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JTF International Holdings Limited

金泰豐國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8479)

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATE

Financial Adviser to the Company



BAOQIAO PARTNERS CAPITAL LIMITED

SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATE

On 26 November 2019 (after trading hours), the Company entered into the Subscription Agreement with Thrive Shine and Thrive Era. Pursuant to the Subscription Agreement, (i) the Company has conditionally agreed to allot and issue, and Thrive Shine has conditionally agreed to subscribe for the TS Subscription Shares, being 225,000,000 new Shares; and (ii) the Company has conditionally agreed to allot and issue, and Thrive Era has conditionally agreed to subscribe for the TE Subscription Shares, being 75,000,000 new Shares. All the Subscription Shares will be issued at the Subscription Price of HK\$0.211 per Subscription Share.

The total number of 300,000,000 Subscription Shares to be issued and allotted under the Subscription Agreement, represent (i) approximately 47.62% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 32.26% of the issued share capital of the Company immediately upon Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion Date) as enlarged by the Subscription Shares.

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time of issue and allotment of the Subscription Shares save in respect of any rights the record date therefor falls on or before the Completion Date.

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

The issuance of the Subscription Shares is subject to, among other things, approval by the Independent Shareholders at the EGM. Resolution(s) will be proposed to the Shareholders at the EGM to approve, among other things, the Specific Mandate to allot and issue the Subscription Shares under the Subscription Agreement.

GENERAL

The Independent Board Committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscriptions pursuant to Rules 20.37 and 20.41 of the GEM Listing Rules.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions.

A circular containing, among other things, (i) details of the Subscriptions; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions; and (iv) a notice of EGM, is expected to be despatched to the Shareholders on or before 17 December 2019 in compliance with the applicable requirements under the GEM Listing Rules, that is, within 15 business days from date of this announcement pursuant to Rule 20.66(11) of the GEM Listing Rules.

Shareholders who are involved in or interested in the Subscriptions will be required to abstain from voting in respect of the resolution(s) to approve the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement at the EGM.

As at the date of this announcement, save for the Subscribers, Mr. Choi Sio Peng, Mr. Xu Ziming and Ms. Huang Sizhen, no other Shareholders has involved in or interested in the Subscriptions and is required to abstain from voting in respect of the resolution(s) to approve the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement at the EGM.

Shareholders and potential investors of the Company should note that the Subscriptions are subject to the fulfilment of the conditions under the Subscription Agreement. As the Subscriptions may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATE

On 26 November 2019 (after trading hours), the Company entered into the Subscription Agreement with Thrive Shine and Thrive Era. Pursuant to the Subscription Agreement, (i) the Company has conditionally agreed to allot and issue, and Thrive Shine has conditionally agreed to subscribe for the TS Subscription Shares, being 225,000,000 new Shares; and (ii) the Company has conditionally agreed to allot and issue, and Thrive Era has conditionally agreed to subscribe for the TE Subscription Shares, being 75,000,000 new Shares. All the Subscription Shares will be issued at the Subscription Price of HK\$0.211 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out as follows.

- Date:** 26 November 2019 (after trading hours)
- Parties:** (1) the Company (as issuer); and
(2) Thrive Shine and Thrive Era (as Subscribers)

Thrive Shine is an investment holding company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company which holds 255,150,000 Shares (representing 40.5% of the total number of issued Shares of the Company as at the date of this announcement). Thrive Shine is owned as to 80% by Mr. Xu Ziming and 20% by Ms. Huang Sizhen, both being executive Directors.

Thrive Era is an investment holding company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company which holds 85,040,000 Shares (representing approximately 13.5% of the total number of issued Shares of the Company as at the date of this announcement). Thrive Era is wholly-owned by Mr. Choi Sio Peng, an executive Director.

Mr. Choi Sio Peng is the nephew of Mr. Xu Ziming and Ms. Huang Sizhen.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and Thrive Shine and Thrive Era have conditionally agreed to subscribe for, 225,000,000 and 75,000,000 new Shares respectively at the Subscription Price of HK\$0.211 per Subscription Share.

