution expenses, other direct costs and relevant taxes. The prepayments for which the future economic benefit is the receipt of goods, consequently are expected to be realised in the normal operating cycle of the business, and are classified as current assets. If not, they are presented as non-current assets.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Prepayments for inventories	**132,288**	144,451
Others	**4,664**	4,677
Total prepayments	**136,952**	149,128
Less: non-current portion of prepayments	**(4,194)**	(4,194)
Current portion of prepayments	**132,758**	144,934

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

19. TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM RELATED PARTIES

Accounting policy of trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables are expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade receivables	**20,542**	51,017
Less: loss allowance	**(1,443)**	(1,443)
Trade receivables — net	**19,099**	49,574
VAT recoverable	**34,440**	7,561
Deposits and others (Note (c))	**12,716**	7,571
Trade and other receivables	**66,255**	64,706
Amounts due from related parties (Notes 28(c) and 9)	**–**	14,624

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

	31 December 2024 RMB'000	31 December 2023 RMB'000
Less than 30 days	**19,099**	49,573
31 days to 180 days	**–**	–
Over 180 days	**–**	1
	19,099	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.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

19. TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM RELATED PARTIES (Continued)

(a) (Continued)

As at 31 December 2024, trade receivables of RMB1,443,000 (2023: RMB1,443,000) were overdue over one year are credit impaired, thus the loss allowance were made as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At 1 January and at the end of the year	**1,443**	1,443

(b) Trade and other receivables were denominated in:

	31 December 2024 RMB'000	31 December 2023 RMB'000
— RMB	**66,211**	64,662
— HK$	**44**	44
	66,255	64,706

(c) As at 31 December 2023, cash and cash equivalents amounted of approximately RMB7,095,000 were under custody of the Court of Zengcheng District, which were recognized as other receivables from the Court of Zengcheng District. The amount was refunded in May 2024.

As at 31 December 2024, cash and cash equivalents amounted of approximately RMB12,545,000 were under custody of Yuexiu District People's Court of Guangzhou City (廣州市越秀區人民法院) (the "**Court of Yuexiu District**"), which were recognized as other receivables from the Court of Yuexiu District. As advised by the PRC counsel engaged by the Group, the receivables are to be returned to the Group after JTF (PRC) having fulfilled all its obligations and responsibilities resulting from the judgement. Please refer to note 26 for details.

(d) As at 31 December 2024 and 2023, the carrying amounts of each class of trade and other receivables and amounts due from related parties mentioned above represented the Group's maximum exposure to credit risk. The Group did not hold any collateral as security.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

20. CASH AND CASH EQUIVALENTS

	2024	2023
	RMB'000	RMB'000
Cash at banks and cash on hand denominated in:		
— RMB	**18,644**	189,208
— USD	**6,979**	–
— HK$	**7,787**	498
	33,410	189,706

21. SHARE CAPITAL

	Number of shares	**Nominal value of shares**	**Equivalent nominal value of shares**
		HK$	RMB
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	2,000,000,000	20,000,000	17,161,310
Issued and fully paid:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**930,000,000**	**9,300,000**	**7,980,009**

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

22. OTHER RESERVES

(a) Recapitalisation reserves

Recapitalisation reserves represents the amount arise from restructure of a company's debt through issue of equity.

(b) Statutory reserves

In accordance with the PRC Company Law 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.

(c) 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 PRC subsidiaries' daily operations, which are considered expenses in nature and charged to the profit and loss as incurred.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

23. TRADE AND OTHER PAYABLES

Accounting policy of trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	2024 RMB'000	2023 RMB'000
Trade payables (Note (a))	**1,091**	4,610
Payable for legal claim (Note 9)	**–**	13,139
Other payables	**7,045**	7,758
Accruals for staff costs and allowances	**5,775**	3,023
Other tax payables	**272**	1,912
Amounts due to a related party (Note 28)	**87**	–
Accruals for short term lease expenses	**381**	516
Accruals for construction projects	**–**	251
Accruals for handling charges	**79**	136
Trade and other payables	**14,730**	31,345

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

	2024 RMB'000	2023 RMB'000
Less than 30 days	**1,091**	4,610

(b) Trade and other payables were denominated in:

	2024 RMB'000	2023 RMB'000
— RMB	**9,390**	29,089
— HK$	**5,340**	2,256
	14,730	31,345

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

24. CONTRACT LIABILITIES

Contract liabilities represent cash received from customers in advance for which the goods are yet to be delivered. Revenue recognised in relation to contract liabilities was as below:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of the year	**7,600**	24,487

25. CASH FLOW INFORMATION

(a) Cash (used in) generated from operations

Reconciliation of profit before income tax to cash (used in) generated from operations is as follows:

