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F8 ENTERPRISES (HOLDINGS) GROUP LIMITED

F8 企業 (控股) 集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8347)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate 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 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, for which the directors (the “**Directors**”) of F8 Enterprises (Holdings) Group Limited (the “**Company**”) collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together the “**Group**”). 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, there are no other matters the omission of which would make any statement herein or this announcement misleading.*

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$72.4 million for the six months ended 30 September 2017, representing a decrease of approximately HK\$13.7 million or 15.9% as compared to the six months ended 30 September 2016.
- The Group recorded a loss attributable to the owners of the Company of approximately HK\$3.2 million for the six months ended 30 September 2017, representing a decrease of approximately HK\$6.1 million as compared to the Group's net profit of approximately HK\$2.9 million for the six months ended 30 September 2016. The decrease was mainly due to the recognition of the listing expenses of approximately HK\$7.0 million in connection with the listing of the Company's shares on GEM (the "Listing") for the six months ended 30 September 2017 as compared to HK\$5.2 million for the six months ended 30 September 2016. Excluding the one-off Listing expenses, the profit attributable to the owners of the Company would have been approximately HK\$8.1 million and HK\$3.8 million for the six months ended 30 September 2016 and 2017 respectively, representing a decrease of approximately 53.1% as compared to the six months ended 30 September 2016.
- The Board does not recommend the payment of any dividend for the six months ended 30 September 2017.

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months and six months ended 30 September 2017 (the “**Reporting Period**”), together with the respective unaudited comparative figures for the corresponding periods in 2016, as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 September 2017

		Three months ended		Six months ended	
		30 September		30 September	
	Notes	2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	34,549	49,669	72,367	86,074
Cost of sales		(28,706)	(42,650)	(61,930)	(73,855)
Gross profit		5,843	7,019	10,437	12,219
Other income	5	328	24	522	92
Other gains and losses	6	(559)	–	(559)	–
Administrative expenses		(2,748)	(4,675)	(11,850)	(7,590)
Other operating expenses		(413)	(386)	(772)	(799)
Profit/(loss) from operations		2,451	1,982	(2,222)	3,922
Finance costs	8	(6)	(13)	(71)	(34)
Profit/(loss) before taxation	7	2,445	1,969	(2,293)	3,888
Income tax expenses	9	(758)	(958)	(956)	(958)
Profit/(loss) for the period		1,687	1,011	(3,249)	2,930
Earnings/(loss) per share					
Basic and diluted (HK cents)	11	0.21	0.17	(0.41)	0.49

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

		As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	12	1,814	1,073
Prepayment for property, plant and equipment		6,020	–
		<u>7,834</u>	<u>1,073</u>
Current assets			
Inventories		392	200
Trade receivables	13	44,150	44,966
Financial assets at fair value through profit or loss	14	2,805	–
Deposits and prepayments		1,359	3,026
Pledged bank deposits		4,000	–
Cash and bank balances		33,513	1,633
		<u>86,219</u>	<u>49,825</u>
Current liabilities			
Trade and bills payables	15	2,685	7,557
Accruals, receipts in advance and deposits received		2,920	4,361
Bank overdrafts		–	1,073
Bank borrowings		–	4,000
Obligations under finance leases	16	562	738
Amount due to a shareholder		–	23
Tax payable		4,602	3,646
		<u>10,769</u>	<u>21,398</u>
Net current assets		<u>75,450</u>	<u>28,427</u>
Total assets less current liabilities		<u>83,284</u>	<u>29,500</u>
Non-current liability			
Obligations under finance leases	16	–	188
Net assets		<u>83,284</u>	<u>29,312</u>
Capital and reserves			
Share capital	17	8,000	–
Reserves		75,284	29,312
Total equity		<u>83,284</u>	<u>29,312</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share capital HK\$'000 (Note i)	Share premium HK\$'000	Other reserve HK\$'000 (Note ii)	Capital contribution reserve HK\$'000 (Note iii)	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2016 (Audited)	–	–	–	–	22,030	22,030
Profit and total comprehensive income for the period	–	–	–	–	2,930	2,930
Effect of business transfer	–	–	–	24,652	(24,652)	–
At 30 September 2016 (Unaudited)	–	–	–	24,652	308	24,960
At 1 April 2017 (Audited)	–	–	–	24,652	4,660	29,312
Loss and total comprehensive loss for the period	–	–	–	–	(3,249)	(3,249)
Capitalisation issue	6,000	(6,000)	–	–	–	–
Issue of shares upon share offer	2,000	62,000	*	–	–	64,000
Expenses in connection with the issue of shares	–	(6,779)	–	–	–	(6,779)
At 30 September 2017 (Unaudited)	8,000	49,221	*	24,652	1,411	83,284

Notes:

- (i) On 12 April 2017, 200,000,000 shares of HK\$0.01 each of the Company were allotted and issued at a price of HK\$0.32 per share by way of Share Offer.

