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**SUN KONG HOLDINGS LIMITED**  
**申港控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8631)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**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 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.**

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*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 (the “**GEM Listing Rules**”) of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together the “**Group**”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$230.9 million for the year ended 31 March 2022, representing a decrease of approximately HK\$9.2 million or 3.8% as compared to the year ended 31 March 2021.
- The Group's gross profit margin increased from 0.9% for the year ended 31 March 2021 to 3.0% for the year ended 31 March 2022 due to (i) selling more diesel oil to higher margin customers of construction thus lift our overall margin; and (ii) reduce in repairing costs of diesel tank wagons thus decrease the cost of sales.
- The Group recorded a loss attributable to the owners of the Company of approximately HK\$3.1 million for the year ended 31 March 2022, representing a decrease of approximately HK\$4.4 million, as compared to the Group's loss attributable to the owners of the Company of approximately HK\$7.5 million for the year ended 31 March 2021.
- The Board does not recommend the payment of any dividend for the year ended 31 March 2022.

## ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2022 (the “**Reporting Period**”) together with the comparative audited figures for the year ended 31 March 2021, as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2022*

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	3	<b>230,915</b>	240,112
Cost of sales		<u>(224,026)</u>	<u>(237,976)</u>
<b>Gross profit</b>		<b>6,889</b>	2,136
Other income	5	<b>325</b>	1,247
Administrative and other operating expenses		<b>(9,043)</b>	(9,406)
Impairment loss on trade and other receivables		<b>(1,024)</b>	(1,995)
Finance costs	6	<u>(281)</u>	<u>(204)</u>
<b>Loss before tax</b>	6	<b>(3,134)</b>	(8,222)
Income tax credit	7	<u>–</u>	<u>719</u>
<b>Loss and total comprehensive loss for the year</b>		<u><b>(3,134)</b></u>	<u><b>(7,503)</b></u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>			
Basic	8	<u><b>(0.78)</b></u>	<u>(1.88)</u>
Diluted		<u><b>(0.78)</b></u>	<u>(1.88)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		7,782	7,786
Deposit paid for acquisition of property, plant and equipment		–	1,250
Right-of-use assets		260	651
Financial assets at fair value through profit or loss (“FVPL”)		1,714	–
		<u>9,756</u>	<u>9,687</u>
<b>Current assets</b>			
Trade receivables	10	59,264	50,058
Other receivables		629	3,071
Bank balances and cash		1,941	2,056
		<u>61,834</u>	<u>55,185</u>
<b>Current liabilities</b>			
Trade payables	11	5,332	5,033
Other payables		3,477	2,694
Bank overdrafts		4,739	1,270
Lease liabilities		299	418
Bank borrowings		5,719	–
		<u>19,566</u>	<u>9,415</u>
<b>Net current assets</b>		<u>42,268</u>	<u>45,770</u>
<b>Total assets less current liabilities</b>		<u>52,024</u>	<u>55,457</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities, net		–	–
Lease liabilities		–	299
		<u>–</u>	<u>299</u>
<b>NET ASSETS</b>		<u><b>52,024</b></u>	<u><b>55,158</b></u>
<b>Capital and reserves</b>			
Share capital	12	4,000	4,000
Reserves		48,024	51,158
<b>TOTAL EQUITY</b>		<u><b>52,024</b></u>	<u><b>55,158</b></u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Reserve					Total HK\$'000
	Share capital HK\$'000 (Note 12)	Share premium HK\$'000 (Note i)	Capital reserve HK\$'000 (Note ii)	Accumulated profits HK\$'000	Total HK\$'000	
<b>At 1 April 2020</b>	4,000	44,810	10	13,841	58,661	62,661
Loss and total comprehensive loss for the year	–	–	–	(7,503)	(7,503)	(7,503)
<b>At 31 March 2021</b>	<b>4,000</b>	<b>44,810</b>	<b>10</b>	<b>6,338</b>	<b>51,158</b>	<b>55,158</b>
<b>At 1 April 2021</b>	<b>4,000</b>	<b>44,810</b>	<b>10</b>	<b>6,338</b>	<b>51,158</b>	<b>55,158</b>
Loss and total comprehensive loss for the year	–	–	–	(3,134)	(3,134)	(3,134)
<b>At 31 March 2022</b>	<b>4,000</b>	<b>44,810</b>	<b>10</b>	<b>3,204</b>	<b>48,024</b>	<b>52,024</b>

- (i) Share premium represents the excess of the net proceeds from issuance of Company's shares over its par value.
- (ii) Capital reserve represents the amount of the issued and paid-up share capital of the entities now comprising the Group before completion of the Group's reorganisation to rationalise the group structure for the listing of the Company less consideration paid to acquire the relevant interests (if any) upon completion of the reorganisation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2022*

## 1. GENERAL INFORMATION

Sun Kong Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands 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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is situated at 20/F., Glassview Commercial Building, No. 65 Castle Peak Road Yuen Long, Yuen Long, New Territories, Hong Kong.

