

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in F8 Enterprises (Holdings) Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

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)

MAJOR AND CONNECTED TRANSACTION TRANSFER OF 22.96% EQUITY INTEREST IN JIANGXI XINJI

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 4 to 17 of this circular.

Pursuant to Rule 19.44 of the GEM Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, the Company has obtained an irrevocable and unconditional written approval to approve, ratify and confirm the Disposal from Grand Tycoon, a controlling Shareholder holding 504,576,000 Shares, representing approximately 50.06% of the issued share capital of the Company as at the Latest Practicable Date. Therefore, no general meeting of the Company for the approval of the Disposal will be held and this circular is for information only.

This circular will remain on the website of GEM at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This circular will also be published on the Company’s website at <https://www.f8.com.hk>.

24 September 2021

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — GENERAL INFORMATION	II-1

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a high 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which commercial banks are generally open for business in Hong Kong;
“China” or “PRC”	the People’s Republic of China (for the purposes of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan);
“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;
“Completion”	the completion of the Equity Transfer Agreement;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of approximately 22.96% of the equity interest in the Target Company by Eastern Champion to the Purchaser pursuant to the Equity Transfer Agreement;
“Eastern Champion”	Eastern Champion Development Limited (冠東發展有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, details of which are set out in the paragraph headed “Information on the Group and Eastern Champion” in the “Letter from the Board” of this circular;
“Equity Transfer Agreement”	the equity transfer agreement dated 7 February 2021 entered into between the Vendors, the Purchaser and the Target Company in relation to the disposal of the Sale Equity;
“GEM”	the GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;

DEFINITIONS

“Grand Tycoon”	Grand Tycoon Limited (宏亨有限公司), a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder holding 504,576,000 Shares, representing approximately 50.06% of the issued share capital of the Company as at the Latest Practicable Date;
“Group”	the Company and its subsidiaries;
“Group’s Sale Equity”	the 22.96% of the equity interest in the Target Company transferred by the Group to the Purchaser pursuant to the Equity Transfer Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons and are not connected persons of the Company;
“Latest Practicable Date”	20 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Purchaser” or “Jiangxi Xingang”	Jiangxi Xingang Southern New Material Company Limited* (江西新鋼南方新材料有限公司) (formerly known as WISDRI (Xinyu) Cold Processing Engineering Company Limited* (中冶南方(新余)冷軋新材料技術有限公司)), a company established in the PRC with limited liability, details of which are set out in the paragraph headed “Information on the Purchaser” in the “Letter from the Board” of this circular;
“Sale Equity”	41.75% of the equity interest in the Target Company beneficially held as to approximately 22.96%, 14.61% and 4.18% by Eastern Champion, Xinyu Steel Group and Xinyu Holding, respectively, prior to Completion;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Target Company” or “Jiangxi Xinji”	Jiangxi Xinji Power Technology Company Limited* (江西新冀動力科技有限公司), a company established in the PRC with limited liability, an indirect non-wholly owned subsidiary of the Company prior to Completion, and an associated company of the Company immediately upon Completion and as at the date of this circular, details of which are set out in the paragraph headed “Information on the Target Company” in the “Letter from the Board” of this circular;
“Vendors”	Eastern Champion, Xinyu Holding and Xinyu Steel Group, being the vendors of the Sale Equity pursuant to the Equity Transfer Agreement;
“Xinyu Holding”	Xinyu Investment Holding Group Company Limited* (新余市投資控股有限公司), a company established in the PRC with limited liability, details of which are set out in the paragraph headed “Information on Xinyu Holding and Xinyu Steel Group” in the “Letter from the Board” of this circular;
“Xinyu Iron and Steel”	Xinyu Iron and Steel Company Limited* (新余鋼鐵股份有限公司), a company established in the PRC with limited liability and owned as to approximately 38.17% by Xinyu Steel Group;
“Xinyu Steel Group”	Xinyu Iron and Steel Group Company Limited* (新余鋼鐵集團有限公司), a company established in the PRC with limited liability, details of which are set out in the paragraph headed “Information on Xinyu Holding and Xinyu Steel Group” in the “Letter from the Board” of this circular; and
“%”	per cent.

* For identification purpose only

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Fong Chun Man (*Chairman*)

Ms. Lo Pui Yee (*Vice Chairlady*)

Mr. Chan Chi Fai (*Chief Executive Officer*)

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman

KY1-1111, Cayman Islands

Independent non-executive Directors:

Mr. Chui Chi Yun, Robert

Mr. Kwong Yuk Lap

Mr. Wang Anyuan

*Head office and principal place of
business in Hong Kong:*

Unit 3304, 33/F

Tower 1, Enterprise Square Five

38 Wang Chiu Road

Kowloon Bay

Hong Kong

24 September 2021

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
TRANSFER OF 22.96% EQUITY INTEREST IN JIANGXI XINJI**

INTRODUCTION

Reference is made to the announcement of the Company in relation to, among others, the major and connected transaction in connection with the disposal of 22.96% equity interest in Jiangxi Xinji by Eastern Champion to Jiangxi Xingang (the “**Major Transaction Announcement**”) and the supplemental announcement of the Company in relation to the 2021 Annual Result Announcement and the 2021 Annual Report (the “**Supplemental Announcement**”) both dated 10 August 2021, and the clarification announcement of the Company in relation to the Major Transaction Announcement and the Supplemental Announcement dated 12 August 2021 (the “**Clarification Announcement**”, collectively, the “**Announcements**”).

