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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019**

#### **CHARACTERISTICS OF THE 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 responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## HIGHLIGHTS

- The Group has recorded a revenue of approximately HK\$229.7 million for the year ended 31 March 2019, representing an increase of approximately HK\$65.2 million or 39.7% as compared to the year ended 31 March 2018.
- The Group's net profit for the year was approximately HK\$0.8 million, representing a decrease of approximately 35.2% as compared with the year ended 31 March 2018. The decrease in profit was mainly due to the loss from discontinued operation of health food business of approximately HK\$4.5 million for the year ended 31 March 2019. Excluding the one-off Listing expenses of approximately HK\$7.0 million in connection with the listing of the Company's shares on GEM (the "**Listing**") for the year ended 31 March 2018 and discontinued operation of health food business for the year ended 31 March 2019, the profit attributable to the owners of the Company would have been approximately HK\$5.3 million and approximately HK\$8.2 million for the year ended 31 March 2019 and 2018 respectively, representing a decrease of approximately 35.4% as compared to the year ended 31 March 2018.
- The Directors do not recommend the payment of any dividend for the year ended 31 March 2019.

## ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2019 together with the comparative audited figures for the year ended 31 March 2018, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2019*

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	4	<b>229,718</b>	164,491
Cost of sales		<u>(207,995)</u>	<u>(139,670)</u>
<b>Gross profit</b>		<b>21,723</b>	24,821
Other gains or losses	6	<b>802</b>	(644)
Administrative expenses		<b>(11,342)</b>	(17,643)
Other operating expenses		<b>(2,984)</b>	(2,851)
Impairment losses on trade receivables		<u>(1,249)</u>	<u>–</u>
<b>Profit from operations</b>		<b>6,950</b>	3,683
Finance costs	7	<u>(137)</u>	<u>(80)</u>
<b>Profit before taxation</b>	8	<b>6,813</b>	3,603
Income tax expenses	9	<u>(1,477)</u>	<u>(2,362)</u>
<b>Profit for the year from continuing operations</b>		<b>5,336</b>	1,241
<b>DISCONTINUED OPERATION</b>			
Loss for the year from discontinued operation	10	<u>(4,532)</u>	<u>–</u>
<b>Profit for the year</b>		<u><b>804</b></u>	<u>1,241</u>

	<i>Notes</i>	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
<b>Other comprehensive loss for the year</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		<u>(27)</u>	<u>–</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u><u>(27)</u></u>	<u><u>–</u></u>
<b>Total comprehensive income for the year</b>		<u><u>777</u></u>	<u><u>1,241</u></u>
<b>Profit for the year attributable to owners of the Company</b>		<u><u>804</u></u>	<u><u>1,241</u></u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u><u>777</u></u>	<u><u>1,241</u></u>
<b>Earnings per share</b>			
From continuing and discontinued operations attributable to the owners of the Company			
Basic and diluted (HK cents)	<i>12</i>	<u><u>0.10</u></u>	<u><u>0.16</u></u>
From continuing operations			
Basic and diluted (HK cents)	<i>12</i>	<u><u>0.67</u></u>	<u><u>0.16</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>9,960</b>	12,385
Deferred tax assets		<b>206</b>	–
		<u><b>10,166</b></u>	<u>12,385</u>
<b>Current assets</b>			
Inventories		<b>277</b>	341
Trade receivables	<i>13</i>	<b>71,386</b>	66,650
Prepayments, deposits and other receivables		<b>4,913</b>	2,959
Financial assets at fair value through profit or loss		<b>1,495</b>	1,105
Pledged bank deposits		<b>4,000</b>	4,000
Cash and bank balances		<b>6,034</b>	13,179
		<u><b>88,105</b></u>	<u>88,234</u>
Assets of disposal group classified as held for sale	<i>10</i>	<b>20,887</b>	–
		<u><b>108,992</b></u>	<u>88,234</u>
<b>Current liabilities</b>			
Trade and bills payables	<i>14</i>	<b>6,937</b>	3,609
Accruals and deposits received		<b>2,588</b>	3,040
Bank borrowings		<b>3,000</b>	–
Obligations under finance leases		–	188
Tax payables		<b>1,726</b>	4,825
		<u><b>14,251</b></u>	<u>11,662</u>
Liabilities of disposal group classified as held for sale	<i>10</i>	<b>11,834</b>	–
		<u><b>26,085</b></u>	<u>11,662</u>
<b>Net current assets</b>		<u><b>82,907</b></u>	<u>76,572</u>
<b>Total assets less current liabilities</b>		<u><b>93,073</b></u>	<u>88,957</u>

