



# 常滿控股有限公司

## Sheung Moon Holdings Limited

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

Stock Code: 8523



THIRD QUARTERLY REPORT 2017

## **Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “**Directors**”) of Sheung Moon Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively refer to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.*

*This report will remain on the “Latest Company Announcements” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the day of its posting. This report will also be published on the Company’s website at [www.smcl.com.hk](http://www.smcl.com.hk)*

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## **BOARD OF DIRECTORS**

### **Executive directors**

Mr. Tang Sze Wo (*Chairman*)  
(*appointed on 31 May 2017*)

Mr. Lai Yung Sang  
(*appointed on 12 July 2017*)

### **Independent non-executive directors**

Dr. Wong Kwok Yiu Chris  
(*appointed on 24 January 2018*)

Mr. Wong Choi Chak  
(*appointed on 24 January 2018*)

Mr. Leung Kim Hong  
(*appointed on 24 January 2018*)

## **COMPANY SECRETARY**

Ms. Chau Hing Ling

## **COMPLIANCE OFFICER**

Mr. Tang Sze Wo

## **BOARD COMMITTEES**

### **Audit committee**

Mr. Wong Choi Chak (*Chairman*)

Dr. Wong Kwok Yiu Chris

Mr. Leung Kim Hong

### **Nomination committee**

Mr. Leung Kim Hong (*Chairman*)

Dr. Wong Kwok Yiu Chris

Mr. Wong Choi Chak

### **Remuneration committee**

Dr. Wong Kwok Yiu Chris (*Chairman*)

Mr. Wong Choi Chak

Mr. Leung Kim Hong

### **Risk management committee**

Mr. Wong Choi Chak (*Chairman*)

Mr. Tang Sze Wo

Dr. Wong Kwok Yiu Chris

Mr. Leung Kim Hong

## **AUTHORISED REPRESENTATIVES**

Mr. Tang Sze Wo

Ms. Chau Hing Ling

## **COMPANY'S WEBSITE**

<http://www.smcl.com.hk>

## **AUDITOR**

Deloitte Touche Tohmatsu  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

## **COMPLIANCE ADVISER**

LY Capital Limited  
Rooms 1901-02  
China Insurance Group Building  
141 Des Voeux Road Central  
Hong Kong

## **REGISTERED OFFICE**

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room A, 15th Floor  
Kings Tower  
111 King Lam Street  
Cheung Sha Wan  
Kowloon  
Hong Kong

# CORPORATE INFORMATION

## **PRINCIPAL BANKERS**

The Hong Kong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

China Construction Bank (Asia)  
Corporation Limited  
CCB Tower  
3 Connaught Road Central  
Hong Kong

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR**

Tricor Investor Services Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **STOCK CODE**

8523

## BUSINESS REVIEW AND OUTLOOK

Founded over 20 years ago, the Group is a local contractor in the civil engineering construction industry. The Group is principally engaged in the provision of site formation works, road and drainage works and structural works in both public and private sectors in Hong Kong. The Group is an approved contractor of the government of Hong Kong Special Administrative Region (the “Government”). The Group has been admitted on probation on the Approved List for Contractors in the categories of Site Formation (Group B) and Roads and Drainage (Group A) and registered as a general building contractor and a specialist contractor (site formation works) with the Hong Kong’s Buildings Department.

During the nine months ended 31 December 2017 (the “Period”), the Group has been awarded 11 contracts with an aggregate contract sum of approximately HK\$265.3 million and has completed 1 contract with an aggregate contract sum of approximately HK\$0.7 million. As at 31 December 2017, the Group had 30 contracts in progress with an aggregate contract sum of approximately HK\$459.8 million.

In the Hong Kong Special Administrative Region’s Chief Executive’s 2017 Policy Address, various infrastructure and construction projects were highlighted, showing the Government’s commitment to the industry. As the Group being an approved contractor of the Government, the Directors aim to capture more business opportunities in the market and to further strengthen the Group’s market position in the civil engineering construction industry in Hong Kong.

## FINANCIAL REVIEW

### Revenue

For the Period, the revenue of the Group has significantly increased by approximately HK\$113.6 million, or approximately 222.9% compared to the nine months ended 31 December 2016 (the “corresponding period last year”), from approximately HK\$51.0 million to approximately HK\$164.6 million. The increase was primarily due to growth of business.