LETTER FROM THE BOARD

As disclosed in the Major Transaction Announcement, on 7 February 2021, the Vendors (including Eastern Champion, an indirect wholly-owned subsidiary of the Company), the Purchaser and the Target Company, entered into the Equity Transfer Agreement, pursuant to which the Vendors agreed to sell and the Purchaser agreed to purchase the Sale Equity, representing 41.75% of the equity interest in the Target Company, at nil consideration subject to the terms and conditions of the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, Eastern Champion, Xinyu Steel Group and Xinyu Holding, being the Vendors, agreed to sell approximately 22.96%, 14.61% and 4.18% of the equity interest in the Target Company, respectively, to the Purchaser. The Sale Equity was related to the registered capital of the Target Company in the sum of RMB20.00 million which was not yet paid up at the time when the Equity Transfer Agreement was entered into. Completion has taken place on 15 April 2021.

As at the date of the Equity Transfer Agreement, the Purchaser was held as to 70% by Xinyu Iron and Steel which in turn was held as to approximately 38.17% by Xinyu Steel Group. Therefore, the Purchaser was an associate of Xinyu Steel Group by virtue of Rule 20.11(3) of the GEM Listing Rules. Since Xinyu Steel Group was a substantial shareholder of the Target Company, which was an indirect non-wholly owned subsidiary of the Company prior to Completion, the Purchaser was regarded as a connected person of the Company at subsidiary level under the GEM Listing Rules. Accordingly, the Disposal constituted a connected transaction 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 the 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.

The Company has obtained the approval from the Board (including the independent non-executive Directors) regarding the Disposal, and the Directors (including the independent non-executive Directors) have confirmed that, although the Disposal is not in the ordinary and usual course of business of the Company, the terms of the Disposal are fair and reasonable, on normal commercial terms or better 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 Disposal is only subject to reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) calculated under Chapter 19 of the GEM Listing Rules exceeds 25% but all are less than 75%, the Disposal constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules.

LETTER FROM THE BOARD

Pursuant to Rule 19.44 of the GEM Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, on 10 August 2021, the Company has obtained an irrevocable and unconditional written approval pursuant to Rule 19.44 of the GEM Listing Rules from Grand Tycoon, a controlling Shareholder holding 504,576,000 Shares, representing approximately 50.06% of the issued share capital of the Company as at the Latest Practicable Date, to approve, ratify and confirm the Disposal. Therefore, no general meeting of the Company for the approval of the Disposal will be held.

The purpose of this circular is to provide you with, among other things, further details of the Equity Transfer Agreement and the Disposal, and other information as required to be disclosed under the GEM Listing Rules.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

Date

7 February 2021

Parties

- (1) Eastern Champion, as one of the Vendors;
- (2) Xinyu Steel Group, as one of the Vendors;
- (3) Xinyu Holding, as one of the Vendors;
- (4) Jiangxi Xingang (formerly known as WISDRI (Xinyu) Cold Processing Engineering Company Limited), as the Purchaser; and
- (5) Jiangxi Xinji, as the Target Company.

Subject matter

The Vendors agreed to sell and the Purchaser agreed to purchase the Sale Equity, representing 41.75% of the equity interest in the Target Company, of which approximately 22.96%, 14.61% and 4.18% of the equity interest in the Target Company were sold by Eastern Champion, Xinyu Steel Group and Xinyu Holding, respectively, to the Purchaser. The Sale Equity was related to the registered capital of the Target Company in the sum of RMB20.00 million which was not yet paid up at the time when the Equity Transfer Agreement was entered into.

LETTER FROM THE BOARD

Consideration

It was agreed that no consideration was payable by the Purchaser for the purchase of the Sale Equity given that the Vendors had not made any actual capital contribution corresponding to the Sale Equity as at the date of the Equity Transfer Agreement.

Pursuant to the resolution of the shareholders of the Target Company passed on 14 November 2019, the registered capital of the Target Company has been increased from RMB30.00 million to RMB50.00 million with effect on 17 January 2020 and the additional registered capital of RMB20.00 million shall be fully paid up by Eastern Champion, Xinyu Steel Group and Xinyu Holding, based on their respective proportion of equity interest in the Target Company, in cash, on or before 28 June 2024.

Pursuant to the articles of association of the Target Company, shareholders' entitlement to dividends and distributions are determined with reference to the paid up registered capital. Hence, the Group's Sale Equity, which was non-paid up as at the date of the Equity Transfer Agreement, did not qualify for any entitlement to dividends and distributions. As such, from the Group's perspective, the transfer of 22.96% equity interest by the Group to the Purchaser was in substance an assignment of the right to make capital contribution to the Target Company. Such right was exercised by the Purchaser as a shareholder of the Target Company upon Completion as it injected capital of RMB20.00 million to the Target Company immediately after Completion (the "**Capital Injection**"). The Vendors received no proceeds from such transaction. For further details, please refer to the paragraph headed "Reasons for and Benefits of the Disposal" of this circular.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders for the reasons set out in the paragraph headed "Reasons for and Benefits of the Disposal" below.

