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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)**

## **CONTINUING CONNECTED TRANSACTIONS**

On 30 August 2019, 18 September 2019 and 25 October 2019, Jiangxi Xinji, a subsidiary of the Company, had entered into certain purchase transactions with New Steel (Shanghai) for the purchase of iron and steel materials. During the period between August 2019 and June 2020, Jiangxi Xinji had entered into certain purchase transactions with Wisdri (Xinyu) for the purchase of iron and steel materials.

During the period between August 2019 and March 2020, the aggregate amount of the Purchase Transactions incurred by the Group for the year ended 31 March 2020 amounted to approximately RMB15,991,000 (equivalent to approximately HK\$17,923,000).

On 3 July 2020, to formalise the purchase arrangement between the Group and each of Wisdri (Xinyu) and New Steel (Shanghai), a master purchase agreement was entered into between Jiangxi Xinji and each of New Steel (Shanghai) and Wisdri (Xinyu) on terms as set out in this announcement.

Jiangxi Xinji is an indirect non-wholly owned subsidiary of the Company holding 55% equity interest in Jiangxi Xinji. The remaining equity interests in Jiangxi Xinji are held as to 35% by Xinyu Steel Group (a state-owned enterprise) and as to 10% by a shareholder. Xinyu Steel Group, being a substantial shareholder of Jiangxi Xinji, has held 100% equity interest in New Steel (Shanghai), which in turn is an associate of Xinyu Steel Group by virtue of Rule 20.11(1) of the GEM Listing Rules. Furthermore, Wisdri (Xinyu) is owned as to 70% by Xinyu Iron and Steel. Xinyu Iron and Steel is owned as to approximately 38.17% by Xinyu Steel Group. Therefore, Wisdri (Xinyu) is an associate of Xinyu Steel Group by virtue of Rule 20.11(3) of the GEM Listing Rules. As such, both New Steel (Shanghai) and Wisdri (Xinyu) are connected persons of the Company at subsidiary level and the Purchase Transactions between the Group and each of New Steel (Shanghai) and Wisdri (Xinyu) constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.99 of the GEM Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors has approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

Owing to the latest situation of COVID-19 pandemic and the suspension of work of Jiangxi Xinji around January to March 2020 resulting from the COVID-19 pandemic, the management of the Company was not in a position to maintain effective communication with the staff of Jiangxi Xinji for purpose of gathering sufficient information for the Board of Directors (including the independent non-executive Directors) to consider and approve the Purchase Transactions on a timely basis. In June 2020, during preparation of the annual results for the year ended 31 March 2020, the Company has managed to gather all necessary information from Jiangxi Xinji regarding the Purchase Transactions for approval by the Board in accordance with Rule 20.99 of the GEM Listing Rules.

The Company has obtained the approval from the Board (including the independent non-executive Directors) regarding the Purchase Transactions, and the Directors (including the independent non-executive Directors) have confirmed and ratified that the terms of the Purchase Transactions are fair and reasonable, and that the Purchase Transactions are on normal commercial terms or better, and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. As such, pursuant to Rule 20.99 of the GEM Listing Rules, the Purchase Transactions are only subject to reporting and announcement requirements, and are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

## **PURCHASE TRANSACTIONS BETWEEN JIANGXI XINJI, WISDRI (XINYU) AND NEW STEEL (SHANGHAI)**

During the period between August 2019 and March 2020, Jiangxi Xinji had purchased iron and steel materials from Wisdri (Xinyu) and New Steel (Shanghai) to satisfy the production requirements of Jiangxi Xinji. During the period between August 2019 and March 2020, the aggregate amount of the Purchase Transactions incurred by the Group for the year ended 31 March 2020 amounted to approximately RMB15,991,000 (equivalent to approximately HK\$17,923,000).

### **Terms of the Transactions**

To formalise the terms of the Purchase Transactions, on 3 July 2020, master purchase agreements (the “**Master Purchase Agreements**”) were entered into between Jiangxi Xinji as purchaser and each of Wisdri (Xinyu) and New Steel (Shanghai) as suppliers whereby Jiangxi Xinji will purchase and each of Wisdri (Xinyu) and New Steel (Shanghai) will supply iron and steel materials for production of steel products and motor parts.

The term of the Master Purchase Agreements will commence on 3 July 2020 and expire on 31 March 2022. The purchase price for the Purchase Transactions will be determined with reference to the prevailing comparable market price. Specific terms of the Purchase Transactions will be determined on order-by-order basis and separate agreements will be entered into by the parties.

### **Pricing Policy**

The purchase prices for the Purchase Transactions have been and will be determined on order-by-order basis with reference to the prevailing comparable market price after arm’s length negotiation between the Group and each of New Steel (Shanghai) and Wisdri (Xinyu). The Group has purchased the iron and steel materials on an as-needed basis and will continue to do so on such basis. As the iron and steel materials required are generally readily available in the market, it is the Group’s policy to obtain quotations from other independent suppliers that provide similar materials before the Group makes any purchase from New Steel (Shanghai) and Wisdri (Xinyu). Based on the fee quotes provided by other independent suppliers, the Group will be able to ensure that the purchase price to be paid to New Steel (Shanghai) and Wisdri (Xinyu) by the Group represents the prevailing market price and on normal commercial terms.

