



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**

2019

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*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 Listed 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



CONTENTS

Corporate Information	3
Management Discussion and Analysis	5
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Unaudited Condensed Consolidated Statement of Changes in Equity	11
Notes to the Unaudited Condensed Consolidated Financial Statements	12
Other Information	17

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>

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 54
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 of Hong Kong Limited (the “**Stock Exchange**”) on 12 February 2018.

The following table sets out the number of contracts awarded to and completed by the Group and the aggregate contract sum during the period under review:

	Number of Contracts	Aggregate contract sum^(Note) HK\$’ million
As at 1 April 2019		
Existing contracts	36	630.9
During the nine months ended 31 December 2019		
Contracts completed	(11)	(80.9)
New contracts awarded	4	250.7
As at 31 December 2019	29	800.7

Note: The aggregate contract sum is based on a total of all contract sums stated in the initial agreements between the Group’s customers and the Group. It does not include additions and modifications due to subsequent variation orders. The final revenue recognised from a contract may differ from the contract sum initially agreed between the contracting parties.

During the nine months ended 31 December 2019, the Group has been awarded 4 civil engineering construction projects with total original contract sum amounted to approximately HK\$250.7 million. As at 31 December 2019, the Group had a total of 29 civil engineering construction projects on hand with total original contract sum amounted to approximately HK\$800.7 million. More experienced engineering professionals and site workers have been recruited by the Group during the period under review. They have been assigned to respective project according to the progress and skill requirements of the project.

The Group continued to add new site equipment to cope with the business expansion. During the period under review, all site equipment and machines owned by the Group were fully utilised. The Group will lease more site equipment from outsiders when extra production capability is required.

MANAGEMENT DISCUSSION AND ANALYSIS

The applications by the Group to upgrade the roads and drainage works licences from category Group A to category Group B on probation has been officially granted by the Works Branch of the Development Bureau of the Government on 30 October 2019. Such upgrade allows the Group to tender for public works contracts with higher contract values and better profit margins.

During the period under review, the Group has been granted additional banking facilities to cope with the increase in demand for operating funds as a result of business expansion. The Group has also strengthened its accounting and administrative department, contract department and civil engineering department by recruiting more experienced professionals to lead the departments.

The Group is aware of the outbreak of a pneumonia disease caused by coronavirus in China and few confirmed cases in Hong Kong. The Group has deployed appropriate preventive measures to protect the employees and provide them with a healthy and hygienic environment both in the office and sites.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$230.8 million, or 103.7%, from approximately HK\$222.5 million for the nine months ended 31 December 2018 to approximately HK\$453.3 million for the nine months ended 31 December 2019. Such increase was primarily due to the significant increase in variation orders (i.e. subsequent additions or modifications to the scope of works laid out in the original construction contracts) from the contract of Tseung Kwan O Area 137 and increase in certified workdone billed for ongoing projects, including the new contracts awarded, during the period under review.

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\$213.9 million, or 109.9%, from approximately HK\$194.7 million for the nine months ended 31 December 2018 to approximately HK\$408.6 million for the nine months ended 31 December 2019. Such increase was mainly attributable to the increase in labour force, both inhouse workers as well as subcontractors' workers, as a result of increase in construction works and variation orders undertaken. In addition, more construction materials, site equipment rentals, transportation expenses and petrol have been consumed during the period under review. There was also increase in depreciation charge as a result of more new site equipment purchased during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and Gross Profit Margin

As a result of the increase in revenue, the Group's gross profit increased by approximately HK\$16.9 million, or 60.8%, from approximately HK\$27.8 million for the nine months ended 31 December 2018 to approximately HK\$44.7 million for the nine months ended 31 December 2019. However, gross profit margin went down from 12.5% for the nine months ended 31 December 2018 to 9.9% for the nine months ended 31 December 2019. Such decrease was due to the significant increase in number of site workers hired by the Group and substantial overtime pay incurred for compensating the site workers in order to meet the tight deadline of the Group's construction projects as well as the overall increase in price of construction materials, site maintenance expenses and petrol expenses.

Other Income

Other income for the nine months ended 31 December 2019 comprised bank interest income and rental income from the Group's investment property while other income for the corresponding period in last year comprised rental income from leasing of site equipment, rental income from the Group's investment property and one-off sponsorship money received from stakeholders for listing of the Company's shares on the Stock Exchange. Other income decreased by approximately HK\$1.0 million or 71.4% from approximately HK\$1.4 million for the nine months ended 31 December 2018 to approximately HK\$0.4 million for the nine months ended 31 December 2019. Such decrease was mainly attributable to no more rental income received from leasing of site equipment during the period under review as all site equipment was fully utilised by the Group.

