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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 51% ISSUED SHARE CAPITAL OF MEIJIA SHELL (GLOBAL) LUBRICANT TECHNOLOGY LIMITED INVOLVING THE ISSUANCE OF NEW SHARES UNDER GENERAL MANDATE

THE ACQUISITION

The Board is pleased to announce that on 23 March 2020 (after trading hours), the Company, as purchaser, and the Vendors entered into the Agreement, pursuant to which the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell the Sale Shares, representing 51% issued share capital of the Target Company, at the Consideration of HK\$16,380,000. The Consideration shall be satisfied by the allotment and issuance of 78,000,000 Consideration Shares under General Mandate at the Issue Price of HK\$0.21 by the Company to the Vendor.

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 PRC Subsidiary. The PRC Subsidiary is engaged in the business of research and development, production, sales and distribution of lubricant in the Asia Pacific region.

Upon Completion, the Target Company will become a wholly-owned subsidiary of our Group and the financial results of the Target Group will be consolidated into the Company's consolidated financial statements.

GEM LISTING RULES IMPLICATIONS ON THE ACQUISITION

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

Shareholders and potential investors shall note that Completion of the Acquisition is subject to the conditions precedent and may or may not materialize. Shareholders and potential investor are advised to exercise caution when dealing in the securities of the Company.

THE ACQUISITION

On 23 March 2020 (after trading hours), the Company and the Vendor entered into the Agreement, pursuant to which the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell the Sale Shares, representing the 51% issued share capital of the Target Company, at the Consideration of HK\$16,380,000.

DATE

23 March 2020 (after trading hours)

PARTIES

- (i) the Company, being the Purchaser; and
- (ii) Mr. Zhu Yixiang and Mr. Li Weinian, being the Vendor

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third party independent of the Company and its connected persons as defined under the Listing Rules.

ASSET TO BE ACQUIRED

Pursuant to the Agreement, the Company has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, representing the 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 PRC Subsidiary. The PRC Subsidiary is engaged in the business of research and development, production, sales and distribution of lubricant in the Asia Pacific region.

CONSIDERATION

The Consideration for the Sale Shares is HK\$16,380,000, which shall be satisfied by way of allotment and issuance of the Consideration Shares on the Completion Date.

BASIS OF THE CONSIDERATION

The Consideration has been arrived at after arm's length negotiations between the Company and the Vendors on normal commercial terms after taking into consideration of the preliminary valuation of 100% equity interest in the PRC Subsidiary prepared by the Independent Valuer of HK\$37 million under the market approach as at 31 December 2019 (the "Valuation").

CONSIDERATION SHARES

The Consideration Shares represent (i) approximately 9.8% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 8.9% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares immediately after Completion. The Consideration Shares will be allotted and issued under the General Mandate.

The Consideration Shares to be allotted and issued upon Completion shall be credited as fully paid and rank pari passu with all other Shares in issue in the share capital of the Company. Application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares will be allotted and issued at the Issue Price, which represents:

- (a) a premium of approximately 4.0% to the closing price of HK\$0.202 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a premium of approximately 4.1% to the average closing price of HK\$0.2018 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

CONDITION PRECEDENT

- (i) Pursuant to the Agreement, the Company's obligation to purchase the Sale Shares shall be conditional upon fulfilment of the following conditions precedent on or before the Long Stop Date:
 - (a) the Company having entrusted a Independent Valuer to verify and appraise the assets, liabilities, shareholding structure and value of the Target Group, and being reasonably satisfied with the report of the valuation (the "Valuation Report");
 - (b) the Company being reasonably satisfied and accepting the results of the due diligence (including the due diligence of the legal and financial affairs) conducted by the Target Group;
 - (c) the granting of the approval of the Stock Exchange for the issue of the listing of, and permission to deal in the Consideration Shares (either unconditionally or subject on to conditions to which neither the Purchaser nor the Vendors has any reasonable objection);
 - (d) there is no breach by the Vendors of its representations, warranties and undertakings given under the Agreement;
 - (e) there not having occurred any event or series of events since the date hereof which, individually or collectively, would probably have a material adverse effect on the business or financial position of any of the Target Group, or which would materially adversely affect the Vendors' ability to perform their obligations under this Agreement or the transactions contemplated hereby;