The total number of 300,000,000 Subscription Shares to be issued and allotted under the Subscription Agreement, represent (i) approximately 47.62% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 32.26% of the issued share capital of the Company immediately upon Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion Date) as enlarged by the Subscription Shares.

Based on the closing price of the Shares of HK\$0.211 per Share on 26 November 2019, being the date of the Subscription Agreement, the Subscription Shares have a market value of HK\$63.3 million. The aggregate nominal value of the Subscription Shares is HK\$3 million.

Subscription Price

The Subscription Price is HK\$0.211 per Subscription Share, representing:

- (i) the closing price of HK\$0.211 per Share as quoted on the Stock Exchange on 26 November 2019, being the date of the Subscription Agreement; and

- (ii) a discount of approximately 0.38% to the average closing price per Share of HK\$0.2118 for the last five (5) consecutive trading days immediately preceding the date of the Subscription Agreement.

The total Subscription Price for the Subscriptions shall be paid by the Subscribers to the Company in cash upon Completion.

The Subscription Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Subscribers. The Board considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Recommendation from the Independent Board Committee to the Independent Shareholders based on the advice from Gram Capital will be included in the circular in relation to the Subscriptions to be issued by the Company.

Conditions precedent to the Subscription Agreement

Completion of the Subscription Agreement is subject to the fulfillment of the following conditions:

- (i) the listing of, and permission to deal in, the Subscription Shares being granted by the Stock Exchange (and such listing and permission not subsequently revoked prior to Completion); and
- (ii) the passing by the Shareholders of all necessary resolutions at the EGM in compliance with applicable laws and the GEM Listing Rules to approve the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement.

The conditions above cannot not be waived by any of the Subscribers or the Company.

If any of the conditions above is not fulfilled on or before the Long Stop Date, the Subscription Agreement shall terminate and none of the parties shall be liable to the others or have any claim against the other parties for damages, compensation or otherwise save and except any liability for antecedent breaches of any party.

Completion

Completion shall take place on the Completion Date in accordance with the terms of the Subscription Agreement.

Ranking

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time of issue and allotment of the Subscription Shares save in respect of any rights the record date therefor falls on or before the Completion Date.

Specific mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

INFORMATION OF THE GROUP

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

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

EFFECT ON THE SHAREHOLDING OF THE COMPANY

As at the date of this announcement, the Company has 630,000,000 Shares in issue.

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion Date save for the issue of the Subscription Shares):

Shareholders	As at the date of this announcement		Immediately upon Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Thrive Shine (<i>Note 1</i>)	255,150,000	40.50	480,150,000	51.63
Thrive Era (<i>Note 2</i>)	<u>85,040,000</u>	<u>13.50</u>	<u>160,040,000</u>	<u>17.21</u>
The Subscribers	340,190,000	54.00	640,190,000	68.84
Public	<u>289,810,000</u>	<u>46.00</u>	<u>289,810,000</u>	<u>31.16</u>
Total	<u><u>630,000,000</u></u>	<u><u>100.00</u></u>	<u><u>930,000,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Thrive Shine is owned as to 80% and 20% by Mr. Xu Ziming and Ms. Huang Sizhen, respectively, both of whom are executive Directors. Mr. Xu Ziming and Ms. Huang Sizhen are spouses.
2. Thrive Era is wholly-owned by Mr. Choi Sio Peng, an executive Director.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The Group is a wholesaler of oil and other petrochemical products based in Guangdong Province, the PRC (the “**Oil Trading**”) and it operates three oil depots at Zengcheng, Panyu and Gaolan Port Economic Zone, which are strategically situated within the Pearl River Delta region, where the well-developed maritime traffic and highway networks enable the Group to service the surrounding area of Guangdong Province and other coastal provinces of the PRC in a cost-effective and timely manner.