Completion

Completion has taken place on 15 April 2021 upon the completion of registration of the transfer of the Sale Equity in the relevant authority of administration of industry and commerce in the PRC.

Upon Completion, the Target Company is held as to approximately 41.75%, 32.04%, 20.39% and 5.82% by the Purchaser, Eastern Champion, Xinyu Steel Group and Xinyu Holding, respectively, and such shareholding structure of the Target Company upon Completion was determined with reference to the net asset value of the Target Company as at 31 October 2020 as shown in its audited accounts. Upon Completion, the Target Company ceased to be a subsidiary of the Company for the purpose of the GEM Listing Rules and the results of the Target Company will no longer be consolidated into the financial statements of the Group and will be accounted for as an associate using equity accounting in the Group's consolidated financial statements.

The Completion, which has taken place on 15 April 2021, was ratified, confirmed and approved by the Board and Grand Tycoon on 10 August 2021.

LETTER FROM THE BOARD

INFORMATION ON THE TARGET COMPANY

The Target Company was established in the PRC on 10 July 2019 and was held as to 55%, 35% and 10% by Eastern Champion, Xinyu Steel Group and Xinyu Holding, respectively, prior to Completion. The Target Company is principally engaged in steel products processing and motor parts manufacturing in the PRC. The net asset value per share of the Target Company as at 31 March 2021 was approximately HK\$1.07.

Upon Completion, the Target Company is held as to approximately 41.75%, 32.04%, 20.39% and 5.82% by the Purchaser, Eastern Champion, Xinyu Steel Group and Xinyu Holding, respectively and such shareholding structure of the Target Company upon Completion was determined with reference to the net asset value of the Target Company as at 31 October 2020 as shown in its audited accounts. Therefore, the Target Company ceased to be a subsidiary of the Company for the purpose of the GEM Listing Rules and was accounted as an associated company of the Company. As such, the results of the Target Company will no longer be consolidated into the financial statements of the Group and will be accounted for as an associate using equity accounting in the Group's consolidated financial statements. The net asset value per share of the Target Company immediately after the Capital Injection was approximately HK\$1.11, which represents a premium of approximately 3.74% of the net asset value per share of the Target Company as at 31 March 2021.

Prior to the Capital Injection by the Purchaser, the registered capital of the Target Company was RMB50.00 million, of which RMB30.00 million has been fully paid up and the remaining registered capital of RMB20.00 million has not yet been paid up. Pursuant to the articles of association of the Target Company, the respective proportion of the non-paid up registered capital held by Eastern Champion, Xinyu Steel Group and Xinyu Holding also carried voting rights. Set out below is the shareholding structure of the Target Company before and after Completion:

Shareholders:	Before Completion Percentage of the Target Company's equity interest held	After Completion Approximate percentage of the Target Company's equity interest held
Eastern Champion	55%	32.04%
Xinyu Steel Group	35%	20.39%
Xinyu Holding	10%	5.82%
Purchaser	nil	41.75%

LETTER FROM THE BOARD

The audited financial information of the Target Company prepared in accordance with the PRC generally accepted accounting principles for the years ended 31 December 2020 and 2019 is as follows:

	Year ended 31 December 2020 (Audited) <i>HK\$'000</i>	Year ended 31 December 2019 (Audited) <i>HK\$'000</i>
Loss before tax	2,622	38.9
Loss for the year	2,622	38.9

Based on the audited financial information of the Target Company, the net assets of the Target Company were approximately HK\$34.84 million and HK\$37.46 million as at 31 December 2020 and 2019 respectively.

INFORMATION ON THE GROUP AND EASTERN CHAMPION

The Group is principally engaged in the business of the sale and transportation of diesel oil and related products in Hong Kong and the PRC. The Group also supplies marine diesel oil used for construction vessels and lubricant oil used for construction machinery and vehicles.

Eastern Champion is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION ON XINYU HOLDING AND XINYU STEEL GROUP

Xinyu Holding is a company established in the PRC with limited liability, which is a PRC state-owned enterprise under the direct control by Xinyu Municipal Government in Jiangxi Province. It is principally engaged in investment, financing, construction of major infrastructure construction and industrial projects in Xinyu City.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Equity Transfer Agreement, Xinyu Holding and its ultimate beneficial owners are Independent Third Parties.