The principal activity of the Company is investment holding and the Company together with its subsidiaries (“**the Group**”) are principally engaged in sales of diesel oil and related products in Hong Kong.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The 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 and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and also comply with the disclosure requirements of the Companies Ordinance and the applicable disclosure requirements of the GEM Listing Rules.

### **Adoption of new/revised HKFRSs**

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements, except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year.

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16  
Amendments to HKFRS 16

Interest Rate Benchmark Reform – Phase 2  
Covid-19-Related Rent Concessions Beyond 30 June 2021

## ***Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2***

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures – a company will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

## ***Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021***

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### **3. REVENUE**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
<u>Revenue from contracts with customers within HKFRS 15</u>		
<b>Recognised at a point in time</b>		
Sales of diesel oil	<b>230,435</b>	239,371
Sales of diesel exhaust fluid	<b>480</b>	460
	<b>230,915</b>	239,831
<b>Recognised over time</b>		
Ancillary transportation service	–	281
	<b>230,915</b>	240,112

All the revenue from contracts with customers within HKFRS 15 arises in Hong Kong.

#### 4. INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers individually contributing 10% or more of the total revenue of the Group during the years ended 31 March 2022 and 2021 are as follows:

**HK\$'000**

##### Year ended 31 March 2022

Customer A	64,246
Customer B	<i>Note</i>
Customer C	32,475
Customer D	50,717

**147,438**

##### Year ended 31 March 2021

Customer A	57,158
Customer B	47,360
Customer C	31,311
Customer D	28,162

**163,991**

*Note:*

The customer contributed less than 10% of the revenue of the Group for year ended 31 March 2022.

#### 5. OTHER INCOME

	2022	2021
	HK\$'000	HK\$'000
Gains on disposal of property, plant and equipment	281	–
Government grants ( <i>Note</i> )	–	1,247
Interest income arising from a life insurance policy	44	–
	<b>325</b>	<b>1,247</b>

*Note:* During the year ended 31 March 2021, the Group has received funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

## 6. LOSS BEFORE TAX

This is stated after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Finance costs</b>		
Interest on bank overdrafts	190	172
Interest on bank borrowings	67	–
Interest on lease liabilities	24	32
	<u>281</u>	<u>204</u>
<b>Staff costs (including directors' emoluments)</b>		
Salaries and other benefits	7,333	7,009
Contributions to defined contribution schemes	287	296
	<u>7,620</u>	<u>7,305</u>
<b>Other items</b>		
Auditor's remuneration	480	480
Cost of inventories ( <i>Note</i> )	217,743	231,017
Depreciation of property, plant and equipment:		
Cost of sales	2,460	2,422
Administrative and other operating expenses	208	296
Depreciation of right-of-use assets:		
Administrative and other operating expenses	391	396
Fair value loss on financial assets at FVPL	286	–
Impairment loss on trade receivables, net	896	1,995
Impairment loss on other receivables	128	–
	<u>128</u>	<u>–</u>

*Note:* Cost of sales included approximately HK\$6,283,000 for the year ended 31 March 2022 (2021: approximately HK\$6,960,000), which relating to the aggregate amount of certain staff costs, depreciation, license fee, repair and maintenance and transportation expenses.

## 7. TAXATION

For the years ended 31 March 2022 and 2021, the Group's entities established in the Cayman Islands and the British Virgin Islands ("BVI") are exempted from income tax.

For the years ended 31 March 2022 and 2021, Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes.