Pursuant to the written resolutions of the shareholder passed on 23 March 2017, subject to the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to allot and issue a total of 599,999,900 shares credited as fully paid at par to Grand Tycoon Limited by way of capitalization of the sum of HK\$5,999,999 standing to the credit of the share premium account of the Company (“Capitalisation Issue”). The Capitalisation Issue was completed on 12 April 2017. The shares allotted and issued rank pari passu in all respects with the then existing issued shares.

- (ii) Other reserve of the Group represents the difference between the total equity of the subsidiaries and the aggregated share capital of the subsidiaries pursuant to the Reorganisation where the transfer of the subsidiaries to the Company are satisfied by issue of new shares of the Company. The balance was approximately HK\$8.

- (iii) Capital contribution reserve represents the amount of the financial impact arisen from the transfer of business from Great Wall (International) Oil Company (Sole Proprietorship Business) to Great Wall (International) Oil Limited.

* The balance was approximately HK\$8.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2017*

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(5,669)	(3,460)
Net cash used in investing activities	(10,164)	(33)
Net cash generated from financing activities	52,786	2,350
Net increase/(decrease) in cash and cash equivalents	36,953	(1,143)
Cash and cash equivalents at the beginning of the period	560	3,888
Cash and cash equivalents at the end of the period	37,513	2,745
Analysis of balances of cash and cash equivalents		
Cash and bank balances	33,513	2,745
Pledged bank deposits	4,000	–
	37,513	2,745

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 30 March 2016. 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 Unit 3304, 33/F, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong. The Company's immediate and ultimate holding company is Grand Tycoon Limited, a company incorporated in the British Virgin Islands ("BVI"). Grand Tycoon Limited is controlled by Mr. Fong Chun Man ("Mr. Fong").

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

The shares of the Company (the "Shares") have been listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of placing and public offer (collectively the "Share Offer") on 12 April 2017 (the "Listing Date").

The condensed consolidated financial statements are presented in Hong Kong Dollar ("HK\$"), which is also the functional currency of the Company and its principal subsidiaries and all values are rounded to the nearest thousands (HK\$'000), except when otherwise stated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of GEM Listing Rules.

The unaudited condensed consolidated interim financial information should be read in conjunction with the audited annual financial statements included in the annual report of the Company dated 23 June 2017 (the "2017 Annual Report"). The accounting policies adopted are consistent with those applied in the Group's audited annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, except the new and revised HKFRSs which are effective for the financial year beginning from 1 April 2017. The adoption of these new and revised HKFRSs has not had material impact on the unaudited condensed consolidated interim financial information. The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. Details of accounting policies are set out in note 2(b).

The Interim Financial Statements has been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

(b) Application of new and revised HKFRSs

The Group has adopted the following revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Interim Financial Statements.

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle

The adoption of the revised HKFRSs has had no significant financial effect on these Interim Financial Statements and there have been no significant changes to the accounting policies applied in these Interim Financial Statements.

3. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of the Group's revenue for the reporting period is as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Diesel oil	33,581	45,728	70,653	77,860
Marine diesel oil	562	3,609	1,011	7,582
Lubricant oil	406	332	703	632
	<u>34,549</u>	<u>49,669</u>	<u>72,367</u>	<u>86,074</u>

4. SEGMENT INFORMATION

A single management team reports to the Directors (being the chief operating decision-maker) who comprehensively manage the entire business. Accordingly, the Group does not present segment information separately.

Geographical information

During the six months ended 30 September 2016 and 2017, the Group operated in Hong Kong and all of the Group's revenue are derived from Hong Kong and all of non-current assets of the Group are located in Hong Kong as at 30 September 2016 and 2017. No analysis of the Group's result and assets by geographical area is disclosed.

Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group during the reporting period are as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Customer A	*	7,660	*	13,994
Customer B	*	9,943	8,863	11,259

* The customer contributed less than 10% of the total revenue of the Group.

5. OTHER INCOME

	For the three months ended 30 September		For the six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Gain on disposal of property, plant and equipment	300	–	300	–
Exchange gain	28	–	28	–
Interest income	–	–	194	–
Sundry income	–	24	–	92
	<u>328</u>	<u>24</u>	<u>522</u>	<u>92</u>

6. OTHER GAINS AND LOSSES

	For the three months ended 30 September		For the six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net unrealised loss on financial assets at fair value through profit or loss	(559)	–	(559)	–

7. PROFIT/(LOSS) BEFORE TAXATION

	For the three months ended 30 September		For the six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Profit/(loss) before taxation for the period has been arrived at after charging:				
Directors' emoluments	366	264	879	441
Other staff cost:				
— Salaries and other benefits	1,041	870	2,034	1,669
— Retirement benefits scheme contributions	55	41	115	80
	<u>1,096</u>	<u>911</u>	<u>2,149</u>	<u>1,749</u>
Auditors' remuneration	150	–	300	–
Cost of inventories recognised as expense	27,857	41,742	60,104	72,077
Depreciation of property, plant and equipment				
— cost of sales	199	256	455	512
— administrative expenses	88	31	106	62
	<u>287</u>	<u>287</u>	<u>561</u>	<u>574</u>
Gain on disposal of property, plant and equipment	300	–	300	–
Operating lease rental expenses in respect of office premises	615	327	1,030	655
Listing expenses (<i>Note</i>)	–	3,398	6,972	5,232

Note: The Listing expenses are included in “Administrative expenses”.

8. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Interest expenses on bank borrowings wholly repayable within five years	–	–	16	–
Interest expenses on bank overdrafts	–	–	4	–
Interest expenses on bills payables	–	–	37	–
Interest expenses on obligations under finance leases	6	13	14	34
	<u>6</u>	<u>13</u>	<u>71</u>	<u>34</u>

9. INCOME TAX EXPENSES

	For the three months ended 30 September		For the six months ended 30 September	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Current tax				
Hong Kong Profits Tax	758	958	956	958
	<u>758</u>	<u>958</u>	<u>956</u>	<u>958</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% to the estimated assessable profit for the six months ended 30 September 2017 and 2016.

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.

10. DIVIDENDS

The Board does not recommend a payment of any dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	For the three months ended 30 September		For the six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Earnings/(loss)				
Profit/(loss) for the period attributable to the owners of the Company	<u>1,687</u>	<u>1,011</u>	<u>(3,249)</u>	<u>2,930</u>
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	<u>800,000,000</u>	<u>600,000,000</u>	<u>787,978,142</u>	<u>600,000,000</u>

For the six months ended 30 September 2017, the calculation of basic loss per share attributable to the owners of the Company was based on (i) the loss attributable to the owners of the Company and (ii) the weighted average number of ordinary shares issued during the period.

For the six months ended 30 September 2016, the basic earnings per share is calculated based on the profit attributable to equity holders of the Company and 600,000,000 ordinary shares which have been adjusted retrospectively on the assumption that the Reorganisation and the Capitalisation Issue had been effective on 1 April 2016.

Diluted earnings/(loss) per share were same as the basic earnings/(loss) per share as there were no potential dilutive ordinary shares in existences during the six months ended 30 September 2017 and 2016.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired and disposed property, plant and equipment of approximately HK\$1,302,000 and HK\$666,000, respectively. (six months ended 30 September 2016: HK\$33,000 and nil, respectively).

Assets pledged as security

As at 31 March 2017 and 30 September 2017, the motor vehicles with carrying amount of approximately HK\$913,000 and HK\$570,000 have been pledged to secure finance leases (Note 16) granted to the Group respectively.

13. TRADE RECEIVABLES

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Trade receivables	<u>44,150</u>	<u>44,966</u>

The following is an analysis of trade receivables by age, presented based on the invoice date and net of allowance for doubtful debts, at the end of the reporting period:

(a) Ageing analysis

The following is an analysis of trade receivables by age, presented based on the invoice date and net of allowance for doubtful debts, at the end of the reporting periods:

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Within 30 days	11,448	12,954
31 to 60 days	6,861	11,101
61 to 90 days	4,847	9,428
91 to 120 days	4,303	6,389
Over 120 days	<u>16,691</u>	<u>5,094</u>
	<u>44,150</u>	<u>44,966</u>

The Group's average credit term with its customers is, in general, 3 days to 120 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

(b) Impaired trade receivables

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. Accordingly, the directors believe that there is no further credit provision required in excess of the impairment of trade receivables during the reporting period.

