

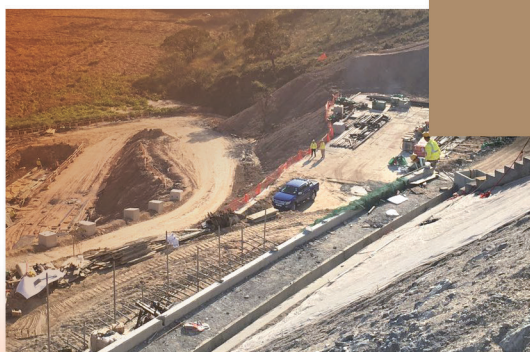


常滿控股有限公司

Sheung Moon Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8523



THIRD QUARTERLY REPORT 2018

Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main board. 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 report, for which the directors (the “**Directors**”) of Sheung Moon Holdings Limited (the “**Company**” or “**our**”) 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 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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. Tang Sze Wo (*Chairman*)
Mr. Lai Yung Sang

Independent non-executive directors

Dr. Wong Kwok Yiu Chris
Mr. Wong Choi Chak
Mr. Leung Kim Hong

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>

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88 Queensway
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COMPLIANCE ADVISER

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Hong Kong

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a local contractor in the civil engineering construction industry and 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**”), a registered general building contractor and a specialist contractor (site formation works) with the Hong Kong Buildings Department. In order to cope with the Group’s business expansion, the shares of the Company was successfully listed on the GEM of the Stock Exchange on 12 February 2018 (“**Listing Date**”). During the third quarter ended 31 December 2018, the Group has been awarded 5 civil engineering construction projects with total original contract sum amounted to approximately HK\$93.5 million. As at 31 December 2018, the Group had a total of 40 civil engineering construction projects on hand with total original contract sum amounted to approximately HK\$554.0 million.

FINANCIAL REVIEW

Revenue

The Group’s revenue increased by approximately HK\$57.9 million, or 35.1%, from approximately HK\$164.6 million for the nine months ended 31 December 2017 to approximately HK\$222.5 million for the nine months ended 31 December 2018. Such increase was primarily due to that more construction projects have been undertaken by the Group during the period as compared to the corresponding period in last year.

Direct Costs

Direct costs primarily comprised subcontracting fee, direct labour cost, construction materials, rental of site equipment, depreciation of site equipment, petrol consumption as well as transportation expenses. Direct cost increased by approximately HK\$55.4 million, or 39.8%, from approximately HK\$139.3 million for the nine months ended 31 December 2017 to approximately HK\$194.7 million for the nine months ended 31 December 2018. Such increase was mainly attributable to the increase in subcontracting fees and labour wages as a result of increase in construction projects undertaken. More material costs, transportation expenses and petrol have been consumed. There was also increase in depreciation charges for new site equipment purchased during the period to replace some of the leased machines.

Gross profit and Gross Profit Margin

In line with the increase in revenue, the Group’s gross profit increased by approximately HK\$2.5 million, or 9.7%, from approximately HK\$25.3 million for the nine months ended 31 December 2017 to approximately HK\$27.8 million for the nine months ended 31 December 2018. However, gross profit margin went down from 15.4% for the nine months ended 31 December 2017 to 12.5% for the nine months ended 31 December 2018. Such drop was due to the increase in subcontracting fees and the increase in number of site workers and their overtime pay to meet tight schedule of projects as well as the increase in price of construction materials.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

Other income increased by approximately HK\$1.3 million or 1,685.5% from approximately HK\$76,000 for the nine months ended 31 December 2017 to approximately HK\$1.4 million for the nine months ended 31 December 2018. The increase was due to the reasons that other income for the nine months ended 31 December 2018 comprised rental income from leasing of site equipment, rental income from the Group's investment property and one-off sponsorship money received from the Group's stakeholders for advertising and celebrating in newspaper about the listing of the Company's shares on GEM of the Stock Exchange whereas other income for the corresponding period in 2017 comprised only rental income from the Group's investment property.