	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current tax</b>		
Hong Kong Profits Tax	–	–
<b>Deferred tax</b>		
Reversal or origination of temporary difference	–	(719)
Income tax credit	–	(719)

### Reconciliation of income tax credit

	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss before tax	<b>(3,134)</b>	<b>(8,222)</b>
Income tax at applicable tax rate	<b>(517)</b>	<b>(1,356)</b>
Non-deductible expenses	<b>87</b>	<b>67</b>
Tax exempt revenue	–	(206)
Unrecognised tax losses	<b>282</b>	<b>447</b>
Unrecognised temporary difference	<b>148</b>	<b>329</b>
Income tax credit for the year	–	(719)

## 8. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purpose of calculating basic loss	<u>3,134</u>	<u>7,503</u>
	2022	2021
<b>Number of shares</b>		
Weighted average number of ordinary shares, for the purpose of calculating basic and diluted loss per share	<u>400,000,000</u>	<u>400,000,000</u>

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during years ended 31 March 2022 and 2021.

## 9. DIVIDENDS

No dividend has been paid or declared by the Company for the years ended 31 March 2022 and 2021.

## 10. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Trade receivables</b>		
From third parties	63,418	53,316
Less: Loss allowance	<u>(4,154)</u>	<u>(3,258)</u>
	<u>59,264</u>	<u>50,058</u>

All the trade receivables are expected to be recovered within one year.

The credit period granted to customers was ranging from 0 to 120 days. The ageing of gross trade receivables by invoice date is as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	<b>10,299</b>	18,647
31 to 60 days	<b>5,829</b>	7,404
61 to 90 days	<b>7,581</b>	9,352
91 to 365 days	<b>37,470</b>	15,503
More than one year	<b>2,239</b>	2,410
	<b><u>63,418</u></b>	<u>53,316</u>

At the end of the reporting period, the Group had a concentration of credit risk as 45% (2021: 29%) and 87% (2021: 84%) of the total trade receivables were made up by the Group's largest outstanding balance and the five largest outstanding balances respectively.

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance, if any, based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables.

There was no change in the estimation techniques or significant assumptions made during the years ended 31 March 2022 and 2021.

#### **Trade receivables from sales of diesel oil**

At the end of the reporting period, the Group recognised an impairment loss of approximately HK\$2,421,000 (2021: approximately HK\$1,525,000) on the trade receivables from sales of diesel oil. The movement in the loss allowance for trade receivables from sales of diesel oil during the year is summarised below:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
At the beginning of the reporting period	<b>1,525</b>	1,263
Increase in allowance on the trade receivables from sales of diesel oil	<b>896</b>	262
	<b><u>2,421</u></b>	<u>1,525</u>

<b>As at 31 March 2022</b>	<b>Expected loss rate</b>	<b>Gross carrying amount <i>HK\$'000</i></b>	<b>Loss allowance <i>HK\$'000</i></b>	<b>Credit- impaired</b>
Not past due	0.7%	34,027	240	No
Within 30 days overdue	2.1%	13,337	282	No
31 – 60 days overdue	4.2%	6,045	256	No
61 – 90 days overdue	7.1%	1,598	113	No
91 – 365 days overdue	17.1%	6,212	1,064	No
More than one year overdue	100%	466	466	Yes
		<b>61,685</b>	<b>2,421</b>	

<b>As at 31 March 2021</b>	<b>Expected loss rate</b>	<b>Gross carrying amount <i>HK\$'000</i></b>	<b>Loss allowance <i>HK\$'000</i></b>	<b>Credit- impaired</b>
Not past due	0.5%	38,668	193	No
Within 30 days overdue	1.5%	2,922	44	No
31 – 60 days overdue	3%	2,382	72	No
61 – 90 days overdue	6%	1,854	111	No
91 – 365 days overdue	15%	5,473	821	No
More than one year overdue	100%	284	284	Yes
		<b>51,583</b>	<b>1,525</b>	

#### **Trade receivables from sales of steam coal**

The management assesses that the life-time ECL for the trade receivables from sales of steam coal amounted to HK\$1,733,000 (2021: HK\$1,733,000) which overdue over one year are credit-impaired, thus loss allowance of HK\$1,733,000 was recognised as at 31 March 2022 and 2021.

The Group does not hold any collateral over trade receivables from sales of diesel oil and sales of steam coal as at 31 March 2022 and 2021.

