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F8 ENTERPRISES (HOLDINGS) GROUP LIMITED

F 8 企 業 (控 股) 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8347)

(1) DELAY IN PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022 (2) PUBLICATION OF UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

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

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

This announcement is made by F8 Enterprises (Holdings) Group Limited (the “**Company**”, and its subsidiaries (together the “**Group**”)) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange and the Inside Information Provisions (as for defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 22 June 2022 (the “**Prior Announcement**”) in relation to, among others, its delay in publication of the 2022 Audited Annual Results (defined as below) for the year ended 31 March 2022. Capitalised terms used herein shall have the same meanings as those defined in the Prior Announcement unless otherwise stated herein.

DELAY IN PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

Under Rules 18.48A and 18.49 of the GEM Listing Rules, the Company is required to publish the announcement in relation to the preliminary audited annual results of the Group for the year ended 31 March 2022 (the “**2022 Audited Annual Results**”) on a date no later than three months after the end of the financial year of the Company, i.e. on or before 30 June 2022 and despatch its annual report (the “**2022 Annual Report**”) to the shareholders of the Company (the “**Shareholders**”) on or before 30 June 2022.

Due to the recent COVID-19 Omicron outbreak, the Company is still in the process of obtaining certain information to be provided to the auditor of the Company, HLB Hodgson Impey Cheng Limited (the “**Auditor**”), to complete the audit procedures. In particular, to the best of the knowledge of the directors of the Company (the “**Directors**”) having made reasonable enquiries, there are delays in receiving confirmations and gathering information required audit work from Jiangxi Xinji Power Technology Company Limited* (江西新冀動力科技有限公司), an associated company of the Company, and Meijia Shell (Global) Lubricant Technology Limited (美嘉殼(環球)潤滑科技有限公司), a subsidiary of the Company for the year ended 31 March 2022, due to the continuous implementation of the COVID-19 related prevention, control and quarantine measures in the relevant cities of the People’s Republic of China throughout the period from April 2022 to June 2022. As such, additional time would be required for completion of the audit work in respect of the financial information of the Group for the 2022 Audited Annual Results.

In view of the above, the Board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby wishes to inform the shareholders and potential investors of the Company that the publication of 2022 Audited Annual Results and the despatch of 2022 Annual Report will be delayed as additional time required for the completion of audit work in respect of the financial information of the Group for the 2022 Annual Results.

PUBLICATION OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The Board of Directors of the Company wishes to set forth below the unaudited consolidated financial information extracted from the managements accounts of the Group for the year ended 31 March 2022 (“**Unaudited Management Accounts**”) together with the comparative audited figures for the year ended 31 March 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited) (Restated)
Continuing operations			
Revenue	4	357,186	357,753
Cost of sales		(352,579)	(332,420)
Gross profit		4,607	25,333
Other income	6	7,239	9,096
Other gains or losses	7	(222)	491
Fair value change on contingent consideration receivable		–	1,220
Loss on derecognition of contingent consideration receivable		(15,421)	–
Administrative expenses		(14,062)	(13,038)
Other operating expenses		(5,713)	(7,982)
Allowance for expected credit loss on financial assets, net		(11,635)	(3,250)
(Loss)/profit from operations		(35,207)	11,870
Finance costs	8	(4,437)	(2,745)
Share of results of an associate		(703)	–
(Loss)/profit before taxation	9	(40,347)	9,125
Income tax credit/(expenses)	10	1,090	(1,533)
(Loss)/profit for the year from continuing operations		(39,257)	7,592
Discontinued operations			
Profit/(loss) for the year from discontinued operations	12	7,370	(2,133)
(Loss)/profit for the year		(31,887)	5,459

	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited) (Restated)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	174	3,536
Reclassification of cumulative exchange reserve upon disposal of foreign operations	(1,466)	—
Share of other comprehensive income of an associate	293	—
	<u> </u>	<u> </u>
Other comprehensive (loss)/income for the year, net of tax	<u>(999)</u>	<u>3,536</u>
Total comprehensive (loss)/income for the year	<u>(32,886)</u>	<u>8,995</u>
(Loss)/profit for the year attributable to owners of the Company:		
— from continuing operations	(39,257)	7,592
— from discontinued operations	8,040	(1,205)
	<u> </u>	<u> </u>
	<u>(31,217)</u>	<u>6,387</u>
(Loss)/profit for the year attributable to non-controlling interests:		
— from continuing operations	—	—
— from discontinued operations	(670)	(928)
	<u> </u>	<u> </u>
	<u>(670)</u>	<u>(928)</u>
(Loss)/profit for the year	<u>(31,887)</u>	<u>5,459</u>

	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited) (Restated)
Total comprehensive (loss)/income for the year attributable to:		
Owners of the Company	(32,293)	8,331
Non-controlling interests	<u>(593)</u>	<u>664</u>
	<u>(32,886)</u>	<u>8,995</u>
Total comprehensive (loss)/income for the year attributable to owners of the Company:		
— from continuing operations	(38,954)	7,592
— from discontinued operations	<u>6,661</u>	<u>739</u>
	<u>(32,293)</u>	<u>8,331</u>
(Loss)/earnings per share	<i>13</i>	
From continuing and discontinued operations:		
Basic and diluted (<i>HK cents</i>)	<u>(32.40)</u>	<u>7.31</u>
From continuing operations:		
Basic and diluted (<i>HK cents</i>)	<u>(40.74)</u>	<u>8.69</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 HK\$'000 (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		5,122	21,621
Right-of-use assets		574	956
Investment property		20,000	–
Prepayment for right-of-use assets		–	8,920
Goodwill		–	2,044
Interest in an associate		17,922	–
Contingent consideration receivable		–	7,060
Financial assets at fair value through profit or loss		5,945	4,778
Deposits for property, plant and equipment		–	13,867
Deferred tax assets		159	650
		49,722	59,896
Current assets			
Inventories		820	16,350
Trade receivables	<i>14</i>	83,284	69,408
Prepayments, deposits and other receivables		12,285	27,914
Amount due from an associate		13,082	–
Contingent consideration receivable		–	8,361
Tax recoverable		1,587	–
Pledged bank deposits		6,077	12,158
Cash and bank balances		14,276	20,535
		131,411	154,726
Current liabilities			
Trade payables	<i>15</i>	36,622	32,517
Accruals, other payables and deposits received		4,616	11,812
Contract liabilities		–	5,780
Bank and other borrowings		43,089	21,294
Bonds payable		800	8,800
Lease liabilities		168	648
Tax payables		–	1,172
		85,295	82,023
Net current assets		46,116	72,703
Total assets less current liabilities		95,838	132,599