As shown in the Company’s annual report for the year ended 31 December 2018, the Group reported four years consecutive growth in turnover from approximately HK\$626.30 million for the year ended 31 December 2015 to approximately HK\$1,907.89 million for the year ended 31 December 2018. The significant increase in sales was mainly due to increase in sales of refined oil, in particular, gasoline, which was in line with the Group’s development into the gasoline market since the second quarter of 2016.

The consumption of refined oil in the PRC has demonstrated continuing growth. According to the statistics from National Development and Reform Commission of the PRC (“**NDRC**”), the consumption of refined oil in the PRC increased from approximately 272.9 million tonnes in 2014 to approximately 325.1 million tonnes in 2018, representing a compound annual growth rate (“**CAGR**”) of approximately 4.5%. In addition, the consumption of gasoline in Guangdong Province increased by a CAGR of approximately 8.8% for the past five years from 2014 to 2018 based on the statistics from the Statistics Bureau of Guangdong Province* (廣東省統計局).

In view of the above, the Board is confident in and will continue its business strategy to expand the Group’s scale of operations to achieve business growth and increase its market share in the industry.

The gross proceeds of the Subscriptions will be HK\$63.3 million. After taking into account the estimated expenses related to the Subscriptions, the estimated net proceeds will be approximately HK\$61.8 million, representing the net price per Subscription Share payable to the Company of approximately HK\$0.206 per Share. The Company intends to apply 90% of the net proceeds from the Subscriptions for developing and enhancing the trading capacity of the Group’s Oil Trading business in the PRC and approximately 10% as general working capital of the Group.

The Directors consider that the Subscriptions are in line with the Company’s development and growth strategy. It also reflected the confidence and commitment to support the Group’s business by the Subscribers. Oil Trading is a high-volume business and capital intensive in nature. Strong cash position and quick replenishment of liquidity is essential to finance the trading cycle of Oil Trading and enhance the Group’s trading capacity. The Subscriptions will improve the Group’s working capital position and raise additional capital and funding to equip the Group with more resources to further develop the Group’s existing businesses.

The Company has considered other alternative fundraising methods such as debt financing, placing of new shares and rights issue or open offer. Debt financings will incur interest burden on the Group and will be subject to lengthy due diligence and negotiations with the banks. In respect of equity fundraisings, considering the previous under-subscription in the

rights issue of the Company in April 2019, the Subscriptions are considered to be a more preferable financing option for the Group as it will avoid the unnecessary costs on underwriting or placing.

The Board considers the terms of the Subscription Agreement to be normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Recommendation from the Independent Board Committee to the Independent Shareholders based on the advice from Gram Capital will be included in the circular in relation to the Subscriptions to be issued by the Company.

By virtue of the interests of the Subscribers in the Subscriptions, Mr. Xu Ziming and Ms. Huang Sizhen, both being executive Directors and together own the entire shareholding interest in Thrive Shine and Mr. Choi Sio Peng, an executive Director who is the sole shareholder of Thrive Era, have abstained from voting on the relevant Board resolutions for approving the Subscription Agreement and the transactions contemplated thereunder.

EQUITY FUND RAISING ACTIVITY OVER THE PAST 12 MONTHS

The Company conducted the following equity fund raising activity during the twelve months immediately preceding the date of this announcement:

Date of announcement	Completion date	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
3 April 2019	10 June 2019	Rights issue	HK\$63.9 million	Developing and enhancing the trading capacity as well as to support the ongoing working capital requirements of the Group's Oil Trading business in the PRC	Fully utilised as intended

GEM LISTING RULES IMPLICATIONS

Thrive Shine is a substantial shareholder of the Company holding 255,150,000 Shares, which represents 40.5% of the total number of issued Shares of the Company as at the date of this announcement and is owned as to 80% by Mr. Xu Ziming and 20% by Ms. Huang Sizhen, both being executive Directors. Thrive Era is a substantial shareholder of the Company holding 85,040,000 Shares, which represents approximately 13.5% of the total number of issued Shares of the Company as at the date of this announcement and is wholly-owned by Mr. Choi Sio Peng, an executive Director. As such, both the Subscribers are connected persons under Chapter 20 of the GEM Listing Rules and the Subscriptions constitute a connected transaction of the Company under the GEM Listing Rules, which is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The Independent Board Committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders on the Subscriptions pursuant to Rules 20.37 and 20.41 of the GEM Listing Rules.