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgment and estimates. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the management on the collectability of overdue balances.

(c) Ageing analysis of trade receivables which are past due but not impaired

The ageing analysis of trade receivables that were neither individually nor collectively considered to be impaired are as follows:

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Within 30 days	2,810	8,642
31 to 60 days	2,240	4,406
61 to 90 days	3,049	2,004
91 to 120 days	2,503	12
Over 120 days	4,705	5
	<u>15,307</u>	<u>15,069</u>

Trade receivables that were neither past due nor impaired relate to customers and debtors for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following table presents the Group's financial assets that are measured at fair value at 30 September 2017 and 31 March 2017 and categorised according to the level of fair value hierarchy defined as follows: Level 1 — Fair values measured at quoted prices (unadjusted) in active markets.

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Listed securities — Equity securities in foreign country (level 1)	<u>2,805</u>	<u>—</u>

For fair value changes of financial assets at fair value through profit and loss, the unrealised loss on financial assets at fair value through profit or loss is recorded in the unaudited condensed consolidated income statement. The fair value of all equity securities is based on their closing prices at 30 September 2017 and 31 March 2017 in an active market.

15. TRADE AND BILLS PAYABLES

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Trade payables	2,685	4,983
Bills payables (<i>Note</i>)	–	2,574
	<u>2,685</u>	<u>7,557</u>

The average credit term from suppliers is up to 3 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Within 30 days	1,624	3,386
31 to 60 days	584	4,044
61 to 90 days	3	54
Over 90 days	47	1
Over 120 days	427	72
	<u>2,685</u>	<u>7,557</u>

Note:

The bills payables were secured by:

- (a) unlimited personal guarantee provided by a controlling shareholder of the Company; and
- (b) pledge of the property which owned by a controlling shareholder of the Company.

16. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain of its property, plant and equipment under finance leases.

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Minimum lease payments under finance leases		
within one year	571	761
in the second to fifth years, inclusive	–	190
	<u>571</u>	<u>951</u>
Less: Future finance charges	(9)	(25)
	<u>562</u>	<u>926</u>
Present value of lease obligations		
Present value of minimum lease payments under finance leases		
within one year	562	738
in the second to fifth years, inclusive	–	188
	<u>562</u>	<u>926</u>
Less: Amounts due for settlement within one year	(562)	(738)
	<u>–</u>	<u>188</u>
Amounts due for settlement after one year		

The Group has leased the motor vehicles under finance leases and the lease term are in the range from 2 to 3 years. During the reporting period, the annual effective interest rates of the obligations under finance leases was 3.61% per annum. The obligations under finance leases are denominated in Hong Kong dollars and its carrying amount approximate its fair value. The Group's obligations under finance leases are secured by the lessors' title to the leased assets and personal guarantee by the controlling shareholder of the Company.

As at 31 March 2017 and 30 September 2017, the finance leases payables of the Group with carrying amounts of approximately HK\$926,000 and HK\$562,000 were secured by the lessor' charge over the leased assets with carrying amount of approximately HK\$913,000, HK\$570,000 for year ended 31 March 2017 and 30 September 2017 respectively.

17. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 March 2017 and 30 September 2017	<u>2,000,000,000</u>	<u>20,000</u>
	<i>Number of shares</i>	<i>HK\$'000</i>
Issued and fully paid:		
31 March 2017	100	–
Capitalisation issue (<i>Note (i)</i>)	599,999,900	6,000
Issue of shares upon share offer (<i>Note (i)</i>)	<u>200,000,000</u>	<u>2,000</u>
At 30 September 2017	<u>800,000,000</u>	<u>8,000</u>

Notes:

- (i) On 12 April 2017, 200,000,000 shares of HK\$0.01 each of the Company were allotted and issued at a price of HK\$0.32 per share by way of Share Offer.