## 11. TRADE PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Trade payables</b>		
To third parties	<u>5,332</u>	<u>5,033</u>

At the end of the reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	3,486	5,033
31 to 60 days	<u>1,846</u>	<u>–</u>
	<u>5,332</u>	<u>5,033</u>

## 12. SHARE CAPITAL

	No. of shares	<i>HK\$'000</i>
<b>Authorised:</b>		
<i>Ordinary shares of HK\$0.01 each</i>		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>3,000,000,000</u>	<u>30,000</u>
<b>Issued and fully paid:</b>		
<i>Ordinary shares of HK\$0.01 each</i>		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>400,000,000</u>	<u>4,000</u>

## **SCOPE OF WORK OF MESSRS. MAZARS CPA LIMITED**

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income, and related notes thereto for the year ended 31 March 2022 as set out in this preliminary announcement have been agreed by the Company's auditors, Mazars CPA Limited ("**Mazars**"), to the amounts set out in the Company's audited consolidated financial statements for the year ended 31 March 2022. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on the preliminary announcement.

## **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. The Group had eight diesel tank wagons of various capacity as at 31 March 2022.

During the year, the economy in the Hong Kong and People's Republic of China ("**Mainland China**") continues to deteriorate under the prolonged effect of the COVID-19 pandemic outbreak, which resulted in the lockdown in major cities in the Mainland China and slowdown in economic activities in Hong Kong as a result of the series of precautionary and quarantine control measures implemented.

In the meantime, crude oil prices have increased significantly during the year largely driven by the stagflation expectation and economic contraction caused by the COVID-19 pandemic. Brent crude oil recently reached over USD 100 per barrel. Our purchase cost of diesel oil are substantially raised and directly creates pressure on the operating cash flow.

Shenzhen, Guangdong province, has tightened COVID-19 prevention and control measures to prevent imported cases from spreading in the city by strictly implementing closed-loop management of truck drivers at cross-border transfer stations. Therefore, cross-border transportation was limited and the market demand for diesel oil from the logistics sector was then reduced. Fortunately, construction in Hong Kong has resumed and therefore market demand for diesel oil for machineries on construction sites was improved.

The Group has recorded a revenue of approximately HK\$230.9 million for the year ended 31 March 2022, representing a decrease of approximately HK\$9.2 million or 3.8%, as compared to the Group's revenue of approximately HK\$240.1 million for the year ended 31 March 2021. The decrease was mainly due to decrease in the sale of diesel oil as a result of the COVID-19 outbreak which has caused severe disruption to manufacturing and logistic activities between Hong Kong and the Mainland China.

The Group recorded a loss attributable to the owners of the Company of approximately HK\$3.1 million for the year ended 31 March 2022 representing a decrease of approximately HK\$4.4 million as compared with the year ended 31 March 2021.

## **FUTURE PROSPECTS**

The uncertainty as to when the COVID-19 pandemic can be fully contained had made the Group's operating environment extremely challenging. The Group will continue to closely monitor the development of the COVID-19 pandemic, pay close attention to its cash flow management, integrate existing resources and actively adjust business plans to ensure stability of its operations amid such difficult times while being fully prepared for business recovery immediately upon the COVID-19 pandemic being contained.

Furthermore, the Group will continue to carefully review the current situation of the COVID-19 pandemic to reduce related risks in its business operations and continue to adopt suitable precautionary measures to ensure the safety of all the staff and working partners as necessary.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue decreased by approximately HK\$9.2 million or approximately 3.8% from approximately HK\$240.1 million for the year ended 31 March 2021 to approximately HK\$230.9 million for the year ended 31 March 2022.

Revenue from the sale of diesel oil and diesel exhaust fluid accounted for approximately HK\$230.4 million and HK\$0.5 million respectively, representing approximately 99.8% and 0.2% respectively, of the Group's total revenue for the year ended 31 March 2022. For the year ended 31 March 2021, the revenue from the sale of diesel oil and diesel exhaust fluid accounted for approximately HK\$239.4 million and HK\$0.5 million respectively, representing approximately 99.7% and 0.2% respectively, of the Group's total revenue. Sale of diesel oil remained the largest contributor to the Group's revenue.

## **Sales quantity**

The sales quantity of diesel oil decreased by approximately 42.6% from 87.1 million litres for the year ended 31 March 2021 to 50.0 million litres for the year ended 31 March 2022, which showed less diesel oil was required from the Group's logistics customers during the year ended 31 March 2022. The sales quantity of diesel exhaust fluid increased by approximately 17.8% from 102.0 thousand litres for the year ended 31 March 2021 to 120.2 thousand litres for the year ended 31 March 2022.

