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F8 ENTERPRISES (HOLDINGS) GROUP LIMITED

F 8 企 業 (控 股) 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8347)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

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

Given that the companies listed on GEM are generally small and mid-sized companies, 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.*

PUBLICATION OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The Board of Directors of the Company wishes to set forth below the audited consolidated financial information of the Group for the year ended 31 March 2024 together with the comparative audited figures for the year ended 31 March 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	4	289,980	429,940
Cost of sales		<u>(275,705)</u>	<u>(413,699)</u>
Gross profit		14,275	16,241
Other income	6	5,494	7,655
Other gains or losses	7	(5,267)	1,834
Administrative expenses		(14,266)	(18,378)
Other operating expenses		(5,250)	(6,531)
Allowance for expected credit loss on financial assets, net		<u>(2,621)</u>	<u>(3,130)</u>
Loss from operations		(7,635)	(2,309)
Finance costs	8	(2,147)	(2,816)
Share of results of an associate		<u>921</u>	<u>1,217</u>
Loss before taxation	9	(8,861)	(3,908)
Income tax credit/(expenses)	10	213	(929)
Loss for the year		<u>(8,648)</u>	<u>(4,837)</u>
Other comprehensive loss for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive loss of an associate		<u>(909)</u>	<u>(1,320)</u>
Other comprehensive loss for the year, net of tax		<u>(909)</u>	<u>(1,320)</u>
Total comprehensive loss for the year		<u>(9,557)</u>	<u>(6,157)</u>
Loss for the year attributable to owners of the Company		<u>(8,648)</u>	<u>(4,837)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(9,557)</u>	<u>(6,157)</u>
Loss per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	12	<u>(6.29)</u>	<u>(3.96)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		11,002	13,192
Investment property		14,600	19,400
Interest in an associate		17,831	17,819
Financial assets at fair value through profit or loss		5,449	5,297
		48,882	55,708
Current assets			
Inventories		1,260	403
Trade receivables	<i>13</i>	84,211	75,814
Prepayments, deposits and other receivables		1,217	5,990
Amount due from an associate		11,679	12,109
Pledged bank deposits		6,122	6,087
Cash and bank balances		10,452	28,557
		114,941	128,960
Current liabilities			
Trade payables	<i>14</i>	29,411	30,818
Accruals, other payables and deposits received		4,500	5,769
Bank and other borrowings		37,190	45,589
		71,101	82,176
Net current assets		43,840	46,784
Total assets less current liabilities		92,722	102,492
Non-current liabilities			
Deferred tax liabilities		1,025	1,238
Net assets		91,697	101,254
Capital and reserves			
Share capital		13,752	13,752
Reserves		77,945	87,502
Total equity		91,697	101,254

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In 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, which are mandatorily effective for the annual periods beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund — Long Service Payment offsetting mechanism in Hong Kong

In June 2022, the Government of the Hong Kong Special Administrative Region (“**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (“**Amendment Ordinance**”), which will come into effect from 1st May 2025 (“**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published the captioned accounting guidance relating to the abolition of the offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and changed its accounting policy in connection with its LSP liability.

The change in accounting policy in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRSs in issued but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

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

4. REVENUE

Disaggregation of revenue from contracts with customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Type of goods		
Sale of diesel oil and related products:		
Diesel oil	284,891	420,041
Marine diesel oil	3,714	8,553
Lubricant oil	1,375	1,346
	<u>289,980</u>	<u>429,940</u>
Total	<u>289,980</u>	<u>429,940</u>
Timing of revenue recognition		
A point in time	<u>289,980</u>	<u>429,940</u>

5. SEGMENT INFORMATION

The information reported to the directors, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The Group's operations are located in Hong Kong during the years ended 31 March 2024 and 2023. The Group's revenue from operations from external customers based on the location of customers are detailed below:

	Revenue from external customers	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	<u>289,980</u>	<u>429,940</u>

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

	Non-current assets	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	25,602	32,592
The PRC	<u>17,831</u>	<u>17,819</u>
	<u>43,433</u>	<u>50,411</u>

Non-current assets excluded financial assets at fair value through profit or loss ("FVTPL").

Information about major customers

Revenue from customers of both years contributing over 10% of the total revenue of the Group are as follows:

	2024	2023
	HK\$'000	HK\$'000
Customer A ¹	<u>N/A²</u>	<u>95,733</u>

Notes:

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

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

6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	54	11
Transportation services fee	3,464	3,504
Rental income from diesel vehicle	1,060	2,776
Rental income from investment property	444	556
Government grants (<i>Note</i>)	219	562
Sundry income	253	246
	<u>5,494</u>	<u>7,655</u>

Note:

During the year ended 31 March 2023, the Group recognised government grants of HK\$529,000 in respect of Covid-19 related subsidy which is related to the Employment Support Scheme under the Anti-epidemic Fund provided by the Hong Kong government.

