SUN KONG HOLDINGS LIMITED
申港控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8631)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

HIGHLIGHTS

- The Group recorded a revenue of approximately HK$299.4 million for the nine months ended 31 December 2019, representing a decrease of approximately HK$76.1 million or 20.3% as compared to the Group's revenue of approximately HK$375.5 million for the nine months ended 31 December 2018.

- The Group's gross profit margin decreased from approximately 4.3% for the nine months ended 31 December 2018 to approximately 3.8% for the nine months ended 31 December 2019.

- The Group recorded a profit attributable to the owners of the Company of approximately HK$4.2 million for the nine months ended 31 December 2019, representing a decrease of approximately HK$2.6 million or 38.2%, as compared to the Group's profit attributable to the owners of the Company of approximately HK$6.8 million for the nine months ended 31 December 2018.

- The Board does not recommend the payment of any dividend for the nine months ended 31 December 2019.

The board of Directors (the "**Board**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the three months and nine months ended 31 December 2019 (the "**Reporting Period**"), together with the respective unaudited comparative figures for the corresponding periods in 2018, as follows:

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

For the three months and the nine months ended 31 December 2019

		Three months ended 31 December		Nine months ended 31 December	
		2019	2018	**2019**	2018
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*3*	**95,360**	127,593	**299,381**	375,477
Cost of sales		**(93,555)**	(122,000)	**(288,136)**	(359,226)
Gross profit		**1,805**	5,593	**11,245**	16,251
Other income		**232**	–	**518**	–
Administrative expenses and other operating expenses		**(2,232)**	(1,616)	**(6,877)**	(4,100)
Expenses for initial listing		**–**	(2,914)	**–**	(3,289)
Finance costs	*4*	**(34)**	(49)	**(92)**	(174)
(Loss)/Profit before taxation	*4*	**(229)**	1,014	**4,794**	8,688
Income tax credit (expense)	*5*	**98**	(515)	**(573)**	(1,911)
(Loss)/Profit for the period		**(131)**	499	**4,221**	6,777
(Loss)/Earnings per share					
Basic and diluted *(HK cents)*	*6*	**(0.03)**	0.17	**1.06**	2.26

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

		Reserves				
	Share capital	**Share premium**	**Capital reserve**	**Accumulated profits**	**Total**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 15)					
At 1 April 2018 (Audited)	–	–	10	12,321	12,331	12,331
Profit and total comprehensive income for the period	–	–	–	6,777	6,777	6,777
At 31 December 2018 (Unaudited)	–	–	10	19,098	19,108	19,108
At 1 April 2019 (Audited)	**4,000**	**44,810**	**10**	**12,142**	**56,962**	**60,962**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**4,221**	**4,221**	**4,221**
At 31 December 2019 (Unaudited)	**4,000**	**44,810**	**10**	**16,363**	**61,183**	**65,183**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 31 October 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is situated in 20/F., Glassview Commercial Building, No. 65 Castle Peak Road Yuen Long, Yuen Long, New Territories, Hong Kong.

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

The shares of the Company (the "**Shares**") have been listed on GEM of the Stock Exchange by way of placing and public offer (collectively the "**Share Offer**") since 8 January 2019 (the "**Listing Date**").

The condensed consolidated financial statements of the Group for the three months and nine months ended 31 December 2019 (the "**Condensed Consolidated Financial Statements**") are unaudited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**"). The Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 13 February 2020.

The Condensed Consolidated Financial Statements are presented in Hong Kong Dollar ("**HK$**"), which is also the functional currency of the Company and its principal subsidiaries and all values are rounded to the nearest thousands (HK$'000), except when otherwise stated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules.

The Condensed Consolidated Financial Statements do not include all the information and disclosure required in the annual financial statements and thereby should be read in conjunction with the annual audited financial statements for the year ended 31 March 2019 which have been prepared in accordance with HKFRSs issued by the HKICPA and stated in the annual report of the Company for the year ended 31 March 2019.

