



# 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 **2020**

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**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 Listed 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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# 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

Registered Public Interest Entity Auditors

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**

Office D, 27/F

The Globe

No. 79 Wing Hong Street

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 as well as 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.

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:

	<b>Number of Contracts</b>	<b>Aggregate contract sum<sup>(Note)</sup> HK\$' million</b>
As at 1 April 2020		
Existing contracts	22	791.9
During the nine months ended 31 December 2020		
Contracts completed	(4)	(96.5)
New contracts awarded	15	96.4
As at 31 December 2020	33	791.8

*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.

In the past nine months, the COVID-19 has severely hit the local economy. After some sight of improvement in confirmed cases of the COVID-19 in the second quarter of the period under review, the situation suddenly turned worse in the last three months. New confirmed cases as well as death cases soared absurdly. In view of the severity, the Government has further tightened the quarantine measures and social distancing restrictions on the movements of people within the city. In response, the management of the Group also strengthened its preventive measurements against the COVID-19 to ensure all staff and workers were working in a safety and healthy environment. Up to the date of this report, the Group did not experience any major impact on its business activities due to the outbreak of the COVID-19 since the beginning of the period under review.

During the last quarter of the period under review, the Group continued to purchase new site equipment to increase productivity and efficiency. Besides, the Group received additional subsidy of approximately HK\$6.6 million from the Government in 2 months as the last tranche of wage subsidy under the Employment Support Scheme (“**ESS**”), an anti-epidemic fund launched by the Government aimed to save the local economy which has been severely hit by the outbreak of COVID-19 epidemic. Together with the first and second tranches of wage subsidy received previously, the Group has received a total of HK\$20.0 million from the Government under the ESS.



# MANAGEMENT DISCUSSION AND ANALYSIS

A tender department of the Group (the “**Tender Department**”) has been established during the period with the aim of providing the management with more accurate cost estimation and appropriate contract terms for tendering of private and public construction projects.

As mentioned in the Company’s first quarterly and interim reports published in August 2020 and November 2020 respectively, Sheung Moon Construction Limited received six summons on 10 July 2020 which required the company to appear before the court on 6 August 2020 to answer the charges of (1) failure to ensure that safety audits were conducted not less than once within a specified period of time as required by law; (2) failure to provide information, instructions, trainings and supervision to ensure the health and safety of site workers; and (3) failure to effectively guard the dangerous parts of site machines as required by law after a safety inspection had been conducted by the Labour Department on the site of Tseung Kwan O 137 earlier this year. At the hearing held on 6 August 2020, the court fixed the date for plea to 17 September 2020. On 17 September 2020, the court further postponed the date for plea to 26 November 2020. On 26 November 2020, the court set a 5-day trial for the cases commencing from 10 May 2021. Further announcement will be made once the court confers its ruling of the cases.

## FINANCIAL REVIEW

### Revenue

The Group’s revenue decreased by approximately HK\$59.3 million, or 13.1%, from approximately HK\$453.3 million for the nine months ended 31 December 2019 to approximately HK\$394.0 million for the nine months ended 31 December 2020. Such decrease was primarily due to the decrease in revenue generated from the Tseung Kwan O 137 project. Although all other projects were progressing well and smoothly, they did not generate sufficient revenue to cover the reduction in revenue from the Tseung Kwan O 137 project because some of these new contracts were still at their initial stages during the period under review. Besides, the amount of variation orders completed during the last quarter of the period under review were significantly less than the corresponding period 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 decreased by approximately HK\$38.4 million, or 9.4%, from approximately HK\$408.6 million for the nine months ended 31 December 2019 to approximately HK\$370.2 million for the nine months ended 31 December 2020. As construction activities decreased, less direct costs of materials and petrol consumption were incurred to produce the corresponding revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Gross Profit and Gross Profit Margin**

As a result of the decrease in revenue and direct cost, the Group's gross profit decreased by approximately HK\$20.9 million, or 46.8%, from approximately HK\$44.7 million for the nine months ended 31 December 2019 to approximately HK\$23.8 million for the nine months ended 31 December 2020. Gross profit margin dropped from 9.9% for the nine months ended 31 December 2019 to 6.0% for the nine months ended 31 December 2020. Such decrease was due to the increase in depreciation charges as a result of additional purchase of site equipment and trucks for construction projects during the period under review. Besides, the decrease was also due to the increase in subcontracting cost for handling the rebaring fixing, formboard erecting and concreting works. The Group subcontracted out these works in order to maintain works flexibility and productivity.

## **Other Income**

Other income for the nine months ended 31 December 2020 mainly comprised subsidy of HK\$20.0 million received from the Government under the ESS launched in May 2020. The subsidy aimed to help employers in Hong Kong to retain their employees during the economy slowdown caused by the COVID-19 pandemic. Besides, other income also comprised interest income from bank deposits and rental income from the Group's investment property. Other income increased by approximately HK\$20.7 million or 5,175% from approximately HK\$0.4 million for the nine months ended 31 December 2019 to approximately HK\$21.1 million for the nine months ended 31 December 2020. Such increase was mainly due to the subsidy of approximately HK\$20.0 million received from the Government under the ESS during the period under review.