Xinyu Steel Group is a company established in the PRC with limited liability, which is a large PRC state-owned steel integrated manufacturer operating under Jiangxi State-owned Asset Supervision and Administration Commission. It is principally engaged in steel production with a product portfolio comprising medium plates, hot rolled sheets, cold rolled sheets, silicon steel coils, etc.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, prior to Completion, Xinyu Steel Group was a substantial shareholder of the Target Company, which was an indirect non-wholly owned subsidiary of the Company, and hence was regarded as a connected person of the Company at subsidiary level under the GEM Listing Rules.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability. It is principally engaged in the trading of iron and steel materials and a supplier to the Target Company. As at the Latest Practicable Date, the Purchaser was held as to (i) 70% by Xinyu Iron and Steel and (ii) 30% by Wisdri Engineering and Research Incorporation Limited (中冶南方工程技術有限公司) (“**Wisdri Engineering**”). Xinyu Iron and Steel is a company listed on the Shanghai Stock Exchange (stock code: 600782). According to publicly available information, Xinyu Iron and Steel is held as to 38.17% by Xinyu Steel Group (a PRC state-owned enterprise). The shareholding structure of the remaining 61.83% equity interest of Xinyu Iron and Steel is relatively scattered and is held by various investment funds and public shareholders. Xinyu Iron and Steel is principally engaged in the manufacture and sales of steel products. Wisdri Engineering is held as to 83.08% by Metallurgical Corporation of China Limited (中國冶金科工股份有限公司) (a PRC state-owned enterprise), 9.59% by Wuhan Wugang Green City Technology Development Company Limited* (武漢武鋼綠色城市技術發展有限公司) (“**Wuhan Wugang**”), 6.04% by Angang Steel Company Limited (a company listed on both the Shenzhen Stock Exchange (stock code: 898) and Hong Kong Stock Exchange (stock code: 347)) and 1.3% by Wuhan City Qingshan State-owned Capital Investment Operation Holding Group Limited* (武漢市青山國有資本投資運營控股集團有限公司) (a PRC state-owned enterprise) (“**Wuhan Qingshan**”). Wuhan Wugang is in turn held as to 99.94% by Wugang Group Limited* (武鋼集團有限公司) (“**Wugang Group**”) and 0.06% by Wuhan Qingshan. Wugang Group is wholly owned by China Baowu Steel Group Corporation Limited (中國寶武鋼鐵集團有限公司) (a PRC state-owned enterprise).

The Company had no continuing business with the Target Company prior to Completion. As at the Latest Practicable Date, the Company had not carried out or did not intend to carry out any business with the Target Company that would constitute connected transaction of the Company after Completion.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, prior to Completion, the Purchaser was an associate of Xinyu Steel Group by virtue of Rule 20.11(3) of the GEM Listing Rules. Since Xinyu Steel Group was a substantial shareholder of the Target Company, which was an indirect non-wholly owned subsidiary of the Company prior to Completion, the Purchaser was regarded as a connected person of the Company at subsidiary level under the GEM Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

Based on the audited financial information of the Target Company as set out in the paragraph headed “Information on the Target Company” above, the Target Company recorded a loss of approximately HK\$2.62 million for the year ended 31 December 2020, as compared to a loss of approximately HK\$38,900 for the year ended 31 December 2019.

The Target Company was established in the PRC on 10 July 2019 with a registered capital of RMB30.00 million which was fully paid up, of which RMB16.50 million was contributed by Eastern Champion, RMB10.50 million was contributed by Xinyu Steel Group and RMB3.00 million was contributed by Xinyu Holding, based on their then respective proportion of equity interest in the Target Company.

Pursuant to the resolution of the shareholders of the Target Company passed on 14 November 2019, the registered capital of the Target Company has been increased from RMB30.00 million to RMB50.00 million with effect on 17 January 2020 and the additional registered capital of RMB20.00 million shall be fully paid up by Eastern Champion, Xinyu Steel Group and Xinyu Holding, based on their respective proportion of equity interest in the Target Company, in cash, on or before 28 June 2024. The additional capital was expected to finance the Target Company’s general working requirement.

However, since January 2020, the global outbreak of COVID-19 epidemic has devastated the local economy in the PRC where the Target Company operates. Due to the shortage of capital from the Vendors, and in view of the Target Company’s working capital requirements, the Vendors intended to speed up the capital injection schedule, strengthen the Target Company’s capital base and enhance its financial condition. As such, the Vendors agreed to transfer and the Purchaser agreed to acquire, the Sale Equity (which was not yet paid up as at the date of the Equity Transfer Agreement), representing 41.75% of the equity interest in the Target Company, at nil consideration and the Purchaser agreed to inject capital of RMB20.00 million (equivalent to approximately HK\$24.04 million) to the Target Company by way of cash contribution within 30 business days after Completion. The Purchaser has injected the said sum of RMB20.00 million to the Target Company on 15 April 2021 immediately after Completion.

Despite the Target Company’s loss-making position for the previous years, taking into account the Group’s previous investment in the Target Company, the Company believes that keeping 32.04% equity interest of the Target Company may allow the Group to benefit from the potential upside of the steel processing and motor parts manufacturing industry in the PRC if the operating environment has improved post COVID-19 and the Target Company can achieve satisfactory financial performance with stronger capital base and improving operating environment in the future.

Moreover, the introduction of the Purchaser as a shareholder of the Target Company will provide synergy effect to the Target Company and its shareholders as a whole. As the Purchaser is a subsidiary of a PRC state-owned enterprise, the Company believes that the Purchaser will have valuable connections and resources in the PRC which may make it comparatively easier for the Target Company to promote its business in the PRC and obtain external financing on better commercial terms for the Target Company’s future operations and

LETTER FROM THE BOARD

development. With the introduction of the Purchaser as a shareholder of the Target Company, the Target Company will further expand its principal business to the interest of its shareholders. This will in turn benefit the Company and its Shareholders as a whole.