	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Lease liabilities	–	110
Deferred tax liabilities	468	451
	<u>468</u>	<u>561</u>
Net assets	<u>95,370</u>	<u>132,038</u>
Capital and reserves		
Share capital	10,080	8,780
Reserves	85,290	107,703
	<u>95,370</u>	<u>116,483</u>
Equity attributable to owners of the Company	95,370	116,483
Non-controlling interests	–	15,555
	<u>95,370</u>	<u>132,038</u>
Total equity	<u>95,370</u>	<u>132,038</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

F8 Enterprises (Holdings) Group Limited (the “Company”) was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 30 March 2018 and its shares are listed on GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business in Hong Kong is Units 3304, 33/F, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Hong Kong. The Company’s immediate and ultimate holding company is Grand Tycoon Limited, a company incorporated in the British Virgin Islands. Grand Tycoon Limited is controlled by Mr. Fong Chun Man, a director of the Company.

The Company is an investment holding company and its subsidiaries are principally engaged in sale and transportation of diesel oil and related products in Hong Kong.

The Group was also engaged in sale and transportation of diesel oil and related products, manufacturing and sale of steel products and sale of injecting molding machine in the People’s Republic of China (the “PRC”) which were discontinued in current year.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company and all values are rounded to the nearest thousands (HK\$’000), except when otherwise stated.

2. APPLICATION OF AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

The directors anticipated that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and related interpretations issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the disclosure requirements of the Hong Kong Companies Ordinance.

4. REVENUE

Disaggregation of revenue from contracts with customers

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited) (Restated)
Continuing operations		
Type of goods or services		
Sale of diesel oil and related products:		
Diesel oil	351,095	293,678
Marine diesel oil	3,997	63,061
Lubricant oil	2,094	1,014
	<u>357,186</u>	<u>357,753</u>
Total	<u>357,186</u>	<u>357,753</u>
Timing of revenue recognition		
A point in time	<u>357,186</u>	<u>357,753</u>

Transaction price allocated to the remaining performance obligation for contracts with customers

All revenue from sale of diesel oil and related products are for the periods of one year or less. As permitted under HKFRS 15 *Revenue from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT INFORMATION

The information reported to the directors, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole since the operating segment of sale of steel products was discontinued during the current year upon disposal of 江西新冀動力科技有限公司 (Jiangxi Xinji Power Technology Company Limited*) (“**Jiangxi Xinji**”). Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

* *for identification purpose only*

Geographical information

The Group's operations are located in Hong Kong and the PRC during the years ended 31 March 2022 and 2021. The Group's revenue from continuing operations from external customers based on the location of customers are detailed below:

	Revenue from external customers	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
		(Restated)
Hong Kong	357,186	357,753

Information about the Group's non-current assets is presented based on the geographical location of the assets are detailed below:

	Non-current assets	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	25,696	13,204
The PRC	17,922	32,160
	43,618	45,364

Non-current assets excluded financial assets at fair value through profit or loss, contingent consideration receivable, goodwill and deferred tax assets.

Information about major customers

Revenues from customers of both years contributing over 10% of the total revenue of the Group from continuing and discontinued operations are as follows:

	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Customer A ¹	55,848	54,500
Customer B ¹	41,336	N/A ²
Customer C ¹	N/A²	89,871

Notes:

¹ Revenue from sale of diesel oil and related products in Hong Kong.

² The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Continuing operations		
Bank interest income	15	135
Transportation services fee	–	590
Rental income from diesel vehicle	6,720	1,774
Rental income from investment property	46	–
Interest rebate	297	–
Government grants (<i>Note</i>)	76	1,404
Compensation income arising from profit guarantee	–	5,150
Sundry income	85	43
	<u>7,239</u>	<u>9,096</u>

Note:

Government grants for the year ended 31 March 2021 mainly included approximately HK\$1,244,000 provided by the Hong Kong Government in relation to Employment Supporting Scheme.

7. OTHER GAINS OR LOSSES

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Continuing operations		
Realised gain on financial assets at fair value through profit or loss	–	363
Unrealised gain on financial assets at fair value through profit or loss	167	100
Loss arising on change in fair value of investment property	(1,907)	–
Gain on deemed disposal of an associate	81	–
Exchange gain	1,437	28
	<u>(222)</u>	<u>491</u>

8. FINANCE COSTS

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Continuing operations		
Interest expenses on bank borrowings	112	369
Interest expenses on other borrowings	4,115	1,463
Interest expenses on bank overdrafts	–	2
Interest expenses on bonds	192	880
Interest expenses on lease liabilities	18	31
	<u>4,437</u>	<u>2,745</u>

9. (LOSS)/PROFIT BEFORE TAXATION

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited) (Restated)
Continuing operations		
(Loss)/profit before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	<u>2,975</u>	<u>2,807</u>
Other staff costs:		
— Salaries and other benefits	6,163	6,331
— Retirement benefits scheme contributions	<u>262</u>	<u>267</u>
	<u>6,425</u>	<u>6,598</u>
Auditors' remuneration		
— Audit services	700	700
— Non-audit services	<u>20</u>	<u>20</u>
	<u>720</u>	<u>720</u>
Cost of inventories sold	335,848	324,466
Depreciation of property, plant and equipment		
— Cost of sales	935	1,763
— Administrative expenses	<u>205</u>	<u>407</u>
	<u>1,140</u>	<u>2,170</u>
Depreciation of right-of-use assets	382	564
Allowance for expected credit loss ("ECL") on financial assets, net		
— Trade receivables	11,443	82
— Other receivables	(42)	3,168
— Amount due from an associate	<u>234</u>	<u>—</u>
	<u>11,635</u>	<u>3,250</u>
Expenses relating to short-term leases	<u><u>12,641</u></u>	<u><u>2,226</u></u>