Pursuant to the written resolutions of the shareholder passed on 23 March 2017, subject to the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to allot and issue a total of 599,999,900 shares credited as fully paid at par to Grand Tycoon Limited by way of capitalization of the sum of HK\$5,999,999 standing to the credit of the share premium account of the Company (“Capitalisation Issue”). The Capitalisation Issue was completed on 12 April 2017. The shares allotted and issued rank pari passu in all respects with the then existing issued shares.

18. PLEDGE OF ASSETS

At the end of the reporting period, the following assets with the carrying amounts have been pledged to secure the obligations under finance leases granted to the Group or borrowings of the Group:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Pledged bank deposits	4,000	–
Property, plant and equipment	<u>570</u>	<u>913</u>

19. CAPITAL COMMITMENTS

As at 30 September 2017, the Group had the following capital commitments in respect of property, plant and equipment:

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Contracted but not provided for — Property, plant and equipment	<u>4,690</u>	<u>—</u>

20. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere in the unaudited condensed consolidated interim financial statements, the Group had also entered into the following material related party transactions during the reporting period:

(a) Transactions with related parties

Name of the related parties	Nature of transaction	For the six months ended 30 September	
		2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Yuk Shing Engineering Co., Limited (<i>Note (i)</i>)	Sales of products	805	1,000
Kit Ho Engineering Limited (<i>Note (ii)</i>)	Sales of products	720	3,098
Yuk Shing Asia Construction Limited (<i>Note (iii)</i>)	Sales of products	602	—
		<u> </u>	<u> </u>

(b) Balances with related parties

Name of the related parties	Nature of transaction	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
		Yuk Shing Engineering Co., Limited (<i>Note (i)</i>)	Trade receivables
Kit Ho Engineering Limited (<i>Note (ii)</i>)	Trade receivables	—	2,325
Mr. Fong (<i>Note (iv)</i>)	Amount due to a shareholder	—	23
Yuk Shing Asia Construction Limited (<i>Note (iii)</i>)	Trade receivables	602	—
		<u> </u>	<u> </u>

Notes:

- (i) A close family member of a controlling shareholder of the Company has beneficial interest in Yuk Shing Engineering Co., Limited.
- (ii) A close family member of a controlling shareholder of the Company has beneficial interest in Kit Ho Engineering Limited.
- (iii) A close family member of a controlling shareholder of the Company has beneficial interest in Yuk Shing Asia Construction Limited.
- (iv) Mr. Fong is a controlling shareholder and executive director of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally carries on the business of the sale and transportation of diesel oil and related products in Hong Kong. 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 as at 30 September 2017.

The Group has recorded a revenue of approximately HK\$72.4 million for the six months ended 30 September 2017, representing a decrease of approximately HK\$13.7 million or 15.9% as compared to the six months ended 30 September 2016. The decrease was mainly due to drop in demand from customer after the completion of customer's projects during the six months ended 30 September 2017.

Meanwhile, the Group has executed strict control on costs and expenses. The Group recorded a loss attributable to the owners of the Company of approximately HK\$3.2 million for the six months ended 30 September 2017. The decrease was mainly due to the recognition of the Listing expenses of approximately HK\$7.0 million in connection with the Listing for the six months ended 30 September 2017 as compared to HK\$5.2 million for the six months ended 30 September 2016. Excluding the one-off Listing expenses, the profit attributable to the owners of the Company would have been HK\$8.1 million and HK\$3.8 million for the six months ended 30 September 2016 and 2017 respectively, representing a decrease of approximately 53.1% as compared to the six months ended 30 September 2016.

FUTURE PROSPECTS

The Board believes that market trend of sales of diesel oil market in Hong Kong remains optimistic mainly due to the stable and high level investment in public infrastructure including the railway network, development of marine construction projects including Central Wanchai Bypass and Island Eastern Corridor Link and the Hong Kong International Airport's third runway project together with the recovery of logistics industry in Hong Kong, coupled with the opening of Hong Kong-Zhuhai-Macau Bridge in the future which is expected to drive up logistics companies' demand for diesel oil.

In view of the challenging business environment and keen competition in the diesel oil sales market in Hong Kong, our Group will continue to deploy more resources on talent recruitment and strengthen our business development and marketing strategy on diesel oil and will also proactively seek potential business opportunities that will broaden our sources of income and enhance value to the shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$13.7 million or approximately 15.9% from approximately HK\$86.1 million for the six months ended 30 September 2016 to approximately HK\$72.4 million for the six months ended 30 September 2017.

