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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2017

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

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

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

This announcement, for which the directors (the “Directors”) of F8 Enterprises (Holdings) Group Limited (the “Company”) collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together the “Group”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$37.8 million for the three months ended 30 June 2017, representing an increase of approximately HK\$1.4 million or 3.9% as compared to the three months ended 30 June 2016.
- The Group recorded a loss attributable to the owner of the Company of approximately HK\$4.9 million for the three months ended 30 June 2017, representing a decrease of approximately HK\$6.9 million as compared to the Group's net profit of approximately HK\$1.9 million for the three months ended 30 June 2016.
- The decrease of the Group's profit for the three months ended 30 June 2017 was mainly due to the recognition of the listing expenses of approximately HK\$7.0 million in connection with the listing of the Company's shares on GEM (the "Listing") for the three months ended 30 June 2017 as compared to HK\$1.8 million for the three months ended 30 June 2016. Excluding the one-off Listing expenses, the profit attributable to the owner of the Company would have been HK\$3.8 million and HK\$2.0 million for the three months ended 30 June 2016 and 2017 respectively, representing a decrease of approximately 45.8% as compared to the three months ended 30 June 2016.
- The Board does not recommend the payment of any dividend for the three months period ended 30 June 2017.

**UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY RESULTS FOR
THE THREE MONTHS ENDED 30 JUNE 2017**

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

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

	<i>Notes</i>	Three months ended 30 June	
		2017	2016
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	3	37,818	36,405
Cost of sales		(33,224)	(31,205)
Gross profit		4,594	5,200
Other income	4	194	68
Administrative expenses		(9,102)	(2,915)
Other operating expenses		(359)	(413)
(Loss)/profit from operations	7	(4,673)	1,940
Finance costs	5	(65)	(21)
(Loss)/profit before taxation		(4,738)	1,919
Income tax expenses	6	(198)	–
(Loss)/profit for the period		(4,936)	1,919
(Loss)/earnings per share			
Basic and diluted (HK cents)	9	(0.64)	0.32

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2017

	Share capital HK\$'000 (Note i)	Share premium HK\$'000	Other reserve HK\$'000 (Note ii)	Capital contribution reserve HK\$'000 (Note iii)	Retained earnings/ (Accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2016	-	-	-	-	22,030	22,030
Profit and total comprehensive income for the period	-	-	-	-	1,919	1,919
Effect of business transfer	-	-	-	24,652	(24,652)	-
At 30 June 2016	-	-	-	24,652	(703)	23,949
At 1 April 2017	-	-	-	24,652	4,660	29,312
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)
Loss and total comprehensive expense for the period	-	-	-	-	(4,936)	(4,936)
At 30 June 2017	8,000	49,221	*	24,652	(276)	81,597

Notes:

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

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

- (ii) Other reserve of the Group represents the difference between the total equity of the subsidiaries and the aggregated share capital of the subsidiaries pursuant to the Reorganisation where the transfer of the subsidiaries to the Company are satisfied by issue of new shares of the Company. The balance was approximately HK\$8.
- (iii) Capital contribution reserve represents the amount of the financial impact arisen from the transfer of business from Great Wall (International) Oil Company (Sole Proprietorship Business) to Great Wall (International) Oil Limited.

* The balance was approximately HK\$8.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2017

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 30 March 2016. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and principal place of business in Hong Kong is Units 3304, 33/F, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong. The Company's immediate and ultimate holding company is Grand Tycoon Limited, a company incorporated in the British Virgin Islands ("BVI"). Grand Tycoon Limited is controlled by Mr. Fong Chun Man ("Mr. Fong").

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

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

In connection with the Listing, the Company underwent a reorganisation (the "Reorganisation").

Pursuant to the Reorganisation as fully explained in the paragraph headed "Reorganisation" in the section headed "History and Development, Reorganisation and Group Structure" of the prospectus of the Company dated 29 March 2017 (the "Prospectus"), the Company became the holding company of the companies now comprising the Group on 22 March 2017. The companies now comprising the Group were under the common control of Mr. Fong before and after the Reorganisation. Accordingly, the consolidated financial statements have been prepared on the basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the reporting period. The consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity include the results of the companies now comprising the Group have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the reporting period or since their respective date of incorporation, where there is a shorter period.

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Hong Kong Companies Ordinance"). In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules. The principal accounting policies used in the unaudited consolidated first quarterly results of the Group for the three months ended 30 June 2017 (the "First Quarterly Results") are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

In the current period, the Group has applied all new amendments to HKFRSs that are mandatorily effective for the accounting period beginning on or after 1 January 2017.