- (f) no order, writ, injunction or decree shall have been entered and be in effect by any court of competent jurisdiction or any governmental or regulatory instrumentality or authority, and no statute, rule, regulation or other requirement shall have been promulgated or enacted and be in effect, that restrains, enjoins or invalidates the transactions contemplated hereby or against any member of the Target Group; and
- (g) no suit or other proceeding shall be pending or threatened by any third party before any court or governmental agency seeking to restrain or prohibit or declare illegal, or seeking substantial damages in connection with, the transactions contemplated by the Agreement or against any member of the Target Group.
- (ii) In the event that all conditions precedent above not being satisfied or waived (as the case may be) on or before the Long Stop Date, and without affecting the liabilities for any breach of any terms of the Agreement, the Agreement and any matters contained thereof and the rights and obligations of the Agreement and the parties shall be deemed to be void.

COMPLETION

The Completion shall take place on the tenth Business Day after the fulfilment of the last of the conditions precedent or such other day as the parties to the Agreement may mutually agree in writing.

Upon Completion, the Target Company will become a subsidiary of the Company and the financial results of the Target Group will be consolidated into the Company's consolidated financial statements.

PROFIT GUARANTEE

Pursuant to the Acquisition Agreement, the Vendor irrevocably warrants and guarantees that the audited net profit after tax of the Target Group prepared in accordance with HK GAAP for the period from the Completion Date to 31 March 2021 (the "**Actual Profit**") shall be not less than RMB5 million (the "**Target Profit**") and shall be not less than RMB10 million for each of the next two years.

If the Target Profit is not met, the Vendor shall indemnify the Company the Shortfall (as defined below) on the 10th Business Day after the issue of the audited consolidated financial statements of the Target Company for the year ending 31 March 2021, 31 March 2022 and 31 March 2023:

$$\text{Shortfall} = (\text{Target Profit} - \text{Actual Profit})$$

INFORMATION OF THE TARGET COMPANY

(i) The Target Company

The Target Company is a company incorporated under the laws of the British Virgin Islands on 11 November 2019. As advised by the Vendors, the principal business of the Target Company is investment holding. As at the date of this announcement, the Target

Company is directly and beneficially owned by Mr. Zhu Yixiang and Mr. Li Weinian as to 36% and 64% respectively. After the completion, the shareholding of Mr. Zhu Yixiang and Mr. Li Weinian will change to 26.8% and 22.2%, respectively.

(ii) The HK Subsidiary

The HK Subsidiary is a limited liability company incorporated in Hong Kong on 18 November 2019. As advised by the Vendors, the principal business of the HK Subsidiary is investment holding. As at the date of this announcement, the HK Subsidiary is wholly-owned by the Target Company.

(iii) The Qianhai Subsidiary

The Qianhai Subsidiary is a limited liability company incorporated in Hong Kong on 4 December 2019. As advised by the Vendors, the principal business of the Qianhai Subsidiary is investment holding. As at the date of this announcement, the Qianhai Subsidiary is wholly-owned by the Target Company.

(iv) The PRC Subsidiary

The PRC Subsidiary is a limited liability company established in the PRC on 15 July 2009. As advised by the Vendor, the PRC Subsidiary is principally engaged in the business of the research and development, production, sales and distribution of lubricant in the Asia Pacific region. As at the date of this announcement, the PRC Subsidiary is wholly owned by the Qianhai Subsidiary.

Financial information of the Target Group

Set out below are financial information of the Target Group.