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Contingent consideration payables		<b>3,598</b>	–
Deferred tax liabilities		<b>924</b>	1,183
		<u><b>4,522</b></u>	<u>1,183</u>
<b>Net assets</b>		<u><b>88,551</b></u>	<u>87,774</u>
<b>Capital and reserves</b>			
	<i>15</i>		
Share capital		<b>8,000</b>	8,000
Reserves		<b>80,551</b>	79,774
		<u><b>88,551</b></u>	<u>87,774</u>
<b>Total equity attributable to owners of the Company</b>		<u><b>88,551</b></u>	<u>87,774</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000 (Note i)	Share premium HK\$'000 (Note ii)	Other reserve HK\$'000 (Note iii)	Capital contribution reserve HK\$'000 (Note iv)	Exchange reserve HK\$'000 (Note v)	Amounts relating to disposal group held for sale HK\$'000	Retained earnings HK\$'000	
At 1 April 2017	-	-	-	24,652	-	-	4,660	29,312
Profit and total comprehensive income for the year	-	-	-	-	-	-	1,241	1,241
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 31 March 2018 and 1 April 2018	<b>8,000</b>	<b>49,221</b>	<b>-*</b>	<b>24,652</b>	-	-	<b>5,901</b>	<b>87,774</b>
Profit for the year	-	-	-	-	-	-	804	804
Other comprehensive loss for the year	-	-	-	-	(27)	-	-	(27)
Profit and total comprehensive income for the year	-	-	-	-	(27)	-	804	777
Reclassification relating to disposal group classified as held for sale	-	-	-	-	27	(27)	-	-
At 31 March 2019	<b>8,000</b>	<b>49,221</b>	<b>-*</b>	<b>24,652</b>	<b>-</b>	<b>(27)</b>	<b>6,705</b>	<b>88,551</b>

### 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 Shares Offer.
- (ii) Share premium represents the excess of shares issue over the par value.
- (iii) 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 from the Company. The balance was approximately HK\$8.
- (iv) 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.
- (v) Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

\* The balance was approximately HK\$8.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 30 March 2018. 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 ("BVI"). Grand Tycoon Limited is controlled by Mr. Fong Chun Man ("Mr. Fong"), a Director of the Company.

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 consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

#### Amendments to HKFRSs that are mandatory effect for the current year

The Group has applied the following new and amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HKFRS 15 (Amendments)	Clarification to HKFRS 15 Revenue from contracts with Customers
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRS Standards 2014–2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HK(IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

#### HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.



Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

Accounting policies resulting from application of HKFRS 9 set out in the consolidated financial statements.

### **Summary of effects arising from initial application of HKFRS 9**

Below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

#### *(i) Classification and measurement*

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (“**FVTOCI**”) and at fair value through profit or loss (“**FVTPL**”). These supersede HKAS 39 ‘s categories of held-to-maturity investments, loans and receivables, available-for-sale (“**AFS**”) financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial assets is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVTOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVTPL, if the investment does not meet the criteria for being measured at amortise cost or FVTOCI (recycling). Changes in the fair value of the investment (including) interest are recognised in profit or loss.

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

There is no reclassification or remeasurement of the financial assets, including trade receivables, financial assets at fair value through profit or loss, deposits and other receivables, pledged bank deposits and cash and bank balances for the adoption of HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

(ii) *Impairment under ECL model*

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Except for those which had been determined as credit impaired under HKAS 39, the remaining balances are grouped based on internal credit rating and/or past due analysis. The Group has therefore estimated the expected loss rates for the trade receivables on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including deposits and other receivables are assessed on 12-month ECL (“12m ECL”) basis as there had been no significant increase in credit risk since initial recognition.

For pledged bank deposits and cash and bank balances, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and consider the risk of default is regard as low and 12m ECL is insignificant.

#### **HKFRS 15 Revenue from Contracts with Customers**

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue mainly from following major sources which arise from contracts with customers:

- (i) Revenue from sale and transportation of diesel oil and related products
- (ii) Revenue from sale and distribution of health food (Discontinued operation)

Information about the Group’s performance obligations and the accounting policies resulting from application of HKFRS 15 are set out in the consolidated financial statements.

As a result of the changes in the Group’s accounting policies, as explained above, HKFRS 15 was generally adopted without restating any other comparative information. The adoption of HKFRS 15 in the current period does not result in any significant impact on the amounts reported in the consolidated financial statements and/or disclosures set out in the consolidated financial statements except that, the Group has adopted the following accounting policies on revenues with effect from 1 April 2018 as stated in notes to the consolidated financial statements.