Prior to the corporate reorganisation undertaken in preparation for the listing of Shares on GEM of the Stock Exchange (the "**Reorganisation**"), the Group's entities were under the control of Mr. Law Ming Yik ("**Mr. Law**"), the chairman of the Board and the executive Director. Details of the Reorganisation are set out in the section headed "History and Development, Reorganisation and Group Structure" in the prospectus of the Company dated 21 December 2018 (the "**Prospectus**"). Through the Reorganisation, the Company became the holding company of the companies now comprising the Group. Accordingly, for the purpose of the preparation of the Condensed Consolidated Financial Statements, the Company has been considered as the holding company of the companies now comprising the Group throughout the periods presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Law prior to and after the Reorganisation.

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis. The preparation of the Condensed Consolidated Financial Statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The accounting policies adopted in preparing the Condensed Consolidated Financial Statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2019, except for the adoption of the new/revised HKFRSs which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 April 2019 as described below.

(b) Adoption of new/revised HKFRSs

Annual Improvements to HKFRSs	2015–2017 Cycle
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Employee benefits

Apart from the impact on adoption of HKFRS 16 as set out below, the adoption of those new and revised HKFRSs has no material impact on the Group's results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

HKFRS 16 "Leases"

HKFRS 16 significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 Leases with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. In subsequent measurement, depreciation (and, if applicable, impairment loss) and interest are recognised on the right-of-use assets and the lease liabilities respectively. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

For leases previously classified as operating leases applying the previous accounting standards in which the Group is the lessee, the Group has applied HKFRS 16 retrospectively in accordance with the transitional provisions therein using the cumulative effect method (i.e. the cumulative effect of initially applying HKFRS 16 is recognised as an adjustment to the opening balance of equity at 1 April 2019). Therefore, the comparative information has not been restated for the effect of HKFRS 16. Besides, lease liabilities are recognised at 1 April 2019 and measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at that date while the corresponding right-of-use assets are measured at the same amount, adjusted by any prepaid or accrued lease payments recognised immediately before 1 April 2019.

The Group has also elected to apply the following practical expedients permitted by HKFRS 16:

- A single discount rate is applied to a portfolio of leases with reasonably similar characteristics;

- The use of hindsight in determining the lease term when the contract contains option to extend or terminate the lease; and

- Initial direct costs are excluded from the measurement of the right-of-use assets at 1 April 2019.

The Group has also elected not to reassess whether a contract, is or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made by applying HKAS 17 and HK(IFRIC)–Int 4 Determining whether an Arrangement contains a Lease.

Summary of effect of the changes in accounting policies

The following table summarises the impact of transition to HKFRS 16 as at 1 April 2019:

	31 March 2019	**Effect on adoption of HKFRS 16**	**1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Right-of-use assets	–	1,064	1,064
Current liabilities			
Lease liabilities	–	336	336
Non-current liabilities			
Lease liabilities	–	728	728
	–	1,064	1,064

The Group previously charged the operating leases payments to the statements of profit or loss and other comprehensive income on a straight line basis over the lease term. With the adoption of HKFRS 16, all leases with a term (or, in the case of transition, remaining term) of more than 12 months, unless the underlying asset is of low value, are recognised as right-of-use assets and lease liabilities. Right-of-use assets and lease liabilities of approximately HK$1,064,000 were recognised on the date of adoption of HKFRS 16 (i.e. 1 April 2019). The adoption has no impact on the Group's retained earnings at 1 April 2019.

The weighted average incremental borrowing rate applied to the lease liabilities recognised at 1 April 2019 is 4.8%.

The following is a reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	At 1 April 2019
	HK$'000
Operating lease commitment at 31 March 2019 as disclosed in the Group's consolidated financial statements	**240**
Discounted using incremental borrowing rate at 1 April 2019	**236**
Extension options reasonably certain to be exercised	**828**
Total lease liabilities recognised under HKFRS 16 at 1 April 2019	**1,064**

3. REVENUE AND SEGMENT INFORMATION

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from contracts with customers within HKFRS 15				
Recognised at point in time				
Sales of diesel oil	**93,157**	127,423	**296,725**	375,030
Sales of diesel exhaust fluid	**133**	136	**490**	413
Sales of steam coal	**2,033**	–	**2,033**	–
	95,323	127,559	**299,248**	375,443
Recognised over time				
Ancillary transportation service	**37**	34	**133**	34
	95,360	127,593	**299,381**	375,477

4. (LOSS)/PROFIT BEFORE TAXATION

This is stated after charging:

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Finance costs				
Finance charges on interest–bearing borrowings	**–**	26	**–**	101
Finance charges on obligations under finance leases	**–**	23	**–**	73
Interest on bank overdrafts	**23**	–	**58**	–
Imputed interest on lease liabilities	**11**	–	**34**	–
	34	49	**92**	174
Staff costs				
Directors' emoluments	**324**	104	**972**	312
Other staff cost:				
– Salaries and other benefits	**1,152**	1,228	**3,591**	3,636
– Retirement benefits scheme contributions	**67**	56	**208**	164
	1,219	1,284	**3,799**	3,800
Other items				
Auditors' remuneration	**120**	155	**360**	465
Depreciation of property, plant and equipment				
– cost of sales	**425**	240	**1,167**	749
– administrative expenses	**93**	205	**286**	614
	518	445	**1,453**	1,363

5. INCOME TAX (CREDIT)/EXPENSES

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax				
Hong Kong profits tax	**(13)**	515	**283**	1,911
Deferred tax				
Origination and reversal of temporary difference	**(85)**	–	**290**	–
Total income tax expenses	**(98)**	515	**573**	1,911

For the three months and nine months ended 31 December 2019 and 2018, the assessable profits of a Hong Kong incorporated subsidiary of the Group is entitled to the two-tiered profits tax rates regime that the first HK$2,000,000 of assessable profits will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%.

The Group entities established in the Cayman Islands and the British Virgin Islands are exempted from income tax.

6. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 31 December		**Nine months ended 31 December**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/Earnings				
(Loss)/Profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	**(131)**	499	**4,221**	6,777
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	**400,000,000**	300,000,000	**400,000,000**	300,000,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the three months and nine months ended 31 December 2018 has been determined on the assumption that the effect of the capitalisation issue upon the completion of the Share Offer as disclosed in the Prospectus had been effective on 1 April 2018.

No diluted earnings per share for both periods were presented as there were no potential ordinary shares in issue during both periods.

7. DIVIDENDS

The Board does not recommend a payment of dividend for the nine months ended 31 December 2019 (nine months ended 31 December 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the sale of diesel oil and related products in Hong Kong. The services of the Group include sourcing and transportation of diesel oil and related products in Hong Kong. Most of the Group's customers are logistic companies and construction companies which require diesel oil to operate their logistic fleets. In addition to the sale services as described above, the Group also provide ancillary transportation service to one of the four major international oil suppliers in Hong Kong (the "**Oil Major**") whereby it helps the Oil Major transport the diesel to its customers. The Group had eight diesel tank wagons of various capacity as at 31 December 2019. The Group started to trade of steam coal commenced from September 2019.

The Group has recorded a revenue of approximately HK$299.4 million for the nine months ended 31 December 2019, representing a decrease of approximately HK$76.1 million or 20.3%, as compared to the Group's revenue of approximately HK$375.5 million for the nine months ended 31 December 2018. The decrease was mainly due to decrease in the sale of diesel oil as a result of the ongoing trade war between China and the United States, as well as the political and social turmoil in Hong Kong which resulted in the blockage of roads and highways and difficulties in transportation. The Group recorded a profit attributable to the owners of the Company of approximately HK$4.2 million for the nine months ended 31 December 2019. The decrease of HK$2.6 million or 38.2% as compared to HK$6.8 million for the nine months ended 31 December 2018.

FUTURE PROSPECTS

Global economic growth has markedly slowed down during nine months ended 31 December 2019 because of the overall weakened trade and manufacturing activity. The ongoing trade disputes and unresolved negotiations had further worsened business environment. Rising political and social turmoil in Hong Kong added pressure to the already softening economy. The market grappled with a fear of global recession and were bracing for further downturn in the first half of 2020.

In view of challenges ahead, the Board believes the transportation and logistic industry will be continuously affected by the adverse change in economic conditions. As a result, the demand of diesel oil from logistic sector to supply its logistic fleets would be affected. On the other hand, the Board believes the demand of diesel oil in the construction sector will remain stable as construction works are ongoing and remain stable.