The application of the new amendments to HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The First Quarterly Results have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company ("Audit Committee").

3. REVENUE

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

	For the three months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Diesel oil	37,072	32,132
Marine diesel oil	449	3,973
Lubricant oil	297	300
	<u>37,818</u>	<u>36,405</u>

4. OTHER INCOME

	For the three months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest income	194	–
Sundry income	–	68
	<u>194</u>	<u>68</u>

5. FINANCE COSTS

	For the three months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interest expenses on bank borrowings wholly repayable within five years	53	–
Interest expenses on bank overdrafts	4	–
Interest expenses on obligations under finance leases	8	21
	<u>65</u>	<u>21</u>

6. INCOME TAX EXPENSES

	For the three months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax		
Hong Kong Profits Tax	198	–
	<u>198</u>	<u>–</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% to the estimated assessable profit for the periods ended 30 June 2017 and 2016, except for the sole proprietorship business which is calculated at 15% of the estimated assessable profits for the period ended 30 June 2016.

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

7. (LOSS)/PROFIT BEFORE TAXATION

	For the three months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
(Loss)/Profit for the period has been arrived at after charging:		
Directors' emoluments	513	177
Other staff cost:		
— Salaries and other benefits	993	799
— Retirement benefits scheme contributions	60	39
	<u>1,053</u>	<u>838</u>
Auditors' remuneration	150	–
Cost of inventories recognised as expense	32,247	30,335
Depreciation of property, plant and equipment		
— cost of sales	256	256
— administrative expenses	18	31
	<u>274</u>	<u>287</u>
Operating lease rental expenses in respect of office premises	415	328
Listing expenses (<i>Note</i>)	6,972	1,834
	<u>6,972</u>	<u>1,834</u>

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

8. DIVIDENDS

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

9. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/Earnings		
(Loss)/Earnings for the purpose of basic earnings per share		
(Loss)/Profits for the period attributable to owners of the Company	<u>(4,936)</u>	<u>1,919</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>775,824,176</u>	<u>600,000,000</u>

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

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

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existences during the three months ended 30 June 2016 and 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally carries on the business of the sale and transportation of diesel oil and related products in Hong Kong. The Group also supplies marine diesel oil used for construction vessels and lubricant oil used for construction machinery and vehicles. Most of the Group's customers are construction companies which require diesel oil to operate their construction machinery and vehicles. The Group had a fleet of nine diesel tank wagons of various capacity as at 30 June 2017.

Leveraging on years of experience and competitive strengths of the Group, the Group has steadily expanded its existing network and market and recorded a revenue of approximately HK\$37.8 million for the three months ended 30 June 2017, representing an increase of approximately HK\$1.4 million or 3.9% as compared to the three months ended 30 June 2016.

Meanwhile, the Group has executed strict control on costs and expenses and achieved positive results. The Group recorded a loss attributable to the owner of the Company of approximately HK\$5.0 million for the three months ended 30 June 2017. The decrease was mainly due to the recognition of the Listing expenses of approximately HK\$7.0 million in connection with the Listing for the three months ended 30 June 2017 as compared to HK\$1.8 million for the three months ended 30 June 2016. Excluding the one-off Listing expenses, the profit attributable to the owner of the Company would have been HK\$3.8 million and HK\$2.0 million for the three months ended 30 June 2016 and 2017 respectively, representing a decrease of approximately 45.8% as compared to the three months ended 30 June 2016.

FUTURE PROSPECTS

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

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

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$1.4 million or approximately 3.9% from approximately HK\$36.4 million for the three months ended 30 June 2016 to approximately HK\$37.8 million for the three months ended 30 June 2017.

Revenue from the sales of diesel oil, marine oil and lubricant oil accounted for approximately HK\$37.1 million, HK\$449,000 and HK\$297,000, representing approximately 98.0%, 1.2% and 0.8%, respectively, of the Group's total revenue for the three months ended 30 June 2017. For the three months ended 30 June 2016, the revenue from the sales of diesel oil, marine oil and lubricant oil accounted for approximately HK\$32.1 million, HK\$4.0 million and HK\$300,000, representing approximately 88.3%, 10.9% and 0.8%, respectively, of the Group's total revenue. Sales of diesel oil remained the largest contributor to the Group's revenue. The decrease of sales of marine oil was mainly due to the drop in demand from customers after the completion of customers' projects in April 2017 as compared to the three months ended 30 June 2016.