## New and revised HKFRSs issued but not yet effective

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

HKFRSs (Amendments)	Annual improvement to HKFRS 2015–2017 cycle <sup>1</sup>
HKFRS 3 (Amendments)	Definition of Business <sup>4</sup>
HKFRS 9 (Amendments)	Prepayment Feature with Negative Compensation <sup>1</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
HKAS 1 and HKAS 8 (Amendments)	Definition of materials <sup>5</sup>
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement <sup>1</sup>
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures <sup>1</sup>
HK(IFRIC) Int 23	Uncertainty over Income Tax Treatment <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for business combination and asset acquisition for which acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2020.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

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 (“HKASs”) and related interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosure requirements by the GEM Listing Rules and by the disclosure requirements of the Hong Kong Companies Ordinance.

#### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in notes to the consolidated financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 4. 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:

##### Disaggregation of revenue from contracts with customers

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Continuing operations</b>		
<b>Type of goods or services</b>		
<b>Goods transferred at a point of time</b>		
Sale of diesel oil and related products		
Diesel oil	213,612	159,722
Marine diesel oil	14,439	3,288
Lubricant oil	1,667	1,481
	<u>229,718</u>	<u>164,491</u>
Total revenue from contracts with customers	<u>229,718</u>	<u>164,491</u>

The Group operates in one continuing operating segment for the sale of diesel oil and related products in Hong Kong.

##### Performance obligations for contracts with customers

Details of performance obligations for contracts with customers for the year ended 31 March 2019 are set out in the consolidated financial statement.

##### 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, the transaction price allocated to these unsatisfied contracts is not disclosed.

## 5. 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.

China Forest Food Limited and its subsidiaries (“**China Forest Food Group**”) constitute a major line of business in sale and distribution of health food. Upon the Group entered the sale and purchase agreement in relation to disposal of 90% equity interest in China Forest Food Group on 28 March 2019, it reclassified as discontinued operation and the segment information reported below does not include any amounts for the discontinued operation, which are disclosed the details in Note 10.

### Geographical information

During the years ended 31 March 2019 and 2018, 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 31 March 2019 and 2018. 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:

	2019 <i>HK\$’000</i>	2018 <i>HK\$’000</i>
Customer A	—*	17,829
Customer B	<u>51,449</u>	<u>—*</u>

*Note:*

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

## 6. OTHER GAINS OR LOSSES

	2019 <i>HK\$’000</i>	2018 <i>HK\$’000</i>
<b>Continuing operations</b>		
Gain on disposal of property, plant and equipment	—	511
Realised loss on financial assets at fair value through profit or loss	—	(212)
Unrealised gain/(loss) on financial assets at fair value through profit or loss	390	(1,458)
Bank interest income ( <i>Note</i> )	—	279
Transportation services fee	243	—
Rental income from diesel vehicles	135	—
Sundry income	<u>34</u>	<u>236</u>
	<u>802</u>	<u>(644)</u>

*Note:* Bank interest income mainly represents interest generated from the share offer fund deposited in bank.

## 7. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest expenses on bank borrowings wholly repayable within five years	134	53
Interest expenses on bank overdrafts	1	5
Interest expenses on obligations under finance leases	2	22
	<u>137</u>	<u>80</u>

## 8. PROFIT BEFORE TAXATION

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Profit for the year has been arrived at after charging:</b>		
<b>Continuing operations</b>		
Directors' emoluments	2,512	2,273
Other staff costs:		
— Salaries and other benefits	2,108	3,903
— Retirement benefits scheme contributions	87	180
	<u>2,195</u>	<u>4,083</u>
Auditors' remuneration ( <i>Note i</i> )	700	600
Cost of inventories recognised as expenses	202,855	135,584
Depreciation of property, plant and equipment		
— Cost of sales	2,018	1,337
— Administrative expenses	419	305
	<u>2,437</u>	<u>1,642</u>
Gain on disposal of property, plant and equipment	–	(511)
Operating lease rental expenses in respect of office premises	1,636	1,887
Listing expenses ( <i>Note ii</i> )	–	6,972
	<u>–</u>	<u>–</u>

### Notes:

- (i) Exclude services for the listing of the Group.
- (ii) The listing expenses are included in “Administrative expenses”.