Other Gains and Losses

There was no other gains or losses for the nine months ended 31 December 2019. Other gain for the nine months ended 31 December 2018 was comprised solely of the fair value gain of approximately HK\$100,000 on the Group's investment property.

Administrative Expenses

Administrative expenses increased slightly by approximately HK\$0.9 million or 10.6% from approximately HK\$8.5 million for the nine months ended 31 December 2018 to approximately HK\$9.4 million for the nine months ended 31 December 2019. The increase was mainly due to the increase in number of senior staff after successful listing of the Company's shares on the Stock Exchange and the increase in employees' salaries and welfare to maintain the Group's competitiveness in the industry. Besides more entertainment expenses were incurred in maintaining and fostering customer relationships during the period under review.

Finance Costs

Finance costs increased by approximately HK\$1.3 million or 86.7% from approximately HK\$1.5 million for the nine months ended 31 December 2018 to approximately HK\$2.8 million for the nine months ended 31 December 2019. The increase was mainly due to the increase in bank interest as more banking facilities were required to cope with the rapid growth in construction activities undertaken.

MANAGEMENT DISCUSSION AND ANALYSIS

Taxation

Taxation expenses increased by approximately HK\$2.1 million or 65.6% from approximately HK\$3.2 million for the nine months ended 31 December 2018 to approximately HK\$5.3 million for the nine months ended 31 December 2019. Such increase was due to the increase in assessable profits for the nine months ended 31 December 2019 and the increase in deferred tax provided as a result of additions of site equipment.

As a result of the above, the Group recorded a profit of approximately HK\$27.6 million for the nine months ended 31 December 2019, an increase in HK\$11.6 million, or 72.5%, as compared with the corresponding period in last year (nine months ended 31 December 2018: approximately HK\$16.0 million).

PROSPECT

The Directors are confident that the Group will continue to benefit from the infrastructure policy implemented by the Government which strives to build Hong Kong into a world class city. There have been several large-scale infrastructure development projects rolling out in different locations of Hong Kong like the East Lantau and the New Territories North in the last few years. The Directors believe that the construction industry in Hong Kong will continue to be prosperous as the Government will continue to roll out various long-term infrastructure projects in phases according to its schedules. Looking to the future, the Group will continue to strengthen its technical skill in the civil engineering field on the one hand and pursue high quality of workmanship and safety standard on the other in order to enhance the competitiveness of the Group.

The Directors are optimistic that the Group's construction business will remain strong and continue to grow with tremendous potentials. 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 the return of the Company's shareholders (the "**Shareholders**"). Besides, Directors and management of the Group are constantly looking for other opportunities which might increase the profitability and potential earnings of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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 apply 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, 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 2019, the Group has utilised approximately HK\$2.1 million* to reduce financial cost by repayment of short-term loans, approximately HK\$15.0 million* to expand and increase the Group’s service capacity by acquiring additional site equipment, approximately HK\$5.6 million to capture the market growth in the public and private sector, approximately HK\$2.3 million to expand the accounting and administrative team and approximately HK\$2.4 million* for general working capital of the Group. The unused net proceeds have been placed as interest bearing deposits into licensed banks in Hong Kong.

* The amount of net proceeds allocated have been fully utilised according to their intended use.

EVENTS AFTER THE REPORTING PERIOD

The Group had no significant event after the end of the reporting period and up to the approval date of this report.

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

For the nine months ended 31 December 2019

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 2019, together with the comparative figures for the corresponding period in 2018 as follows:

	NOTES	Three months Ended 31 December		Nine months Ended 31 December	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	3	156,230	75,450	453,299	222,475
Direct costs		(140,106)	(63,858)	(408,585)	(194,712)
Gross profit		16,124	11,592	44,714	27,763
Other income		121	359	425	1,357
Other gains and losses	4	–	–	–	100
Administrative expenses		(3,773)	(3,228)	(9,425)	(8,536)
Finance costs	5	(923)	(553)	(2,762)	(1,482)
Profit before taxation	6	11,549	8,170	32,952	19,202
Taxation	7	(1,879)	(1,460)	(5,344)	(3,233)
Profit and total comprehensive income for the period attributable to owners of the Company		9,670	6,710	27,608	15,969
Earnings per share (HK cents) – Basic and diluted	8	2.42	1.68	6.90	3.99