## **Other Gains and Losses**

The Group recorded other loss of HK\$0.3 million for the nine months ended 31 December 2020. (nine months ended 31 December 2019: Nil). Such loss was due to the scrapping of a damaged motor vehicle during the period under review.

## **Administrative Expenses**

Administrative expenses increased by approximately HK\$3.3 million or 35.1% from approximately HK\$9.4 million for the nine months ended 31 December 2019 to approximately HK\$12.7 million for the nine months ended 31 December 2020. The increase was mainly due to: (1) the increase in employees' salaries and welfare so as to maintain the Group's competitiveness in the industry; (2) more overhead expenses were incurred as a result of moving to new office with larger space and extra cost incurred in purchasing sanitation materials for office and construction sites; (3) additional employees were recruited for a new Tender Department established in the last quarter of the period under review; and (4) increase in bank charges as a result of increase in drawdowns of banking facilities.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Finance Costs

Finance costs increased by approximately HK\$0.6 million or 21.4% from approximately HK\$2.8 million for the nine months ended 31 December 2019 to approximately HK\$3.4 million for the nine months ended 31 December 2020. The increase was mainly due to the increase in bank interest as a result of increase in mortgage loans to finance the purchase of a new commercial property purchased in February 2020 for use as the Group's principal place of business in Hong Kong, and more drawdowns of bank loans to cope with the rapid growth in construction business.

## Taxation

Taxation expenses decreased by approximately HK\$3.2 million or 60.4% from approximately HK\$5.3 million for the nine months ended 31 December 2019 to approximately HK\$2.1 million for the nine months ended 31 December 2020. Such decrease was due to the decrease in assessable profits for the nine months ended 31 December 2020 as compared to the corresponding period of last year.

As a result of the above, the Group recorded a profit of approximately HK\$26.0 million for the nine months ended 31 December 2020, a decrease of HK\$1.6 million, or 5.8%, as compared to the corresponding period of last year (nine months ended 31 December 2019: approximately HK\$27.6 million).

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## PROSPECT

According to the Government's source, the COVID-19 vaccines will soon be ready for the people of this city by the end of February 2021. The Group believes that the Government may relax the current strict quarantine measures and social distancing restrictions after most people receive the vaccine injection and the number of COVID-19 confirmed cases drops to a reasonable level. When the social life of the city returns to normal, it is expected that the Government will relaunch its infrastructural investment projects, which have been suspended or postponed after the outbreak of the COVID-19, with the aim to recover the badly hit economy due to the epidemic.

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").

## EVENTS AFTER THE REPORTING PERIOD

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

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

For the nine months ended 31 December 2020

The board of directors (the “**Board**”) of the Company hereby presents the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2020, together with the comparative figures for the corresponding period in 2019 as follows:

	NOTES	Three months Ended 31 December		Nine months Ended 31 December	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	<b>114,150</b>	156,230	<b>394,018</b>	453,299
Direct costs		<b>(112,589)</b>	(140,106)	<b>(370,194)</b>	(408,585)
Gross profit		<b>1,561</b>	16,124	<b>23,824</b>	44,714
Other income	4	<b>6,885</b>	121	<b>21,074</b>	425
Other gains and losses	5	–	–	<b>(343)</b>	–
Impairment loss under expected credit loss model, net of reversal		<b>(277)</b>	–	<b>(384)</b>	–
Administrative expenses		<b>(6,272)</b>	(3,773)	<b>(12,675)</b>	(9,425)
Finance costs	6	<b>(1,025)</b>	(923)	<b>(3,399)</b>	(2,762)
Profit before taxation	7	<b>872</b>	11,549	<b>28,097</b>	32,952
Taxation	8	<b>121</b>	(1,879)	<b>(2,070)</b>	(5,344)
Profit and total comprehensive income for the period attributable to owners of the Company		<b>993</b>	9,670	<b>26,027</b>	27,608
Earnings per share (HK cents) – Basic and diluted	9	<b>0.25</b>	2.42	<b>6.51</b>	6.90

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i> <i>(Note a)</i>	Property revaluation reserve <i>HK\$'000</i> <i>(Note b)</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
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>
At 1 April 2020 (audited)	4,000	63,701	10,262	2,695	83,160	163,818
Profit and total comprehensive income for the period (unaudited)	—	—	—	—	26,027	26,027
At 31 December 2020 (unaudited)	<u>4,000</u>	<u>63,701</u>	<u>10,262</u>	<u>2,695</u>	<u>109,187</u>	<u>189,845</u>

*Notes:*

- (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, a direct wholly-owned subsidiary of the Company, pursuant to the group reorganisation.
- (b) During the year ended 31 March 2017, the use of property of the Group had been changed from owner-occupation to leasing out for rental income. The leasehold land and building with net book value of HK\$10,505,000 were transferred from property, plant and equipment to investment property at the date of the end of owner-occupation. Upon the change of intended use, the difference of HK\$2,695,000 between the net book value and the fair value of the property of HK\$13,200,000 was recognised in other comprehensive income and accumulated in "property revaluation reserve".