## 9. INCOME TAX EXPENSES

Income tax in the consolidated statements of profit or loss and other comprehensive income represent:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Continuing operations</b>		
<b>Current tax</b>		
Hong Kong Profits Tax	<b>1,942</b>	1,179
<b>Deferred tax</b>		
(Credited)/charged for the year	<u>(465)</u>	<u>1,183</u>
	<u><b>1,477</b></u>	<u>2,362</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% of the estimated assessable profit for the year ended 31 March 2018.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 millions of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 millions will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the year ended 31 March 2019.

Accordingly, starting from the current year, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 millions of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 millions.

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 Law of the People’s Republic of China on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

## 10. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE

On 28 March 2019, the Group entered into a conditional sale and purchase agreement to dispose the 90% equity interest in China Forest Food Limited, a direct wholly-owned subsidiary of the Company, and its subsidiary (the “**China Forest Food Group**”) which engaged in sale and distribution health food business, at total consideration of approximately HK\$8,148,000. The disposal was completed on 9 April 2019, on which date the control of China Forest Food Group ceased.

The result from the discontinued operation for the year, which have been included in the consolidated statement of profit or loss, were as follows:

	<i>HK\$'000</i>
Revenue	44,808
Cost of sales	<u>(44,348)</u>
Gross profit	460
Other gains	13
Impairment loss on goodwill	(3,360)
Administrative expenses	<u>(1,849)</u>
Loss before taxation	(4,736)
Income tax expenses	<u>204</u>
Loss for the year	<u>(4,532)</u>
<b>Loss per share</b>	
Basic and diluted (HK cents)	<u><u>(0.57)</u></u>

Loss for the year from discontinued operation has been arrived at after charging/(crediting):

	<i>HK\$'000</i>
<b>Discontinued operation</b>	
Auditors' remuneration	–
Directors' emoluments	–
Cost of inventories sold	43,547
Depreciation	13
Exchange gain, net	(12)
Operating lease rental in respect of leased premises	183
Staff costs (excluding directors' remuneration)	445
Amortisation of intangible assets	<u><u>815</u></u>



The following assets and liabilities were reclassified as disposal group held for sale in relation to the discontinued operation as at 31 March 2019:

	<b>2019</b> <b>HK\$'000</b>
Assets classified as held for sale	
Property, plant and equipment	27
Intangible asset	10,907
Goodwill	6,608
Trade receivables	3,244
Prepayments, deposits and other receivables	93
Cash and bank balances	8
	<hr/>
Total assets classified as held for sale	<b>20,887</b>
	<hr/> <hr/>
Liabilities classified as held for sale	
Trade payables	658
Accruals and other payables	4,799
Due to the Group ( <i>Note</i> )	3,650
Deferred tax liabilities	2,727
	<hr/>
Total liabilities classified as held for sale	<b>11,834</b>
	<hr/> <hr/>
Net assets classified as held for sale	<b>9,053</b>
	<hr/> <hr/>

*Note:* Pursuant to the agreement between the Group and the independent third party purchaser of the China Forest Food Group, the balance will be settled within one year from the completion date of the disposal.

In accordance with HKFRS 5, disposal group held for sale were written down to their fair value less cost to sell with reference to consideration price held of sale and purchase agreement under the fair value hierarchy level 2.

## 11. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 March 2019 (2018: HK\$Nil).

## 12. EARNINGS PER SHARE

### Continuing and discontinued operations

The calculation of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to owners of the Company	<u>804</u>	<u>1,241</u>
	<b>2019</b> <i>'000</i>	2018 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculation basic earnings per share	<u>800,000</u>	<u>793,973</u>

The calculation of basic earnings per share for the years ended 31 March 2019 and 2018 is based on profit attributable to owners of the Company and the weighted average number of shares.

The weighted average number of ordinary shares is based on 800,000,000 in issue during the year ended 31 March 2019.

The weighted average number of shares in issue during the year ended 31 March 2018 is based on the assumption that 600,000,000 shares of the Company were comprising 100 shares in issue, 599,999,900 shares issued pursuant to the Group Reorganisation and Capitalisation Issue set out in consolidated financial statements, as if these shares were outstanding throughout the period from 1 April 2017 to 12 April 2017 (the “**Listing Date**”), and 200,000,000 shares issued under the Share Offer.

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary share in existence during the years ended 31 March 2019 and 2018.

### Continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to owners of the Company are based on the following data:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share (profit for the year from continuing operations attributable to owners of the Company)	<u>5,336</u>	<u>1,241</u>

The weighted average number of ordinary shares used herein are same as those detailed above for the purpose of basic and diluted earnings per share from continuing and discontinued operations respectively.