Taking into consideration of the challenging market outlook, the Group will reinforce cost control and continue to deploy more resources on enhancing its service capabilities, expanding its network presence and diversifying its customer base. The Group will also proactively seek potential business development that will broaden its sources of income and enhance value to the shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK$76.1 million or approximately 20.3% from approximately HK$375.5 million for the nine months ended 31 December 2018 to approximately HK$299.4 million for the nine months ended 31 December 2019.

Revenue from the sales of diesel oil and diesel exhaust fluid accounted for approximately HK$296.7 million and HK$0.5 million respectively, representing approximately 99.1% and 0.2% respectively, of the Group's total revenue for the nine months ended 31 December 2019. For the nine months ended 31 December 2018, the revenue from the sales of diesel oil and diesel exhaust fluid accounted for approximately HK$375.0 million and HK$0.4 million respectively, representing approximately 99.9% and 0.1% respectively, of the Group's total revenue. Sales of diesel oil remained the largest contributor to the Group's revenue.

The Group recorded an ancillary transportation service income of approximately HK$0.1 million for the nine months ended 31 December 2019. This service is to help the Oil Major transport the diesel oil to its customers and commenced from September 2018.

Since September 2019, the Group had started to trade in steam coal. Revenue from sales of steam coal was approximately HK$2.0 million for the nine months ended 31 December 2019.

Sales quantity

The sales quantity of diesel oil decreased by approximately 11.7% from 76.8 million litres for the nine months ended 31 December 2018 to 67.8 million litres for the nine months ended 31 December 2019, which showed less diesel oil was required from the logistics customers during the Reporting Period due to the impact of trade war between China and the United States, as well as the political and social turmoil in Hong Kong that resulted in the blockage of roads and highways, and difficulties in transportation. The sales quantity of diesel exhaust fluid increased by approximately 29.0% from 84.2 thousand litres for the nine months ended 31 December 2018 to 108.6 thousand litres for the nine months ended 31 December 2019.

Selling price

The average selling price of the Group's diesel oil decreased by approximately 10.2% from HK$4.88 per litre for the nine months ended 31 December 2018 to HK$4.38 per litre for the nine months ended 31 December 2019 whereas the average selling price of the Group's diesel exhaust fluid decreased by approximately 8.0% from HK$4.90 per litre for the nine months ended 31 December 2018 to HK$4.51 per litre for the nine months ended 31 December 2019. The decrease of the average selling price of the Group's diesel oil was in line with the decreasing trend in the prevailing market prices.

Cost of sales

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

For the nine months ended 31 December 2019, the Group's cost of sales was approximately HK$288.1 million, representing a decrease of 19.8% from HK$359.2 million for the nine months ended 31 December 2018. Such decrease was in line with the overall drop in revenue.

The largest component of the cost of sales was diesel oil cost, which amounted to approximately HK$354.9 million and HK$281.8 million, representing approximately 98.8% and 97.8% of the cost of sales for the nine months ended 31 December 2018 and 31 December 2019, respectively. The average unit purchase cost of diesel oil decreased by 10.0% from approximately HK$4.62 per litre for the nine months ended 31 December 2018 to approximately HK$4.16 per litre for the nine months ended 31 December 2019. The decrease in average unit purchase cost of diesel oil was in line with the market trend for the nine months ended 31 December 2019.

For the nine months ended 31 December 2019 and the corresponding period in 2018, the diesel exhaust fluid costs were approximately HK$301,900 and HK$269,000 respectively, representing approximately 0.1% and 0.1% of the cost of sales, respectively.

The direct labour costs comprise wages and benefits, including wages, bonuses, retirement benefit costs and other allowances and benefits payable to the diesel tank wagons drivers and logistics assistants involved in the transportation of the products from the oil depot to the customers. The direct labour costs amounted to approximately HK$2.2 million and HK$1.6 million for the nine months ended 31 December 2018 and 31 December 2019, respectively. The Group had ten full-time drivers responsible for the logistics support for the Group's diesel tank wagons as at 31 December 2019.

Depreciation represented depreciation charges for the Group's equipments which consist mainly of diesel tank wagons. The depreciation amounted to approximately HK$0.7 million and HK$1.2 million for the nine months ended 31 December 2018 and 31 December 2019, respectively.