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note a)	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
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
At 1 April 2019 (audited)	4,000	63,701	10,262	2,695	54,255	134,913
Profit and total comprehensive income for the period (unaudited)	-	-	-	-	27,608	27,608
At 31 December 2019 (unaudited)	<u>4,000</u>	<u>63,701</u>	<u>10,262</u>	<u>2,695</u>	<u>81,863</u>	<u>162,521</u>

Note:

- (a) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

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, KY1-1111, 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 statement of the Group for the nine months period ended 31 December 2019 have been prepared in accordance with accounting policies conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPAs**”) applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs. The condensed consolidated financial statements have been prepared on the historical cost basis. The adoption of the new and amendments to HKFRSs issued by the HKICPA which are applicable for the Group’s annual period beginning on 1 April 2019 has no material impact on the financial position of the Group as at 1 April 2019 and results of the Group for the nine months ended 31 December 2019, but resulted in adoption of new accounting policies by the Group regarding application under HKFRS 16 “Leases”, which is effective for the Group’s annual periods beginning on or after 1 April 2019 (the date of initial application). The Group transitioned to HKFRS 16 in accordance with the modified retrospective approach and therefore comparative figures were not restated. Upon application of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 “Leases”. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The associate right-of-use assets were measured at the amount equal to the respective lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 31 March 2019. In addition, the Group elected to apply the relief option, which allows it to adjust the right-of-use assets by the amount of any provision for onerous leases recognised in the consolidated statement of financial position immediately before the date of initial application. The Group also decided not to apply HKFRS 16 to leases whose terms will end within twelve months from the date of initial application. In such cases, the leases are accounted for as short term leases and the lease payments associated with the leases are recognised as an expense from short term leases.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES – CONTINUED

Except for those impact mentioned above, the accounting policies and methods of computation used in the third quarterly financial information for the nine months ended 31 December 2019 are the same as those follow in the preparation of the financial information of the Group for the year ended 31 March 2019 included in the annual report of the Company dated 18 June 2019.

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.

4. OTHER GAINS AND LOSSES

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Fair value change of investment property	-	-	-	100

5. FINANCE COSTS

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on:				
Bank borrowings	676	395	1,910	993
Finance leases	-	158	-	489
Lease liabilities	247	-	852	-
	923	553	2,762	1,482

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

6. PROFIT BEFORE TAXATION

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging:				
Directors' remuneration	1,237	945	2,827	2,535
Other staff costs	38,736	24,425	109,509	66,470
Retirement benefit scheme contributions	1,316	1,698	4,091	2,531
Total staff cost	41,289	27,068	116,427	71,536
Auditor's remuneration	285	200	825	600
Depreciation on property, plant and equipment	2,137	1,403	6,179	3,983
Lease payments under operating leases in respect of rented premises				
– short term leases	122	–	418	–
– minimum lease payments	–	196	–	491
	122	196	418	491
Lease payments under operating lease in respect of site equipment				
– short term leases	7,604	–	27,667	–
– minimum lease payments	–	5,104	–	9,789
	7,604	5,104	27,667	9,789

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

7. TAXATION

	Three Months Ended		Nine Months Ended	
	31 December		31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Tax charge comprises:				
Hong Kong Profits Tax	1,809	1,270	3,680	2,104
Deferred taxation	70	190	1,664	1,129
	1,879	1,460	5,344	3,233

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 and 2019.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2019

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		Nine Months Ended	
	31 December		31 December	
	2019	2018	2019	2018
	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	9,670	6,710	27,608	15,969
	'000	'000	'000	'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	400,000	400,000	400,000	400,000

No diluted earnings per share were presented as there were no potential ordinary shares in issue during both periods.

9. DIVIDENDS

No dividend was paid, declared or proposed for the nine months ended 31 December 2019 (2018: 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 2019, 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 2019, 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 2019, 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:

1. 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.
2. 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 2019, 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 2019 (for the nine months ended 31 December 2018: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine-months period ended 31 December 2019, 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.

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 2019.

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 2019.

OTHER INFORMATION

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 “**Code of Conduct**”). Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Code Conduct during the period from 1 April 2019 to 31 December 2019.

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 2019.

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 2019, 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, 6 February 2020

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.