10. INCOME TAX (CREDIT)/EXPENSES

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited) (Restated)
Continuing operations		
Current tax:		
Hong Kong Profits Tax	–	1,799
Over provision in prior years:		
Hong Kong Profits Tax	(1,259)	–
Deferred tax	<u>169</u>	<u>(266)</u>
	<u>(1,090)</u>	<u>1,533</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of assessable profits of qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Under the Laws of the People's Republic of China on Enterprise Income Tax (中華人民共和國企業所得稅法) (the "EIT Law") and Implementation Regulation of the EIT Law, tax rate for the PRC subsidiaries is 25% for both years.

According to the EIT Law and the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), an entity eligible as a Small Low-profit Enterprise (小型微利企業) is subject to preferential tax treatments. From 1 January 2019 to 31 December 2021, a Small Low-profit Enterprise with annual taxable income not more than RMB1,000,000 is subject to Enterprise Income Tax calculated at 25% of its taxable income at a tax rate of 20%. During both years, a subsidiary of the Group is eligible as a Small Low-profit Enterprise and is subject to the relevant preferential tax treatments.

11. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2022 (2021: Nil).

12. DISCONTINUED OPERATIONS

(i) Sale of steel products operation

On 7 February 2021, Eastern Champion Development Limited, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with a connected person of the Company at subsidiary level under the Chapter 20 of the GEM Listing Rules (the “Investor”), pursuant to which the Investor will make capital injection of RMB20,000,000 to obtain 22.96% equity interest in a subsidiary of the Company, Jiangxi Xinji, which carried out all of the Group’s sale of steel products operation. Upon the completion of the deemed disposal on 15 April 2021, the Group retained 32.04% equity interest in Jiangxi Xinji and lost its control over Jiangxi Xinji. As a result, Jiangxi Xinji ceased to be a subsidiary of the Group and is accounted for as an associate using equity method of accounting in the Group’s consolidated financial statement since then.

The profit/(loss) for the period/year from the discontinued sale of steel products operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the sale of steel products operation as a discontinued operation.

	Period from 1 April 2021 to 15 April 2021 HK\$'000 (Unaudited)	Year ended 31 March 2021 HK\$'000 (Audited)
Loss of sale of steel products operation for the period/year	(78)	(2,898)
Gain on deemed disposal of a subsidiary	<u>1,652</u>	<u>–</u>
	<u>1,574</u>	<u>(2,898)</u>

The results of the sale of steel products operation for the period from 1 April 2021 to 15 April 2021 and for the year ended 31 March 2021, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period from 1 April 2021 to 15 April 2021 HK\$'000 (Unaudited)	Year ended 31 March 2021 HK\$'000 (Audited)
Revenue	42	66,881
Cost of sales	<u>(14)</u>	<u>(66,851)</u>
Gross profit	28	30
Administrative expenses	(106)	(2,926)
Allowance for ECL on other receivables, net	<u>–</u>	<u>(2)</u>
Loss for the period/year	<u>(78)</u>	<u>(2,898)</u>

Loss for the period/year from discontinued sale of steel products operation has been arrived at after charging/(crediting):

	Period from 1 April 2021 to 15 April 2021 HK\$'000 (Unaudited)	Year ended 31 March 2021 HK\$'000 (Audited)
Cost of inventories sold	1	66,102
Depreciation of property, plant and equipment	–	13
Staff cost:		
— Salaries and other benefits	114	2,390
— Retirement benefit schemes contribution	–	213
	<u>114</u>	<u>2,603</u>

Cashflows of the discontinued sale of steel products operation for the period/year were as follows:

Net cash inflow from operating activities	766	938
Net cash outflow from investing activities	–	(2,058)
Net cash inflow/(outflow)	<u>766</u>	<u>(1,120)</u>

(ii) Sale and distribution of lubricant oil and related products operation in the PRC

On 31 March 2022, the Company entered into a sale and purchase agreement to dispose of its entire equity interest in Meijia Shell (Global) Lubricant Technology Limited (“Meijia Shell”) at cash consideration of HK\$9,000,000 which will be settled in six instalments over six months. The PRC subsidiaries of Meijia Shell carried out all of the Group’s sale and distribution of lubricant oil and related products operation in the PRC, which was a separate major line of business included in the sale and transportation of diesel oil and related products operation and reportable segment of the Group in previous year’s consolidated financial statements. The disposal was completed on 31 March 2022, on which date control of Meijia Shell passed to the purchaser.

The profit for the year from the discontinued sale and distribution of lubricant oil and related products operation in the PRC is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the sale and distribution of lubricant oil and related products operation in the PRC as a discontinued operation.

	Year ended 31 March 2022 HK\$'000 (Unaudited)	Year ended 31 March 2021 HK\$'000 (Audited)
(Loss)/profit of sale and distribution of lubricant oil and related products operation in the PRC for the year	(1,296)	765
Gain on disposal of subsidiaries	<u>7,092</u>	–
	<u>5,796</u>	<u>765</u>

The results of the sale and distribution of lubricant oil and related products operation in the PRC for the year, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Year ended 31 March 2022 HK\$'000 (Unaudited)	Year ended 31 March 2021 HK\$'000 (Audited)
Revenue	14,476	13,583
Cost of sales	(14,029)	(10,818)
Gross profit	447	2,765
Administrative expenses	(1,474)	(856)
Allowance for ECL on trade and other receivables, net	5	(1,334)
(Loss)/profit before taxation	(1,022)	575
Income tax (expense)/credit	(274)	190
(Loss)/profit for the year	(1,296)	765

Profit for the year from discontinued sale and distribution of lubricant oil and related products operation in the PRC has been arrived at after charging (crediting):