There were no unfulfilled conditions and other contingencies attached to these government grants.

7. OTHER GAINS OR LOSSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unrealised gain/(loss) on financial assets at FVTPL	152	(648)
Loss arising on change in fair value of investment property	(4,800)	(600)
Gain on disposal of property, plant and equipment	5	350
Gain on extinguishment of other borrowing	–	3,718
Exchange loss	(624)	(986)
	<u>(5,267)</u>	<u>1,834</u>

8. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on bank borrowings	1,123	617
Interest expenses on other borrowings	1,024	2,198
Interest expenses on lease liabilities	–	1
	<u>2,147</u>	<u>2,816</u>

9. LOSS BEFORE TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging/ (crediting):		
Directors' emoluments	<u>3,307</u>	<u>3,404</u>
Other staff costs:		
— Salaries and other benefits	7,399	6,419
— Retirement benefits scheme contributions	<u>287</u>	<u>262</u>
	<u>7,686</u>	<u>6,681</u>
Auditors' remuneration		
— Audit services	600	650
— Non-audit services	<u>–</u>	<u>94</u>
	<u>600</u>	<u>744</u>
Cost of inventories sold	265,315	400,627
Depreciation of property, plant and equipment		
— Cost of sales	2,097	2,084
— Administrative expenses	<u>68</u>	<u>208</u>
	<u>2,165</u>	<u>2,292</u>
Depreciation of right-of-use assets	–	64
Allowance for expected credit loss (“ECL”) on financial assets, net		
— Trade receivables	2,908	3,219
— Deposits and other receivables	(93)	(77)
— Amount due from an associate	<u>(194)</u>	<u>(12)</u>
	<u>2,621</u>	<u>3,130</u>
Expenses relating to short-term leases	<u>3,806</u>	<u>961</u>

10. INCOME TAX (CREDIT)/EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Deferred tax	<u>(213)</u>	<u>929</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of assessable profits of qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2024 and 2023 as the Group has no assessable profits arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

11. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 March 2024 (2023: Nil).

12. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(8,648)</u>	<u>(4,837)</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares in issue for the purposes of basic and diluted loss per share	<u>137,520</u>	<u>122,053</u>

Diluted loss per share for both years were the same as the basic loss per share as there was no potential ordinary shares in issue for both years.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 March 2023 have been adjusted for the share consolidation effective on 29 June 2022 and the rights issue effective on 15 September 2022.

13. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	102,975	92,323
Less: allowance for ECL, net	(18,764)	(16,509)
	<u>84,211</u>	<u>75,814</u>

(a) Ageing analysis

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	27,749	27,386
31 to 60 days	12,702	20,908
61 to 90 days	14,313	9,480
91 to 120 days	10,174	8,233
121 to 150 days	7,218	4,418
Over 150 days	30,819	21,898
	<u>102,975</u>	<u>92,323</u>

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

(b) ECL assessment on trade receivables

During the year ended 31 March 2024, allowance for ECL on trade receivables of approximately HK\$2,908,000 was recognised to profit or loss (2023: HK\$3,219,000).

14. TRADE PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<u>29,411</u>	<u>30,818</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	11,389	11,282
31 to 60 days	6,604	7,980
61 to 90 days	3,286	3,519
Over 90 days	<u>8,132</u>	<u>8,037</u>
	<u>29,411</u>	<u>30,818</u>

15. EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Board is not aware of any significant events that have occurred requiring disclosure.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally carries on the business of sale and transportation of diesel oil and related products and other products in Hong Kong. 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 eight diesel tank wagons of various capacity, a marine oil barge and a vessel as at 31 March 2024.

The Group's strategic objective is to strengthen its established market position in the Hong Kong diesel oil and marine diesel oil industry. This will enable the Group to generate profits and investment returns for the Company's shareholders, as well as drive sustainable growth in the future. To achieve this objective, the Group will deploy more resources towards talent recruitment and strengthening its business development and marketing strategy for the diesel oil segment.

Sale and transportation of diesel oil and related products business

The Group's revenue decreased by approximately 32.5% from approximately HK\$429.9 million for the year ended 31 March 2023 to approximately HK\$290.0 million for the year ended 31 March 2024, revenue from diesel oil, marine diesel oil and lubricant oil represented 98.2%, 1.3% and 0.5% of the Group's total revenue, respectively.

