



常滿控股有限公司

Sheung Moon Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8523



**FIRST QUARTERLY
REPORT 2021**

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.

*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.*

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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 (*resigned on 15 July 2021*)
Ms. Lo Eraine (*appointed on 15 July 2021*)

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 (*resigned on 15 July 2021*)
Ms. Lo Eraine (*appointed on 15 July 2021*)

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

(for the period until 30 June 2021)

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

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 the 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:

	Number of Contracts	Aggregate contract sum <small>(Note)</small> <i>HK\$' million</i>
As at 1 April 2021		
Existing contracts	47	1,110.7
During the three months ended 30 June 2021		
New contracts awarded	12	3.5
As at 30 June 2021	<u>59</u>	<u>1,114.2</u>

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 period under review, the number of COVID-19 confirmed cases is declining and the Hong Kong general public are adopting vaccines since the first quarter of 2021. However, the prolonged outbreak of COVID-19 continues to bring uncertainties to the market and imposed negative impacts to the construction industry, including disruption to the supply chain, workforce shortages as a result from the illness and preventative quarantines and suspension of construction works as a result from the measures imposed by the Government. The business environment remains difficult and challenging. In response, the management of the Group strengthened its preventive measurements against COVID-19 to ensure all staff and workers were well protected against the infection of COVID-19 by providing a safe and healthy working environment. The business activities of the Group have not been severely interrupted by the outbreak of COVID-19 pandemic as the Group adheres to prudent financial management and cost control. The Group's construction projects were in good progress during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$57.0 million, or 40.1%, from approximately HK\$142.2 million for the three months ended 30 June 2020 to approximately HK\$85.2 million for the three months ended 30 June 2021. Such decrease was primarily due to the fact that some of the existing on-going projects were still at their initial stages and they were unable to generate sufficient revenue in time to cover the deficiency in revenue normally contributed by the completed projects. In addition, the amount of variation orders completed during the period under review were significantly less than the corresponding period of 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 costs decreased by approximately HK\$48.9 million, or 37.7%, from approximately HK\$129.7 million for the three months ended 30 June 2020 to approximately HK\$80.8 million for the three months ended 30 June 2021. Such decrease was mainly attributable to the decrease in the materials and petrol consumption as a result of the corresponding decrease in revenue.

Gross Profit and Gross Profit Margin

As a result of the decrease in revenue and direct costs stated above, the Group's gross profit decreased by approximately HK\$8.1 million, or 64.8%, from approximately HK\$12.5 million for the three months ended 30 June 2020 to approximately HK\$4.4 million for the three months ended 30 June 2021. Gross profit margin dropped from 8.8% for the three months ended 30 June 2020 to 5.2% for the three months ended 30 June 2021. Such decrease was due to increases in the price of construction materials and fees to subcontractors during the period under review. There were also increases in expenses in repairing and maintaining the Group's construction equipment and motor vehicles which had been acquired for the Group's construction projects in previous years.

Other Income

Other income decreased by approximately HK\$3.1 million, or 83.8%, from approximately HK\$3.7 million for the three months ended 30 June 2020 to approximately HK\$0.6 million for the three months ended 30 June 2021. Such decrease was mainly due to the subsidies received from the Government under the ESS of approximately HK\$3.3 million which was terminated in late 2020.

Other Gain and Loss

No other gain and loss were recorded for the three months ended 30 June 2021 (three months ended 30 June 2020: approximately HK\$0.3 million).

Administrative Expenses

Administrative expenses increased slightly by approximately HK\$0.4 million or 12.1% from approximately HK\$3.3 million for the three months ended 30 June 2020 to approximately HK\$3.7 million for the three months ended 30 June 2021. The increase was mainly due to the increase in employees' salaries and welfare as a result of the establishment of a new tender department during the year ended 31 March 2021.

Finance Costs

Finance costs decreased slightly by approximately HK\$0.2 million or 18.2% from approximately HK\$1.1 million for the three months ended 30 June 2020 to approximately HK\$0.9 million for the three months ended 30 June 2021, which was mainly attributed to the general decline of the Hong Kong Interbank Offered Rate (HIBOR) during the period under review compared to that for the corresponding period in 2020.

Taxation

Taxation decreased by approximately HK\$1.3 million or 92.6% from approximately HK\$1.3 million for the three months ended 30 June 2020 to approximately HK\$96,000 for the three months ended 30 June 2021. Such decrease was attributed to the decrease in assessable profits for the three months ended 30 June 2021 as compared to the corresponding period of the last year. As a result of the above, the Group recorded a profit approximately HK\$0.2 million for the three months ended 30 June 2021 (three months ended 30 June 2020: approximately HK\$10.0 million).

PROSPECT

In view of the current situation, the Directors expect general outlook of the construction industry and the business environment in which the Group operates will remain challenging. The Group faces intense competition and such competition puts downward pressure on the contract sums of our civil engineering construction services whereas our direct costs, particularly construction materials, maintain a rising track. In light of that, the Group is taking measures to tighten cost control over various costs, particularly the costs of materials and petrol and the sub-contractor fees, with an aim to attain profitable and positive cash flow operations.