Revenue from the sales of diesel oil, marine oil and lubricant oil accounted for approximately HK\$70.7 million, HK\$1.0 million and HK\$703,000, representing approximately 97.6%, 1.4% and 1.0%, respectively, of the Group's total revenue for the six months ended 30 September 2017. For the six months ended 30 September 2016, the revenue from the sales of diesel oil, marine oil and lubricant oil accounted for approximately HK\$77.9 million, HK\$7.6 million and HK\$632,000, representing approximately 90.5%, 8.8% and 0.7%, respectively, of the Group's total revenue. Sales of diesel oil remained the largest contributor to the Group's revenue. The decrease of sales of diesel oil and marine oil was mainly due to the drop in demand from customers after the completion of customers' projects in May 2017 and April 2017 respectively as compared to the six months ended 30 September 2016.

The decrease in the Group's revenue was primarily due to the decrease in the Group's sales of diesel oil. Further analysis on the Group's financial performance are set out below.

Sales quantity

The sales quantity of diesel oil decreased by approximately 16.5% from 21.8 million litres for the six months ended 30 September 2016 to 18.2 million litres for the six months ended 30 September 2017, primarily due to the drop in demand from customers after the completion of customers' project in May 2017 and therefore less diesel oil was required from the logistics customers during the six months ended 30 September 2017. The sales quantity of marine oil decreased by approximately 91.8% from 2.1 million litres for the six months ended 30 September 2016 to 172,000 litres for the six months ended 30 September 2017, mainly due to the drop in demand from customers after the completion of projects in April 2017 as compared to six months ended 30 September 2016. The sales quantity of lubricant oil remained stable at 43,000 litres and 39,000 litres for the six month ended 30 September 2017 and 2016, respectively.

Selling price

The average selling price of the Group's diesel oil increased by approximately 8.3% from HK\$3.6 per litre for the six months ended 30 September 2016 to HK\$3.9 per litre for the six months ended 30 September 2017 whereas the average selling price of the Group's marine diesel oil increased by approximately 59.5% from HK\$3.7 per litre for the six months ended 30 September 2016 to HK\$5.9 per litre for the six months ended 30 September 2017. The increase of the average selling prices of the diesel oil and marine diesel oil were adjusted upwards as a result of the increasing trend in the prevailing market prices.

Cost of sales

Cost of sales 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.

For the six months ended 30 September 2017, the Group's cost of sales was approximately HK\$61.9 million, representing a decrease of 16.2% from HK\$73.9 million for the six months ended 30 September 2016. Such decrease was in line with overall drop in revenue.

The largest component of the cost of sales was diesel oil cost, which amounted to approximately HK\$65.4 million and HK\$58.9 million, representing approximately 88.6% and 95.1% of the cost of sales for the six month periods ended 30 September 2016 and 2017, respectively. The unit purchase cost of diesel oil increased by 10% from approximately HK\$3.0 per litre for the six months ended 30 September 2016 to approximately HK\$3.3 per litre for the six months ended 30 September 2017 and the unit purchase costs of marine diesel oil increased by 65.5% from approximately HK\$2.9 per litre for the six months ended 30 September 2016 to approximately HK\$4.8 per litre for the six months ended 30 September 2017. The increase in unit purchase cost of diesel oil was in line with the market trend for the six months ended 30 September 2017.

Marine diesel oil costs represent the purchase cost of marine diesel oil from the Group's suppliers on a back-to-back basis after the customers' orders are confirmed. For the six months ended 30 September 2016 and the corresponding period in 2017, the marine diesel oil costs were approximately HK\$6.1 million and HK\$823,000, respectively, representing approximately 8.2% and 1.3% of the cost of sales, respectively.

Lubricant oil cost represents the purchase cost of lubricant oil from the Group's suppliers. For the six months ended 30 September 2016 and the corresponding period in 2017, the lubricant oil costs were approximately HK\$573,000 and HK\$588,000, respectively, representing approximately 0.8% and 1.0% of the cost of sales, respectively.

The direct labour costs comprise wages and benefits, including wages, bonuses, retirement benefit costs and other allowances and benefits payable to all the Group's diesel tank wagons (drivers and logistics assistants) involved in the transportation of the products from the oil depot to the customers. The direct labour costs amounted to approximately HK\$979,000 and HK\$1.1 million for the six months periods ended 30 September 2016 and 2017, respectively. The Group had ten and nine full-time employees (drivers and logistics assistants) responsible for the logistics support for the Group's diesel tank wagons as at 30 September 2016 and 30 September 2017, respectively.

