

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

F8 ENTERPRISES (HOLDINGS) GROUP LIMITED

F 8 企 業 (控 股) 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8347)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF SUBSIDIARY

THE DISPOSAL

The Board wishes to announce that on 31 March 2022 (after trading hours), the Company, as vendor and the Purchaser entered into the Disposal Agreement pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing 51% issued share capital of the Target Company, at the Consideration of HK\$9,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements.

Further, as at the date of the Disposal Agreement, the Purchaser owns 18% of the Target Company. Therefore, the Purchaser is a substantial shareholder of the Target Company and hence a connected person of the Company at the subsidiary level under Chapter 20 of the GEM Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As (i) the Purchaser is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules.

The Board wishes to announce that on 31 March 2022 (after trading hours), the Company, as vendor and the Purchaser entered into the Disposal Agreement pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing 51% issued share capital of the Target Company, at the Consideration of HK\$9,000,000.

THE DISPOSAL AGREEMENT

The principal terms of the Disposal Agreement are as follows:

Date

31 March 2022 (after trading hours)

Parties

- (1) The Company, as vendor; and
- (2) The Purchaser.

As at the date of the Disposal Agreement, the Target Company is owned as to 18% by the Purchaser and 31% by Mr. Li. As the Purchaser owns more than 10% equity interest of the Target Company, the Purchaser is a substantial shareholder of the Target Company and hence a connected person of the Company at the subsidiary level under Chapter 20 of the GEM Listing Rules.

Subject matter

Pursuant to the Disposal Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 51% issued share capital of the Target Company.

The Target Company is the legal and beneficial owner of the HK Subsidiary, which in turn is the 100% legal and beneficial owner of the Qianhai Subsidiary and the PRC Subsidiary. The Qianhai Subsidiary is an investment holding company and is wholly owned by the Target Company. The PRC Subsidiary is engaged in the business of research and development, production, sales and distribution of lubricant in the Asia Pacific Region, and is wholly owned by the Qianhai Subsidiary.

As disclosed in the announcement of the Company dated 23 March 2020, the unaudited net profits before and after taxation of the Target Group for the year ended 31 December 2019 amounted to RMB1,309,000 and RMB1,305,000 respectively.

Set forth below are the net profits before and after taxation of the Target Group for the period from 21 April 2020 to 31 March 2021 and the nine months ended 31 December 2021:

	Nine months ended 31 December 2021 (unaudited) <i>HK\$'000</i>	For the period from 21 April 2020 to 31 March 2021 ^(Note) (audited) <i>HK\$'000</i>
Net profit before taxation	144	575
Net profit after taxation	129	765

Note: 21 April 2020 was the date of completion of the acquisition of 51% shareholding of the Target Company by the Company pursuant to the Acquisition Agreement.

The net asset value of the Target Group as at 30 September 2021 is approximately HK\$1.60 million.

Consideration

The Consideration amounts to HK\$9,000,000, which shall be settled in six instalments in the following manner:

- (a) the first instalment in the sum of HK\$1,500,000 shall be paid on 30 April 2022;
- (b) the second instalment in the sum of HK\$1,500,000 shall be paid on 31 May 2022;
- (c) the third instalment in the sum of HK\$1,500,000 shall be paid on 30 June 2022;
- (d) the fourth instalment in the sum of HK\$1,500,000 shall be paid on 31 July 2022;
- (e) the fifth instalment in the sum of HK\$1,500,000 shall be paid on 31 August 2022; and
- (f) the final instalment in the sum of HK\$1,500,000 shall be paid on 30 September 2022.

To secure the obligations of the Purchaser to pay the Consideration, the Purchaser has agreed to execute the Share Charge in favour of the Company, pursuant to which the Purchaser will charge the Sale Shares in favour of the Company. The term of the Share Charge shall commence on the Completion Date and end on the date of the full settlement of the Consideration.