In addition to the execution of contracts in progress, the Group had been awarded 11 new contracts during the Period, including a contract with an aggregate contract value of approximately HK\$184.7 million for handling of surplus public fill of the Tseung Kwan O Area 137. The contract had commenced in May 2017.

### Gross Profit and Gross Profit Margin

For the Period, the gross profit of the Group has majorly increased by approximately HK\$11.0 million, or approximately 76.7% compared to the corresponding period last year, from approximately HK\$14.3 million to approximately HK\$25.3 million. The increase in gross profit was in line with growth of business. The gross profit margin decreased from 28.0% to 15.4%, mainly due to 1) less variation orders and additional ad-hoc works, which usually provide higher gross profit margin, were requested by main contractors during the Period as compared to the corresponding period last year; 2) the non-technical nature of works involved in the recently awarded project in Tseung Kwan O Area 137, which created lower gross profit margin.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other Income

For the Period, the other income has increased by approximately HK\$45,000 or approximately 145.5% compared to the corresponding period in 2016, from approximately HK\$31,000 to approximately HK\$75,800. The increase was due to the rental income from the Group's investment property in the Period. Based on the tenancy agreement signed, the Group receives a rental income of approximately HK\$33,000 per month from November 2017 and onwards.

## Direct Costs

The Group's direct costs primarily consist of subcontracting fee, rental of site equipment, construction materials, direct labour and Mandatory Provident Fund (the "MPF"), transportation and depreciation.

During the Period, the Group's direct costs amounted to approximately HK139.3 million, representing a significant increase of approximately HK\$102.7 million or approximately 280.1% as compared to the direct costs of approximately HK36.7 million from the corresponding period last year. Such increase was mainly attributable to the increase in the rental of machinery and costs of labour and transportation arising from the newly awarded project in Tseung Kwan O Area 137.

## Administrative Expenses

The Group's administrative expenses consist primarily of depreciation, directors' remuneration, staff salaries and MPF (Office), auditors' remuneration and other administrative expenses. For the Period, the administrative expenses have increased by approximately HK\$1.4 million or approximately 36.1% compared to the corresponding period last year, from approximately HK\$4.0 million to approximately HK\$5.4 million. The increase was mainly because of business growth and substantial increase in auditor's remuneration.

## Finance Cost

For the Period, the finance cost has increased by approximately HK\$1.8 million or approximately 265.6% compared to the corresponding period last year, from approximately HK\$0.7 million to approximately HK\$2.5 million. The increase in finance cost was mainly due to additional financial facilities applied and interest costs for convertible loan.

## Listing Expenses

For the period, the Group's listing expenses amounted to approximately HK\$7.2 million. No listing expenses was incurred for the nine months ended 31 December 2016 as the listing process had not started yet. The Group expects that total listing expenses are non-recurring in nature.

## Taxation

The Group's taxation increased from approximately HK\$1.4 million for the nine months ended 31 December 2016 to approximately HK\$3.1 million for the Period, representing an increase of approximately HK\$1.7 million or approximately 121.4%. Such increase was mainly attributable to the (i) significant non-deductible expenses such as Listing expenses; (ii) effects arising from the different calculation methods adopted by tax authorities and the accounting treatment on depreciation of the Group's property, plant and equipment; and (iii) tax losses brought forward from year of assessment 2015/16.

## **Profit for the Period and Net Profit Margin**

Profit for the Period of the Company has decreased by approximately HK\$0.9 million or approximately 11.3% compared to the corresponding period last year, from approximately HK\$8.3 million to approximately HK\$7.4 million. Net profit margin has decreased from approximately 16.3% to approximately 4.5%. The decrease was primarily due to the decrease in gross profit margin and the listing fee incurred during the Period.

## **LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE**

The shares of the Company (the “Shares”) are successfully listed on the GEM Board of the Stock Exchange on 12 February 2018 and no change in capital structure of the Group is expected after its listing.

The Group maintained a sound financial position during the Period. As at 31 December 2017, the Group had total bank balances and cash of approximately HK\$12.6 million (31 December 2016: approximately HK\$2.4 million). As at 31 December 2017, the Group had net current asset of approximately HK\$30.3 million, representing an increase of approximately HK\$24.9 million as compared to that of approximately HK\$5.4 million as at 31 December 2016.