	Year ended 31 March 2022 HK\$'000 (Unaudited)	Year ended 31 March 2021 HK\$'000 (Audited)
Cost of inventories sold	11,230	9,480
Staff cost:		
— Salaries and other benefits	908	771
— Retirement benefit schemes contribution	154	58
	1,062	829

Cashflows of the discontinued sale and distribution of lubricant oil and related products operation in the PRC for the period/year were as follows:

	Year ended 31 March 2022 HK\$'000 (Unaudited)	Year ended 31 March 2021 HK\$'000 (Audited)
Net cash outflow from operating activities	(569)	(298)
Net cash inflow from financing activities	1,355	—
Net cash inflow/(outflow)	786	(298)

13. (LOSS)/EARNINGS PER SHARE

From continuing operations

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company		
for the purposes of basic and diluted (loss)/earnings per share	<u>(39,257)</u>	<u>7,592</u>
	2022 '000 (Unaudited)	2021 '000 (Audited) (Restated)

Number of shares

Weighted average number of ordinary shares for the purposes of
basic and diluted (loss)/earnings per share

<u>96,348</u>	<u>87,394</u>
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The weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share for both years has been adjusted for the share consolidation effective on 29 June 2022.

From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company		
for the purposes of basic and diluted (loss)/earnings per share	<u>(31,217)</u>	<u>6,387</u>

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share.

From discontinued operation

Basic and diluted earnings per share from the discontinued operation is HK8.34 cents per share (2021: basic and diluted loss per share of HK1.38 cents), based on the profit for the year from the discontinued operation attributable to owners of the Company of HK\$8,040,000 (2021: loss for the year of HK\$1,205,000) and the denominators detailed above for both basic and diluted (loss)/earnings per share.

Diluted (loss)/earnings per share were same as the basic (loss)/earnings per share as there were no potential dilutive ordinary share in existence during the years ended 31 March 2022 and 2021.

14. TRADE RECEIVABLES

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Trade receivables	96,574	72,623
Less: allowance for ECL, net	(13,290)	(3,215)
	<u>83,284</u>	<u>69,408</u>

(a) Ageing analysis

The following is an ageing analysis of trade receivables presented based on the invoice date at the end of the reporting periods:

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Within 30 days	43,406	29,038
31 to 60 days	12,150	10,831
61 to 90 days	12,413	10,811
91 to 120 days	6,076	3,956
121 to 150 days	4,609	2,381
Over 150 days	17,920	15,606
	<u>96,574</u>	<u>72,623</u>

The Group's average credit term with its customers is, in general, 3 days to 150 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

(b) ECL assessment on trade receivables

During the year ended 31 March 2022, allowance for ECL on trade receivables of approximately HK\$11,438,000 was recognised to profit or loss (2021: HK\$1,400,000).

15. TRADE PAYABLES

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Trade payables	<u>36,622</u>	<u>32,517</u>

The average credit term from suppliers is up to 3 to 90 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting periods:

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Within 30 days	18,454	14,833
31 to 60 days	8,195	6,297
61 to 90 days	9,093	5,532
Over 90 days	<u>880</u>	<u>5,855</u>
	<u>36,622</u>	<u>32,517</u>

16. EVENT AFTER THE REPORTING PERIOD

As announced by the Company on 25 May 2022, the Company proposed to implement a share consolidation by consolidating every ten issued and unissued existing ordinary shares of HK\$0.01 each in the share capital of the Company into one ordinary share of HK\$0.10 each, ranked *pari passu* in all respect with each other (the “Share Consolidation”).

The resolution approving the Share Consolidation was passed at the extraordinary general meeting of the Company held on 27 June 2022 and the Share Consolidation became effective on 29 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally carries on the business of sale and transportation of diesel oil and related products and other products in Hong Kong and the People's Republic of China (the “**PRC**”). The Group also supplies marine diesel oil used for construction vessels and lubricant oil used for construction machinery and vehicles. Most of the Group's customers are construction companies which require diesel oil to operate their construction machinery and vehicles. The Group had a fleet of nine diesel tank wagons of various capacity and a marine oil barge as at 31 March 2022.

On 11 June 2021, Eastern Champion Investment Limited (the “**Property Purchaser**”), a wholly owned subsidiary of the Company, and Ms. Li Loretta Shui Wah (the “**Property Vendor**”) entered into the agreement for sale and purchase in respect of the acquisition of a property by the Company pursuant to which the Property Purchaser has conditionally agreed to acquire and the Property Vendor has conditionally agreed to sell Office 4, 6/F, Nam Wo Hong Building, 148 Wing Lok Street, Hong Kong, at an aggregate consideration of HK\$21,000,000, which shall be paid by the Company by way of (i) cash of HK\$9,820,000 which shall be paid in full on completion to the Property Vendor; and (ii) the allotment and issuance of the 130,000,000 new shares of the Company (equivalent to approximately HK\$11,180,000) at the issue price of HK\$0.086 per share, credited as fully paid, for the purpose of settling the consideration, to Mr. Li Fat Sang. Please refer to the announcements of the Company dated 11 June 2021 and 16 June 2021, respectively for details.

On 7 February 2021, Eastern Champion Development Limited (“**Eastern Champion**”), an indirect wholly-owned subsidiary of the Company, Xinyu Investment Holding Group Company Limited* (新余市投資控股有限公司) (“**Xinyu Holding**”) and Xinyu Iron and Steel Group Company Limited* (新余鋼鐵集團有限公司) (“**Xinyu Steel Group**”) (being the vendors), Jiangxi Xingang Southern New Material Company Limited* (江西新鋼南方新材料有限公司) (formerly known as WISDRI (Xinyu) Cold Processing Engineering Company Limited* (中冶南方(新余)冷軋新材料技術有限公司) (“**Jiangxi Xingang**”) (being the purchaser) and Jiangxi Xinji Power Technology Company Limited* (江西新冀動力科技有限公司) (“**Jiangxi Xinji**”), entered into an equity transfer agreement (the “**Equity Transfer Agreement**”), pursuant to which Eastern Champion, Xinyu Steel Group and Xinyu Holding agreed to sell approximately 22.96%, 14.61% and 4.18% of the equity interest in Jiangxi Xinji, respectively, and Jiangxi Xingang agreed to purchase the sale equity, in aggregate, representing 41.75% of the equity interest in Jiangxi Xinji, at nil consideration subject to the terms and conditions of the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, the completion of the abovementioned equity transfer took place on 15 April 2021.