Under the Share Charge, the Purchaser shall procure that, among others, during the period of the Share Charge, the Purchaser, without prior consent of the Company, shall not (i) dispose of or permit the disposal or dilution of any interests in the Target Company; (ii) sell, transfer, lease, assign, dispose of or otherwise create or permit to arise or subsist any encumbrance on or in respect of any part of its material undertaking, property or assets or contract to do so; and (iii) propose or implement any financial and/or corporate restructuring, reorganisation, amalgamation or merger.

The Consideration was determined after arm's length negotiation between the Company and the Purchaser with reference to (i) the financial position of the Target Group; (ii) the business prospect of the Target Group having considered the operational challenges of the Target Group in view of the COVID-19 pandemic; and (iii) the considerable uncertainty about the likelihood of fulfilment of the profit guarantee for the years ending 31 March 2022 and 31 March 2023 pursuant to the Acquisition Agreement, details of which are set out in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" of this announcement below.

Completion shall take place immediately after signing of the Disposal Agreement. Upon Completion, the Target Company will cease to be a subsidiary of the Company.

Mr. Li and the Purchaser will be released and discharged from their obligations and liabilities under the Profit Guarantee upon Completion.

INFORMATION ON THE PURCHASER AND THE COMPANY

The Purchaser is an individual residing in the PRC, who is the legal and beneficial owner of 18% of the equity interest of the Target Company as at the date of the Disposal Agreement.

The Company is an investment holding company. As at the date of this announcement, the Group is principally engaged in the sales and transportations 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.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Reference is made to the announcements of the Company dated 23 March 2020, 31 March 2020 and 21 April 2021 (the "Announcements"). On 23 March 2020, the Company and the Purchaser entered into the Acquisition Agreement, whereby the Company agreed to acquire 51% issued share capital of the Target Company at a consideration of HK\$16,380,000 (the "Acquisition"). The Acquisition was completed on 21 April 2020.

As disclosed in the Announcements, pursuant to the Acquisition, the Purchaser and Mr. Li have irrevocably warranted and guaranteed that the audited net profit after tax of the Target Group prepared in accordance with the Hong Kong generally accepted accounting principles for the period from 21 April 2020 to 31 March 2021 shall not be less than RMB5 million and shall not be less than RMB10 million for each of the next two years.

As disclosed in the announcement of the Company dated 6 September 2021, the profit guarantee for the period from 21 April 2020 to 31 March 2021 of the Target Company is considered unfulfilled.

In view of above, the Company is concerned about the future financial performance of the Target Company. The Disposal Group reported a net profit after taxation of approximately HK\$765,000 for the period from 21 April 2020 to 31 March 2021, representing a non-fulfilment of the 2021 Profit Guarantee. Based on the management accounts of the Target Company for the first nine months of 2022, the Target Company has recorded meagre earnings and its financial performance continues to deteriorate under the prolonged effect of the COVID-19 pandemic outbreak, which resulted in the lockdown of major cities in the

PRC and causing a significant drop in customer demand of lubricant in the PRC. Based on the above, the Board anticipates that the financial performance of the Target Company will not improve in the foreseeable future and may incur higher loss as compared to last year.

The Company considers that it is uncertain as to how long the COVID-19 pandemic may persist. The series of precautionary and quarantine control measures implemented in the PRC and Hong Kong cast uncertainties to the Group's business plan in the PRC. Extended quarantine measures, travel restriction and safe distancing measures to contain the COVID-19 pandemic poses a major difficulty for the Company to manage the businesses of the Target Group in the PRC. In view of the aforesaid uncertainty and difficulty caused by COVID-19, the Company considers it more appropriate to focus its operational resources in Hong Kong.

Due to the lack of prospect for the Target Company to turnaround for profit in the near future, there is no reasonable chance for the Group to be able to derive profit from the Target Company. The Board intends to concentrate its resources in the development of other profitable business segments and believes that the interest of the Company is best served by streamlining the non-performing businesses and assets of the Group including the Target Company. The financial position of the Group will be improved by the disposal of the Target Company which is the most time efficient and cost effective way to cut loss.