Other Gains and Losses

Other gain for the nine months ended 31 December 2017 was the net effect of the fair value gain of approximately HK\$0.8 million on the Group's investment property and the fair value loss of approximately HK\$0.6 million on the Company's convertible notes whereas other gain for the nine months ended 31 December 2018 comprised only the fair value gain of approximately HK\$0.1 million on the Group's investment property as the convertible notes existed in 2017 were fully converted into new shares before the Listing Date.

Administrative Expenses

Administrative expenses increased by approximately HK\$3.1 million or 56.6% from approximately HK\$5.4 million for the nine months ended 31 December 2017 to approximately HK\$8.5 million for the nine months ended 31 December 2018. The increase was mainly due to the increase in payment of professional fees and hiring of senior staff after listing of the Company's shares on the Stock Exchange and the increase in employees' salaries and welfare so as to maintain the Group's competitiveness in the industry.

Finance Costs

Finance costs decreased by approximately HK\$1.0 million or 40.2% from approximately HK\$2.5 million for the nine months ended 31 December 2017 to approximately HK\$1.5 million for the nine months ended 31 December 2018. The decrease was mainly due to reduction in interest expenses as a result of the conversion of the convertible notes before the Listing Date.

Listing Expenses

No further listing expenses were incurred for the nine months ended 31 December 2018. The amount of listing expenses incurred for the corresponding period in last year was approximately HK\$7.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Taxation

Taxation expenses increased by approximately HK\$0.1 million or 6.0% from approximately HK\$3.1 million for the nine months ended 31 December 2017 to approximately HK\$3.2 million for the nine months ended 31 December 2018. Such increase was due to the increase in taxable profits for the period under review.

As a result of the above, the Group recorded a profit of approximately HK\$16.0 million for the nine months ended 31 December 2018 (nine months ended 31 December 2017: profit of approximately HK\$7.4 million).

PROSPECT

The financial secretary mentioned on his personal blog recently that the overall capital expenditure of Hong Kong will maintain at the level of between HK\$250 billion to HK\$300 billion annually in the coming 5 years and the Government will continue to support the construction industry in order to maintain the quality, professionalism and image of the industry practitioners. The Directors believe that the Group will continue to benefit from the Government policy of increasing infrastructure spending in order to promote economic growth.

2019 will remain busy for the Hong Kong construction industry. The Directors are confident that the Group's construction business will continue to grow as the prospects for the construction industry are promising. With a proven track record and strong foothold in the industry, the Group will endeavour to maintain a steady growth in its construction business so as to maximise shareholders' return.

USE OF NET PROCEEDS

As disclosed in the prospectus of the Company dated 31 January 2018 (the "**Prospectus**"), the net estimated proceeds from the public offer, after deduction of the underwriting fees and expenses paid by the Company in connection therewith, were approximately HK\$25 million. Actual net proceeds received by the Company were approximately HK\$30 million. The Company intends to adjust the difference of approximately HK\$5 million to each business strategy in the same proportion as the original funds applied as shown in the Prospectus.

Since the listing of the Company on 12 February 2018, the Directors have been constantly reviewing and comparing the Group's business strategies as disclosed in the Prospectus with changing market conditions in order to ensure that the net proceeds are applied in the most effective ways and in the best interest of the Group. As at 31 December 2018, the Group has utilised approximately HK\$2.1 million to reduce financial cost by repayment of short-term loans, approximately HK\$14.1 million to expand and increase the Group's service capacity by acquiring additional site equipment, approximately HK\$0.9 million to capture the market growth in the public and private sector, approximately HK\$0.1 million to expand the accounting and administrative team and approximately HK\$2.4 million for general working capital of our Group. The unused net proceeds have been placed as interest bearing deposits into licensed banks in Hong Kong.