In October 2021, Xinyu Steel Chain Technology Industry Innovation and Development Guidance Fund (Limited Partnership)* (新余鋼鏈科技產業創新發展引導基金(有限合夥)) (“**Xinyu Steel Chain**”), Eastern Champion, Xinyu Steel Group, Xinyu Investment Holding Group Company Limited* (新余市投資控股有限公司) (“**Xinyu Holding**”) and Jiangxi Xingang, entered into capital contribution agreement (the “**Capital Contribution Agreement**”), pursuant to which Xinyu Steel Chain agreed to contribute RMB30.0 million to Jiangxi Xinji for capital injection. Upon completion of the Capital Contribution Agreement, the number of board members in Jiangxi Xinji becomes five and Eastern Champion has right to nominate one director.

As such, upon completion of the Equity Transfer Agreement and the Capital Contribution Agreement, the equity interest in Jiangxi Xinji held by the Company will decreased from 55.0% to 19.70%, and then Jiangxi Xinji ceased to be a subsidiary of the Company for the purpose of the GEM Listing Rules. The results of Jiangxi Xinji have not been consolidated into the financial statements of the Group and it has been accounted for as an associate using equity accounting in the Group’s consolidated financial statements.

On 31 March 2022, the Group entered into a sale and purchase agreement to dispose 51% equity interest in Meijia Shell (Global) Lubricant Technology Limited (美嘉殼(環球)潤滑科技有限公司) and its subsidiaries (“**Meijia Shell Group**”) which is principally engaged in the sale and distribution of lubricant oil in the PRC at the consideration of HK\$9,000,000. The disposal was completed on 31 March 2022. Hence, the result of Meijia Shell Group had been accounted in the Group’s consolidated financial statements up to 31 March 2022. The Profit Guarantee (defined as below) was released upon the completion date of the disposal of Meijia Shell Group. For further details, please refer to the announcement dated 31 March 2022.

Sale and transportation of diesel oil and related products business

The Group’s revenue slightly decreased by approximately 0.2% from approximately HK\$357.8 million for the year ended 31 March 2021 to approximately HK\$357.2 million for the year ended 31 March 2022. For the year ended 31 March 2022, revenue from diesel oil, marine diesel oil and lubricant oil represented 98.3%, 1.1% and 0.6% of the Group’s total revenue, respectively.

For the year ended 31 March 2022, the Group recorded a net loss of approximately HK\$31.9 million for the year ended 31 March 2022, as compared with a net profit of approximately HK\$5.5 million for the year ended 31 March 2021. The net loss of the Group was mainly attributable to (i) a significant drop in gross profit of the Group, which is mainly due to the decrease in revenue and lower markup offered to our customers to maintain competitive advantage over competitors entering into the diesel oil market for the year ended 31 March 2022, (ii) one-off loss on derecognition of contingent consideration receivable and (iii) increase in allowance for expected credit loss on trade and other receivables, net.

After the disposal of Meijia Shell Group, sales of steel product business is no longer the business of the Group. Sales and transportation of diesel oil and related products has been and will continue to be the core business of the Group.

INDUSTRY REVIEW

In 2021, international oil prices fluctuated significantly. The outbreak of COVID-19 pandemic brings uncertainties to the international oil prices in short-term. Notwithstanding the massive emergency fiscal plans introduced by the government of the Hong Kong Special Administrative Region, there is clearly a long way to go before we can put the pandemic crisis behind us. We believe we could work together to meet this historic challenge.

COMPARISON OF IMPLEMENTATION PLANS FOR BUSINESS STRATEGIES WITH ACTUAL IMPLEMENTATION PROGRESS

Details of the business objectives and strategies and future development of the business of the Group are set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus of the Company dated 29 March 2017.

USE OF PROCEEDS

As disclosed in the last year annual report of the Company issued on 25 June 2021, the actual net proceeds (the “**Net Proceeds**”) from the Share Offer (after deduction of the underwriting commission and Listing related expenses) were approximately HK\$45.1 million, which was less than the estimated Net Proceeds of approximately HK\$50.9 million as set out in the Prospectus and the allotment results announcement of the Company dated 11 April 2017.

Set out below is the actual use of the Net Proceeds up to 31 March 2022:

	Planned use of total Net Proceeds <i>HK\$ million</i>	Approximate percentage of total Net Proceeds <i>%</i>	Actual use of Net Proceeds up to 31 March 2022 <i>HK\$ million</i>	Unused total Net Proceeds up to 31 March 2022 <i>HK\$ million</i>	Expected timeframe for the remaining utilising net proceeds (<i>Note 6</i>)
Purchase of diesel tank wagons (<i>Note 1</i>)	7.8	17.3%	5.0	2.8	By 31 March 2023
Purchase of marine diesel oil barge (<i>Note 2</i>)	14.0	31.0%	8.5	5.5	By 31 March 2023
Further strengthen our manpower (<i>Note 3</i>)	6.1	13.6%	3.5	2.6	By 31 March 2023
Upgrade of our information technology systems (<i>Note 4</i>)	3.6	7.9%	0.6	3.0	By 31 March 2023
Working capital necessary for the operation of the new diesel tank wagons and marine bunkering business (<i>Note 5</i>)	9.1	20.2%	9.1	–	
Working capital	4.5	10.0%	4.5	–	
Total	<u>45.1</u>	<u>100.0%</u>	<u>31.2</u>	<u>13.9</u>	

Notes:

1. Three new diesel tank wagons had been purchased and two existing diesel tank wagons had been replaced up to 31 March 2022.
2. Marine diesel oil barge had been delivered in November 2017 and has commenced full operation in July 2018.
3. The Group has been actively involved in the recruitment and selection of suitable candidates through various means including job advertisements in major newspapers.
4. The Group was still in negotiation with the potential suppliers on the requirements and specification of the new office administrative information technology systems.
5. The Group contracted with a service company to operate the marine bunkering business.
6. The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market condition made by the Group. It will be subject to change based on current and future development of market conditions.