## **Selling price**

The average selling price of the Group's diesel oil increased by approximately 67.6% from HK\$2.75 per litre for the year ended 31 March 2021 to HK\$4.61 per litre for the year ended 31 March 2022 whereas the average selling price of the Group's diesel exhaust fluid decreased by approximately 11.3% from HK\$4.51 per litre for the year ended 31 March 2021 to HK\$4.00 per litre for the year ended 31 March 2022. The increase of the average selling price of the Group's diesel oil was in line with the increasing trend in the prevailing market prices.

## **Cost of sales**

Cost of sales primarily consists of costs of diesel oil, diesel exhaust fluid, 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 year ended 31 March 2022, the Group's cost of sales was approximately HK\$224.0 million, representing a decrease of 5.9% from HK\$238.0 million for the year ended 31 March 2021. 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\$230.4 million and HK\$217.1 million, representing approximately 96.8% and 96.9% of the cost of sales for the years ended 31 March 2021 and 2022, respectively. The average unit purchase cost of diesel oil increased by 63.8% from approximately HK\$2.65 per litre for the ended 31 March 2021 to approximately HK\$4.34 per litre for the year ended 31 March 2022. The increase in average unit purchase cost of diesel oil was in line with the market trend for the year ended 31 March 2022.

For the years ended 31 March 2021 and 2022, the diesel exhaust fluid costs were approximately HK\$0.3 million and HK\$0.4 million respectively, representing approximately 0.1% and 0.2% 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\$2.6 million and HK\$2.5 million for the years ended 31 March 2021 and 2022, respectively. The Group had eight full-time drivers responsible for the logistics support for the Group's diesel tank wagons as at 31 March 2022.

Depreciation represented depreciation charges for the Group's equipments which consist mainly of diesel tank wagons. The depreciation amounted to approximately HK\$2.4 million and HK\$2.5 million for the years ended 31 March 2021 and 2022, respectively.

### **Gross profit and gross profit margin**

The gross profit represented the Group's revenue less cost of sales. The Group recorded an increase in gross profit by approximately HK\$4.8 million or approximately 228.6% from approximately HK\$2.1 million for the year ended 31 March 2021 to approximately HK\$6.9 million for the year ended 31 March 2022. The Group's gross profit margin increased from 0.9% for the year ended 31 March 2021 to 3.0% for the year ended 31 March 2022 due to (i) selling more diesel oil to higher margin customers of construction thus lift our overall margin; and (ii) reduce in repairing costs of diesel tank wagons thus decrease the cost of sales.

### **Administrative and other operating expenses**

Administrative and other operating expenses mainly include administrative staff costs, professional service fees, rent and rate and others. The Group's administrative and other operating expenses decreased by approximately HK\$0.4 million or 4.3% from approximately HK\$9.4 million for the year ended 31 March 2021 to approximately HK\$9.0 million for the year ended 31 March 2022.

### **Income tax credit**

All of the Group's profit are derived from Hong Kong and subject to Hong Kong income tax. The Group did not incur income tax for the year ended 31 March 2022 (2021: an income tax credit of approximately HK\$0.7 million).

### **Loss for the year**

As a result of the foregoing, the Group's net loss decreased by approximately HK\$4.4 million from a loss of approximately HK\$7.5 million for the year ended 31 March 2021 to a loss of approximately HK\$3.1 million for the year ended 31 March 2022 and the Group's net profit margin for the years ended 31 March 2021 and 2022 are negative 3.12% and a negative of 1.36% respectively.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Financial Resources and Liquidity**

The Group finances its operations through cash generated from operating activities and banking facilities. The Group recorded net current assets of approximately HK\$42.3 million as at 31 March 2022.

As at 31 March 2022, the Group's current assets amounted to approximately HK\$61.8 million and the Group's current liabilities amounted to approximately HK\$19.6 million. Current ratio was approximately 3.2 as at 31 March 2022. Current ratio is calculated by current assets over current liabilities at the end of the year.

As at 31 March 2022, The banking facilities available to the Group was approximately HK\$11.0 million and approximately HK\$10.5 million of the banking facilities was utilised.

### **GEARING RATIO**

The gearing ratio, being the ratio of bank loan to total equity, of the Group as at 31 March 2022 was 20.1% (2021: 2.3%).

### **FOREIGN CURRENCY EXPOSURE RISK**

The Group operates mainly in Hong Kong and is not exposed to any foreign exchange risks throughout the year ended 31 March 2022.

