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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 2024**

**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 has recorded a revenue of approximately HK\$69.0 million for the year ended 31 March 2024, representing an increase of approximately HK\$1.3 million or 1.9% as compared to the Group's revenue of approximately HK\$67.7 million for the year ended 31 March 2023.
- The Group's gross profit margin increased from 4.8% for the year ended 31 March 2023 to 7.9% for the year ended 31 March 2024 due to (i) more diesel oil were sold to higher margin customers of construction; and (ii) reduction in wages for the diesel tank wagons drivers.
- The Group recorded a loss attributable to the owners of the Company of approximately HK\$10.7 million for the year ended 31 March 2024 representing a decrease of approximately HK\$1.4 million from a loss of approximately HK\$12.1 million for the year ended 31 March 2023.
- The Board does not recommend the payment of any dividend for the year ended 31 March 2024.

## ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the draft consolidated results of the Group for the year ended 31 March 2024 (the “**Reporting Period**”) together with the comparative audited figures for the year ended 31 March 2023, as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2024*

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	<i>3</i>	<b>69,032</b>	67,722
Cost of sales		<u>(63,578)</u>	<u>(64,449)</u>
<b>Gross profit</b>		<b>5,454</b>	3,273
Other income	<i>5</i>	<b>260</b>	591
Administrative and other operating expenses		<b>(7,569)</b>	(9,032)
Impairment loss on trade and other receivables		<b>(8,173)</b>	(6,456)
Finance costs	<i>6</i>	<u>(634)</u>	<u>(442)</u>
<b>Loss before tax</b>	<i>6</i>	<b>(10,662)</b>	(12,066)
Income tax expense	<i>7</i>	<u>–</u>	<u>–</u>
<b>Loss and total comprehensive loss for the year</b>		<u><b>(10,662)</b></u>	<u>(12,066)</u>
		<i>HK cents</i>	<i>HK cents</i> <i>(Adjusted)</i>
<b>Loss per share</b>			
Basic	<i>8</i>	<u><b>(26.66)</b></u>	<u>(30.17)</u>
Diluted		<u><b>(26.66)</b></u>	<u>(30.17)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,262</b>	4,721
Intangible assets		<b>5,204</b>	–
Financial assets at fair value through profit or loss (“FVPL”)		<b>1,844</b>	1,737
Deposit paid for acquisition of intangible assets		–	3,517
		<u><b>9,310</b></u>	<u>9,975</u>
<b>Current assets</b>			
Trade receivables	<i>10</i>	<b>37,926</b>	45,901
Other receivables		<b>2,953</b>	1,980
Bank balances and cash		<b>46</b>	376
		<u><b>40,925</b></u>	<u>48,257</u>
<b>Current liabilities</b>			
Trade payables	<i>11</i>	<b>1,686</b>	2,239
Other payables		<b>7,129</b>	3,850
Bank overdrafts		<b>4,585</b>	4,255
Bank borrowings		<b>7,539</b>	7,930
		<u><b>20,939</b></u>	<u>18,274</u>
<b>Net current assets</b>		<u><b>19,986</b></u>	<u>29,983</u>
<b>NET ASSETS</b>		<u><b>29,296</b></u>	<u>39,958</u>
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>4,000</b>	4,000
Reserves		<b>25,296</b>	35,958
<b>TOTAL EQUITY</b>		<u><b>29,296</b></u>	<u>39,958</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Reserve					Total HK\$'000
	Share capital HK\$'000 (Note 12)	Share premium HK\$'000 (Note (i))	Capital reserve HK\$'000 (Note(ii))	Accumulated profits (loss) HK\$'000	Total HK\$'000	
At 1 April 2022	4,000	44,810	10	3,204	48,024	52,024
Loss and total comprehensive loss for the year	-	-	-	(12,066)	(12,066)	(12,066)
At 31 March 2023	<u>4,000</u>	<u>44,810</u>	<u>10</u>	<u>(8,862)</u>	<u>35,958</u>	<u>39,958</u>
At 1 April 2023	<u>4,000</u>	<u>44,810</u>	<u>10</u>	<u>(8,862)</u>	<u>35,958</u>	<u>39,958</u>
Loss and total comprehensive loss for the year	-	-	-	(10,662)	(10,662)	(10,662)
At 31 March 2024	<u>4,000</u>	<u>44,810</u>	<u>10</u>	<u>(19,524)</u>	<u>25,296</u>	<u>29,296</u>

Note:

- (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 2024

## 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 Section C of Lot No. 1345 in D.D121, 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.