Save as disclosed above, the Group will apply the net proceeds received from the Share Offer in the manners consistent with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The implantation plans for business strategies and use of net proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus. The Group will continue to implement its business strategies and apply the net proceeds based on the actual development of the Group’s business and industry, as well as market conditions. In addition, in view of the pandemic situation, the Directors consider that it was not a good timing to expand our business by acquiring diesel tank wagons and diesel oil barge, hiring more manpower and upgrade of our information technology systems during the year ended 31 March 2022. Accordingly, the unutilised Net Proceeds could not be fully utilised during the year ended 31 March 2022. The Group intends to utilise the unutilised Net Proceeds as soon as practicable by 31 March 2023.

FINANCIAL REVIEW

Revenue

The Group’s revenue slightly decreased by approximately HK\$0.6 million or approximately 0.2% from approximately HK\$357.8 million for the year ended 31 March 2021 to approximately HK\$357.2 million for the year ended 31 March 2022.

Revenue from the sale of diesel oil, marine diesel oil and lubricant oil amounted to approximately HK\$351.1 million, HK\$4.0 million and HK\$2.1 million, representing approximately 98.3%, 1.1% and 0.6%, respectively, of the Group’s total revenue for the year ended 31 March 2022. For the year ended 31 March 2021, the revenue from the sale of diesel oil, marine diesel oil and lubricant oil accounted for approximately HK\$293.7 million, HK\$63.1 million and HK\$1.0 million, representing approximately 82.1%, 17.6% and 0.3%, respectively, of the Group’s total revenue.

The decrease in the Group’s revenue was primarily due to decrease in demand from construction customers and logistic customers and fierce competition in the industry.

Cost of sales

Cost of the sale and transportation of diesel oil and related products business primarily consists of diesel oil costs, marine diesel oil costs, lubricant oil costs, direct labour costs and depreciation. The purchase cost for the diesel oil, marine diesel oil costs and lubricant oil costs depends on the domestic purchase price offered by the Group’s oil suppliers, with reference to the price indices such as Europe Brent spot crude price. Cost of the sale of steel product business mainly consists of raw material costs, direct labour costs and transportation costs. For the year ended 31 March 2022, the Group’s cost of sales was approximately HK\$352.6 million, representing an increase of approximately 6.1% from approximately HK\$332.4 million for the year ended 31 March 2021.

Gross profit and gross profit margin

The gross profit represented the Group's revenue less cost of sales. The Group's gross profit decreased by approximately HK\$20.7 million from approximately HK\$25.3 million for the year ended 31 March 2021 to approximately HK\$4.6 million for the year ended 31 March 2022. The Group's gross profit margin decreased from approximately 7.1% for the year ended 31 March 2021 to approximately 1.3% for the year ended 31 March 2022. The decrease in gross profit was mainly due to the decrease in revenue and lower markup offered to our customers to maintain competitive advantage over competitors entering into the diesel oil market for the year ended 31 March 2022.

Contingent consideration receivable

Pursuant to the announcements dated 23 March 2020 and 31 March 2020 (the “**two Announcements**”), the Group entered into sale and purchase agreement in relation to the acquisition of Meijia Shell Group, the Vendors (defined under the two Announcements) have given a guarantee to the Group that the audited consolidated net profit after tax of Meijia Shell Group for the three financial years ending 31 March 2021, 31 March 2022 and 31 March 2023 (each of the “**Guaranteed Period**”) would be no less than RMB5,000,000, RMB10,000,000 and RMB10,000,000 (the “**Guaranteed Sum**”) for each of the Guaranteed Period (the “**Profit Guarantee**”). On 31 March 2022, which is the completion date of disposal of the Meijia Shell Group, the Vendors was released and discharged from their obligations and liabilities of the Profit Guarantee and the fair value of contingent consideration was derecognized on 31 March 2022.

Loss for the year

As a result of the foregoing, the Group recognised a loss of approximately HK\$31.9 million for the year ended 31 March 2022, while for the year ended 31 March 2021 was profit making. The Group recorded a negative net profit margin of approximately 8.9% for the year ended 31 March 2022 as compared to net profit margin of approximately 1.5% for the year ended 31 March 2021. The net loss and negative net profit margin for the year ended 31 March 2022 was mainly due to (i) the decrease in revenue and gross profit for the year, (ii) one-off loss on derecognition of contingent consideration receivable and (iii) increase in allowance for expected credit loss on trade and other receivables, net. The decrease in gross profit was mainly due to decrease in revenue and lower markup offered to our customers to maintain competitive advantage over competitors entering into the diesel oil market for the year ended 31 March 2022.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources and Liquidity

The Group finances its operations through cash generated from operating activities and interest-bearing bank borrowings. The Group recorded net current assets of approximately HK\$46.1 million as at 31 March 2022 (2021: approximately 72.7 million).

As at 31 March 2022, the Group's current assets amounted to approximately HK\$131.4 million (2021: approximately HK\$154.7 million) and the Group's current liabilities amounted to approximately HK\$85.3 million (2021: approximately HK\$82.0 million). Current ratio was approximately 1.5 as at 31 March 2022 (2021: approximately 1.9). Current ratio is calculated based on total current assets as at the year ended date divided by total current liabilities as at the year ended date.

GEARING RATIO

As at 31 March 2022, the maximum limit of the borrowing facilities available to the Group amounted to approximately HK\$59.3 million (2021: HK\$65.0 million) and approximately HK\$47.6 million (2021: HK\$21.3 million) of the borrowing facilities was utilised.