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

For the three months and nine months ended 31 December 2018

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 2018, together with the comparative figures for the corresponding period in 2017 as follows:

		Three months Ended 31 December		Nine months Ended 31 December	
	NOTES	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	3	75,450	66,312	222,475	164,618
Direct costs		(63,858)	(56,640)	(194,712)	(139,313)
Gross profit		11,592	9,672	27,763	25,305
Other income		359	66	1,357	76
Other gains and losses	4	–	–	100	180
Administrative expenses		(3,228)	(1,955)	(8,536)	(5,450)
Finance costs	5	(553)	(837)	(1,482)	(2,479)
Listing expenses		–	(1,895)	–	(7,205)
Profit before taxation	6	8,170	5,051	19,202	10,427
Taxation	7	(1,460)	(1,155)	(3,233)	(3,051)
Profit and total comprehensive income for the period attributable to owners of the Company		6,710	3,896	15,969	7,376
Earnings per share (HK cents)	8				
– Basic and diluted		1.68	1.50	3.99	2.92

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note b)	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2017 (audited)	–	–	10,262	2,695	20,868	33,825
Profit and total comprehensive income for the period (unaudited)	–	–	–	–	7,376	7,376
Issue of shares of the Company	– (Note a)	10,000 (Note c)	–	–	–	10,000
At 31 December 2017 (unaudited)	– (Note a)	10,000	10,262	2,695	28,244	51,201
At 1 April 2018 (audited)	4,000	63,701	10,262	2,695	29,645	110,303
Profit and total comprehensive income for the period (unaudited)	–	–	–	–	15,969	15,969
At 31 December 2018 (unaudited)	4,000	63,701	10,262	2,695	45,614	126,272

Notes:

- (a) Amount less than \$1,000.
- (b) 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 ("**Attaway Developments**"), a direct wholly-owned subsidiary of the Company, pursuant to the group reorganisation.
- (c) On 28 June 2017, the Company acquired the entire issued share capital of Attaway Developments from Mr. Tang Sze Wo ("**Mr. SW Tang**") and in consideration and exchange, the Company allotted and issued 21,999 shares to Chrysler Investments Limited ("**Chrysler Investments**"), credited as fully paid up. On the same date, the Company allotted and issued 4,000 shares to Chrysler Investments at the cash consideration of HK\$10,000,000.

The Group resulting from the group reorganisation, which involves interspersing the Company and Attaway Developments between Mr. SW Tang and Sheung Moon Construction Company is continued to be controlled by Mr. SW Tang and is regarded as a continuing entity. Accordingly, the consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity for the nine months period ended 31 December 2017 have been included the results and changes in equity of the companies, comprising the Group as if the group structure upon the completion of the group reorganisation had been in existence throughout the periods, or since their respective dates of incorporation, where there are shorter periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

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 GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 February 2018. The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-111, Cayman Islands and principal place of business in Hong Kong of the Company is Room A, 15th Floor, Kings Tower, 111 King Lam Street, Cheung Sha Wan, Kowloon, Hong Kong. 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.

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.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements of the Group for the nine months ended 31 December 2018 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 31 December 2018 are the same as those followed in the preparation of the condensed consolidated financial statements of the Group for the six months ended 30 September 2018 included in the 2018 Interim Report.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the civil engineering construction services by the Group to external customers. The Group’s revenue is solely derived from civil engineering construction services during both periods. For the purpose of resources allocation and performance assessment, the management of the Group, being the chief operating decision makers, 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

4. OTHER GAINS AND LOSSES

	Three Months Ended 31 December 2018		Nine Months Ended 31 December 2018	
	HK\$'000	2017 HK\$'000	HK\$'000	2017 HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Fair value change of investment property	-	-	100	800
Loss on fair value change of convertible loan notes	-	-	-	(620)
	<u>-</u>	<u>-</u>	<u>100</u>	<u>180</u>