	2024 RMB'000	2023 RMB'000
(Loss) Profit before income tax	**(10,600)**	5,734
Adjustments for:		
— Depreciation (Notes 14 and 15)	**1,216**	1,440
— (Reversal of) Provision for impairment of inventories (Note 17)	**(5,129)**	5,129
— Finance income — net	**(1,231)**	(896)
— Other gains	**–**	(25)
	(15,744)	11,382
Changes in working capital:		
— Inventories	**(142,103)**	60,713
— Trade and other receivables	**(1,549)**	(2,742)
— Prepayments	**12,176**	28,803
— Trade and other payables	**(16,702)**	16,009
— Contract liabilities	**(7,512)**	(16,887)
Cash (used in) generated from operations	**(171,434)**	97,278

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

25. CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Lease liabilities RMB'000
Balance as at 1 January 2023	4,054
Cash flows	(360)
Interest expenses on lease liabilities	184
Disposal of lease liability	(390)
Balance as at 31 December 2023	3,488
Balance as at 1 January 2024	3,488
Cash flows	(396)
Interest expenses on lease liabilities	175
Addition of lease liability	430
Balance as at 31 December 2024	3,697

26. CONTINGENT LIABILITIES

In January 2024, the Creditor, as mentioned in note 9 to the consolidated financial statement, filed a lawsuit to the Court of Yuexiu District against JTF (PRC) (Defendant 1), the Former Shareholders (Defendant 2), and the Notary Office of Guangzhou City, Guangdong Province (Defendant 3). The Creditor has sought compensation from the three defendants for losses totalling approximately RMB12,545,000 due to delays in performance and bearing extra litigation and preservation fees. JTF (PRC)'s bank balances amount to approximately RMB12,545,000 were under custody of the Court of Yuexiu District.

In March 2024, the Court of Yuexiu District ruled that the Creditor's claims were based on the same facts and claims that had already been adjudicated in a previous case. Therefore, the court dismissed the Creditor's case as a duplicate lawsuit.

In April 2024, the Creditor further appealed to the Court of Guangzhou City. In May 2024, the Court of Guangzhou City issued a civil ruling on the grounds that the case did not constitute repeated litigation and returned the case to the Court of Yuexiu District. In June 2024, the Court of Yuexiu District issued a Writ of Summons for this case.

In August 2024, the first instance of this case was heard in court. The Group has not yet received the judgement for this hearing up to the date of this report. At the end of the reporting period and up to the date of approval of these consolidated financial statements, based on the information available and the advice from external legal advisors, the Group's management assessed the compensation obligations cannot be estimated reliably and the management believes the probability is low or remote. Accordingly, the Group has not made any provisions for any claim arising from the litigation, other than the related legal and other costs incurred.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

27. CAPITAL COMMITMENTS

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

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	**8,483**	8,483

28. 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	Director of the Company
Ms. Xu	Director of the Company

(b) Transactions with related parties

Apart from the disclosure in note 8, 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.

	2024 RMB'000	2023 RMB'000
Interest expenses on lease liabilities — The Controlling Shareholders	**167**	176

During the year ended 31 December 2023, the cash advance from/(repayment of cash advance to) a Controlling Shareholder was non-trade in nature, interest-free and repayable on demand.

	2024 RMB'000	2023 RMB'000
Cash advance from a Controlling Shareholder	**–**	180,000

	2024 RMB'000	2023 RMB'000
Repayment of cash advance to a Controlling Shareholder	**–**	(180,000)

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

28. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	2024 RMB'000	2023 RMB'000
Lease liabilities		
— The Controlling Shareholders	**3,294**	3,488
Amounts due from related parties		
— The Controlling Shareholders	**–**	14,624
Amounts due to a related party		
— The Director	**87**	–

(d) Key management compensations

Key management includes directors (executive and non-executive), managers of key operating departments and the company secretary. Compensation for key management other than those compensation for directors as disclosed in note 8 is as follows:

	2024 RMB'000	2023 RMB'000
Salaries, wages, bonuses, welfare and other benefits	**400**	847
Contributions to employee social security plans	**106**	128
	506	975

The salaries and wages disclosed above include RMB15,000 (2023: RMB37,000) of remuneration payable which were unpaid as at year end and are included in other payables. In addition, the contributions to employee social security plans disclosed above include RMB7,000 (2023: RMB10,000) of social security and housing provident fund payable which were unpaid as at year end and are included in other payables.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

29. SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries of the Company at 31 December 2024 are set out below.

Name	Place of incorporation and kind of legal entity	Principal activities and place of operations	Issued and paid-in capital/ registered capital	Attributable equity interest
JTF (Hong Kong) Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK$4 and RMB72,210,355	100%
JTF (PRC)	PRC, limited liability company [(i)]	Sales of refined oil, other petrochemical products, and the blending and sale of fuel oil in Mainland China	RMB80,000,000	100%

Note:

(i) Registered as wholly foreign owned enterprises under PRC law.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

30. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

	Note	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**72,210**	72,210
Amounts due from subsidiaries		**181,984**	151,951
		254,194	224,161
Current assets			
Cash and cash equivalents		**14,522**	240
Prepayments		**470**	475
Amounts due from the controlling shareholders		**–**	14,624
		14,992	15,339
Total assets		**269,186**	239,500
EQUITY			
Share capital		**7,980**	7,980
Other reserves	(a)	**256,155**	256,155
Accumulated losses	(a)	**(64,340)**	(60,000)
Total equity		**199,795**	204,135
LIABILITIES			
Current liabilities			
Other payables		**4,667**	2,089
Amounts due to subsidiaries		**64,724**	33,276
		69,391	35,365
Total liabilities		**69,391**	35,365
Total equity and liabilities		**269,186**	239,500

The statement of financial position of the Company was approved by the Board of Directors on 28 March 2025 and was signed on its behalf.