Depreciation represented depreciation charges for the Group's equipment which mainly comprise diesel tank wagons. The depreciation amounted to approximately HK\$455,000 and HK\$512,000 for the six months ended 30 September 2017 and 30 September 2016, respectively.

Gross profit and gross profit margin

The gross profit represented the Group's revenue less cost of sales. The Group recorded a decrease in gross profit by approximately HK\$1.8 million or approximately 14.8% from approximately HK\$12.2 million for the six months ended 30 September 2016 to approximately HK\$10.4 million for the six months ended 30 September 2017. The Group's gross profit margin increased slightly from 14.2% for the six months ended 30 September 2016 to 14.4% for the six months ended 30 September 2017.

Profit/(loss) for the period

As a result of the foregoing, the Group's net profit for the six months ended 30 September 2016 decreased by approximately HK\$6.1 million from approximately HK\$2.9 million to a loss of approximately HK\$3.2 million for the six months ended 30 September 2017, and the Group's net profit margin decreased from approximately 3.4% to net loss margin of 4.4% during the same periods. The decrease in the net profit and net profit margin for the period ended 30 September 2017 was mainly due to the decrease of demand from a major customer and the increase in the recognition of Listing expenses during the Reporting Period.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources and Liquidity

The Group finance its operations through cash generated from operating activities and interest-bearing bank borrowing, overdrafts and finance leases. The Group recorded net current assets of approximately HK\$75.5 million as at 30 September 2017, compared to approximately HK\$28.4 million as at 31 March 2017.

As at 30 September 2017, the Group's current assets amounted to HK\$86.2 million (as at 31 March 2017: HK\$49.8 million) and the Group's current liabilities amounted to HK\$10.8 million (as at 31 March 2017: HK\$21.4 million). Current ratio was 8.0 as at 30 September 2017 (as at 31 March 2017: 2.3). Gearing ratio was 0.7% as at 30 September 2017 (as at 31 March 2017: 20.5%) which was calculated based on the total debt at the end of the period divided by total equity at the end of the period.

As at 30 September 2017, the maximum limit of the banking facilities available to the Group was amounted to HK\$20.0 million and none of the banking facilities was utilized.

CAPITAL STRUCTURE

For the six months ended 30 September 2017, the capital structure of the Group consisted of equity attributable to the owners of the Company of approximately HK\$83.3 million. The share capital of the Group only comprises of ordinary shares.

The Shares were listed on the GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then.

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 financial assets with Malaysian ringgit (“MYR”). 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 six months ended 30 September 2017.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 September 2017. 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 AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the six months ended 30 September 2017, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of Listing as set out in the paragraph headed “Reorganisation” under the section headed “History and Development, Reorganisation and Group Structure” in the Prospectus.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

Apart from the reorganisation in relation to the Listing as disclosed in the Prospectus, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 30 September 2017.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2017, save as disclosed below in “Use of Proceeds” the Group did not have any other material capital commitments or any material contingent liabilities.

DIVIDENDS

The Board did not recommend a payment of any dividend for the six months ended 30 September 2016 and 2017.

PLEGGED OF ASSETS

As at 31 March 2017 and 30 September 2017, the motor vehicles with carrying amount of approximately HK\$913,000 and HK\$570,000 have been pledged to secure finance leases granted to the Group respectively.

As at 30 September 2017, the Group's pledged short-term bank deposits in the amount of HK\$4 million was pledged as security for the Group's bank facilities.

USE OF PROCEEDS

As at 30 September 2017, the Group had nine diesel tank wagons of various capacity to meet customers' requirement. In order to increase the total capacity of our fleet of diesel tank wagon to facilities the increasing demand from customers, and further reduce the level of nitrogen dioxide and particulates to fulfill our social responsibility, the Group planned to acquire one additional diesel tank wagon and replace three diesel tank wagons. As at the date of this announcement, deposit of approximately HK\$8.8 million had been paid for the acquisition of three diesel tank wagons and a drum and marine diesel oil barge. The remaining balance of approximately HK\$2.9 million is expected to be paid around December 2017. Despite the delay in the acquisition of additional diesel tank wagons, 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group engaged a total of 22 employees (30 September 2016: 22) including the Directors. For the six months ended 30 September 2017, total staff costs amounted to approximately HK\$3.0 million (30 September 2016: approximately HK\$2.2 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 Group is governed by Hong Kong environmental laws and regulations including the Air Pollution Control Ordinance and the Water Pollution Control Ordinance 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