Upon Completion, the Group's equity interest in the Target Company has been reduced from 55% to approximately 32.04%. Besides, the board of directors of the Target Company has consisted of three directors, two of whom have been appointed by the Purchaser and the remaining one director has been appointed by Eastern Champion (a wholly-owned subsidiary of the Company). Consequently, the Target Company ceased to be a subsidiary of the Company for the purpose of the GEM Listing Rules and was accounted as an associated company of the Company. As such, the Company will continue to maintain its level of participation in the Target Company's future operation, management and capital contribution as a shareholder of the Target Company and a passive investor. The Company has no present intention to make further disposal of the 32.04% equity interest in the Target Company, barring from any future capital injection by other shareholders of the Target Company leading to dilution of the Group's shareholding in the Target Company. It is intended that the Company has no present intention to sell, downsize or cease any of its current business.

In view of the above, the Directors (including the independent non-executive Directors) considered that, although the Disposal is not in the ordinary and usual course of business of the Company, the terms of the Disposal are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. To the best of the Directors' knowledge, no Director has any material interest or perceived conflict in the transactions which requires him/her to disclose his/her interest and/or to abstain from voting on Board level regarding the Disposal.

FINANCIAL EFFECT OF THE DISPOSAL TO THE GROUP

Upon Completion, Eastern Champion's equity interest in the Target Company has been reduced from 55% to approximately 32.04%, whereby the Target Company ceased to be a subsidiary of the Company for the purpose of the GEM Listing Rules and was accounted as an associated company of the Company. As such, the results of the Target Company will no longer be consolidated into the financial statements of the Group and will be accounted for as an associate using equity accounting in the Group's consolidated financial statements.

Assets and liabilities

Having taken into account the consideration and the audited net asset value of the Target Company as at 31 March 2021, it is estimated that upon Completion, the total assets of the Group decreased by approximately HK\$42.08 million. The total liabilities of the Group decreased by approximately HK\$9.04 million. It is estimated that the net assets of the Group had a decrease of approximately HK\$33.04 million, being the difference between the decrease in total assets and total liabilities of the Group.

LETTER FROM THE BOARD

Gain on the Disposal

The Company is expected to record an unaudited estimated gain of approximately HK\$0.97 million calculated with reference to the following: (i) no consideration was payable by the Purchaser for the purchase of the Sale Equity; (ii) the unaudited carrying amount of the Target Company of approximately HK\$33.28 million being disposed as at the date of Completion; (iii) reclassification of exchange reserve held by the Group of approximately HK\$1.48 million as at the date of Completion; (iv) the interest in associate of HK\$18.24 million; (v) the non-controlling interest of the subsidiaries of HK\$15.15 million; and (vi) the estimated related transaction expenses of approximately HK\$620,000 payable by the Group in connection with the Disposal. The unaudited estimated gain on the Disposal is subject to the actual balances of relevant items (ii) & (vi) above held by the Group and the Target Company as at the date of Completion.

REASONS FOR THE NON-COMPLIANCE OF THE GEM LISTING RULES

Based upon the Group's internal investigation led by the chief executive officer of the Group, it is discovered that in February 2021, the chief operation officer of the Group (the "**Chief Operation Officer**") entered into the Equity Transfer Agreement on behalf of Eastern Champion. Due to his misunderstanding and misinterpretation of the GEM Listing Rules, the Chief Operation Officer mistakenly believed that the entering into the Equity Transfer Agreement did not constitute a notifiable transaction for the Company under the GEM Listing Rules. At the material time, the transactions under the Equity Transfer Agreement were not reported to the Board and no Board meeting was held nor had any written resolutions been adopted by the Board for entering into the Equity Transfer Agreement. Hence, the Company did not make timely disclosure on the Disposal as required under the GEM Listing Rules.

In June 2021, the Equity Transfer Agreement was noted during the preparation of the annual results of the Company for the year ended 31 March 2021. Having discussed with the auditors of the Company, the Company was aware that the Disposal (i) constituted an event after the reporting period and was required to be disclosed in the annual results announcement for the year ended 31 March 2021 (the "**2021 Annual Result Announcement**") and the annual report of the Company for the year ended 31 March 2021 (the "**2021 Annual Report**") and (ii) might constitute a transaction subject to the requirements under Chapters 19 and 20 of the GEM Listing Rules. The Disposal was initially classified as a discloseable transaction as the applicable percentage ratios were computed with reference to the unaudited financial information of the Target Company as shown in its unaudited management accounts for the year ended 31 December 2020 available to the Company at that time.

On 25 June 2021, the management of the Company first notified the Board of the transactions under the Equity Transfer Agreement. To further investigate the matters, the management of the Group reviewed the terms and conditions of the Equity Transfer Agreement and gathered supporting documents concerning the transactions under the Equity Transfer Agreement. While further investigation on this matter was being carried out by the Company, the Company was finalising the 2021 Annual Result Announcement and the 2021 Annual Report. The disclosure on Note 46 "Event after reporting period" in relation to the Disposal was inadvertently removed from the final version of the 2021 Annual Result Announcement

LETTER FROM THE BOARD

and the 2021 Annual Report. Therefore, the Company failed to make timely disclosure of such event after the reporting period in the 2021 Annual Result Announcement and the 2021 Annual Report.