### **Reasons for and Benefits of the Purchase Transactions**

The Group has purchased iron and steel materials from Wisdri (Xinyu) and New Steel (Shanghai) since August 2019 and November 2019 respectively. Since the Group is satisfied with the quality and timely delivery of the materials provided by Wisdri (Xinyu) and New Steel (Shanghai) and the terms offered by them to the Group are on normal commercial terms, the Directors are of the view that it will be in the interests of the Group and the Shareholders as a whole to continue the Purchase Transactions with Wisdri (Xinyu) and New Steel (Shanghai), where necessary.

## **INFORMATION OF THE GROUP AND JIANGXI XINJI**

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.

Jiangxi Xinji is a non-wholly owned subsidiary of the Company holding 55% equity interests in Jiangxi Xinji. Jiangxi Xinji was established in the PRC on 10 July 2019 and it is principally engaged in steel products processing and motor parts manufacturing in the PRC.

## **INFORMATION OF NEW STEEL (SHANGHAI) AND WISDRI (XINYU)**

New Steel (Shanghai) was established in the PRC on 28 October 2009 and principally engaged in, among other things, the sales and technical consultancy service for chemical and building materials. New Steel (Shanghai) is an associate of Xinyu Steel Group, a state-owned enterprise established in the PRC.

Wis dri (Xinyu) was established in the PRC on 2 July 2008 and principally engaged in trading of iron and steel materials. Wis dri (Xinyu) is an associate of Xinyu Steel Group, a state-owned enterprise established in the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES AND THE DIRECTORS' VIEW**

Jiangxi Xinji is an indirect non-wholly owned subsidiary of the Company holding 55% equity interest in Jiangxi Xinji. The remaining equity interests in Jiangxi Xinji are held as to 35% by Xinyu Steel Group (a state-owned enterprise) and as to 10% by a shareholder. Xinyu Steel Group, being a substantial shareholder of Jiangxi Xinji, has held 100% equity interest in New Steel (Shanghai), which in turn is an associate of Xinyu Steel Group by virtue of Rule 20.11(1) of the GEM Listing Rules. Furthermore, Wis dri (Xinyu) is owned as to 70% by Xinyu Iron and Steel. Xinyu Iron and Steel is owned as to approximately 38.17% by Xinyu Steel Group. Therefore, Wis dri (Xinyu) is an associate of Xinyu Steel Group by virtue of Rule 20.11(3) of the GEM Listing Rules. As such, each of New Steel (Shanghai) and Wis dri (Xinyu) is a connected person of the Company at subsidiary level and the Purchase Transactions between the Group and each of New Steel (Shanghai) and Wis dri (Xinyu) constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.99 of the GEM Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors has approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

Owing to the latest situation of the COVID-19 pandemic and the suspension of work of Jiangxi Xinji around January to March 2020 resulting from the COVID-19 pandemic, the management of the Company was not in a position to maintain effective communication with the staff of Jiangxi Xinji for purpose of gathering sufficient information for the Board of Directors (including the independent non-executive Directors) to consider and approve the Purchase Transactions on a timely basis. In June 2020, during preparation of the annual results for the year ended 31 March 2020, the Company has managed to gather all necessary information from Jiangxi Xinji regarding the Purchase Transactions for approval by the Board in accordance with Rule 20.99 of the GEM Listing Rules.

The Company has obtained the approval from the Board (including the independent non-executive Directors) regarding the Purchase Transactions, and the Directors (including the independent non-executive Directors) have confirmed and ratified that the terms of the Purchase Transactions are fair and reasonable, and that the Purchase Transactions are on normal commercial terms or better, and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. As such, pursuant to Rule 20.99 of the GEM Listing Rules, the Purchase Transactions are only subject to reporting and announcement requirements, and are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

None of the Directors has a material interest in the Purchase Transactions or is required to abstain from voting on relevant Board resolutions.

## **DEFINITIONS**

Unless otherwise defined, the following expressions in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Chairman”	the chairman of the Board
“Company”	F8 Enterprises (Holdings) Group Limited (F8企業(控股)集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8347)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“COVID-19 pandemic”	the novel coronavirus disease pandemic
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangxi Xinji”	江西新冀動力科技有限公司 (Jianxi Xinji Power Technology Company Limited*), a non-wholly owned subsidiary of the Company
“New Steel (Shanghai)”	新鋼（上海）貿易有限公司 (New Steel (Shanghai) Trade Co., Ltd*), details of which are set out in the paragraph headed “Information of New Steel (Shanghai) and Wisdri (Xinyu)” of this announcement
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchase Transactions”	the transactions between the Group and each of New Steel (Shanghai) and Wisdri (Xinyu) whereby the Group agreed to purchase iron and steel materials from New Steel (Shanghai) and Wisdri (Xinyu)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the GEM Listing Rules
“Wisdri (Xinyu)”	中冶南方(新余)冷軋新材料技術有限公司 (Wisdri (Xinyu) Cold Processing Engineering Co., Ltd.*), details of which are set out in the paragraph headed “Information of New Steel (Shanghai) and Wisdri (Xinyu)” of this announcement
“Xinyu Iron and Steel”	新余鋼鐵股份有限公司 (Xinyu Iron and Steel Co., Ltd.*), a company established in the PRC and owned as to approximately 38.17% by Xinyu Steel Group

“Xinyu Steel Group” 新余鋼鐵集團有限公司 (Xinyu Iron and Steel Corporation Ltd.\*), a state-owned enterprise established in the PRC

“%” per cent

\* For identification purpose only. If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this announcement and their English translations, the Chinese version shall prevail.

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

Hong Kong, 3 July 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](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the Company’s website at <http://www.f8.com.hk>.*