The bank borrowings were denominated in Hong Kong dollars with one banking facility which respectively carried at variable interest rate of the range from 1.66% to 2.26% per annum for the year ended 31 March 2022. For the year ended 31 March 2021, all the bank borrowings were interest-bearing which carried variable interest rate ranging from 5.7% to 6.6% and at fixed interest rate ranging from 4.8% to 20.4% per annum. As at 31 March 2022, the bank borrowings of the Group were secured by the corporate guarantee, fixed deposits and life insurance policy of the Group.

Gearing ratio was approximately 46.2% as at 31 March 2022 which was calculated based on the total debt at the end of the year divided by total equity at the end of the year (2021: 23.4%).

CAPITAL STRUCTURE

For the year ended 31 March 2022, the capital structure of the Group consisted of equity attributable to the owners of the Company of approximately HK\$95.4 million (2021: approximately HK\$116.5 million). The share capital of the Group only comprises of ordinary shares.

The shares of the Company were listed on GEM of the Stock Exchange on 12 April 2017. On 4 August 2021, 130,000,000 consideration shares of HK\$0.01 each of the Company were allotted and issued as fully paid for the Property Vendor (as defined above) at the price of HK\$0.086 each under the general mandate. Please refer to the announcements of the Company dated 11 June 2021, 16 June 2021 and 30 July 2021, respectively for details. There has been no change in the capital structure of the Group since then, save as disclosed below.

FOREIGN CURRENCY EXPOSURE RISKS

The Group operates mainly in Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the distribution of lubricant oil and steel products transactions settled in Renminbi and the disposal of foreign operations. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the group entities' functional currency. The Group however did not engage in any derivatives agreements and did not commit to any financial instrument to hedge its foreign exchange exposure during the year ended 31 March 2022.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2022. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

On 11 June 2021, Eastern Champion Investment Limited ("**Eastern Champion**"), a wholly owned subsidiary of the Company, and the Property Vendor entered into the agreement for sale and purchase in respect of the acquisition of a property by the Company pursuant to which Eastern Champion has conditionally agreed to acquire and the Property Vendor has conditionally agreed to sell Office 4, 6/F, Nam Wo Hong Building, 148 Wing Lok Street, Hong Kong, at an aggregate consideration of HK\$21,000,000, which shall be paid by the Company by way of (i) cash of HK\$9,820,000 which shall be paid in full on completion to the Property Vendor; and (ii) the allotment and issuance of the 130,000,000 new shares of the Company (equivalent to approximately HK\$11,180,000) at the issue price of HK\$0.086 per share, credited as fully paid, for the purpose of settling the consideration, to Mr. Li Fat Sang. Please refer to the announcements of the Company dated 11 June 2021 and 16 June 2021, respectively for details.

On 7 February 2021, Eastern Champion, Xinyu Holding and Xinyu Steel Group (being the vendors), Jiangxi Xingang (being the purchaser) and Jiangxi Xinji, entered into the Equity Transfer Agreement, pursuant to which Eastern Champion, Xinyu Steel Group and Xinyu Holding agreed to sell approximately 22.96%, 14.61% and 4.18% of the equity interest in Jiangxi Xinji, respectively, and Jiangxi Xingang agreed to purchase the sale equity, in aggregate, representing 41.75% of the equity interest in Jiangxi Xinji, at nil consideration subject to the terms and conditions of the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, the completion of the abovementioned equity transfer took place on 15 April 2021.

Please refer to the announcements of the Company dated 10 August 2021 and 12 August 2021 and the circular dated 24 September 2021 for details.

In October 2021, Xinyu Steel Chain, Eastern Champion, Xinyu Steel Group, Xinyu Holding and Jiangxi Xingang, entered into the Capital Contribution Agreement, pursuant to which Xinyu Steel Chain agreed to contribute RMB30.0 million to Jiangxi Xinji for capital injection. As such, upon completion of the Capital Contribution Agreement, the equity interest in Jiangxi Xinji held by the Company will decrease from 32.04% to 19.70%.

As such, upon completion of the Equity Transfer Agreement and the Capital Contribution Agreement, Jiangxi Xinji ceased to be a subsidiary of the Company for the purpose of the GEM Listing Rules and the results of Jiangxi Xinji have no longer been consolidated into the financial statements of the Group and it has been accounted for as an associate using equity accounting in the Group's consolidated financial statements.

On 31 March 2022, the Group entered into a sale and purchase agreement to dispose 51% equity interest in Meijia Shell Group which is principally engaged in the sale and distribution of lubricant oil in the PRC at the consideration of HK\$9,000,000. The disposal was completed on 31 March 2022. Hence, the result of Meijia Shell Group had been accounted in the Group's consolidated financial statements up to 31 March 2022. The Profit Guarantee (defined as above) was released upon the completion date of the disposal of Meijia Shell Group. For further details, please refer to the announcement dated 31 March 2022.

During the year ended 31 March 2022, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies, save as disclosed from above of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group had a total of 28 employees (58 employees as at 31 March 2021) including the Directors. For the year ended 31 March 2022, total staff costs amounted to approximately HK\$10.6 million (year ended 31 March 2021: approximately HK\$12.8 million). Remuneration (including employees' benefits) is maintained within the market level and reviewed on a periodic basis. Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

ENVIRONMENT POLICIES AND PERFORMANCE

The principal activity of the sale and transportation of diesel oil and related products business of the Group is governed by Hong Kong environmental laws and regulations including the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) and the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) in Hong Kong.

These laws and regulations cover a broad range of environmental matters, including air pollution, noise and gas emissions, leakage of oil products or other hazardous substances. The Group recognises the importance of environmental protection and has implemented various environmental protection measures in order to minimise the operation impact on the environment and natural resources.

The Group will continue to monitor the business operations in order to ensure that it does not have only significant adverse effect on the environment and that the Group's environment protection measures are adequate to ensure compliance with all applicable current Hong Kong laws or regulations.

As at the date of this announcement, no prosecution, penalty or punishment has been imposed upon the Group for the violation of any environmental laws or regulations.