During the Group's internal investigation, the Company was provided with the audited accounts of the Target Company for the year ended 31 December 2020. Based on the audited financial information of the Target Company as shown in its audited accounts, the assets ratio exceeds 25% but all ratios are less than 75%. Having consulted professional advisers on the implications under the GEM Listing Rules and considered the applicable percentage ratios for the Disposal, the Disposal would constitute a major transaction for the Company.

Moreover, as the business and affairs of the Vendors (save for Eastern Champion), the Purchaser and the Target Company are located in the PRC, more time was required to gather information and documents concerning the Equity Transfer Agreement in February 2021. Besides, the Company also spent considerable amount of time to gather supporting documents, discussed and consulted professional advisers on the transactions under the Equity Transfer Agreement. Hence, there was substantial delay in the publication of the Major Transaction Announcement.

On 10 August 2021, a Board meeting was held and the independent non-executive Directors were informed of further details of the transactions under the Equity Transfer Agreement and the details of the non-compliance under the GEM Listing Rules and discussed how it should be resolved and remedied. It was resolved that an announcement must be made immediately and other remedial actions should be implemented to avoid the non-compliance with the GEM Listing Rules going forward.

The Company regrettably admitted that it had breached Rules 18.50(2), 19.34, 19.40, 19.41 and 20.33 of the GEM Listing Rules (to the extent applicable), failing to comply with the applicable requirements in relation to (i) inclusion of details of the Disposal, which constituted an event after the reporting period and was required to be disclosed in the 2021 Annual Result Announcement and the 2021 Annual Report; (ii) announcement in relation to the major transaction in a timely manner; (iii) Shareholders' approval and despatch of circular in accordance with the timeline stipulated in Rule 19.41(a); and (iv) announcement in relation to connected transaction in a timely manner.

REMEDIAL ACTIONS

The Board, having been fully informed of the facts of the Equity Transfer Agreement and the Disposal, considers that the failure to comply with the GEM Listing Rules was inadvertent and can be avoided going forward. The Company takes the incident very seriously and shall take the following actions to prevent similar events from re-occurring and to ensure the applicable GEM Listing Rules requirements will be complied with going forward.

- (a) the Company has published the Announcements to inform the details of the Disposal;
- (b) the Company has obtained an irrevocable and unconditional written approval pursuant to Rule 19.44 of the GEM Listing Rules from Grand Tycoon on 10 August 2021 to approve, ratify and confirm the Disposal;

LETTER FROM THE BOARD

- (c) with immediate effect, all acquisition and/or disposal documents with value over RMB200,000 to which any member of the Group is expressed as a party are required to be approved by the Board before they may be entered into and a notice regarding the approval procedure has been circulated to all Directors, senior management, accounting and financial personnel of the Group (including the legal representatives and directors of all PRC subsidiaries) and a monthly checklist is required to be completed by the relevant handling staff to ensure compliance with the relevant procedures;
- (d) the Company will arrange regular trainings for its employees, including the Directors, the senior management, the business operation and finance departments, to strengthen their familiarity of the GEM Listing Rules and enhance their awareness of the compliance with the relevant internal control procedures relating to the Group's notifiable transactions;
- (e) the Group will endeavor to recruit suitable and experienced personnel and establish a dedicated team responsible for leading the Company's internal audit department and external internal audit consultant to monitor the effectiveness and adequacy, and to review, formulate, where necessary, enhance the internal control measures (in particular, the transactions with connected parties), and will make recommendation and report to the audit committee of the Company on a quarterly basis;
- (f) the new team formed in paragraph (e) will be responsible for reviewing and assessing the truthfulness, accuracy and compliance of the Company's financial information included in the financial reports of the Company in accordance with the GEM Listing Rules and will seek advice of external professional advisers, when necessary, to avoid inadvertent omission prior to publication of the financial reports of the Company in the future;
- (g) the Company has provided detailed guidelines relating to notifiable and connected transactions under the GEM Listing Rules for all the Directors as well as its senior management in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions as well as their ability to identify potential issues at early stage;
- (h) the Company has set up a reporting guideline such that the staff should evaluate the proposed transactions and report to the financial manager if the proposed transactions may constitute notifiable transactions or connected transactions and in case they are in doubt prior to the entering into of those transactions. The financial manager shall further assess the proposed transactions and ensure its reporting obligations as well as submit to the Board for approval;
- (i) all future business with any connected person, shall be subject to the prior approval of both the audit committee and the Board, which will be jointly responsible with various internal departments of the Company (including the business operation, finance, accounting and internal audit departments) for the compliance of the terms under the relevant agreements;

LETTER FROM THE BOARD

- (j) the Company will seek advice of external professional advisers from time to time with respect to the continual compliance with the GEM Listing Rules prior to entering into any notifiable transactions and connected transactions;
- (k) the audit committee of the Company will appoint a professional firm to conduct a regular review on all the transactions with each connected party, and report the results and findings, if any, to the audit committee on a quarterly basis. The scope of the regular review will include financial reporting cycle and rules and regulations compliance cycle of the Company. The Company also agrees with such appointment of a professional firm and will make recommendation, if necessary. The Company will modify its existing procedures in monitoring connected transactions and notifiable transactions of the Group under Chapters 19 and 20 of the GEM Listing Rules in accordance with the recommendations of the professional firm;
- (l) the Company will also implement the above measures at the subsidiary level to ensure prompt reporting of any proposed transaction(s) or event(s) where the transactions may constitute notifiable transactions or connected transactions; and
- (m) the Company has taken disciplinary actions against those involved in the breaches of procedures.