As at 31 December 2017, the gearing ratio of the Group, calculated by dividing all interest-bearing borrowings, obligations under finance leases and convertible loan notes by total equity, was approximately 89.9% (31 December 2016: approximately 52.1%).

## **EXPOSURE TO FOREIGN EXCHANGE RATE RISKS**

The Group is a contractor in the civil engineering construction industry in Hong Kong with all of the Group’s transactions settled in Hong Kong Dollars. As such, the Directors are of the view that the Group did not have any significant foreign exchange liabilities and did not have any significant exposure to foreign exchange risk during the Period.

## **CAPITAL EXPENDITURE**

During the Period, the Group invested approximately HK\$11.0 million in the purchase of property, plant and equipment, recording an increase of approximately HK\$9.6 million, or approximately 685.7% comparing to the figures of corresponding period last year, which was approximately HK\$1.4 million. The increase in the capital expenditure was mainly for the expansion of service capacities.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 31 December 2017 and 2016.

Save as disclosed above and apart from intra-group liabilities, the Group had not been granted any borrowings and did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, guarantees or other material contingent liabilities.



## USE OF NET PROCEEDS FROM THE LISTING

The receipt of proceeds net of listing expenses upon the listing are expected to be approximately HK\$30 million. The Company intends to apply the net proceeds to the following purposes:

- approximately HK\$15,000,000, representing approximately 50% of the net proceeds, will be used to acquire additional site equipment;
- approximately HK\$7,500,000, representing approximately 25% of the net proceeds, will be used to capture the market growth in the public and private sectors;
- approximately HK\$3,000,000, representing approximately 10% of the net proceeds, will be used to expand the accounting and administrative teams;
- approximately HK\$2,100,000, representing or approximately 7% of the net proceeds, will be used to reduce the Group's financial cost and increase profit return. Specifically, (i) approximately HK\$600,000 will be used to repay a small and medium enterprises ("**SME**") loan drawn in November 2015 for financing the Group's general working capital bearing interest at a fixed rate of 7.25% per annum which will mature in November 2018; (ii) approximately HK\$320,000 will be used to repay a SME loan drawn in June 2015 for financing the Group's general working capital bearing interest at a flat rate of 0.35% per month which will mature in June 2018; (iii) approximately HK\$830,000 will be used to repay a SME loan drawn in April 2016 for financing the Group's general working capital bearing interest at a flat rate 0.33% per month which will mature in April 2019; and (iv) approximately HK\$350,000 will be used to repay the Group's certain other bank loans drawn for financing the Group's general working capital; and
- approximately HK\$2,400,000, representing approximately 8% of the net proceeds, will be used as general working capital of the Group.

Since the net proceeds from the listing were not received by the Company before the end of the Period, the plan for the use of proceeds as disclosed has not been executed yet.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group employed a total of 270 full-time employees (including executive Directors), as compared to a total of 53 full-time employees as at 31 December 2016. The remuneration package the Group offers to employees includes salary and bonus. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of employees, which forms the basis of the Group's decisions with respect to salary increment, bonuses and promotions. The total remuneration cost incurred by the Group for the Period was approximately HK\$47.5 million compared to approximately HK\$10.1 million in the corresponding period last year.

## EVENTS AFTER THE PERIOD

On 23 January 2018, Sigma Square Investment Management Limited converted the convertible loan notes into 10% equity interest of the enlarged share capital of the Company immediately before completion of the listing upon the completion of the hearing process.

On 24 January 2018, written resolutions of the shareholders of the Company were passed to approve the matters set out in the paragraph headed "Resolutions in writing of all our Shareholders passed on 24 January 2018" in Appendix IV of the prospectus of the Company. It was resolved, among other things:

- (i) the authorised share capital of the Company increased to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares of the Company;
- (ii) conditionally adopted a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company's shares. No share has been granted since the adoption of the scheme. The principal terms of the share option scheme are summarised in the section headed "D. Other information – 1. Share Option Scheme" in Appendix V to the prospectus of the Company; and
- (iii) conditional upon the share premium account of the Company being credited as a result of the offer of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK\$2,999,700 from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par 299,970,000 shares of the Company for allotment and issue to the persons whose name appeared on the register of members of the Company at the close of business on 24 January 2018.