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

Sales quantity

The sales quantity of diesel oil increased by approximately 10.0% from 9.0 million litres for the three months ended 30 June 2016 to 9.9 million litres for the three months ended 30 June 2017, primarily due to the recovery of the logistic industry and therefore more diesel oil was required from the logistics customers during the three months ended 30 June 2017. The sales quantity of marine oil decreased by approximately 89.8% from 1.1 million litres for the three months ended 30 June 2016 to 112,000 litres for the three months ended 30 June 2017, mainly due to the drop in demand from customers after the completion of projects in April 2017 as compared to three months ended 30 June 2016. The sales quantity of lubricant oil remained stable at 19,000 litres and 18,000 litres for the three month periods ended 30 June 2017 and 2016, respectively.

Selling price

The average selling price of the Group's diesel oil increased by approximately 5.6% from HK\$3.6 per litre for the three months ended 30 June 2016 to HK\$3.8 per litre for the three months ended 30 June 2017 whereas the average selling price of the Group's marine diesel oil increased by approximately 5.3% from HK\$3.8 per litre for the three months ended 30 June 2016 to HK\$4.0 per litre for the three months ended 30 June 2017. The increase of the average selling prices of the diesel oil and marine diesel oil were adjusted upwards as a result of the increasing trend in the prevailing market prices.

Cost of sales

Cost of sales primarily consists of diesel oil costs, marine diesel oil costs, lubricant oil costs, direct labour costs and depreciation. The purchase cost for the diesel oil, marine diesel oil costs and lubricant oil costs depends on the domestic purchase price offered by the Group's oil suppliers, with reference to the price indices such as Europe Brent spot crude price.

For the three months ended 30 June 2017, the Group's cost of sales was approximately HK\$33.2 million, representing an increase of 6.4% from HK\$31.2 million for the three months ended 30 June 2016. Such increase was mainly due to overall growth in revenue.

The largest component of the cost of sales was diesel oil cost, which amounted to approximately HK\$27.8 million and HK\$32.6 million, representing approximately 89.0% and 98.1% of the cost of sales for the three month periods ended 30 June 2016 and 2017, respectively. The unit purchase cost of diesel oil increased by 9.7% from approximately HK\$3.1 per litre for the three months ended 30 June 2016 to approximately HK\$3.4 per litre for the three months ended 30 June 2017 and the unit purchase costs of marine diesel oil increased by 10.0% from approximately HK\$3.0 per litre for the three months ended 30 June 2016 to approximately HK\$3.3 per litre for the three months ended 30 June 2017. The increase in unit purchase cost of diesel oil was in line with the market trend for the three months ended 30 June 2017.

Marine diesel oil costs represent the purchase cost of marine diesel oil from the Group's suppliers on a back-to-back basis after the customers' orders are confirmed. For the three months ended 30 June 2016 and the corresponding period in 2017, the marine diesel oil costs were approximately HK\$3.2 million and HK\$372,000, respectively, representing approximately 10.1% and 1.1% of the cost of sales, respectively.

Lubricant oil cost represents the purchase cost of lubricant oil from the Group's suppliers. For the three months ended 30 June 2016 and the corresponding period in 2017, the lubricant oil costs were approximately HK\$278,000 and HK\$262,000, respectively, representing approximately 0.9% and 0.8% of the cost of sales, respectively.

The direct labour costs comprise wages and benefits, including wages, bonuses, retirement benefit costs and other allowances and benefits payable to all the Group's diesel tank wagons (drivers and logistics assistants) involved in the transportation of the products from the oil depot to the customers. The direct labour costs amounted to approximately HK\$475,000 and HK\$610,000 for the three months periods ended 30 June 2016 and 2017, respectively. The Group had eight and nine full-time employees (drivers and logistics assistants) responsible for the logistics support for the Group's diesel tank wagons as at 30 June 2016 and 30 June 2017, respectively.

Depreciation represented depreciation charges for the Group's equipment which mainly comprise diesel tank wagons. The depreciation amounted to approximately HK\$256,000 for the each of three months ended 30 June 2017 and 30 June 2016.

Gross profit and gross profit margin

The gross profit represented the Group's revenue less cost of sales. The Group recorded a decrease in gross profit by approximately HK\$606,000 or approximately 11.7% from approximately HK\$5.2 million for the three months ended 30 June 2016 to approximately HK\$4.6 million for the three months ended 30 June 2017. The Group's gross profit margin decreased slightly from 14.3% for the three months ended 30 June 2016 to 12.2% for the three months ended 30 June 2017.