### **CAPITAL STRUCTURE**

As at 31 March 2022, the capital structure of the Group consisted of equity attributable to the owners of the Company of approximately HK\$52.0 million. The share capital of the Group only comprises ordinary shares. The shares of the Company were listed on GEM of the Stock Exchange on 8 January 2019 (the "**Listing Date**"). There has been no change in the capital structure of the Group since then.

### **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2022. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES**

During the year ended 31 March 2022, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries, associates or joint ventures.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 March 2022, the Group had no capital commitments in respect of the acquisition of property and equipment that have not been provided in the Group's consolidated financial statements.

## **CAPITAL EXPENDITURE**

During the Reporting Period, the payment for capital expenditure of the Group decreased by approximately HK\$2.7 million or 87.1% as compared with last year to approximately HK\$0.4 million (2021: approximately HK\$3.1 million), which was mainly related to the payment for the purchase of motor vehicle.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed under the section "Future Plans and Use of Proceeds" in the prospectus of the Company dated 21 December 2018 (the "**Prospectus**"), the Group does not have any future plans for material investments or capital assets as at the date of this announcement.

## **DIVIDENDS**

The Board did not recommend a payment of any dividend for the years ended 31 March 2021 and 2022.

## USE OF PROCEEDS

The shares of the Company were listed on GEM of the Stock Exchange on 8 January 2019 by way of share offer. The Directors intend to apply the net proceeds (the “**Net Proceeds**”) from the share offer 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. Details of the change in use of Net Proceeds are set out in the Company’s announcements dated 3 July 2020 (the “**UOP Announcement**”) and 18 August 2020 (the “**Supplemental Announcement**”). Set out below is the actual use of the Net Proceeds up to 31 March 2022:

	Intended allocation of Net Proceeds as set forth in the Prospectus <i>HK\$ million</i>	The change in use of Net Proceeds as set forth in the UOP Announcement <i>HK\$ million</i>	Revised allocation of the Net Proceeds as set forth in the UOP Announcement and the Supplemental Announcement <i>HK\$ million</i>	Actual use of Net Proceeds up to 31 March 2022 <i>HK\$ million</i>	Unused total Net Proceeds up to 31 March 2022 <i>HK\$ million</i>	Expected timeline for fully utilising the unutilised amount as at 31 March 2022 <i>(Note 1)</i>
Purchase of diesel tank wagons <i>(Note 2)</i>	15.0	–	15.0	12.4	2.6	By 31 March 2023 <i>(Note 3)</i>
Expand manpower	12.5	(10.8)	1.7	1.7	–	N/A
Upgrade information technology systems	5.0	–	5.0	–	5.0	By 31 March 2023 <i>(Note 4)</i>
Working capital	2.3	10.8	13.1	13.1	–	N/A
Total	<u>34.8</u>		<u>34.8</u>	<u>27.2</u>	<u>7.6</u>	

### Notes:

- The expected timeline for fully utilising the unutilised Net Proceeds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.
- One new diesel tank wagon has been ordered in May 2020 and was available for use in June 2021.
- As disclosed in the Prospectus, the original expected timeline for the Net Proceeds in the purchase diesel tank wagons to be fully utilised by 31 March 2021. However, the Group has not fully utilised the planned Net Proceeds in accordance with the proceeds allocation as set out in the Prospectus. As a result, there was a delay in fully utilising the Net Proceeds assigned to purchase of diesel tank wagons. It is expected the unutilised amount of approximately HK\$2.6 million will be fully utilised by 31 March 2023 as set out in the above table. Save as disclosed above, the Directors are not aware of any material change to the implementation plans in relation to the Net Proceeds as stated in the Prospectus.

4. As disclosed in the Supplemental Announcement, the Group planned to utilise approximately HK\$5.0 million of the Net Proceeds for upgrading the information technology systems of the Group and such proposal was still in negotiation with the potential suppliers on the requirements and specification of the new office administrative information technology systems as at 31 March 2020. As such the original expected timeline as set out in the Prospectus will be extended to 31 March 2021. Nonetheless, the Company will continue to adopt a prudent approach for such purpose and will continue to apply the Net Proceeds in accordance with the proceeds allocation as set out in the Prospectus and it is expected to be fully utilised by 31 March 2023 as set out in the above table. Save as disclosed above, the Directors are not aware of any material change to the implementation plans in relation to the Net Proceeds as stated in the Prospectus.