On 12 February 2018, 100,000,000 shares with a par value of HK\$0.01 each of the Company are issued at a price of HK\$0.50 per share by way of Hong Kong public offering. On the same date, the Company's shares are listed on the GEM of the Stock Exchange.

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

For the three months and nine months ended 31 December 2017

The board of directors of the Company (the “Board”) is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2017, together with the comparative figures for the corresponding period in 2016 as follows:

	NOTES	Three months Ended 31 December		Nine months Ended 31 December	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	<b>66,312</b>	24,291	<b>164,618</b>	50,975
Direct costs		<b>(56,640)</b>	(18,289)	<b>(139,313)</b>	(36,655)
Gross profit		<b>9,672</b>	6,002	<b>25,305</b>	14,320
Other income		<b>66</b>	26	<b>76</b>	31
Other gains and losses	4	-	-	<b>180</b>	-
Administrative expenses		<b>(1,955)</b>	(1,601)	<b>(5,450)</b>	(4,007)
Finance costs	5	<b>(837)</b>	(205)	<b>(2,479)</b>	(676)
Listing expenses		<b>(1,895)</b>	-	<b>(7,205)</b>	-
Profit before taxation	6	<b>5,051</b>	4,222	<b>10,427</b>	9,668
Taxation	7	<b>(1,155)</b>	(741)	<b>(3,051)</b>	(1,352)
Profit and total comprehensive income for the period attributable to owners of the Company		<b>3,896</b>	3,481	<b>7,376</b>	8,316
Earnings per share (HK cents) – Basic and diluted	8	<b>1.50</b>	1.46	<b>2.92</b>	3.50

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2017

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note)</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2017 (audited)	-	-	2,695	10,262	20,868	33,825
Profit and total comprehensive income for the period	-	-	-	-	7,376	7,376
Issue of shares of the Company	-	10,000	-	-	-	10,000
At 31 December 2017 (unaudited)	<u>-</u>	<u>10,000</u>	<u>2,695</u>	<u>10,262</u>	<u>28,244</u>	<u>51,201</u>
At 1 April 2016 (audited)	10,262	-	-	-	11,124	21,386
Profit and total comprehensive income for the period (unaudited)	-	-	-	-	8,316	8,316
At 31 December 2016 (unaudited)	<u>10,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,440</u>	<u>29,702</u>

*Note:* The other reserve of the Group represents the difference between the nominal amount of the share capital of Sheung Moon Construction Limited, an indirect wholly-owned subsidiary of the Company, and the nominal amount of share capital of Attaway Developments Limited, a direct wholly-owned subsidiary of the Company, pursuant to the group reorganisation.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

## 1. GENERAL

Sheung Moon Holdings Limited (the “**Company**”) was incorporated and registered in the Cayman Islands as an exempted company with limited liability on 31 May 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 February 2018.

The addresses of the registered office and the principal place of business of the Company in Hong Kong are located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Room A, 15th Floor, Kings Tower, 111 King Lam Street, Cheung Sha Wan, Kowloon, Hong Kong, respectively. The immediate holding company of the Company is Chrysler Investments Limited (“**Chrysler Investments**”), which is incorporated in the British Virgin Islands (“**BVI**”) and owned by Mr. Tang Sze Wo (“**Mr. SW Tang**”). The Company acts as an investment holding company and its subsidiaries are principally engaged in provision of civil engineering construction service.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of the Company.

Pursuant to the group reorganisation of the Group, the Company became the holding company of the companies now comprising the Group on 28 June 2017. Details of group reorganisation are set out in the prospectus of the Company dated 31 January 2018 (“**Prospectus**”).

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standard (“**HKFRSs**”) issued by the Hong Kong Institution of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the period are consistent with those applied in the Group’s audited financial statements for the year ended 31 March 2017.