	For the year ended 31 December 2018	For the year ended 31 December 2019
	<i>RMB\$'000</i>	<i>RMB\$'000</i>
	(unaudited)	(unaudited)
Revenue	4,870	14,355
Profit before tax	44	1,309
Net profit after tax	39	1,305

INFORMATION ON THE VENDORS, THE COMPANY AND THE GROUP

The Vendor are individuals residing in the PRC, who are the legal and beneficial owners of the Sale Shares.

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

REASONS FOR THE ACQUISITION

The Group is principally engaged in 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.

The principal business of the PRC Subsidiary complements the business of the Group and will immediately provide the Group with an established manufacturing platform, an extensive sales networks and access into the Asia Pacific region market. The Directors consider that Acquisition could enable the Group to be benefited from diversifying its revenue stream through acquisition of a complementary company, which will in turn broaden the Group's revenue base in the future and is expected to increase the Shareholders' value. The Directors are of the view that after the Acquisition, the Target Company will contribute positively to the financial performance of the Group.

The Directors consider that the Acquisition Agreement was entered into after arm's length negotiation between the Company and the Vendor and the terms therein are on normal commercial terms and the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Completion and the allotment and issuance of the Consideration Shares:

	(i) as at the date of this announcement		(ii) immediately following the Completion and the issuance of the Consideration Shares	
	<i>Approximate Shares</i>	<i>%</i>	<i>Approximate Shares</i>	<i>%</i>
Grand Tycoon Limited (<i>Note</i>)	440,000,000	55.0	440,000,000	50.1
Ms. Cheung Yee Lok	49,456,000	6.2	49,456,000	5.6
Vendor	<u>—</u>	<u>—</u>	<u>78,000,000</u>	<u>8.9</u>
Other public shareholder	<u>310,544,000</u>	<u>38.8</u>	<u>310,544,000</u>	<u>35.4</u>
Total	<u>800,000,000</u>	<u>100.0</u>	<u>878,000,000</u>	<u>100.0</u>

Note: All the issued shares of Grand Tycoon Limited are legal and beneficially owned as to 100% by Mr. Fong Chun Man.

LISTING RULES IMPLICATIONS ON THE ACQUISITION

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

Shareholders and potential investors shall note that Completion of the Acquisition is subject to the conditions precedent and may or may not materialize. Shareholders and potential investor are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Company pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 23 March 2020 entered into between the Company and the Vendors in respect of the Acquisition
“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 Cayman Islands with limited liability, the shares of which are listed on GEM
“Completion”	Completion of the Acquisition pursuant to the terms and conditions of the Agreement
“Completion Date”	Completion shall take place on the day that is the 10th Business Day after the fulfillment of all the conditions set out in the Agreement, or such later date as the Vendor and the Company may agree in writing
“Consideration”	HK\$16.38 million, being the total consideration for the Acquisition
“Consideration Share(s)”	the 78,000,000 new Shares to be allotted and issued to the Vendors at the Issue Price, credited as fully paid, for the purpose of settling the Consideration

“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 8 August 2019 to issue and allot up to 160,000,000 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries
“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”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of and not connected with the Company and its connected persons
“Independent Valuer”	Peak Vision Appraisal Limited, an independent asset appraisal company appointed by the Company
“Issue Price”	HK\$0.21, being the issue price per Consideration Share
“Last Trading Day”	23 March 2020, being the last trading day immediately before the entering into the Agreement
“Long Stop Date”	18 May 2020 or such other date as the parties to the Agreement may agree
“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 incorporated in PRC with limited liability and a wholly-owned subsidiary of the Target Company
“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 incorporated in Qianhai with limited liability and a wholly-owned subsidiary of the Target Company

“Sale Shares”	25,500 ordinary shares representing the 51% issued and paid-up share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“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
“Vendor”	Mr. Zhu Yixiang and Mr. Li Weinian
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 23 March 2020

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 this announcement misleading.

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 <http://www.f8.com.hk>.