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

## 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 amended, consolidated or supplemented from time to time) 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 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 Office D, 27/F, The Globe, No. 79 Wing Hong Street, Kowloon, Hong Kong, respectively. The immediate holding company of the Company is Chrysler Investments Limited, which is incorporated in the British Virgin Islands 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 services.

The 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 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 – Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosures requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment property that are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”) and the new principal accounting policies as set out below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended 31 December 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2020.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES – CONTINUED

### Application of amendments to HKFRSs

In the current period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

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 2020 are the same as those follow in the preparation of the financial information of the Group for the year ended 31 March 2020 included in the annual report of the Company dated 18 June 2020.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

## 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 INCOME

	Three Months Ended		Nine Months Ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Government subsidies ( <i>Note</i> )	6,623	–	20,289	–
Bank interest income	3	22	27	97
Property rental income	96	99	290	296
Others	163	–	468	32
	<u>6,885</u>	<u>121</u>	<u>21,074</u>	<u>425</u>

*Note:* During the current period, the Group received government grants of approximately HK\$20,289,000 in respect of COVID-19-related subsidies, of which approximately HK\$19,979,000 related to Employment Support Scheme provided by the Hong Kong Government and approximately HK\$310,000 related to one-off subsidy from Transportation Department.

## 5. OTHER GAINS AND LOSSES

	Three Months Ended		Nine Months Ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss on written off of property, plant and equipment	–	–	(343)	–



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

## 6. FINANCE COSTS

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interests on:				
Bank borrowings	815	676	2,682	1,910
Lease liabilities	210	247	717	852
	<u>1,025</u>	<u>923</u>	<u>3,399</u>	<u>2,762</u>

## 7. PROFIT BEFORE TAXATION

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Profit before taxation has been arrived at after charging:				

Profit before taxation has been arrived at after charging:

Directors' remuneration	1,300	1,237	3,286	2,827
Staff costs (including direct labour cost)	39,130	38,736	116,614	109,509
Retirement benefit scheme contributions (including direct labour cost)	1,368	1,316	4,098	4,091
Total staff cost	<u>41,798</u>	<u>41,289</u>	<u>123,998</u>	<u>116,427</u>
Auditor's remuneration	175	285	825	825
Depreciation on property, plant and equipment	1,764	1,365	5,065	3,634
Depreciation on right-of-use assets	995	772	2,931	2,545
Lease payments under operating leases in respect of rented premises – short term leases	<u>120</u>	<u>122</u>	<u>358</u>	<u>418</u>
Lease payments under operating lease in respect of site equipment – short term leases	<u>8,325</u>	<u>7,604</u>	<u>20,176</u>	<u>27,667</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

## 8. TAXATION

	Three Months Ended		Nine Months Ended	
	31 December		31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Tax charge comprises:				
Hong Kong Profits Tax	<b>(643)</b>	1,809	<b>1,448</b>	3,680
Deferred taxation	<u>522</u>	<u>70</u>	<u>622</u>	<u>1,664</u>
	<u><b>(121)</b></u>	<u>1,879</u>	<u><b>2,070</b></u>	<u>5,344</u>

The Hong Kong Profits Tax of a subsidiary of the Group is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. The profits of group entities not qualifying for the two-tiered profits tax regime will be taxed at a flat rate of 16.5%.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

## 9. 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	
	2020	2019	2020	2019
	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	<u>993</u>	<u>9,670</u>	<u>26,027</u>	<u>27,608</u>
	'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	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

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

## 10. DIVIDENDS

No dividend was paid, declared or proposed for the nine months ended 31 December 2020 (2019: Nil).

## OTHER INFORMATION

### DISCLOSURE OF INTERESTS

**(a) Interests and short positions 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 2020, 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*

<b>Name of Director</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares</b>	<b>Approximate percentage of shares</b>
<i>Mr. Tang Sze Wo (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, as at 31 December 2020, 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.

## OTHER INFORMATION

### (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 2020, 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.

Save as disclosed above, and as at 31 December 2020, 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 2020 (for the nine months ended 31 December 2019: nil).

## OTHER INFORMATION

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

During the nine-month period ended 31 December 2020, 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 Shares 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 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 2020.

### **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 2020.

### **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 of Conduct during the period from 1 April 2020 to 31 December 2020.



## OTHER INFORMATION

### **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 2020.

### **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-month period ended 31 December 2020, the Company has complied with the code provisions of the CG Code.

### **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE GEM 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, 4 February 2021

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