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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)

**DISCLOSEABLE TRANSACTIONS – ACQUISITION OF
ENTERPRISE RESOURCES PLANNING SYSTEM AND
ADVANCED DRIVER ASSISTANCE SYSTEM**

**THE ACQUISITION OF ENTERPRISE RESOURCES PLANNING SYSTEM AND
ADVANCED DRIVER ASSISTANCE SYSTEM**

The Board is pleased to announce that on 15 November 2022 and 16 January 2023 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, entered into the (i) SPA I for the acquisition of ERP System at a total consideration of HK\$3,192,000; and (ii) SPA II for the acquisition of ADA System at a total consideration of HK\$2,100,000, with the Vendor respectively.

GEM LISTING RULES IMPLICATIONS

SPA I

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the acquisition of ERP System exceeds 5% but all of them are under 25%, the acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

SPA II

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the acquisition of ADA System exceeds 5% but all of them are under 25%, the acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Furthermore, as there may be similarity in nature between the acquisition of ERP System and ADA System, and SPA I and SPA II were entered into with the same Vendor, for prudence reasons, the percentage ratios (as defined under the GEM Listing Rules) were recalculated based on an aggregated basis. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the acquisition of ERP System and ADA System, on an aggregated basis, exceeds 5% but all of them are under 25%, the acquisitions, on aggregated basis, constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

ACQUISITION OF ENTERPRISE RESOURCES PLANNING SYSTEM

The Board is pleased to announce that on 15 November 2022 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the SPA I for the acquisition of ERP System at a total consideration of HK\$3,192,000 with the Vendor.

The principal terms of the SPA I are summarized as below:

Date: 15 November 2022

Parties: (a) the Purchaser, a wholly owned subsidiary of the Company

(b) the Vendor, an Independent Third Party

The Vendor is a company incorporated in Hong Kong with limited liability. The Vendor principally engages in provision of software solutions for business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of the Vendor is Mr. Yap Ho Wing, and the Vendor and its ultimate beneficial owner are Independent Third Parties.

Asset to be acquired

One set of ERP System

Consideration

The Consideration of HK\$3,192,000 shall be payable by the Purchaser to the Vendor in cash.

The consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account (i) the price of similar system in the market; and (ii) reasons for and benefits of entering into the SPA I for the Group in respect thereof as described under the paragraph headed "Reasons for and benefits of the acquisition" below.

The acquisition under the SPA I was and will be financed by the net proceeds raised from the Listing of the Company in January 2019 and/or internal resources of the Group. As at the date of this announcement, deposit amounted to HK\$2,117,200 was paid by the Purchaser to the Vendor in cash.

ACQUISITION OF ADVANCED DRIVER ASSISTANCE SYSTEM

The Board is pleased to announce that on 16 January 2023 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the SPA II for the acquisition of ADA System at a total consideration of HK\$2,100,000 with the Vendor.

The principal terms of the SPA II are summarized as below:

Date: 16 January 2023

Parties: (a) the Purchaser, a wholly owned subsidiary of the Company
(b) the Vendor, an Independent Third Party

The Vendor is a company incorporated in Hong Kong with limited liability. The Vendor principally engages in provision of software solutions for business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of the Vendor is Mr. Yap Ho Wing, and the Vendor and its ultimate beneficial owner are Independent Third Parties.

Asset to be acquired

One set of ADA System

Consideration

The Consideration of HK\$2,100,000 shall be payable by the Purchaser to the Vendor in cash.

The consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account (i) the price of similar system in the market; and (ii) reasons for and benefits of entering into the SPA II for the Group in respect thereof as described under the paragraph headed "Reasons for and benefits of the acquisition" below.

The acquisition under the SPA II was and will be financed by the net proceeds raised from the Listing of the Company in January 2019 and/or internal resources of the Group. As at the date of this announcement, deposit amounted to HK\$1,457,200 was paid by the Purchaser to the Vendor in cash.

INFORMATION OF THE GROUP, THE PURCHASER AND THE VENDOR

The Group is principally engaged in the sourcing and transportation of diesel oil and related products in Hong Kong.

The Purchaser is a wholly owned subsidiary of the Company incorporated in Hong Kong with limited liability. The Purchaser is principally engaged in the sourcing and transportation of diesel oil and related products in Hong Kong.