In the opinion of the directors of the Company, the immediate and ultimate holding company is Fully Fort Group Limited, which is incorporated in the British Virgin Islands (the “**BVI**”). The ultimate controlling party is Mr. Law Ming Yik.

## 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 Hong Kong 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 2023 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 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

### ***Amendments to HKAS 1: Disclosure of Accounting Policies***

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

### ***Amendments to HKAS 8: Definition of Accounting Estimates***

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

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

### ***Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

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

### ***Amendments to HKAS 12: International Tax Reform– Pillar Two Model Rules***

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

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

## **3. REVENUE**

	<b>2024</b>	2023
	<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>67,619</b>	65,990
Sales of diesel exhaust fluid	<b>1,131</b>	1,639
	<b>68,750</b>	67,629
<b>Recognised over time</b>		
Ancillary transportation service	<b>282</b>	93
	<b>69,032</b>	67,722

#### 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 2024 and 2023 are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	22,133	<i>Note</i>
Customer B	16,986	13,656
Customer C	<i>Note</i>	8,573
	<u>39,119</u>	<u>22,229</u>

*Note:*

These customers contributed less than 10% of revenue of the Group for years ended 31 March 2024 and 2023.

#### 5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fair value gain on financial assets at FVPL	107	23
Gain on disposal of property, plant and equipment, net	50	–
Government grants ( <i>Note</i> )	103	544
Sundry income	–	24
	<u>260</u>	<u>591</u>

*Note:* During the year ended 31 March 2023, the Group had 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 required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

During the year ended 31 March 2024, the Group has received ex-gratia payment from the Ex-gratia Payment Scheme, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to registered owners of diesel commercial vehicles to phasing out Euro IV Diesel Commercial Vehicles to continuously improve roadside air quality. Under the terms of the grant, the Group is required to arrange for their vehicles to be scrapped and de-registered.



## 6. LOSS BEFORE TAX

This is stated after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Finance costs</b>		
Interest on bank overdrafts	361	237
Interest on bank borrowings	273	200
Interest on lease liabilities	—	5
	<u>634</u>	<u>442</u>
<b>Staff costs (including directors' emoluments)</b>		
Salaries and other benefits	4,353	6,576
Contributions to defined contribution schemes	168	223
	<u>4,521</u>	<u>6,799</u>
<b>Other items</b>		
Auditor's remuneration		
Audit services	450	450
Non audit services	385	195
Cost of inventories	59,765	59,940
Depreciation of property, plant and equipment:		
Cost of sales	2,456	2,470
Administrative and other operating expenses	3	118
Depreciation of right-of-use assets:		
Administrative and other operating expenses	—	260
Amortisation of intangible assets:		
Administrative and other operating expenses	88	—
Expenses relating to short-term leases	427*	52*

\* At 31 March 2024, the Group was committed to HK\$114,000 (2023: HK\$Nil) for short-term leases.

## 7. TAXATION

For the years ended 31 March 2024 and 2023, 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 2024 and 2023, Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes.

### Reconciliation of income tax expense

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax	<u>(10,662)</u>	<u>(12,066)</u>
Income tax at applicable tax rate	(1,759)	(1,991)
Non-deductible expenses	75	65
Tax exempt revenue	–	(90)
Unrecognised tax losses	336	951
Unrecognised temporary difference	<u>1,348</u>	<u>1,065</u>
Income tax expense for the year	<u>–</u>	<u>–</u>

## 8. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purpose of calculating basic loss per share	<u>10,662</u>	<u>12,066</u>
	2024	2023 <i>(Adjusted)</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares, for the purpose of calculating basic and diluted loss per share	<u>40,000,000</u>	<u>40,000,000</u>

The number of shares for the year ended 31 March 2023 has been adjusted and restated to reflect the share consolidation during the year ended 31 March 2024.

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 March 2024 and 2023.

## 9. DIVIDENDS

No dividend has been paid or declared by the Company for the years ended 31 March 2024 and 2023.

## 10. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Trade receivables</b>		
From third parties	56,709	56,511
Less: Loss allowance	<u>(18,783)</u>	<u>(10,610)</u>
	<u>37,926</u>	<u>45,901</u>

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

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

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 30 days	1,778	12,929
31 to 60 days	1,209	3,913
61 to 90 days	831	941
91 to 365 days	38,982	16,440
More than one year	<u>13,909</u>	<u>22,288</u>
	<b><u>56,709</u></b>	<b><u>56,511</u></b>

At the end of the reporting period, the Group had a concentration of credit risk as 34% (2023: 35%) and 94% (2023: 90%) 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 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 2024 and 2023.