Gross profit and gross profit margin

The gross profit represented the Group's revenue less cost of sales. The Group recorded a decrease in gross profit by approximately HK$5.1 million or approximately 31.3% from approximately HK$16.3 million for the nine months ended 31 December 2018 to approximately HK$11.2 million for the nine months ended 31 December 2019. The Group's gross profit margin decreased from 4.3% for the nine months ended 31 December 2018 to 3.8% for the nine months ended 31 December 2019. The decrease in gross profit is primarily due to decrease in sale of diesel oil in the third quarter. Blockage of roads and highways and difficulties in transportation reduces diesel oil demand. The Group will closely monitor the market demand and take necessary actions to cut costs and arrest declining revenues and margins.

Profit for the period

As a result of the foregoing, the Group's net profit for the nine months ended 31 December 2019 decreased by approximately HK$2.6 million from approximately HK$6.8 million to approximately HK$4.2 million for the nine months ended 31 December 2018, and the Group's net profit margin for nine months ended 31 December 2019 and 31 December 2018 are 1.4% and 1.8% respectively.

DIVIDENDS

The Board did not recommend a payment of any dividend for the nine-month periods ended 31 December 2018 and 31 December 2019.

USE OF PROCEEDS

The Shares were listed on GEM on 8 January 2019 by way of Share Offer. The Directors intend to apply the net proceeds from the Share Offer ("**Net Proceeds**") in accordance with the proposed implementation plan as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The Net Proceeds, after deducting underwriting commission and other Listing expenses, amounted to approximately HK$34.8 million. Set out below is the actual use of the Net Proceeds up to 31 December 2019:

	Planned use of total Net Proceeds	**Approximate percentage of total Net Proceeds**	**Actual use of Net Proceeds up to 31 December 2019**	**Unused total Net Proceeds up to 31 December 2019**
	HK$ million	***%***	***HK$ million***	***HK$ million***
Purchase of diesel tank wagons *(Note 1)*	15.0	43.1	8.2	6.8
Expand manpower *(Note 2)*	12.5	35.9	1.0	11.5
Upgrade information technology systems *(Note 3)*	5.0	14.4	–	5.0
General working capital	2.3	6.6	2.3	–
Total	34.8	100.0	11.5	23.3

Note:

1 Two new diesel tank wagons were available for use in October 2019. Furthermore, two new diesel tank wagons have been ordered in June 2019 and are expected to be delivered by March 2020.

2 The Group has been actively recruiting and selecting suitable candidates through various means including placing job advertisements with the Labor Department of the Government of the Hong Kong Special Administrative Region and on the newspapers.

3 The Group is still in negotiation with the potential suppliers on the requirements and specification of the new office administrative information technology system.

Save as disclosed above, the Group will continue to apply the Net Proceeds in the manner consistent with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The implementation plans of business strategies and use of Net Proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus. The Group implemented its business strategies and applied the Net Proceeds based on the actual development of the Group's business and industry, as well as market conditions.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group engaged a total of 23 employees (24 employees as at 31 March 2019) including the Directors. For the nine months ended 31 December 2019, total staff costs amounted to approximately HK$4.8 million (nine months ended 31 December 2018: approximately HK$4.1 million). Remuneration (including employees' benefits) is maintained within the market level and reviewed on a periodic basis. Employees' salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group's business performance.

ENVIRONMENT POLICIES AND PERFORMANCE

The principal activity of the Group is governed by environmental laws and regulations in Hong Kong such as those relation to air pollution control as set out in the section headed "Regulatory Overview" in the Prospectus.

The Group recognises the importance of environmental protection and has implemented various environmental protection measures, such as reducing air pollutant emissions and preventing leakage of oil products or other hazardous substance, in order to minimise the operation impact on the environment and natural resources.

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

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

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) to be entered into the register required to be kept therein, pursuant to Section 352 of the SFO, or (iii) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

Long position in the Shares

Name of Director	Capacity/ Nature of Interest	Number of Shares	Percentage of issued share capital of the Company
Mr. Law *(Note 1)*	Interest in a controlled corporation	300,000,000 Shares (L) *(Note 2)*	75%

Notes:

(1) The Company is owned as to 75% by Fully Fort Group Limited ("**Fully Fort**") which is wholly owned by Mr. Law. Under the SFO, Mr. Law is deemed to be interested in Shares held by Fully Fort.