Going forward, the Company shall continue to comply with the compliance requirements under the GEM Listing Rules and make such disclosure in a timely manner to ensure compliance with the GEM Listing Rules.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the date of the Equity Transfer Agreement, the Purchaser was held as to 70% by Xinyu Iron and Steel which in turn was held as to approximately 38.17% by Xinyu Steel Group. Therefore, the Purchaser was an associate of Xinyu Steel Group by virtue of Rule 20.11(3) of the GEM Listing Rules. Since Xinyu Steel Group was a substantial shareholder of the Target Company, which was an indirect non-wholly owned subsidiary of the Company prior to Completion, the Purchaser was regarded as a connected person of the Company at subsidiary level under the GEM Listing Rules. Accordingly, the Disposal constituted a connected transaction 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 the 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.

The Company has obtained the approval from the Board (including the independent non-executive Directors) regarding the Disposal, and the Directors (including the independent non-executive Directors) have confirmed that, although the Disposal is not in the ordinary and usual course of business of the Company, the terms of the Disposal are fair and reasonable, on

LETTER FROM THE BOARD

normal commercial terms or better 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 Disposal is only subject to reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) calculated under Chapter 19 of the GEM Listing Rules exceeds 25% but all are less than 75%, the Disposal constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Disposal, and therefore no Shareholder is required to abstain from voting under the GEM Listing Rules if the Company were to convene a general meeting for the approval of the Disposal. As such, pursuant to Rule 19.44 of the GEM Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, the Company has obtained an irrevocable and unconditional written approval to approve, ratify and confirm the Disposal from Grand Tycoon, a controlling Shareholder holding 504,576,000 Shares, representing approximately 50.06% of the issued share capital of the Company as at the Latest Practicable Date. Therefore, no general meeting of the Company for the approval of the Disposal will be held. Grand Tycoon has also confirmed that neither it nor any of its associates have any material interest in the Disposal.

RECOMMENDATION

Although no general meeting will be convened for approving the Equity Transfer Agreement and the Disposal, the Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Equity Transfer Agreement and the Disposal are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were to be convened by the Company, the Directors would have recommended the Shareholders to vote in favour of the Equity Transfer Agreement and the Disposal and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and other securities of the Company.

Yours faithfully,
For and on behalf of the Board
F8 Enterprises (Holdings) Group Limited
Fong Chun Man
Chairman and Executive Director

I. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three financial years ended 31 March 2019, 2020 and 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.f8.com.hk>):

- annual report of the Company for the financial year ended 31 March 2019 (pages 80 to 192)
<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0628/gln20190628215.pdf>
- annual report of the Company for the financial year ended 31 March 2020 (pages 90 to 212)
<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0707/2020070700013.pdf>
- annual report of the Company for the financial year ended 31 March 2021 (pages 60 to 191)
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0630/2021063000720.pdf>

II. INDEBTEDNESS STATEMENT AND CONTINGENT LIABILITIES

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the date of this circular, the Group had outstanding indebtedness comprising the following:

- Secured and guaranteed interest-bearing other borrowings of approximately HK\$10.0 million.
- Unsecured and guaranteed interest-bearing other borrowings of approximately HK\$10.6 million.
- Lease liabilities (comprising both current and non-current liabilities) of approximately HK\$545,000 was secured by motor vehicles.
- Secured interest-bearing bills payable of approximately HK\$9.0 million.
- Unsecured interest-bearing bonds payable of approximately HK\$2.2 million.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business of the Group, as at the close of business on 31 July 2021, the Directors confirmed that the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, lease liabilities or hire purchase commitments, liabilities under acceptance

or acceptance credits, guarantees or other material contingent liabilities. The Directors have also confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 July 2021.

III. WORKING CAPITAL

The Directors are of the opinion that taking into account the existing banking and other borrowing facilities available, the existing cash and bank balances and the effect of the Disposal, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this circular.

IV. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Upon Completion, the Group will continue to carry on the business of the sale and transportation of diesel oil and related products in Hong Kong and the PRC. The Group also supplies marine diesel oil used for construction vessels and lubricant oil used for construction machinery and vehicles. The Board believes that market trend of sales of diesel oil and marine diesel oil market in Hong Kong and the PRC remains optimistic mainly due to the stable and high level investment in public infrastructure including the railway network, development of marine construction projects including the Hong Kong International Airport's third runway project together with the recovery of logistics industry in Hong Kong. The Directors will continue to review the Group's existing business from time to time. Nevertheless, currently the Company has no intention nor has the Company entered, or proposed to enter, into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and any negotiation (whether concluded or not) with an intention to dispose of, downsize or terminate the existing business of the Company.