## Discontinued operation

The calculation of basic and diluted loss per share from discontinued operation attributable to owners of the Company are based on the following data:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purpose of basic and diluted loss per share (loss for the year from discontinued operation attributable to owners of the Company)	<u>(4,532)</u>	<u>–</u>

The weighted average number of ordinary shares used herein are same as those detailed above for the purpose of basic and diluted loss per share from continuing and discontinued operations respectively.

## 13. TRADE RECEIVABLES

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	<b>72,635</b>	66,650
Less: Allowance for impairment losses on trade receivables	<u>(1,249)</u>	<u>–</u>
	<u><b>71,386</b></u>	<u>66,650</u>

### (a) Ageing analysis

The following is an ageing analysis of trade receivables presented based on the invoice date, net of impairment for expected credit losses on trade receivables, at the end of the reporting periods:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	<b>18,911</b>	16,942
31 to 60 days	<b>14,581</b>	8,300
61 to 90 days	<b>13,951</b>	12,266
91 to 120 days	<b>6,501</b>	7,086
Over 120 days	<u><b>18,691</b></u>	<u>22,056</u>
	<u><b>72,635</b></u>	<u>66,650</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. Details on the Group's credit policy are set out in the consolidated financial statements.

**(b) Impairment assessment of trade receivables**

Losses allowance for expected credit losses on trade receivables of approximately HK\$1,249,000 have been recognised to the consolidated profit or loss and other comprehensive income for the year ended 31 March 2019.

Details of impairment assessment of trade receivables for the year ended 31 March 2019 are set out in the consolidated financial statements.

**(c) Comparative information under HKAS 39**

Trade receivables disclosed above include amounts which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

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

	2018 <i>HK\$'000</i>
Within 30 days	5,686
31 to 60 days	8,191
61 to 90 days	3,792
91 to 120 days	2,880
Over 120 days	8,586
	<u>29,135</u>

Receivables that were past due but not impaired relate to customers that have a good track record with the Group and no recent history of default. Based on past experience, the directors are of the opinion that no provision for impairment 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.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

**14. TRADE AND BILLS PAYABLES**

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables	5,796	3,609
Bills payable	1,141	–
	<u>6,937</u>	<u>3,609</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 period:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	<b>5,796</b>	2,808
31 to 60 days	–	801
	<u><b>5,796</b></u>	<u>3,609</u>

Bills payable mature within 90 days.

*Notes:*

The bills payable are secured by:

- (a) unlimited personal guarantee provided by an executive Director of the Company Mr. Fong; and
- (b) pledge of the property which owned by an executive Director of the Company Mr. Fong.

## 15. SHARE CAPITAL

	<i>Number of Shares</i>	<i>HK\$'000</i>
Authorised:		
<b>As at 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019</b>	<u><b>2,000,000,000</b></u>	<u><b>20,000</b></u>
Issued and fully paid:		
As at 1 April 2017	100	–
Issue of new shares under the Share Offer ( <i>Note</i> )	200,000,000	2,000
Capitalisation Issue ( <i>Note</i> )	<u>599,999,900</u>	<u>6,000</u>
<b>As at 31 March 2018, 1 April 2018 and 31 March 2019</b>	<u><b>800,000,000</b></u>	<u><b>8,000</b></u>

*Note:*

On 11 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 capitalisation 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group principally carries on the business of the sale and transportation of diesel oil 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's business is built on a customer-oriented culture and focuses on providing quality diesel oil with reasonable prices and timely delivery services. The Group provides consulting services to customers and customises the Group's services to suit their needs for the Group's products by recommending the specifications and optimal order quantity of diesel oil and other guidance on safety precautions and environmental protection during delivery. In order to satisfy the Group's customers' immediate or unplanned purchase demands by supplying diesel oil to customers within a short time frame and responding to customers' delivery schedule in a more flexible manner, the Group had a fleet of eleven diesel tank wagons of various capacity as at 31 March 2019.

The shares of the Company (the "**Shares**") have been listed on 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 proceeds received from the Share Offer have strengthened the Group's cash flow and the Group had implemented its future plans and business strategies as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The Group has recorded a revenue of approximately HK\$229.7 million for the year ended 31 March 2019, representing an increase of approximately HK\$65.2 million or 39.7% as compared to the year ended 31 March 2018. The increase was mainly due to increase in demand from customers upon the commencement of customer's project in November 2017 and the demand of marine diesel oil from three new customers.