HKICPA has issued a number of new and amendment to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and interpretations that are first effective or available for early adoption for the period. There have been no significant changes to the accounting policies applied in these financial statements for the period presented as a result of these developments.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

## 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the civil engineering construction services provided by the Group to external customers. The Group's revenue is solely derived from civil engineering construction services during the period. For the purpose of resources allocation and performance assessment, the management of the Group, being the chief operating decision makers ("CODM"), review the overall results of the Group as a whole. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

## 4. OTHER GAINS AND LOSSES

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Fair value change of investment property	-	-	800	-
Loss on fair value change of convertible loan notes	-	-	(620)	-
	<u>-</u>	<u>-</u>	<u>180</u>	<u>-</u>

## 5. FINANCE COSTS

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Interests on:				
Bank borrowings	181	98	602	323
Finance leases	121	107	357	353
	<u>302</u>	<u>205</u>	<u>959</u>	<u>676</u>
Effective interest expense on convertible loan notes	535	-	1,520	-
	<u>837</u>	<u>205</u>	<u>2,479</u>	<u>676</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

## 6. PROFIT BEFORE TAXATION

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging:				
Directors' remuneration	1,009	1,009	2,627	2,530
Other staff costs	17,690	3,105	43,194	7,290
Retirement benefit scheme contributions	680	129	1,666	315
Total staff cost	19,379	4,243	47,487	10,135
Auditor's remuneration	75	75	325	225
Depreciation on property, plant and equipment	751	549	2,081	1,623
Minimum lease payments under operating leases in respect of				
– rented premises	129	–	371	–
– site equipment	6,097	323	14,732	1,078
	7,052	947	17,509	2,926

## 7. TAXATION

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Tax charge comprises:				
Hong Kong Profits Tax	1,069	467	1,985	467
Macau Complementary Tax	–	–	–	60
	1,069	467	1,985	527
Deferred taxation	86	274	1,066	825
	1,155	741	3,051	1,352

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the periods.

Under the applicable corporate tax law in Macau, income tax for the period 2017 (2016: 12%) is calculated at 12% on certain estimated assessable profits for the period.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company for the Period is based on the following data:

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Earning				
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	<b>3,896</b>	3,481	<b>7,376</b>	8,316
Effect of dilutive potential ordinary shares:				
Interest on convertible loan notes	-	-	-	-
Loss on fair value change of convertible loan notes	-	-	-	-
Earnings for the purpose of diluted earnings per share	<b>3,896</b>	3,481	<b>7,376</b>	8,316
	'000 (unaudited)	'000 (unaudited)	'000 (unaudited)	'000 (unaudited)

Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>260,000</b>	237,778	<b>252,889</b>	237,778
Effect of dilutive potential ordinary shares on convertible loan notes	-	-	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per shares	<b>260,000</b>	237,778	<b>252,889</b>	237,778

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the group reorganisation and the capitalisation issue as detailed in the Prospectus had been effective on 1 April 2015 and has been retrospectively adjusted for the deemed bonus element of the capital contribution relating to the shares of the Company issued to Chrysler Investments on 28 June 2017.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2017

## **8. EARNINGS PER SHARE (CONTINUED)**

The effect of dilutive potential ordinary shares on convertible loan notes is not considered as the condition for the conversion of convertible loan notes has not been fulfilled as at 31 December 2016 and 31 December 2017 and the number of ordinary shares contingently issuable upon the conversion of the convertible loan notes depends on whether the listing of the Company's shares on the GEM of the Stock Exchange takes place. Accordingly, the computation of diluted earnings per share for the nine-month periods ended 31 December 2016 and 31 December 2017 does not assume the conversion of the convertible loan notes.

## **9. DIVIDENDS**

No dividend was paid or declared by the Company since its incorporation or by the companies now comprising the Group during the nine-month period ended 31 December 2017 (2016: nil).

**DISCLOSURE OF INTERESTS****(a) Interests and short position of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or the associated corporations**

As the Company was not listed on the GEM as at 31 December 2017, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and section 352 of the SFO were not applicable to the Directors or chief executive of the Company as at 31 December 2017.

Immediately following the listing of the shares of the Company on 12 February 2018, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required as otherwise to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

*(i) Interests in the company*

<b>Name of Director</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares</b>	<b>Approximate percentage of shares</b>
Mr. Tang Sze Wo ( <i>note</i> )	Interest in a controlled corporation	260,000,000 (long position)	65.0%

*Note:*

These shares are held by Chrysler Investments Limited, a company incorporated in the British Virgin Islands and the entire share capital of which is held by Mr. Tang Sze Wo. Mr. Tang Sze Wo is deemed to be interested in these shares held by Chrysler Investments Limited under the SFO.