The Group recorded a net loss of approximately HK\$8.6 million for the year ended 31 March 2024, as compared with a net loss of approximately HK\$4.8 million for the year ended 31 March 2023, representing increase in net loss of approximately HK\$3.8 million. The increase in net loss of the Group was mainly attributable to (i) decrease in sale and transportation of diesel oil business for the year ended 31 March 2024, (ii) decrease in other income and other gains or losses. The effect was partially offset by decrease in administrative expenses. The decrease in gross profit was mainly due to decrease in revenue for the year ended 31 March 2024.

INDUSTRY REVIEW AND PROSPECTS

In 2023, Hong Kong's economy experienced a cyclical upturn. However, external headwinds, policy uncertainty, and the lingering effects of COVID-19 resulted in uneven economic performance. This led to instability in the domestic diesel oil and marine diesel oil markets. Consequently, the average selling prices and sales volumes of petroleum products demonstrated a downward trend, causing an overall decrease in the Group's total turnover.

Looking ahead, we are optimistic about the market trend for the sale of diesel oil and marine diesel oil in Hong Kong. This optimism is primarily due to the stable and high levels of investment in public infrastructure projects, such as the railway network expansion and marine construction initiatives like the Hong Kong International Airport’s third runway project. However, the Directors will continue to closely monitor and manage any associated risks. To this end, the Group will deploy more resources towards talent recruitment and strengthening its business development and marketing strategy for the diesel oil segment. Furthermore, the Group will proactively seek out potential business opportunities that can broaden its sources of income and enhance value for its Shareholders.

USE OF UNUTILISED PROCEEDS FROM THE LISTING

As disclosed in the last year annual report of the Company issued on 23 June 2023, the actual net proceeds (the “**Net Proceeds**”) from the share offer (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 (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 2024:

	Planned use of total Net Proceeds <i>HK\$ million</i>	Approximate percentage of total Net Proceeds %	Actual use of Net Proceeds up to 31 March 2024 <i>HK\$ million</i>	Unused total Net Proceeds up to 31 March 2024 <i>HK\$ million</i>	Expected timeframe for the remaining utilising net proceeds <i>(Note 6)</i>
Purchase of diesel tank wagons <i>(Note 1)</i>	7.8	17.3%	5.0	2.8	By 31 March 2025
Purchase of marine diesel oil barge	14.0	31.0%	14.0	–	–
Further strengthen our manpower <i>(Note 2)</i>	6.1	13.5%	5.6	0.5	By 31 March 2025
Upgrade of our information technology systems <i>(Note 3)</i>	3.6	8.0%	1.1	2.5	By 31 March 2025
Working capital necessary for the operation of the new diesel tank wagons and marine bunkering business	9.1	20.2%	9.1	–	
Working capital	4.5	10.0%	4.5	–	
Total	<u>45.1</u>	<u>100.0%</u>	<u>39.3</u>	<u>5.8</u>	

Notes:

- 1 Three new diesel tank wagons had been purchased and two existing diesel tank wagons had been replaced up to 31 March 2024.
- 2 The Group has been actively involved in the recruitment and selection of suitable candidates through various means including job advertisements in major newspapers.
- 3 The Group was still in negotiation with the potential suppliers on the requirements and specification of the new office administrative information technology systems.
- 4 The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market condition made by the Group. It will be subject to change based on current and future development of market conditions.

Save as disclosed above, the Group will apply the net proceeds received from the Share Offer in the manners consistent with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The implantation plans for business strategies and use of net proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus. The Group will continue to implement its business strategies and apply the net proceeds based on the actual development of the Group’s business and industry, as well as market conditions. In addition, in view of the situation of the recent Hong Kong economy situation, the Directors consider that it was not a good timing to expand our business by acquiring diesel tank wagons and diesel oil barge, hiring more manpower and upgrade of our information technology systems during the year ended 31 March 2024. Accordingly, the unutilised Net Proceeds could not be fully utilised during the year ended 31 March 2024. The Group intends to utilise the unutilised Net Proceeds as soon as practicable by 31 March 2025.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$139.9 million or approximately 32.5% from approximately HK\$429.9 million for the year ended 31 March 2023 to approximately HK\$290.0 million for the year ended 31 March 2024.