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

At the end of the reporting period, the Group recognised an impairment loss of approximately HK\$17,050,000 (2023: approximately HK\$8,877,000) 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>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
At the beginning of the reporting period	8,877	2,421
Increase in allowance on the trade receivables from sales of diesel oil	<u>8,173</u>	<u>6,456</u>
At the end of the reporting period	<b><u>17,050</u></b>	<b><u>8,877</u></b>

As at 31 March 2024	Expected loss rate	Gross carrying amount <i>HK\$'000</i>	Loss allowance <i>HK\$'000</i>	Credit-impaired
Not past due	0.6%	3,360	21	No
Within 30 days overdue	0.7%	680	5	No
31-60 days overdue	0.8%	1,180	10	No
61-90 days overdue	1.0%	1,351	13	No
91-365 days overdue	26.8%	42,921	11,517	No
More than one year overdue	100%	5,484	5,484	Yes
		<u>54,976</u>	<u>17,050</u>	
As at 31 March 2023	Expected loss rate	Gross carrying amount <i>HK\$'000</i>	Loss allowance <i>HK\$'000</i>	Credit-impaired
Not past due	0.8%	18,763	156	No
Within 30 days overdue	2.5%	1,258	31	No
31-60 days overdue	5.0%	1,633	82	No
61-90 days overdue	8.3%	1,126	94	No
91-365 days overdue	24.6%	31,135	7,651	No
More than one year overdue	100%	863	863	Yes
		<u>54,778</u>	<u>8,877</u>	

#### 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 (2023: 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 2024 and 2023.

The Group does not hold any collateral over trade receivables from sales of diesel oil and sales of steam coal as at 31 March 2024 and 2023.

## 11. TRADE PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Trade payables</b>		
To third parties	<u>1,686</u>	<u>2,239</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	360	2,239
31 to 60 days	895	–
61 to 90 days	<u>431</u>	<u>–</u>
	<u>1,686</u>	<u>2,239</u>

## 12. SHARE CAPITAL

	No. of shares	<i>HK\$'000</i>
<b>Authorised:</b>		
<i>Ordinary shares</i>		
At 1 April 2022, 31 March 2023 and 1 April 2023	3,000,000,000	30,000
Share consolidation ( <i>Note</i> )	<u>(2,700,000,000)</u>	<u>–</u>
At 31 March 2024	<u>300,000,000</u>	<u>30,000</u>
<b>Issued and fully paid:</b>		
<i>Ordinary shares</i>		
At 1 April 2022, 31 March 2023 and 1 April 2023	400,000,000	4,000
Share consolidation ( <i>Note</i> )	<u>(360,000,000)</u>	<u>–</u>
At 31 March 2024	<u>40,000,000</u>	<u>4,000</u>

*Note:*

Pursuant to the resolution passed by the shareholders of the Company on 15 February 2024, every ten issued ordinary shares of par value of HKD0.01 each had been consolidated into one ordinary share of HKD0.1 each. The share consolidation became effective on 19 February 2024. All the shares issued by the Company ranked pari passu in all respects.

## **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 2024 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 draft consolidated financial statements for the year ended 31 March 2024. 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 seven diesel tank wagons of various capacity as at 31 March 2024.

In 2023, the economy in Hong Kong and mainland China ("**Mainland China**") continues to deteriorate due to the impact of trade protectionism policies. Hong Kong has lost its transshipment hub function. To face relatively higher prices and labor costs, some logistic service providers and shipping companies select Shenzhen port as direct export port. The demand in diesel oil from cross-boundary transportation sector was significantly affected. Fortunately, the demand from the construction sector remained stable during the year.

Crude oil prices maintained at high level throughout the year of 2023, largely driven by the stagflation expectation and geopolitical tensions; despite the decreasing trend during the year our purchase cost of diesel oil remained at high level and directly created pressure on the operating cash flow.

The Group has recorded a revenue of approximately HK\$69.0 million for the year ended 31 March 2024, representing an increase of approximately HK\$1.3 million or 1.9%, as compared to the Group's revenue of approximately HK\$67.7 million for the year ended 31 March 2023. The increase was mainly due to increase in the sale of diesel oil as a result of the recovery after COVID-19 outbreak.

The Group recorded a loss attributable to the owners of the Company of approximately HK\$10.7 million for the year ended 31 March 2024 representing a decrease of approximately HK\$1.4 million from a loss of approximately HK\$12.1 million for the year ended 31 March 2023.