Meanwhile, the Group has executed strict control on costs and expenses. The Group recorded a profit attributable to the owners of the Company of approximately HK\$0.8 million for the year ended 31 March 2019. The decrease in profit was mainly attributable to the discontinued operation of health food business of approximately HK\$4.5 million for the year ended 31 March 2019. Excluding the one-off Listing expenses of approximately HK\$7.0 million in connection with the listing of the Company's shares on GEM (the "Listing") for the year ended 31 March 2018 and discontinued operation of health food business for the year ended 31 March 2019, the profit attributable to the owners of the Company would have been approximately HK\$5.3 million and approximately HK\$8.2 million for the year ended 31 March 2019 and 2018 respectively, representing a decrease of approximately 35.4% as compared to the year ended 31 March 2018.

## 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.

### USE OF PROCEEDS

As disclosed in the 2018 Annual Report of the Company, 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 2019:

	<b>Planned use of total Net Proceeds</b> <i>HK\$ million</i>	<b>Approximate percentage of total Net Proceeds</b>	<b>Actual use of Net Proceeds up to 31 March 2019</b> <i>HK\$ million</i>	<b>Unused total Net Proceeds up to 31 March 2019</b> <i>HK\$ million</i>
Purchase of diesel tank wagons	7.8	17.3%	3.7	4.1
Purchase of marine diesel oil barge	14.0	31.0%	8.5	5.5
Further strengthen our manpower	6.1	13.6%	1.5	4.6
Upgrade of our information technology systems	3.6	7.9%	0.1	3.5
Working capital necessary for the operation of the new diesel tank wagons and marine bunkering business	9.1	20.2%	3.6	5.5
Working capital	4.5	10.0%	4.5	–
<b>Total</b>	<b>45.1</b>	<b>100.0%</b>	<b>21.9</b>	<b>23.2</b>

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately HK\$65.2 million or approximately 39.7% from approximately HK\$164.5 million for the year ended 31 March 2018 to approximately HK\$229.7 million for the year ended 31 March 2019.

Revenue from the sale of diesel oil, marine diesel oil and lubricant oil accounted for approximately HK\$213.6 million, HK\$14.4 million and HK\$1.7 million, representing approximately 93.0%, 6.3% and 0.7%, respectively, of the Group's total revenue for the year ended 31 March 2019. For the year ended 31 March 2018, the revenue from the sale of diesel oil, marine diesel oil and lubricant oil accounted for approximately HK\$159.7 million, HK\$3.3 million and HK\$1.5 million, representing approximately 97.1%, 2.0% and 0.9%, respectively, of the Group's total revenue. Sale of diesel oil remained the largest contributor to the Group's revenue. The increase was mainly due to the increase in demand from customers.

The increase in the Group's revenue was primarily due to the increase in the Group's sale of diesel oil. Increase in demand of marine diesel oil was attributable to the demand of new customers during the year ended 31 March 2019.

### **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. For the year ended 31 March 2019, the Group's cost of the sale and transportation of diesel oil and related products business was approximately HK\$208.0 million, representing an increase of approximately 48.9% from approximately HK\$139.7 million for the year ended 31 March 2018.

### **Gross profit and gross profit margin**

The gross profit represented the Group's revenue less cost of sales. The Group's gross profit slightly decreased by approximately HK\$3.1 million from approximately HK\$24.8 million for the year ended 31 March 2018 to approximately HK\$21.7 million for the year ended 31 March 2019. The Group's gross profit margin decreased from approximately 15.1% for the year ended 31 March 2018 to approximately 9.5% for the year ended 31 March 2019.

### **Other gains or losses**

The Group's other gains or losses increased from the losses of approximately HK\$0.6 million for the year ended 31 March 2018 to the gains of approximately HK\$0.8 million for the year ended 31 March 2019 mainly due to unrealised gain on financial assets at fair value through profit or loss approximately HK\$0.3 million for the year ended 31 March 2019 but unrealised loss approximately HK\$1.5 million for the year ended 31 March 2018.



## **Profit for the year**

As a result of the foregoing, the Group's net profit decreased by approximately HK\$0.4 million from a profit of approximately HK\$1.2 million to approximately HK\$0.8 million for the year ended 31 March 2019, and the Group's net profit margin decreased from approximately 0.8% to approximately 0.4% during the same periods. The decrease in the net profit and net profit margin for the year ended 31 March 2019 was mainly due to the decrease in the recognition of Listing expenses for the year ended 31 March 2018 but offset by the loss of discontinued operation of health food business for the year ended 31 March 2019.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Financial Resources and Liquidity**

The Group finance its operations through cash generated from operating activities and interest-bearing bank borrowings. The Group recorded net current assets of approximately HK\$82.9 million as at 31 March 2019.