Revenue from the sale of diesel oil, marine diesel oil and lubricant oil amounted to approximately HK\$284.9 million, HK\$3.7 million and HK\$1.4 million, representing approximately 98.2%, 1.3% and 0.5%, respectively, of the Group's total revenue for the year ended 31 March 2024. For the year ended 31 March 2023, the revenue from the sale of diesel oil, marine diesel oil and lubricant oil accounted for approximately HK\$420.0 million, HK\$8.6 million and HK\$1.3 million, representing approximately 97.7%, 2.0% and 0.3%, respectively, of the Group's total revenue.

The decrease in the Group's revenue was primarily due to decrease in demand from construction customers and logistic customers and lower diesel oil prices during the year ended 31 March 2024.

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 2024, the Group's cost of sales was approximately HK\$275.7 million, representing a decrease of approximately 33.4% from approximately HK\$413.7 million for the year ended 31 March 2023.

Gross profit and gross profit margin

The gross profit represented the Group's revenue less cost of sales. The Group's gross profit decreased by approximately HK\$1.9 million from approximately HK\$16.2 million for the year ended 31 March 2023 to approximately HK\$14.3 million for the year ended 31 March 2024. The Group's gross profit margin increased from approximately 3.8% for the year ended 31 March 2023 to approximately 4.9% for the year ended 31 March 2024. The increase in gross profit was mainly due to higher markup offered to our customers in the diesel oil market for the year ended 31 March 2024.

Other income and other gains or losses

Other income decreased from approximately HK\$7.7 million for the year ended 31 March 2023 to approximately HK\$5.5 million for the year ended 31 March 2024. The decrease in other income was mainly due to the decrease in rental income from diesel vehicle.

Other gains or losses recorded a net loss of approximately HK\$5.3 million, as compared with a net gain of approximately HK\$1.8 million, which was mainly due to increase in loss arising on change in fair value of investment property of approximately HK\$4.2 million.

Administration expenses

Administration expenses decreased from approximately HK\$18.4 million for the year ended 31 March 2023 to approximately HK\$14.3 million for the year ended 31 March 2024. The decrease in administrative expenses was mainly due to the decrease in legal and professional fees and entertainment.

Other operating expenses

Other operating expenses decreased from approximately HK\$6.5 million for the year ended 31 March 2023 to approximately HK\$5.3 million for the year ended 31 March 2024. The decrease in other operating expenses was mainly due to the decrease in running expenses of motor vehicle and marine barge.

Loss for the year

As a result of the foregoing, the Group recognised a loss of approximately HK\$8.6 million for the year ended 31 March 2024, as compared with a net loss of approximately HK\$4.8 million. The Group recorded a negative net profit margin of approximately 3.0% for the year ended 31 March 2024 as compared to negative net profit margin of approximately 1.1% for the year ended 31 March 2023. The increase in net loss and negative net profit margin for the year ended 31 March 2024 was mainly due to (i) decrease in sale and transportation of diesel oil business for the year ended 31 March 2024; and (ii) decrease in other income and other gains or losses for the year ended 31 March 2024. The effect was partially offset by decrease in administrative expenses for the year ended 31 March 2024.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources and Liquidity

The Group finances its operations through cash generated from operating activities and interest-bearing bank borrowings. The Group recorded net current assets of approximately HK\$43.8 million as at 31 March 2024 (as at 31 March 2023: approximately HK\$46.8 million).

As at 31 March 2024, the Group's current assets amounted to approximately HK\$114.9 million (as at 31 March 2023: approximately HK\$129.0 million) and the Group's current liabilities amounted to approximately HK\$71.1 million (as at 31 March 2023: approximately HK\$82.2 million). Current ratio was approximately 1.6 as at 31 March 2024 (as at 31 March 2023: approximately 1.6). Current ratio is calculated based on total current assets as at the year ended date divided by total current liabilities as at the year ended date.

GEARING RATIO

As at 31 March 2024, the interest-bearing borrowing facilities of the Group amounted to approximately HK\$37.2 million (as at 31 March 2023: HK\$45.6 million) and approximately HK\$17.8 million (as at 31 March 2023: HK\$25.4 million) of the revolving borrowing facilities available to the Group was unutilised.

The bank and other borrowings were denominated in Hong Kong dollars at interest rates of the range from 2.00% to 7.38% per annum for the year ended 31 March 2024 (for the year ended 31 March 2023: ranging from 2.00% to 7.13% per annum). As at 31 March 2024, the bank and other borrowings of the Group were secured by the corporate guarantee, fixed deposits, oil barges, investment property, personal guarantee from Mr. Fong and motor vehicles of the Group.

Gearing ratio was approximately 40.6% as at 31 March 2024 which was calculated based on the total debt at the end of the year divided by total equity at the end of the year (as at 31 March 2023: 45.0%).