(2) The letter "L" denotes the person's long position in the relevant Shares.

Save as disclosed above, as at the date of this announcement, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required 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 which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange.

Interests and Short Positions of the Substantial Shareholders and Other Persons in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2019, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests in Shares or underlying Shares of the Company (i) which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or (ii) which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules, or (iii) who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:–

Name of Shareholder(s)	**Capacity/ nature of interest**	**Number of Shares held**	**Percentage of shareholding**
Fully Fort *(Note 1)*	Beneficial owner	300,000,000 (Long position)	75%

Note:

1. Fully Fort is the beneficial owner of 300,000,000 Shares, representing 75% of the Company's issued share capital. Fully Fort is wholly owned by Mr. Law.

Save as disclosed above, as at 31 December 2019, the Directors have not been notified by any person who had interests or short positions in the Shares, underlying Shares or debentures of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Share Option Scheme

The Company has conditionally adopted the share option scheme (the "**Scheme**") in which certain eligible participants including, among others, the Directors and employees of the Group may be granted options to subscribe for Shares on 11 December 2018 (the "**Adoption Date**"). The Scheme became unconditional upon the Listing Date. Under the terms of the Scheme, the Board may, at its discretion, grant options to eligible participants to subscribe for Shares. No share options were granted since the Adoption Date up to 31 December 2019, and there was no share option outstanding as at 31 December 2019. As at 31 December 2019, the Company had 40,000,000 Shares available for issue under the Scheme, representing 10% of the existing issued share capital of the Company as at the date of this announcement.

Competing Interests

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

Interests of the Compliance Adviser

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Giraffe Capital Limited ("**Giraffe Capital**") to be the compliance adviser. Giraffe Capital has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Neither Giraffe Capital nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Audit Committee

The Company has established the Audit Committee on 11 December 2018 in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and with written terms of reference in compliance with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ho Cheung Kong, Mr. Wong Ka Chun Matthew and Mr. Fenn David. Mr. Ho Cheung Kong is the chairman of the Audit Committee and he holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The unaudited Condensed Consolidated Financial Statements of the Group for the six months ended 30 September 2019 had been reviewed by the Audit Committee, which was of the opinion that the unaudited Condensed Consolidated Financial Statements have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

Nomination Committee

The Company established a nomination committee (the "**Nomination Committee**") on 11 December 2018 which comprises Mr. Law and two independent non-executive Directors, namely Mr. Wong Ka Chun Matthew and Mr. Fenn David. Mr. Law is the chairman of the Nomination Committee.

The primary function of the Nomination Committee is to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The full terms of reference setting out details of the authority, duties and responsibilities of the Nomination Committee is available on both the GEM website and the Company's website.

The Nomination Committee has reviewed the structure, size and composition of the Board as well as discussing matters regarding the retirement and re-election of Directors.

Remuneration Committee

The Company established a remuneration committee (the "**Remuneration Committee**") on 11 December 2018 in compliance with Appendix 15 of the GEM Listing Rules, which comprises two independent non-executive Directors, namely Mr. Fenn David and Mr. Ho Cheung Kong together with Mr. Law. Mr. Fenn David is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group, review and approve the management's remuneration proposals, and ensure none of the Directors determine their own remuneration.

The Remuneration Committee determines Directors' remuneration by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

Pursuant to the terms of reference of the Remuneration Committee, meeting shall be held at least once a year and additional meetings should be held if the committee shall so request.

Directors' Securities Transactions

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

Corporate Governance

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. Since the Listing Date and up to 31 December 2019, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

EVENTS AFTER THE END OF REPORTING PERIOD

There are no significant events affecting the Group after the Reporting Period and up to the date of this announcement.

On behalf of the Board
Sun Kong Holdings Limited
Mr. Law Ming Yik
Chairman and executive Director

Hong Kong, 13 February 2020

As at the date of this announcement, the executive Directors of the Company are Mr. LAW Ming Yik (chairman) and Mr. LI Isaiah (chief executive officer); and the independent non-executive Directors of the Company are Mr. FENN David, Mr. WONG Ka Chun Matthew and Mr. HO Cheung Kong.

This announcement will remain on GEM's website at www.hkgem.com on the "Latest Listed Company Information" page for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.skhl.com.hk.