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**").

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

For the three months ended 30 June 2021

The board of Directors (the “**Board**”) of the Company hereby presents the unaudited condensed consolidated results of the Group for the three months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020 as follows:

	Notes	Three months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	85,174	142,203
Direct costs		(80,752)	(129,713)
Gross profit		4,422	12,490
Other income	4	553	3,707
Other gain and loss		–	(343)
Impairment losses under expected credit loss model, net of reversal		(39)	(73)
Administrative expenses		(3,689)	(3,342)
Finance costs	5	(905)	(1,071)
Profit before taxation	6	342	11,368
Taxation	7	(96)	(1,349)
Profit and total comprehensive income for the period attributable to owners of the Company		246	10,019
Earnings per share (HK cents)	8		
– Basic and diluted		0.06	2.50

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2021

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note a)	Property revaluation reserve HK\$'000 (Note b)	Retained profits HK\$'000	Total HK\$'000
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)	-	-	-	-	10,019	10,019
At 30 June 2020 (unaudited)	<u>4,000</u>	<u>63,701</u>	<u>10,262</u>	<u>2,695</u>	<u>93,179</u>	<u>173,837</u>
At 1 April 2021 (audited)	4,000	63,701	10,262	2,695	103,807	184,465
Profit and total comprehensive income for the period (unaudited)	-	-	-	-	246	246
At 30 June 2021 (unaudited)	<u>4,000</u>	<u>63,701</u>	<u>10,262</u>	<u>2,695</u>	<u>104,053</u>	<u>184,711</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 three months ended 30 June 2021

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 (“**Chrysler Investments**”), which is incorporated in the British Virgin Islands (“**BVI**”) and owned by Mr. Tang Sze Wo (“**Mr. SW Tang**”).

The Company acts as an investment holding company and its subsidiaries are principally engaged in provision of civil engineering construction service.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statement of the Group for the three months period ended 30 June 2021 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 except for investment property that are measured at fair values.

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 2021 has no material impact on the financial position of the Group as at 1 April 2021 and results of the Group for the three months ended 30 June 2021.

The accounting policies and methods of computation used in the first quarterly financial information for the three months ended 30 June 2021 are the same as those follow in the preparation of the financial information of the Group for the year ended 31 March 2021 included in the annual report of the Company dated 22 June 2021.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the civil engineering construction services provided by the Group to external customers. The Group's revenue is solely derived from civil engineering construction services in Hong Kong during both periods. For the purpose of resources allocation and performance assessment, the management of the Group, being the chief operating decision makers, reviews 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 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Government subsidies	–	3,338
Compensation income	344	219
Rental income	99	99
Project management income	110	50
Others	–	1
	<u>553</u>	<u>3,707</u>

5. FINANCE COSTS

	Three months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interests on:		
Bank borrowings	736	811
Lease-liabilities	169	260
	<u>905</u>	<u>1,071</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

6. PROFIT BEFORE TAXATION

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<hr/>		
Profit before taxation has been arrived at after charging:		
Directors' remuneration	993	993
Staff costs (including direct labour cost)	35,691	37,818
Retirement benefit scheme contributions (including direct labour cost)	1,045	1,306
	<hr/>	<hr/>
Total staff cost	37,729	40,117
	<hr/>	<hr/>
Auditor's remuneration	200	300
Depreciation on property, plant and equipment	1,817	1,663
Depreciation on right-of-use assets	748	929
	<hr/>	<hr/>

7. TAXATION

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<hr/>		
Tax charge comprises:		
Hong Kong Profits Tax	156	1,158
Deferred taxation	(60)	191
	<hr/>	<hr/>
	96	1,349
	<hr/>	<hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

8. EARNINGS PER SHARE

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

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profits for the period attributable to owners of the Company for the purpose of calculating basic earnings per share	<u>246</u>	<u>10,019</u>
	'000	'000
	(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>

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 three months ended 30 June 2021 (2020: 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 30 June 2021, 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 Securities and Futures Ordinance Cap. 571 (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%

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives 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 30 June 2021, 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)	65.0%
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 30 June 2021, the Directors and chief executives 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 any dividend for the three months ended 30 June 2021 (for the three months ended 30 June 2020: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three-month period ended 30 June 2021, 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 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 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, 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 three months ended 30 June 2021.

INTERESTS OF COMPLIANCE ADVISER

The compliance adviser agreement (the “**Compliance Agreement**”) entered into between the Company and LY Capital Limited (“**LY Capital**”) on 30 June 2020 expired on 30 June 2021.

As notified by 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 (save for the Compliance Agreement) as at 30 June 2021.

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 2021 to 30 June 2021.

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 three months ended 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD

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

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 interests of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions 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 three-month period ended 30 June 2021, the Company has complied with the code provisions of the CG Code.

OTHER INFORMATION

PUBLICATION OF FIRST QUARTERLY RESULTS AND FIRST QUARTERLY REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This report is published on the websites of GEM (www.hkgem.com) and the Company (www.smcl.com.hk). The first quarterly report of the Company for the three months ended 30 June 2021 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

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

Hong Kong, 9 August 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.