The Vendor is a company incorporated in Hong Kong with limited liability. The Vendor principally engages in provision of software solutions for business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of the Vendor is Mr. Yap Ho Wing, and the Vendor and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the acquisition of the ERP System could enhance the Group's operational and management efficiency through improving the efficiency in taking customer orders, maintaining up-to-date and historical quotations from suppliers, recording purchase transactions and details with suppliers, managing the fleet of diesel tank wagon and diesel oil inventory as well as financial and management reporting.

Similarly, the Directors consider that the acquisition of the ADA System could strengthen the Group's business and bring positive impact on the operation efficiency of the Group as such system would be installed in the Group's fleet of diesel tank wagons for enhancing vehicle safety by incorporating key driving assistance functions such as maintaining a safe distance and controlling speeding in order to minimize the consequences of human error and reduce car accidents. The system can also assist in managing drivers' behaviour during operation which enable the management of the Group to control the vehicle fleet and reduce the operating cost of the Company in long run.

Having considered the above, the Directors were of the view that the terms of the SPA I and SPA II and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

SPA I

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the acquisition of ERP System exceeds 5% but all of them are under 25%, the acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

SPA II

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the acquisition of ADA System exceeds 5% but all of them are under 25%, the acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Furthermore, as there may be similarity in nature between the acquisition of ERP System and ADA System, and SPA I and SPA II were entered into with the same Vendor, for prudence reasons, the percentage ratios (as defined under the GEM Listing Rules) were recalculated based on an aggregated basis. As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the acquisition of ERP System and ADA System, on an aggregated basis, exceeds 5% but all of them are under 25%, the acquisitions, on aggregated basis, constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

BREACH OF THE GEM LISTING RULES

Chapter 19 of the GEM Listing Rules

During approval of the acquisition of ERP System and ADA System by the Company at the relevant time, the Directors considered that the acquisitions were part of the Group's ordinary and usual course of business and was therefore exempt from compliance with the requirements under Chapter 19 of the GEM Listing Rules.

After reassessment by the Company, the Company acknowledged that the acquisitions should have constituted discloseable transactions, and regrettably admitted that it had unintentionally breached Chapter 19 of the GEM Listing Rules.

REMEDIAL MEASURES

The Company deeply regrets its non-compliance with the GEM Listing Rules but the Company would like to stress that the non-compliance of the GEM Listing Rules was inadvertent and unintentional. To prevent the re-occurrence of similar incidents in the future, the Company has implemented the following remedial actions:

1. the Company will publish this announcement to inform the Shareholders of the details of the acquisitions of ERP System and ADA System;
2. the Company will calculate the size test every time and promptly when any transaction take place;
3. the Company shall maintain closer cooperation with the professional advisers of the Company in relation to regulatory compliance;
4. the Company will further consult external legal advisers, compliance advisers and/or the Stock Exchange in case of any doubt on notifiable transactions; and
5. the Company shall enhance the training provided to the Directors, the senior management and staff of the Group on the compliance requirements and practical knowledge of notifiable transactions on a regular basis.

The Group shall continue to enhance its internal control management regarding compliance and risk control matters of its businesses, thereby avoiding the re-occurrence of similar incidents.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“ADA System”	the advanced driver assistance system purchased under SPA II
“Board”	the board of Directors
“Company”	Sun Kong Holdings Limited 申港控股有限公司, a company incorporated in Cayman Island with limited liability, the shares of which are listed on the GEM of the Stock Exchange (stock code: 8631)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“ERP System”	the enterprise resources planning system purchased under SPA I
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing”	the listing of the Shares on the GEM of the Stock Exchange commenced from 8 January 2019
“Purchaser”	Wing Ko Petroleum Chemistry (China–HK) Limited, a wholly-owned subsidiary of the Company

“Shareholder(s)”	shareholders of the Company
“SPA I”	the sales and purchase agreement dated 15 November 2022 and entered into between the Purchaser and the Vendor in relation to the acquisition of the ERP System
“SPA II”	the sales and purchase agreement dated 16 January 2023 and entered into between the Purchaser and the Vendor in relation to the acquisition of the ADA System
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Vendor”	Universe Innovation and Technology (HK & CHINA) Limited, a company incorporated in Hong Kong with limited liability, the ultimate beneficial owner is Mr. Yap Ho Wing
“%”	per cent.

By order of the Board
Sun Kong Holdings Limited
Law Ming Yik
Chairman and Executive Director

Hong Kong, 7 July 2023

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 Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 website of the Stock Exchange at www.hkexnews.hk 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.