(Loss)/profit for the period

As a result of the foregoing, the Group's net profit for the period ended 30 June 2016 decreased by approximately HK\$6.9 million from approximately HK\$1.9 million to a loss of approximately HK\$4.9 million for the three months ended 30 June 2017, and the Group's net profit margin decreased from approximately 5.3% to net loss margin of 13.1% during the same periods. The decrease in the net profit and net profit margin for the period ended 30 June 2017 was primarily due to the increase in the recognition of Listing expenses during the Reporting Period.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources and Liquidity

The Group finance its operations through cash generated from operating activities and interest-bearing bank borrowing, overdrafts and finance leases. The Group recorded net current assets of approximately HK\$77.3 million as at 30 June 2017, compared to approximately HK\$22.7 million as at 30 June 2016.

As at 30 June 2017, the Group's current assets amounted to HK\$89.0 million (as at 30 June 2016: HK\$35.0 million) and the Group's current liabilities amounted to HK\$11.7 million (as at 30 June 2016: HK\$12.3 million). Current ratio was 7.6 as at 30 June 2017 (as at 30 June 2016: 2.8). Gearing ratio was 0.9% as at 30 June 2017 (as at 30 June 2016: 9.3%) which was calculated based on the total debt at the end of the period divided by total equity at the end of the period.

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

The Group's financial position has been further enhanced by the Share Offer proceeds obtained in April 2017.

CAPITAL STRUCTURE

For the three months ended 30 June 2017, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$81.6 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's business operations were conducted in Hong Kong. All transactions and monetary assets were denominated and settled in Hong Kong dollar. As such, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the three months ended 30 June 2017. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any material capital commitments or any material contingent liabilities.

DIVIDENDS

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

PLEDGE OF ASSETS

As at 30 June 2016 and 2017, the motor vehicles with carrying amount of approximately HK\$1.2 million and HK\$746,000 have been pledged to secure finance leases granted to the Group respectively.

USES OF PROCEEDS

As at 30 June 2017, the Group had nine diesel tank wagons of various capacity to meet customers' requirement. In order to increase the total capacity of our fleet of diesel tank wagon to facilities the increasing demand from customers, and further reduce the level of nitrogen dioxide and particulates to fulfill our social responsibility, the Group planned to acquire one additional diesel tank wagon and replace three diesel tank wagons. As confirmed by the diesel tank wagon suppliers, they can only deliver one new diesel tank wagon of Euro VI emission standard to us each month from September 2017 to December 2017. Despite the delay in the acquisition of additional diesel tank wagons, the Group will apply the net proceeds received from the Share Offer in the manners consistent with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group engaged a total of 22 employees (30 June 2016: 20) including the Directors. For the three months ended 30 June 2017, total staff costs amounted to approximately HK\$1.6 million (30 June 2016: approximately HK\$1.0 million). Remuneration (including employees' benefits) is maintained within the market level and reviewed on a periodic basis. Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

ENVIRONMENT POLICIES AND PERFORMANCE

The principal activity of the Group is governed by Hong Kong environmental laws and regulations including the Air Pollution Control Ordinance and the Water Pollution Control Ordinance in Hong Kong. These laws and regulations cover a broad range of environmental matters, including air pollution, noise and gas emissions, leakage of oil products or other hazardous substances. The Group recognises the importance of environmental protection and has implemented various environmental protection measures in order to minimise the operation impact on the environment and natural resources.

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

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

A separate environmental, social and governance report is expected to be published on the Stock Exchange's website and the Company's website no later than three months after the publication of the annual report.

EVENTS AFTER THE REPORTING PERIOD

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

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

OTHER INFORMATION

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

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

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

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

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

Note:

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

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

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

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

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

Note:

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

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

Share Option scheme

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

No share options were granted since the Adoption Date up to 30 June 2017, and there was no share option outstanding as at 30 June 2017. As at 30 June 2017, the Company had 80,000,000 shares available for issue under the Scheme, representing 10% of the existing issued share capital of the Company as at the date of this announcement.

Competing Interests

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

Interests of the Compliance Adviser

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

Audit Committee

The Company has established an audit committee on 23 March 2017 in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules. The audit committee comprises three independent non-executive Directors, namely Mr. Chui Chi Yun, Robert, Mr. Wang Anyung and Mr. Kwong Yuk Lap. Mr. Chui Chi Yun, Robert is the chairman of the audit committee and he holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

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

Directors' Securities Transactions

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

Corporate Governance

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

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

Hong Kong, 11 August 2017

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

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