EVENTS AFTER THE REPORTING PERIOD

On 29 April 2022, the Company entered into a vessel transfer agreement in respect of the acquisition of a vessel at the consideration of HK\$9,500,000 and the acquisition was completed on 29 April 2022. For further details, please refer to the announcement dated 29 April 2022.

Reference is made to the announcements dated 25 May 2022, 8 June 2022, 9 June 2022 and 27 June 2022, in relation to a share consolidation of the Company which involves the consolidation of every ten (10) issued and unissued existing shares of the Company of par value HK\$0.01 each into one (1) consolidated share of the Company of par value of HK\$0.10 each (the “**Share Consolidation**”) to become effective on 29 June 2022. In addition, the Company proposed to raise gross proceeds of up to approximately HK\$17.1 million by way of right issue on the basis of one (1) rights share of the Company for every two (2) consolidated shares of the Company upon the Share Consolidation becoming effective. For further details, please refer to the announcements dated 25 May 2022 and 27 June 2022.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to the date of this announcement.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2022 and up to the date of this announcement, the Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete, directly or indirectly, with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 March 2022 and up to the date of this announcement. The independent non-executive Directors confirmed that the internal control measures in relation to managing actual or potential conflict of interest of the Group have been properly implemented.

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 announcement, the Company has maintained a sufficient public float as required under the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established the Audit Committee on 23 March 2017 in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and with written terms of reference amended and restated with effect from 1 January 2019 in compliance with Appendix 15 of the GEM Listing Rules. The full terms of reference setting out details of the authority, duties and responsibilities of the Audit Committee is available on both the GEM website and the Company’s website.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chui Chi Yun, Robert, Mr. Kwong Yuk Lap and Mr. Wang Anyuan meanwhile Mr. Chui Chi Yun, Robert, is the Chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the Company's internal control and risk management system, overseeing the balance, transparency and integrity of the Company's financial statements and the application of financial reporting principles, reviewing the relationship with the external auditor and its independence assessment and the adequacy of resources, qualifications and experience of the Company's accounting staff, their training programs and budget.

The Audit Committee has discussed and reviewed with management the Unaudited Management Accounts, which was of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosure have been made. Save as disclosed below, the Audit Committee considered the Group's risk management and internal control system as adequate and effective for the year ended 31 March 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Up to 31 March 2022, there has been no purchase, sale or redemption of any Company's listed securities by the Company or any of its subsidiaries.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions as at the date of this announcement.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme in which certain eligible participants including, among others, the Directors and employees of the Group may be granted options to subscribe for Shares on 23 March 2017 (the "**Adoption Date**"). The share option scheme became unconditional upon the Listing Date. Under the terms of the Scheme, the Board may, at its discretion, grant options to eligible participants to subscribe for Shares.

No share options were granted since the Adoption Date up to 31 March 2021, and there was no share option outstanding as at 31 March 2021. Therefore, the Company may grant options in respect of up to 80,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 80,000,000 Shares from time to time) to the participants under the share option scheme.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to establish and ensure high standards of corporate governance and adopt sound corporate governance practices so as to achieve effective accountability. The Company's corporate governance practices are based on the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**"). The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

During the reporting period, the Company has one isolated case for non-compliance under the GEM Listing Rules, details of which are set out in the announcement of the Company dated 10 August 2021. Save as disclosed above, the Directors consider that the Company has complied with all the applicable code provisions set out in the CG Code.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting will be published and dispatched in the manner as required by the GEM Listing Rules in due course. Information regarding the record date and book close date to determine the entitlement of the shareholders to attend and vote at the annual general meeting will be announced in due course.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to maintain an on-going dialogue with the shareholders and in particular, through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each shareholder meeting.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

FUTURE PROSPECTS

The outbreak of COVID-19 has brought adverse impact on the economic condition in an international and domestic context. The Directors will continue to observe closely and manage risks associated.

In view of the challenging business environment and keen competition in the diesel oil sales market in Hong Kong, the Group will deploy more resources on talent recruitment, strengthening the business development and marketing strategy on diesel oil guardedly. The Group will also proactively seek potential business opportunities that broaden our sources of income and enhance value to the Shareholders. Meanwhile, the Group will execute strict control on costs and expenses so as to improve its operational efficiency and profitability of the Group's businesses.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 March 2022 has not been completed as at the date of this announcement due to the outbreak of COVID-19. The unaudited consolidated results of the Group for the year ended 31 March 2022 contained herein have been reviewed by the Audit Committee but have not been agreed by the Company's auditor. An announcement relating to the Company's audited results for the year ended 31 March 2022 will be published when the auditing process has been completed in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

FURTHER ANNOUNCEMENT(S)

The delay in publication of the audited 2022 Annual Results constitutes non-compliance of Rule 18.49 of the GEM Listing Rules, and the delay in despatch the 2022 Annual Report will constitute non-compliance of Rule 18.48A of the GEM Listing Rules. Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 March 2022 and the material differences (if any) as compared with the unaudited consolidated financial information contained in this announcement. In addition, the Company will issue further announcement(s) as and when necessary if there are any other material developments in the completion of the auditing process once it can be ascertained.

The meeting of the Board for the purpose of, among others, considering and approving the publication of the 2022 Annual Results and the 2022 Annual Report will be postponed to a date to be fixed by the Board. As Company is still working closely and actively in communicating with the Auditors to assist them to complete the audit of the consolidated financial information of the Group, the Company will use its best endeavours to publish the 2022 Annual Results and 2022 Annual Report no later than 22 July 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
F8 Enterprises (Holdings) Group Limited
FONG Chun Man
Chairman and Executive Director

Hong Kong, 30 June 2022

As at the date of this announcement, the chairman and the executive Director of the Company is Mr. FONG Chun Man, the executive Directors of the Company are Ms. LO Pui Yee and Mr. CHAN Chi Fai; and the independent non-executive Directors of the Company are Mr. CHUI Chi Yun, Robert, Mr. KWONG Yuk Lap and Mr. WANG Anyuan.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regards to the Company. The directors of the Company, 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 on the “Latest Listed Company Announcements” page of the website of the Stock Exchange (www.hkexnews.hk) for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.f8.com.hk.