In this connection, the Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions.

A circular containing, among other things, (i) details of the Subscriptions; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions; and (iv) a notice of EGM, is expected to be despatched to the Shareholders on or before 17 December 2019 in compliance with the applicable requirements under the GEM Listing Rules, that is, within 15 business days from date of this announcement pursuant to Rule 20.66(11) of the GEM Listing Rules.

Shareholders who are involved in or interested in the Subscriptions will be required to abstain from voting in respect of the resolution(s) to approve the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement at the EGM.

As at the date of this announcement, save for the Subscribers, Mr. Choi Sio Peng, Mr. Xu Ziming and Ms. Huang Sizhen, no other Shareholders has involved in or interested in the Subscriptions and is required to abstain from voting in respect of the resolution(s) to approve the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement at the EGM.

Shareholders and potential investors of the Company should note that the Subscriptions are subject to the fulfilment of the conditions under the Subscription Agreement. As the Subscriptions may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are open for transaction for normal business;
“Company”	JTF International Holdings Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on GEM (Stock Code: 8479);

“Completion”	completion of the Subscriptions in accordance with the terms of the Subscription Agreement;
“Completion Date”	the date on which Completion takes place in accordance with the terms of the Subscription Agreement, which is the third (3rd) Business Day after, and excluding, the date upon which the last of the conditions has been satisfied (or if already satisfied before such date, remain satisfied as of such date), or such other date as the parties may agree in writing;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened to consider, if thought fit, approve, among other matters, the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the Subscriptions;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscriptions;
“Independent Shareholder(s)”	Shareholders other than (1) Thrive Shine and Thrive Era and their associates; and (2) those who have a material interest in the Subscriptions or are required by the GEM Listing Rules to abstain from voting on the resolution approving the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement;
“Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules;

“Long Stop Date”	29 February 2020, or such later date as the parties may agree;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Board for the allotment and issue of the Subscription Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	Thrive Shine and Thrive Era;
“Subscriptions”	TS Subscription and TE Subscription;
“Subscription Agreement”	the conditional subscription agreement entered into among the Company, Thrive Shine and Thrive Era dated 26 November 2019 in relation to the Subscriptions;
“Subscription Price”	HK\$0.211 per Subscription Share;
“Subscription Shares”	an aggregate of 300,000,000 new Shares (i.e. sum of TE Subscription Shares and TS Subscription Shares) to be allotted and issued by the Company to the Subscribers under the Subscription;
“subsidiaries”	has the meaning ascribed to it in the GEM Listing Rules;
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“TE Subscription”	the subscription of 75,000,000 Subscription Shares at the Subscription Price by Thrive Era pursuant to the Subscription Agreement;
“TE Subscription Shares”	75,000,000 new Shares to be subscribed by and allotted to Thrive Era pursuant to the terms of the Subscription Agreement;

“Thrive Era”	Thrive Era Investments Limited, a limited liability company incorporated in the British Virgin Islands, being the subscriber of the TE Subscription and a substantial shareholder of the Company;
“Thrive Shine”	Thrive Shine Limited, a limited liability company incorporated in the British Virgin Islands, being the subscriber of the TS Subscription and a substantial shareholder of the Company;
“TS Subscription”	the subscription of 225,000,000 Subscription Shares at the Subscription Price by Thrive Shine pursuant to the Subscription Agreement;
“TS Subscription Shares”	225,000,000 new Shares to be subscribed by and allotted to Thrive Shine pursuant to the terms of the Subscription Agreement;
“%”	per cent.

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

Hong Kong, 26 November 2019

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain at www.hkgem.com on the “Latest Company Announcements” page of the website of GEM for at least 7 days from the date of its posting. This announcement will also be posted on the Company website at <http://www.jtfoil.com>.