As from 30 September 2017 to the date of this announcement, save as disclosed in this announcement, the Board is not aware of any significant events requiring disclosure that have occurred.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the six months ended 30 September 2017, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of the Listing as set out in the paragraph headed “Reorganisation” under the section headed “History and Development, Reorganisation and Group Structure” in the Prospectus.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company’s Listed Securities

Since the Listing Date and up to 30 September 2017 there has been no purchase, sale or redemption of any Company’s listed securities.

Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 September 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Capacity/nature of interest	Number of shares held	Percentage of shareholding
Mr. Fong Chun Man	Interest in a controlled corporation (<i>Note 1</i>)	600,000,000 (Long position)	75%
Ms. Lo Pui Yee	Interest in a controlled corporation (<i>Note 2</i>)	600,000,000 (Long position)	75%

Notes:

1. The shares are held by Grand Tycoon Limited, the equity interest of which is owned as to 100% by Mr Fong Chun Man. Mr. Fong Chun Man is deemed to be interested in all the shares held by Grand Tycoon Limited for the purpose of Part XV of SFO.

- Ms. Lo Pui Yee is the spouse of Mr. Fong Chun Man and is therefore deemed to be interested in all the shares which Mr. Fong Chun Man is interest for the purpose of Part XV of the SFO.

Save as disclosed above, as at the date of this announcement, none of the Directors and the chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept therein, pursuant to section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

Interests and short positions of the substantial shareholders and other persons in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 September 2017, so far as it is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests in shares or underlying shares which (i) were recorded in the register required to be kept by the Company under Section 336 of the SFO, or (ii) which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules or, (iii) who will be, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

Name of Directors	Capacity/nature of interest	Number of shares held	Percentage of shareholding
Grand Tycoon Limited	Beneficial owner (<i>Note 1</i>)	600,000,000 (Long position)	75%
Ms. Lo Pui Yee	Interest of spouse (<i>Note 2</i>)	600,000,000 (Long position)	75%

Notes:

- The shares are held by Grand Tycoon Limited, the equity interest of which is owned as to 100% by Mr. Fong Chun Man. Mr. Fong Chun Man is deemed to be interested in all the shares held by Grand Tycoon Limited for the purpose of Part XV of SFO.
- Ms. Lo Pui Yee is the spouse of Mr. Fong Chun Man and is therefore deemed to be interested in all the shares which Mr. Fong Chun Man is interest for the purpose of Part XV of the SFO.

Save as disclosed above, as at the date of this announcement, the Directors have not been notified by any person who had interests or short positions in the shares, underlying shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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 30 September 2017, and there was no share option outstanding as at 30 September 2017. As at 30 September 2017, the Company had 80,000,000 shares available for issue under the Scheme, representing 10% of the existing issued share capital of the Company as at the date of this announcement.

Competing Interests

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group’s business during the Reporting Period and up to the date of this announcement.

Interests of the Compliance Adviser

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Guotai Junan Capital Limited (“Guotai Junan”) to be the compliance adviser. As informed by Guotai Junan, neither Guotai Junan nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules except for the participation of Guotai Junan as the sponsor in relation to the Listing and the compliance adviser agreement entered into between the Company and Guotai Junan Capital Limited on 8 September 2016.

Audit Committee

The Company has established an 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 in compliance with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules. The audit committee comprises three independent non-executive Directors, namely Mr. Chui Chi Yun, Robert, Mr. Wang Anyuan and Mr. Kwong Yuk Lap. Mr. Chui Chi Yun, Robert is the chairman of the audit committee and he holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017 had been reviewed by the Audit Committee, which was of the opinion that the unaudited condensed consolidated financial statements have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

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.

Corporate Governance

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. Since the Listing Date and up to 30 September 2017, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 15 of the GEM Listing Rules.

On behalf of the Board
F8 Enterprises (Holdings) Group Limited
Mr. Fong Chun Man
Chairman and executive Director

Hong Kong, 10 November 2017

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 will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.f8.com.hk.