1. RESPONSIBILITY STATEMENT

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are 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) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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:

Long position in the Shares and underlying shares of the Company

Name of Directors	Capacity/nature of interest	Number of shares held	Percentage of shareholding
Mr. Fong Chun Man	Interest in a controlled corporation ^(Note 1)	504,576,000 (Long position)	50.06%
Ms. Lo Pui Yee	Interest of spouse ^(Note 2)	504,576,000 (Long position)	50.06%

Notes:

1. The Shares are held by Grand Tycoon, which is wholly owned by Mr. Fong Chun Man. Mr. Fong Chun Man is deemed to be interested in all the Shares held by Grand Tycoon for the purpose of Part XV of SFO.
2. Ms. Lo Pui Yee, an executive Director, 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 interested for the purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of 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) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as any Directors were aware, the interests or short positions owned by the following parties (other than the Directors or chief executive of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long position in the Shares and underlying shares of the Company

Name of Shareholders	Capacity/nature of interest	Number of shares held	Percentage of shareholding
Grand Tycoon	Beneficial owner ^(Note)	504,576,000 (Long position)	50.06%

Note: The Shares are held by Grand Tycoon, which is wholly owned by Mr. Fong Chun Man. Mr. Fong Chun Man is deemed to be interested in all the Shares held by Grand Tycoon for the purpose of Part XV of SFO.

Save as disclosed above and as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2021 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

- (1) the Equity Transfer Agreement;
- (2) the sale and purchase agreement dated 11 June 2021 entered into between Eastern Champion Investment Limited (an indirect wholly owned subsidiary of the Company) and Ms. Li Loretta Shui Wah pursuant to which Eastern Champion Investment Limited has conditionally agreed to acquire and Ms. Li Loretta Shui Wah has conditionally agreed to sell a property located at Office 4, 6/F, Nam Wo Hong Building, 148 Wing Lok Street, Hong Kong, at an aggregate consideration of HK\$21,000,000; and
- (3) the conditional sale and purchase agreement dated 23 March 2020 entered into between the Company (being the purchaser) and Mr. Zhu Yixiang and Mr. Li Weinian (being the vendors) in respect of the acquisition of the 51% issued share capital of Meijia Shell (Global) Lubricant Technology Limited (美嘉殼(環球)潤滑科技有限公司), at the consideration of HK\$16,380,000.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. from Monday to Friday) at the principal place of business of the Company in Hong Kong at Unit 3304, 33/F, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong up to and including the date which is 14 days from the date of this circular:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 March 2020 and 2021;
- (c) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this appendix to this circular; and
- (d) this circular.

9. CORPORATE INFORMATION OF THE GROUP

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
Head Office and Principal place of business in Hong Kong	Unit 3304, 33/F, Tower 1 Enterprise Square Five 38 Wang Chiu Road Kowloon Bay Kowloon, Hong Kong
Principal share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
Branch share registrar and transfer office in Hong Kong	Boardroom Share Registrars (HK) Limited Room 2103B, 21/F 148 Electric Road North Point, Hong Kong
Company secretary	Ms. Leung Yin Fai <i>(Fellow member of CPA Australia, fellow member of the Association of Chartered Certified Accountants, member of the Hong Kong Institute of Certified Public Accountants)</i>
Compliance officer	Mr. Fong Chun Man <i>(Executive Director and the chairman of the Board)</i>

10. GENERAL

- (a) 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 the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules. 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 comprises three independent non-executive Directors, namely Mr. Chui Chi Yun, Robert, Mr. Kwong Yuk Lap and Mr. Wang Anyuan and Mr. Chui Chi Yun, Robert, is the Chairman of the Audit Committee.

Mr. Chui Chi Yun, Robert is currently a practicing certified public accountant in Hong Kong and is a fellow member of the Hong Kong Society of Accountants since June 1991 and the Chartered Association of Certified Accountants since May 1989. Mr. Chui has over 35 years of experience in the accounting industry and is the founder of a Hong Kong accounting firm, Robert Chui & Co. since August 1991. Mr. Chui has been appointed as an independent non-executive director of Tse Sui Luen Jewellery (International) Limited, (Hong Kong stock code: 417), National Arts Entertainment and Culture Group Limited, (Hong Kong stock code: 8228), Wing Lee Property Investments Limited (Hong Kong stock code: 864) and Asia Cassava Resources Holdings Limited (Hong Kong stock code: 841) since April 1999, May 2009, February 2013 and August 2018, respectively. From June 2015 to July 2018, Mr. Chui was appointed as an independent non-executive director of PPS International (Holdings) Limited (Hong Kong stock code: 8201).

From December 2013 to October 2015, Mr. Kwong Yuk Lap was appointed as a non-executive director of Wealth Glory Holdings Limited (Hong Kong stock code: 8269), whose principal activities involve manufacture and sale of fresh and dried noodles, investment holding in coal trading business, trading of natural resources and commodities and money lender from December 2013 to October 2015. From November 2015 to August 2016, Mr. Kwong was re-designated as an executive director of Wealth Glory Holdings Limited.

Mr. Wang Anyuan has been appointed as an executive director, compliance officer and authorised representative of Code Agriculture (Holdings) Limited (Hong Kong stock code: 8153) from September 2015 to January 2018. Mr. Wang is licensed with the SFC as a representative of Orient Securities (Hong Kong) Limited to carry out type 1 (dealing in securities) regulated activity and as a representative of Orient Futures (Hong Kong) Limited to carry out type 2 (dealing in futures contract) regulated activity.

- (b) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.