## **FUTURE PROSPECTS**

Hong Kong and Mainland China economy development are critical to the Group's business and operating environment. The Group will continue to closely monitor the diesel market demand, 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.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue increased by approximately HK\$1.3 million or approximately 1.9% from approximately HK\$67.7 million for the year ended 31 March 2023 to approximately HK\$69.0 million for the year ended 31 March 2024.

Revenue from the sale of diesel oil and diesel exhaust fluid accounted for approximately HK\$67.6 million and HK\$1.1 million respectively, representing approximately 98.0% and 1.6% respectively, of the Group's total revenue for the year ended 31 March 2024. For the year ended 31 March 2023, the revenue from the sale of diesel oil and diesel exhaust fluid accounted for approximately HK\$66.0 million and HK\$1.6 million respectively, representing approximately 97.5% and 2.4% respectively, of the Group's total revenue. Sale of diesel oil remained the largest contributor to the Group's revenue.

The Group recorded an ancillary transportation service income of approximately HK\$0.3 million for the year ended 31 March 2024. For the year ended 31 March 2023, the ancillary transportation service income accounted for approximately HK\$ 0.1 million. The service was to help the Oil Major transport the diesel oil to its customers.

### **Sales quantity**

The sales quantity of diesel oil increased by approximately 30.0% from 9.0 million litres for the year ended 31 March 2023 to 11.7 million litres for the year ended 31 March 2024, which showed more diesel oil was required from the Group's logistics customers during the year ended 31 March 2024. The sales quantity of diesel exhaust fluid decreased by approximately 28.1% from 502.1 thousand litres for the year ended 31 March 2023 to 360.8 thousand litres for the year ended 31 March 2024.



## **Selling price**

The average selling price of the Group's diesel oil decreased by approximately 21.0% from HK\$7.33 per litre for the year ended 31 March 2023 to HK\$5.79 per litre for the year ended 31 March 2024 whereas the average selling price of the Group's diesel exhaust fluid decreased by approximately 4.0% from HK\$3.26 per litre for the year ended 31 March 2023 to HK\$3.13 per litre for the year ended 31 March 2024. 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 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 2024, the Group's cost of sales was approximately HK\$63.6 million, representing a decrease of 1.2% from HK\$64.4 million for the year ended 31 March 2023.

The largest component of the cost of sales was diesel oil cost, which amounted to approximately HK\$58.3 million and HK\$58.5 million, representing approximately 90.5% and 92.0% of the cost of sales for the years ended 31 March 2023 and 2024, respectively. The average unit purchase cost of diesel oil decreased by 22.6% from approximately HK\$6.47 per litre for the year ended 31 March 2023 to approximately HK\$5.01 per litre for the year ended 31 March 2024. The decrease in average unit purchase cost of diesel oil was in line with the market trend for the year ended 31 March 2024.

For the years ended 31 March 2023 and 2024, the diesel exhaust fluid costs were approximately HK\$1.4 million and HK\$1.0 million respectively, representing approximately 2.2% and 1.6% 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\$1.3 million and HK\$0.8 million for the years ended 31 March 2023 and 2024, respectively. The Group had three full-time drivers responsible for the logistics support for the Group's diesel tank wagons as at 31 March 2024.

Depreciation represented depreciation charges for the Group's equipment which consist mainly of diesel tank wagons. The depreciation amounted to approximately HK\$2.5 million for the years ended 31 March 2023 and 2024.

## **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\$2.2 million or approximately 66.7% from approximately HK\$3.3 million for the year ended 31 March 2023 to approximately HK\$5.5 million for the year ended 31 March 2024. The Group's gross profit margin increased from 4.8% for the year ended 31 March 2023 to 7.9% for the year ended 31 March 2024 due to (i) more diesel oil were sold to higher margin customers of construction; and (ii) reduction in wages for the diesel tank wagons drivers.

## **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 were approximately HK\$9.0 million and HK\$7.6 million for the years ended 31 March 2023 and 31 March 2024 respectively.

## **Income tax expense**

The group did not incur income tax for the year ended 31 March 2024 and 2023.

## **Loss for the year**

As a result of the foregoing, the Group's net loss decreased by approximately HK\$1.4 million from approximately HK\$12.1 million for the year ended 31 March 2023 to approximately HK\$10.7 million for the year ended 31 March 2024.

## **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\$20.0 million as at 31 March 2024.

As at 31 March 2024, the Group's current assets amounted to approximately HK\$40.9 million and the Group's current liabilities amounted to approximately HK\$20.9 million. Current ratio was approximately 2.0 as at 31 March 2024. Current ratio is calculated by current assets over current liabilities at the end of the year.