Xu Ziming
Director

Huang Sizhen
Director

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

30. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (Continued)

(a) Reserves movement of the Company

	Other reserves RMB'000	**Accumulated losses** RMB'000
At 1 January 2023	241,531	(47,326)
Loss for the year	–	(12,674)
Contribution from the Controlling Shareholders	14,624	–
As at 31 December 2023	256,155	(60,000)
At 1 January 2024	**256,155**	**(60,000)**
Loss for the year	**–**	**(4,340)**
As at 31 December 2024	**256,155**	**(64,340)**

31. SUBSEQUENT EVENT

Save as disclosed elsewhere in this report, there were no other material subsequent events took place after 31 December 2024 and up to the date of this report.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of JTF International Holdings Limited and its subsidiaries.

32.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

32.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

32.2 Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statements of comprehensive income within "finance income (costs) — net". All other foreign exchange gains and losses are presented in profit or loss as "other gains (losses) — net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on nonmonetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

32.3 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

32.4 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

32.4 Financial assets (Continued)

(d) Impairment of financial assets

The Group assesses on a forward looking basis the ECL associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires lifetime ECL to be recognised from initial recognition of the receivables, see note 19 for further details. For other receivables, the Group applies either 12-month ECL or lifetime ECL method, depending on whether there has been a significant increase in credit risk since initial recognition.

(e) Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

32.4 Financial assets (Continued)

(f) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

32.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

32.6 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with maturities of three months or less.

32.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

32.8 Current and deferred income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

32.9 Employee benefits

(a) Social security obligations

Pursuant to the relevant regulations of the PRC governments, the subsidiary of the Group that was established in Mainland China has participated in employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the governmental authorities (the "**Schemes**"), whereby the PRC subsidiary is required to contribute certain percentages of the salaries of their employees, as agreed by local municipal governmental authorities, to the Schemes to fund their social security benefits. The local municipal governmental authorities undertake to assume the social security benefits of those employees of the Group. Contributions under the Schemes are charged to profit or loss as incurred.

(b) Bonus plan

Provisions for bonus plan due wholly within twelve months after the end of the reporting period are recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

32.10 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

32.11 Subsidy income

Subsidy income from the government is recognised at its fair value where there is a reasonable assurance that the subsidy income will be received and the group will comply with all attached conditions.

Subsidy income relating to costs is deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

32.12 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

32.13 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

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 payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

32.14 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

32.15 Related parties

A related party is a person or entity that is related to the Group.

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to the Consolidated Financial Statements (Continued)

Year ended 31 December 2024

32. SUMMARY OF OTHER ACCOUNTING POLICIES (Continued)

32.15 Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and included:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out below:

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Revenue	1,100,262	2,043,377	1,534,524	1,239,515	**1,119,646**
Cost of sales	(1,030,811)	(1,952,644)	(1,461,613)	(1,181,619)	**(1,106,868)**
Gross profit	69,451	90,733	72,911	57,896	**12,778**
Other gains/(losses) — net	1,418	6	3,095	(13,243)	**80**
Distribution expenses	(20,570)	(21,791)	(14,269)	(16,200)	**(11,022)**
Administrative expenses	(20,994)	(12,354)	(13,622)	(23,615)	**(13,667)**
Operating profit/(loss)	29,305	56,594	48,115	4,838	**(11,831)**
Finance (costs)/income — net	(573)	51	980	896	**1,231**
Profit/(loss) before income tax	28,732	56,645	49,095	5,734	**(10,600)**
Income tax (expense)/credit	(13,527)	(19,559)	(17,350)	(7,243)	**1,758**
Profit/(loss) for the year attributable to the owners of the Company	15,205	37,086	31,745	(1,509)	**(8,842)**
ASSETS AND LIABILITIES					
Non-current assets	27,554	26,323	24,916	24,479	**25,105**
Current assets	377,305	570,082	466,286	472,268	**437,953**
Non-current liabilities	(16,780)	(20,241)	(23,156)	(24,052)	**(23,829)**
Current liabilities	(38,526)	(189,525)	(49,662)	(41,196)	**(16,572)**
Net assets	349,553	386,639	418,384	431,499	**422,657**
Total equity attributable to the owners of the Company	349,553	386,639	418,384	431,499	**422,657**