In light of above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Disposal are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) are of the view that the Disposal will not cause any material adverse impact to the business, operations and financial position of the Group. None of the Directors are required to be abstained from voting on the relevant resolutions of the Board in respect of the Disposal Agreement and the transactions contemplated thereunder.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS FROM DISPOSAL

Upon Completion, the Company will cease to hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company. The financial results of the Target Group will no longer be consolidated into the Group's financial statements. The net proceeds generated from the Disposal is estimated at approximately HK\$8.81 million, which will be used as general working capital of the Group.

The Consideration is HK\$9,000,000. The net book value of the Target Group as at 30 September 2021 is approximately HK\$1.60 million. Thus, upon Completion, the Company expects to recognise an unaudited loss of approximately HK\$9.19 million, representing the difference between the Consideration and the net book value of the Target Group and after the deduction of costs and expenses related to the Disposal. The estimated loss is subject to adjustments upon the Company's annual audit.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements.

Further, as at the date of the Disposal Agreement, the Purchaser owns 18% of the Target Company. Therefore, the Purchaser is a substantial shareholder of the Target Company and hence a connected person of the Company at the subsidiary level under Chapter 20 of the GEM Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As (i) the Purchaser is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings given to them as below:

“Acquisition Agreement”	the sale and purchase agreement dated 23 March 2020 entered into between the Company, the Purchaser and Mr. Li in respect of the acquisition of 25,500 ordinary shares of the Target Company
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday or any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	F8 Enterprises (Holdings) Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	the completion of the Disposal
“Completion Date”	31 March 2022, being the date of the Disposal Agreement

“Consideration”	HK\$9,000,000, being the total consideration for the Disposal
“connected person(s)”	having the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement entered into between the Company and the Purchaser on 31 March 2022 in relation to the Disposal
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HK Subsidiary”	美嘉殼(亞洲)潤滑油科技有限公司 (Meijia Shell (Asia) Lubricant Technology Limited), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of and not connected with the Company and its connected persons
“Mr. Li”	Mr. Li Weinian, holder of 31% equity interest of the Target Company
“PRC”	the People’s Republic of China, and for the purpose of this Agreement, excluding Taiwan, Hong Kong and Macau Special Administrative Region
“PRC Subsidiary”	佛山市順德區奧德鑫潤滑油有限公司 (Foshan Shunde Aodexin Lubricant Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Target Company

“Profit Guarantee”	the profit guarantee given by Mr. Li and the Purchaser in respect of the net profit of the Target Company pursuant to the Acquisition Agreement, details of which are set out in the section headed “REASONS AND BENEFITS OF THE DISPOSAL” of this announcement
“Purchaser”	Mr. Zhu Yixiang, holder of 18% equity interest of the Target Company, being the purchaser under the Disposal Agreement
“Qianhai Subsidiary”	前海美嘉殼(深圳)潤滑油科技有限公司 (Qianhai Mika Shell (Shenzhen) Lubricant Technology Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	25,500 ordinary shares, representing the 51% of the share capital of the Target Company
“Shares”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholders”	the shareholders of the Company
“Share Charge”	the deed of share charge dated 31 March 2022 executed by the Purchaser (as chargor) in favour of the Company (as chargee) at Completion in relation to the share charge of the Sale Shares held by the Purchaser upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	美嘉殼(環球)潤滑科技有限公司 (Meijia Shell (Global) Lubricant Technology Limited), a company incorporated in British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries, namely the HK Subsidiary, the Qianhai Subsidiary and the PRC Subsidiary
“%”	per cent

By Order of the Board
F8 Enterprises (Holdings) Group Limited
Mr. Fong Chun Man
Chairman and Executive Director

Hong Kong, 31 March 2022

* *The English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names and words.*

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

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

This announcement will remain on the “Latest Listed Company Information” page of the GEM website (www.hkgem.com) for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.f8.com.hk