As at 31 March 2024, bank and cash balances were mainly denominated in Hong Kong dollar. The Group considers that any reasonable changes in foreign exchange rates of currencies against major functional currencies would not result in a significant change in the Group's results, as the net carrying amounts of financial assets and liabilities denominated in a currency other than the respective subsidiaries' functional currencies are considered to be not significant.

As at 31 March 2024, the Group's total debts comprised bank overdrafts and bank loan.

The Group's bank borrowings carry variable interest rates of 2.5% per annum below Hong Kong dollar prime rate (2023: 2.5%).

As at 31 March 2024, The banking facilities available to the Group was approximately HK\$14.0 million and approximately HK\$13.6 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 2024 was 41.4% (2023: 30.5%).

## **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 2024.

## **CHARGES ON GROUP'S ASSETS**

None of the Group's assets were charged as at 31 March 2024 (2023: Nil).

## **CAPITAL STRUCTURE**

As at 31 March 2024, the capital structure of the Group consisted of equity attributable to the owners of the Company of approximately HK\$29.3 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**"). Pursuant to the resolution passed by the shareholders of the Company on 15 February 2024, every ten issued ordinary shares of par value of HKD0.01 each had been consolidated into one ordinary share of HKD0.1 each. The share consolidation became effective on 19 February 2024. All the shares issued by the Company ranked pari passu in all respects.

## **TREASURY POLICIES**

The Group has adopted a prudent financial management approach towards its treasury policies and for the purpose to maintain a healthy liquidity position throughout the year ended 31 March 2024. 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 2024, 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 2024, the Group did not have any capital commitments in respect of the acquisition of intangible assets and property, plant and equipment 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 77.1% as compared with last year to approximately HK\$0.8 million (2023: approximately HK\$3.5 million), which was related to the deposit payment for upgrading information technology systems.

## **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**") and in the paragraph headed "Comparison of implementation plans for business strategies with actual implementation progress" below in this announcement, 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 2023 and 2024.

## 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, 18 August 2020 (the “**UOP Announcements**”) and 23 March 2023 (the “**UOP Announcement 2023**”). Set out below is the actual use of the Net Proceeds up to 31 March 2024:

	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 Announcements <i>HK\$ million</i>	Further change in use of Net Proceeds as set forth in the UOP announcement 2023 <i>HK\$ million</i>	Actual use of Net Proceeds up to 31 March 2024 <i>HK\$ million</i>	Unused total Net Proceeds up to 31 March 2024 <i>HK\$ million</i>
Purchase of diesel tank wagons	15.0	–	(2.6)	(12.4)	–
Expand manpower	12.5	(10.8)	–	(1.7)	–
Upgrade information technology systems	5.0	–	–	(5.0)	–
Working capital	2.3	10.8	2.6	(15.7)	–
	<u>34.8</u>			<u>(34.8)</u>	<u>–</u>
Total	<u>34.8</u>			<u>(34.8)</u>	<u>–</u>

*Note:* The Group has utilized approximately HK\$5.0 million of the Net Proceeds for upgrading the information technology systems of the Group. Up to the date of this announcement, the Group has engaged vendor in upgrading the Group’s information technology systems and the upgrade is fully operational in March 2024. 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 has applied 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 2024, the Group engaged a total of 15 employees (31 March 2023: 18 employees) including the Directors. For the year ended 31 March 2024, total staff costs amounted to approximately HK\$4.5 million (year ended 31 March 2023: approximately HK\$6.8 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.

The Board is committed to establish and ensure high standards of corporate governance within the Group and therefore has adopted sound corporate governance practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the GEM Listing Rules. The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

The Directors consider that throughout the year ended 31 March 2024, the Company has complied with all the applicable code provisions set out in the CG Code.

## **OTHER INFORMATION**

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

Since the Listing Date and up to 31 March 2024, 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 2024, 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> )	25,111,000 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.

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 March 2024, so far as it is known to the Directors, the following persons 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> )	25,111,000 shares ( <i>Long position</i> )	62.78%
Fully Fort Group Limited	Beneficial owner ( <i>Note 1</i> )	25,111,000 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 2024, 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 end of the financial year (i.e. 31 March 2024) 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. Chan Ting Fung, Mr. Wong Ka Chun Matthew and Mr. Fenn David. Mr. Wong Ka Chun Matthew is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited results for the year ended 31 March 2024 and has provided advice and comments hereon.

### **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, 27 June 2024

*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. CHAN Ting Fung.*

*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 the "Latest Listed Company Information" page of the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) 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).*