As at 31 March 2019, the Group's current assets amounted to approximately HK\$109.0 million and the Group's current liabilities amounted to approximately HK\$26.1 million. Current ratio was approximately 4.2 as at 31 March 2019. Current ratio is calculated based on total current assets at the end of the period divided by total current liabilities at the end of the period. Gearing ratio was approximately 3.4% as at 31 March 2019 which was calculated based on the total debt at the end of the period divided by total equity at the end of the year.

As at 31 March 2019, the maximum limit of the banking facilities available to the Group was amounted to approximately HK\$20.0 million and HK\$4.2 million of the banking facilities was utilised.

The bank borrowings were denominated in Hong Kong dollars, repayable within 90 days or on demand and interest-bearing from 4.875% to 6.125% per annum. As at 31 March 2019, all the bank borrowings were interest-bearing carried at floating interest rate ranging from 4.875% to 6.125% per annum and the Group's pledged short-term bank deposits in the amount of HK\$4.0 million, personal guarantee of an executive director, Mr. Fong and a property owned by the executive director, Mr. Fong were pledged as security for the Group's banking facilities.

### **CAPITAL STRUCTURE**

For the year ended 31 March 2019, the capital structure of the Group consisted of equity attributable to the owners of the Company of approximately HK\$88.6 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 distribution of health food transactions settled in Renminbi and financial assets with Malaysian ringgit. 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 2019.

## **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 2019. 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**

In July 2018, the Company completed the acquisition of the entire equity interest in the China Forest Food Limited and its subsidiaries ("**China Forest Food Group**") from Virtue Ever, with a view to enhancing the overall growth of the Group and diversifying the risk and business of the Group and providing a stable return to the Group. China Forest Food Group has become a wholly owned subsidiary of the Company and the financial statements of China Forest Food Group had consolidated into the consolidated financial statements of the Group. Hence, the Group's business is extended to the health food distribution in the PRC. Details are set out in the announcement of the Company dated 17 May 2018, 11 July 2018 and 3 August 2018 respectively.

In light of the Group's purchase costs for the purchase of diesel oil and marine diesel oil have been increasing as disclosed in the interim report of the Company for the six months ended 30 September 2018, the Group has evaluated its investment portfolio and considered to realise some of the Group's investments to provide additional working capital. Hence, 90% of China Forest Food Group has been disposed and completed in March 2019 with the consideration of approximately HK\$8.2 million. The disposal was completed on 9 April 2019, on which date the control of China Forest Food Group ceased. After Completion, the Company holds 10% of the equity interest in the China Forest Food. Each member of the China Forest Food Group ceases to be a subsidiary of the Company and the financial results of the China Forest Food Group are no longer consolidated into the Company's consolidated financial statements after Completion. In addition, following Completion, Virtue Ever was released and discharged from its obligation under the profit guarantee and other related liability in connection with the Previous Acquisition. The Board considered that the Disposal of is in the interests of the Group as the net proceeds from the Disposal will be used for general working capital of the Group to support its business operations. Based on the above, the Directors consider that the terms of the Disposal are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole. Details are set out in the announcement of the Company dated 28 March 2019.

On 26 March 2019, the Company and Eternal Pearl Securities Limited (the “**Placing Agent**”) entered into the Placing of Bonds (the “**Placing Agreement**”), pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than HK\$100,000 in principal amount of the Bonds in the aggregate principal amount of not more than HK\$40,000,000. The placing of bonds transaction still in progress and subject to completion and details are set out in the announcement of the Company dated 26 March 2019.

During the year ended 31 March 2019, the Group did not have any significant investment, material acquisitions nor disposals of subsidiaries and affiliated companies, save as disclosed from above of this report.

## **USE OF PROCEEDS**

On the Listing Date, the Company’s shares were listed on the GEM of the Stock Exchange. A total of 200,000,000 new shares with nominal value of HK\$0.01 each of the Company were issued at HK\$0.32 per share for a total of approximately HK\$64.0 million. The net proceeds received by the Company from the Share Offer, after deduction of the underwriting commission and related expenses in connection with the Share Offer, was approximately HK\$45.1 million. The net proceeds, upon receipt by the Company after Listing, has been deposited at a bank and such net proceeds will be applied in the manners consistent with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

## **FINANCIAL ASSETS THROUGH PROFIT AND LOSS**

As at 31 March 2019, the Group had invested a total amount of approximately HK\$2.6 million in a company listed in Bursa Malaysia Berhad. As at 31 March 2019, this investment was reflected at fair value, and a net unrealised gain of approximately HK\$0.4 million was recorded.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 March 2019, save as disclosed above in “Use of Proceeds” the Group did not have any other material capital commitments or any material contingent liabilities.