CAPITAL STRUCTURE

For the year ended 31 March 2024, the capital structure of the Group consisted of equity attributable to the owners of the Company of approximately HK\$91.7 million (2023: approximately HK\$101.3 million). The share capital of the Group only comprises of ordinary shares.

On 8 August 2021, 130,000,000 new shares of HK\$0.01 each of the Company were allotted and issued as fully paid to a nominated shareholder at the issue price of HK\$0.086 each under general mandate. For further details, please refer to the announcements dated 11 June 2021, 16 June 2021, 8 July 2021, 30 July 2021 and 4 August 2021.

On 29 June 2022, the Company has completed a share consolidation which involves the consolidation of every ten issued and unissued existing shares of the Company of par value HK\$0.01 each into one consolidated share of the Company of par value of HK\$0.10 each.

On 15 September 2022, the Company has completed an allotment and issue of ordinary shares of the Company pursuant to the right issue on the basis of one rights share for every two existing shares of the Company, details of which are disclosed in the prospectus of the Company dated 23 August 2022.

FOREIGN CURRENCY EXPOSURE RISKS

The Group operates mainly in Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the distribution of lubricant oil transactions settled in Renminbi. 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 2024.

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 2024. 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

The Group did not have significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group had 26 employees (2023: 26 employees) including the Directors. The remuneration package the Group offered to the employees includes salary, bonuses and other cash subsidies. In general, the Group determines employees' salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of our employees, which forms the basis of the Group's decisions with respect to salary raises, bonuses and promotions.

PLEDGE OF ASSETS

As at 31 March 2024, the Group's pledged bank deposits in the amount of approximately HK\$6.1 million (as at 31 March 2023: approximately HK\$6.1 million), investment property in the amount of approximately HK\$14.6 million (as at 31 March 2023: HK\$19.4 million), life insurance policy in the amount of HK\$4.6 million (as at 31 March 2023: approximately HK\$4.4 million), oil barges in the amount of approximately HK\$10.8 million (as at 31 March 2023: approximately HK\$12.6 million) and motor vehicles in the amount of approximately HK\$0.2 million (as at 31 March 2023: approximately HK\$0.5 million) were pledged as security for the Group's banking facilities.

ENVIRONMENT POLICIES AND PERFORMANCE

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

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

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

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

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Board is not aware of any significant events that have occurred requiring disclosure.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2024 and up to the date of this announcement, the Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete, directly or indirectly, with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the year ended 31 March 2024 and up to the date of this announcement. The independent non-executive Directors confirmed that the internal control measures in relation to managing actual or potential conflict of interest of the Group have been properly implemented.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained a sufficient public float as required under the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established the Audit Committee on 23 March 2017 in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and with written terms of reference amended and restated with effect from 1 January 2019 in compliance with Appendix C1 of the GEM Listing Rules. The full terms of reference setting out details of the authority, duties and responsibilities of the Audit Committee is available on both the GEM website and the Company's website.

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

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

The Audit Committee is satisfied with their review of the auditors' remuneration, the independence of the auditors, HLB Hodgson Impey Cheng Limited (the "HLB"), and recommended the Board to reappoint HLB as the Company's auditors for the year ending 31 March 2024, which is subject to the approval of Shareholders at the forthcoming AGM. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Up to 31 March 2024, there has been no purchase, sale or redemption of any Company's listed securities (including sale of treasury shares (as defined under the GEM Listing Rules)) by the Company or any of its subsidiaries.

DIRECTORS' SECURITIES TRANSACTIONS

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

SHARE OPTION SCHEME

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

No share options were granted, exercised, cancelled or lapsed since the Adoption Date up to 31 March 2024, and there was no share option outstanding as at 31 March 2024. Therefore, the Company may grant options in respect of up to 8,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 8,000,000 Shares from time to time) to the participants under the share option scheme.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to establish and ensure high standards of corporate governance and adopt sound corporate governance practices so as to achieve effective accountability. The Company's corporate governance practices are based on the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**"). The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

The Directors consider that the Company has complied with all the applicable code provisions set out in the CG Code.

ANNUAL GENERAL MEETING

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

COMMUNICATION WITH SHAREHOLDERS

During the Reporting Period, the Company has adopted a Shareholders' communication policy, which has helped the Company to ensure that the Shareholders will have equal and timely access to the information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company. The Company has reviewed and considered the Shareholders' communication policy and its implementation effective.

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

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

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

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

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

Hong Kong, 28 June 2024

As at the date of this announcement, the executive Directors are Mr. Fong Chun Man, 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 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 in this announcement misleading.

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