5. FINANCE COSTS

	Three Months Ended 31 December 2018		Nine Months Ended 31 December 2018	
	HK\$'000	2017 HK\$'000	HK\$'000	2017 HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on:				
Bank borrowings	389	181	987	602
Finance leases	158	121	489	357
Overdraft	6	-	6	-
	<u>553</u>	<u>302</u>	<u>1,482</u>	<u>959</u>
Effective interest expense on convertible loan notes	-	535	-	1,520
	<u>553</u>	<u>837</u>	<u>1,482</u>	<u>2,479</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

6. PROFIT BEFORE TAXATION

Three Months Ended 31 December		Nine Months Ended 31 December	
2018	2017	2018	2017
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(unaudited)	(unaudited)	(unaudited)

Profit before taxation has been arrived at after charging:

Directors' remuneration	945	1,009	2,535	2,627
Other staff costs	24,425	17,690	66,470	43,194
Retirement benefit scheme contributions	1,698	680	2,531	1,666
Total staff cost	27,068	19,379	71,536	47,487
Auditor's remuneration	200	75	600	325
Depreciation on property, plant and equipment	1,403	751	3,983	2,081
Minimum lease payments under operating leases in respect of				
– rented premises	196	129	491	371
– site equipment	5,104	6,097	9,789	14,732
	5,300	6,226	10,280	15,103

7. TAXATION

Three Months Ended 31 December		Nine Months Ended 31 December	
2018	2017	2018	2017
HK\$'000	HK\$'000	HK\$'000	HK\$'000
(unaudited)	(unaudited)	(unaudited)	(unaudited)

Tax charge comprises:

Hong Kong Profits Tax	1,270	1,069	2,104	1,985
Deferred taxation	190	86	1,129	1,066
	1,460	1,155	3,233	3,051

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

7. TAXATION – CONTINUED

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%.

Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime for the nine months ended 31 December 2018.

For the nine months ended 31 December 2017, Hong Kong Profits Tax was calculated at a 16.5% of the estimated assessable profit.

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	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earning				
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	6,710	3,896	15,969	7,376
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	6,710	3,896	15,969	7,376

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2018

8. EARNINGS PER SHARE – CONTINUED

	'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	400,000	260,000	400,000	252,889
Effect of dilutive potential ordinary shares on convertible loan notes	—	—	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings per shares	400,000	260,000	400,000	252,889

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 of the Company 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.

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 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 months period ended 31 December 2017 does not assume the conversion of the convertible loan notes.

9. DIVIDENDS

No dividend was paid, declared or proposed for the nine months ended 31 December 2018 (2017: Nil).

OTHER INFORMATION

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 at 31 December 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 Rules 5.46 to 5.68 of the GEM Listing Rules, were as follows:

(i) Interests in the company

Name of Director	Capacity/ Nature of interest	Number of shares	Approximate percentage of shares
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

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

OTHER INFORMATION

Save as disclosed above, as at 31 December 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 Rules 5.46 to 5.68 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, as at 31 December 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:

Name of Shareholder	Capacity/ Nature of interest	Number of shares	Approximate percentage of shareholding in our Company
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 incorporated in the British Virgin Islands and the entire share capital of which is held by Mr. Tang Sze Wo.
- These shares are held by Altivo Ventures Limited, a company incorporated in the British Virgin Islands 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. Tang Sze Wo. 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.

OTHER INFORMATION

Save as disclosed above, and as at 31 December 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 2018 (for the nine months ended 31 December 2017: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine-months period ended 31 December 2018, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the shares.

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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the period from 1 April 2018 to 31 December 2018.

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 2018.

OTHER INFORMATION

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 2018.

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 2018.

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interest of the shareholders, customers and employees of the Company. The Board has adopted the principles and the code provision of the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "**CG Code**") to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

During the nine-months period ended 31 December 2018, the Company has complied with the code provisions of the CG Code.

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, 1 February 2019

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.