## **DIVIDENDS**

The Directors do not recommend a payment of any dividend for the year ended 31 March 2019 and 2018.

## **PLEDGE OF ASSETS**

As at 31 March 2019, the Group’s pledged short-term bank deposits in the amount of HK\$4.0 million was pledged as security for the Group’s banking facilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2019, the Group had 22 employees in Hong Kong (2018: 22 employees in Hong Kong). The remuneration package our Group offered to our employees includes salary, bonuses and other cash subsidies. In general, our Group determines employees' salaries based on each employee's qualifications, position and seniority. Our Group has designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions.

## **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 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 report, 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 28 March 2019, the Company and China ECO Tourism Investment Limited (the "**Vendor**") entered into the sale and purchase agreement (the "**SPA**"), pursuant to which China ECO Tourism Investment Limited has conditionally agreed to purchase and the Company has conditionally agreed to sell 90% equity interest in the China Forest Food Limited at an aggregate consideration of approximately HK\$8,148,000. The disposal was completed on 9 April 2019. Please refer to the announcement of the Company dated 28 March 2019 for details.

## **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 report.

## **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 on 8 September 2016.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

During the Reporting Period and up to the date of this report, 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 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 Reporting Period and up to the date of this report. 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 report the Company has maintained a sufficient public float as required under the GEM Listing Rules.

## **AUDIT COMMITTEE**

The Company has established an Audit Committee on 23 March 2017 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company’s draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chui Chi Yun, Robert, Mr. Kwong Yuk Lap and Mr. Wang Anyuan. Mr. Chui Chi Yun, Robert is the chairman of the Audit Committee.

The Audit Committee has reviewed this announcement and the audited consolidated results of the Group for the year ended 31 March 2019 and the effectiveness of internal control system.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Up to 31 March 2019 there has been no purchase, sale or redemption of any Company’s listed securities.

## **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 report.

## **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme (the "**Scheme**") on 23 March 2017. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 March 2019 and the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICE**

The Board is committed to establishing and ensuring high standards of corporate governance and adopt sound corporate governance practices. 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 Listing Rules Governing the Listing of Securities on 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.

The Directors consider that throughout the year ended 31 March 2019, the Company has complied with all the applicable code provisions set out in the CG Code.

## **ANNUAL GENERAL MEETING**

The annual general meeting ("**AGM**") of the Company will be held on 8 August 2019, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to establish entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 5 August 2019 to 8 August 2019, both days inclusive, during which period no transfer of the shares of the Company will be registered.

Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on 2 August 2019.



## **COMMUNICATION WITH SHAREHOLDERS**

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates the shareholders on its latest business developments and financial performance through its quarterly, interim and annual reports and communicates with the shareholders through annual general meetings and extraordinary general meetings. In compliance with the requirements of the GEM Listing Rules, the Company will issue regular reports, announcements, circulars and notice of general meetings. Always updated with latest information, the corporate website of the Company ([www.f8.com.hk](http://www.f8.com.hk)) has provided an effective communication platform to the public and the shareholders.

## **FUTURE PROSPECTS**

The Board believes that market trend of sale of diesel oil and marine 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 and the Hong Kong International Airport's third runway project together with the recovery of logistics industry in Hong Kong.

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.

The Board will also proactively seek potential business opportunities that will broaden our sources of income and enhance value to the shareholders.

Looking forward, the Group will make steady progress in accordance with the plans formulated before its listing and its actual operational conditions, so as to facilitate effective implementation of the business objectives of the Company and bring benefits from it.

## **APPRECIATION**

The Board would like to extend its sincere thanks to the Group's shareholders, business partners and customers for their utmost support to the Group. The Group would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

By order of the Board  
**F8 Enterprises (Holdings) Group Limited**  
**CHAN Chi Fai**  
*Chief Executive Officer and Executive Director*

Hong Kong, 21 June 2019

*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, Mr. CHAN Chi Fai and Mr. Li Hok Yin; 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](http://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](http://www.f8.com.hk).*