*(ii) Interests in associated corporation(s) of the company*

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
Mr. Tang Sze Wo	Chrysler Investments Limited	Beneficial owner	1 (long position)	100%

Save as disclosed above, immediately following the listing of the shares of the Company on 12 February 2018, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

**(b) Interests and short positions of the substantial shareholders in the shares and underlying shares**

So far as the Directors are aware, immediately following the listing of the shares of the Company on 12 February 2018, the following persons (other than a Director or chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO or are directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group:

<b>Name of Shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding in our Company</b>
Chrysler Investments Limited (Note 1)	Beneficial owner	260,000,000 (long position)	65%
Mr. Tang Siu Fung Calvin (Note 2)	Interest in a controlled corporation	40,000,000 (long position)	10%
Sigma Square Investment Management Limited (Note 2)	Interest in a controlled corporation	40,000,000 (long position)	10%
Altivo Ventures Limited (Note 2)	Beneficial owner	40,000,000 (long position)	10%

*Notes:*

- Chrysler Investments Limited is a company incorporate in the BVI and the entire share capital of which is held by Mr. SW Tang.
- These Shares are held by Altivo Ventures Limited, a company incorporated in the BVI and the entire share capital of which is held by Sigma Square Investment Management Limited, a company incorporated in Hong Kong and wholly owned by Mr. Tang Siu Fung Calvin, the son of Mr. SW Tang. Each of Sigma Square Investment Management Limited and Mr. Tang Siu Fung Calvin is deemed to be interested in these Shares held by Altivo Ventures Limited under the SFO.

Save as disclosed above, immediately following the listing of the shares of the Company on 12 February 2018, the Directors and chief executive are not aware of any person, other than a Director or chief executive of the Company, who has an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

### **DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2017 (for the nine months ended 31 December 2016: nil).

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

As the shares of the Company were not yet listed on the GEM as at 31 December 2017, the Company is not required to disclose the details of purchase, sale or redemption of the shares of the Company in accordance with Rule 18.79(10) of the GEM Listing Rules.

### **SHARE OPTION SCHEME**

The share option scheme of the Company (the “**Share Option Scheme**”) was adopted under the written resolutions of the shareholders of the Company passed on 24 January 2018. No share option has been granted under the Share Option Scheme since its adoption.

### **DEED OF NON-COMPETITION**

A deed of non-competition (the “**Deed of Non-competition**”) dated 24 January 2018 was entered into by Chrysler Investments Limited, a limited liability company incorporated in the British Virgin Islands, and Mr. Tang Sze Wo in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed “Relationship with Controlling Shareholders” and the non-competition undertaking is effective from the listing date (i.e. 12 February 2018).

### **COMPETITION AND CONFLICT OF INTERESTS**

As far as the Directors are aware of, none of the Directors nor the controlling shareholders nor any of their respective associates (as defined in the GEM Listing Rules) had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or had any other conflict of interests with the Group during the nine months ended 31 December 2017.

### **INTERESTS OF COMPLIANCE ADVISER**

As notified by the Company’s compliance adviser, LY Capital Limited (“**LY Capital**”), neither LY Capital nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 December 2017.

### **AUDIT COMMITTEE**

The Board has established an audit committee (the “**Audit Committee**”) on 24 January 2018, which operates under terms of reference approved by the Board. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Wong Choi Chak, Dr. Wong Kwok Yiu Chris and Mr. Leung Kim Hong. Mr. Wong Choi Chak is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial results of the Group for the nine months ended 31 December 2017.

### **CORPORATE GOVERNANCE PRACTICES**

The code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the “**CG Code**”) were not applicable to the Company for the nine months ended 31 December 2017 as the shares of the Company were not listed on GEM as at 31 December 2017. The Company will adopt and comply with the code provisions as contained in the CG Code, where applicable, immediately following the listing of the shares of the Company on 12 February 2018.

### **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

The Company does not have any other disclosure obligations under Rules 17.22, 17.23 and 17.24 of the GEM Listing Rules.

By order of the Board  
**Sheung Moon Holdings Limited**  
**Tang Sze Wo**  
*Chairman*

Hong Kong, 12 February 2018

*As at the date of this report, the executive directors of the Company are Mr. Tang Sze Wo and Mr. Lai Yung Sang; and the independent non-executive directors of the Company are Dr. Wong Kwok Yiu Chris, Mr. Wong Choi Chak and Mr. Leung Kim Hong.*