Save as discussed, the Group will apply the Net Proceeds in the manners consistent with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The implementation plans for 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 March 2022, the Group engaged a total of 23 employees (31 March 2021: 27 employees) including the Directors. For the year ended 31 March 2022, total staff costs amounted to approximately HK\$7.6 million (year ended 31 March 2021: approximately HK\$7.3 million). Remuneration (including employees’ benefits) is maintained within the market level and reviewed on a periodic basis. Employees’ salary and relevant benefits are determined on the basis of performance, qualification, experience, positions and the Group’s business performance.

## **ENVIRONMENT POLICIES AND PERFORMANCE**

The principal activity of the Group is governed by Hong Kong environmental laws and regulations including the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) and the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) in Hong Kong. These laws and regulations cover a broad range of environmental matters, including air pollution, noise and gas emissions, leakage of oil products or other hazardous substances. The Group recognises the importance of environmental protection and has implemented various environmental protection measures in order to minimise the operation impact on the environment and natural resources.

## OTHER INFORMATION

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

Since the Listing Date and up to 31 March 2022 there has been no purchase, sale or redemption of any Company's listed securities.

### INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2022, 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 Ming Yik	Interest in a controlled corporation ( <i>Note 1</i> )	251,110,000 shares (L) ( <i>Note 2</i> )	62.78%

*Notes:*

- (1) The Company is owned as to 62.78% by Fully Fort which is wholly owned by Mr. Law Ming Yik, the Chairman and an executive Director. Under the SFO, Mr. Law Ming Yik is deemed to be interested in the Shares held by Fully Fort.
- (2) The letter "L" denotes the person's long position in the relevant shares.

## **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 March 2022, so far as it is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests in shares or underlying shares of the Company which (i) were recorded in the register required to be kept by the Company under Section 336 of the SFO, or (ii) which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules, or (iii) who will be, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

<b>Name of Shareholders</b>	<b>Capacity/nature of interest</b>	<b>Number of shares held</b>	<b>Percentage of shareholding</b>
Mr. Law Ming Yik	Interest in a controlled corporation ( <i>Note 1</i> )	251,110,000 shares <i>(Long position)</i>	62.78%
Fully Fort Group Limited	Beneficial owner ( <i>Note 1</i> )	251,110,000 shares <i>(Long position)</i>	62.78%

*Note:*

1. The shares are held by Fully Fort, the equity interest of which is owned as to 100% by Mr. Law Ming Yik. Mr. Law Ming Yik is deemed to be interested in all the shares held by Fully Fort for the purpose of Part XV of SFO.

Save as disclosed above, as at 31 March 2022, 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.

## **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.

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events have taken place after the financial year ended 31 March 2022 to the date of this announcement.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement the Company has maintained a sufficient public float as required under the GEM Listing Rules.

## **Audit Committee**

The Company established the Audit Committee on 11 December 2018 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 (currently referred as D.3.3) of the CG Code. The full terms of reference setting out details of the authority, duties and responsibilities of the Audit Committee is available on both the GEM's website and the Company's website.

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.

The Audit Committee has reviewed the audited results for the year ended 31 March 2022 and has provided advice and comments hereon.

## **Share Option Scheme**

The following is a summary of the principal terms of the rules of the share option scheme conditionally adopted by the resolutions in writing of all the Shareholders (the “**Share Option Scheme**”) passed on 11 December 2018 (the “**Adoption Date**”). The Share Option Scheme became effective on the Listing Date. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

## **Corporate Governance Practices**

The Board considers good corporate governance a key element in managing the business and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the CG Code. In the opinion of the Board, the Company has complied with the CG Code during the Report Period.

## **COMMUNICATION WITH SHAREHOLDERS**

The Company endeavors to maintain an on-going dialogue with the Shareholders and in particular, through the annual general meeting or other general meetings to communicate with the Shareholders and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each shareholder meeting.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group’s business in a timely manner, subject to relevant regulatory requirements.

## **OUTLOOK**

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.

## **APPRECIATION**

The Board would like to extend its sincere thanks to the Shareholders, business partners and customers for their utmost support to the Group. The Group would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

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

Hong Kong, 23 June 2022

*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, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on GEM's website at [www.hkgem.com](http://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](http://www.skhl.com.hk).*