

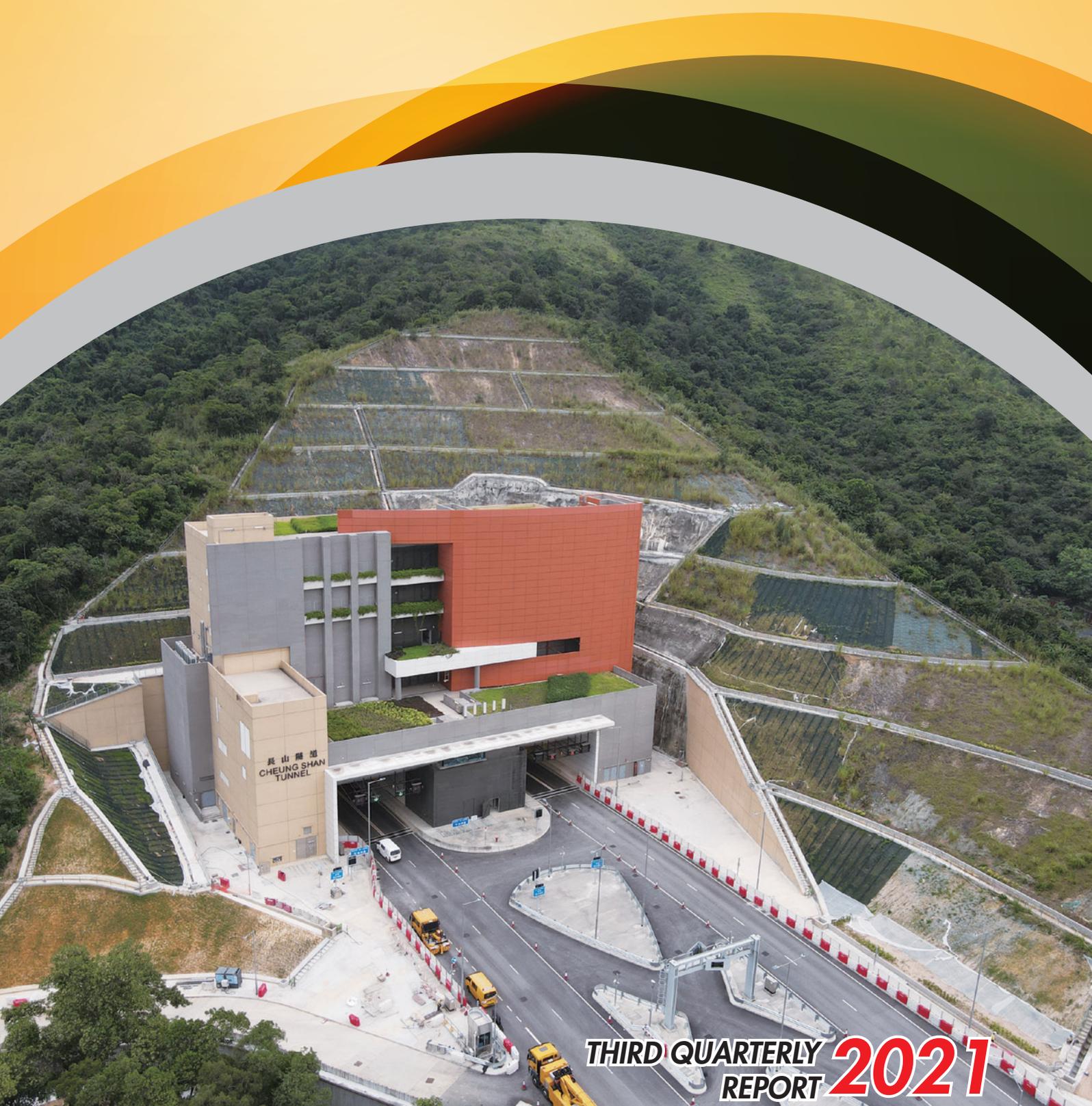


常滿控股有限公司

Sheung Moon Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8523



**THIRD QUARTERLY
REPORT 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 Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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 for at least 7 days from the day of its posting. This report will also be published on the Company’s website at www.smcl.com.hk

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BOARD OF DIRECTORS

Executive directors

Mr. Tang Sze Wo (*Chairman*)
Mr. Lai Yung Sang
Mr. Tang Siu Tim (*appointed on 28 December 2021*)

Independent non-executive directors

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

COMPANY SECRETARY

Ms. Lo Eraine

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. Lo Eraine

COMPANY'S WEBSITE

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

AUDITOR

Deloitte Touche Tohmatsu
(*resigned on 8 February 2022*)
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
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 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 (Note) HK\$' million
As at 1 April 2021		
Existing contracts	47	1,110.7
During the nine months ended 31 December 2021		
Contracts completed	(3)	(9.4)
New contracts awarded	31	25.0
	<hr/>	<hr/>
As at 31 December 2021	75	1,126.3

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 continued to decline. 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 of the illness and preventative quarantines, and suspension of construction works as a result of the measures imposed by the Government. In response, the management of the Group strengthened its preventive measures 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. During the period under review, the Group's construction projects were in good progress despite the margins of the projects were severely hit by the outbreak of COVID-19 with intense competition during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$156.5 million, or 39.7%, from approximately HK\$394.0 million for the nine months ended 31 December 2020 to approximately HK\$237.5 million for the nine months ended 31 December 2021. Such decrease was primarily due to (i) the decrease in contract works, particularly the decrease in amount of variation orders comparing with the corresponding period of last year; and (ii) an adjustment on the revenue of one of the contracts which amounted approximately to HK\$4.1 million resulting from the related costs exceeding management's estimation.

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\$141.7 million, or 38.3%, from approximately HK\$370.2 million for the nine months ended 31 December 2020 to approximately HK\$228.5 million for the nine months ended 31 December 2021. Such decrease was mainly attributable to the decrease in the materials consumption and transportation expenses incurred in our projects 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 which are stated as above, the Group's gross profit decreased by approximately HK\$14.8 million, or 62.1%, from approximately HK\$23.8 million for the nine months ended 31 December 2020 to approximately HK\$9.0 million for the nine months ended 31 December 2021. Gross profit margin dropped from 6.0% for the nine months ended 31 December 2020 to 3.8% for the nine months ended 31 December 2021. Such decrease was mainly due to (i) the adjustment on one of the contracts in the revenue as stated above; (ii) the increase in repair and maintenance costs in motor vehicles, and plant and machinery acquired for our construction projects in previous years; and (iii) the increase in subcontracting fees in some of our projects.

Other Income

Other income decreased significantly by approximately HK\$19.8 million, or 93.8%, from approximately HK\$21.1 million for the nine months ended 31 December 2020 to approximately HK\$1.3 million for the nine months ended 31 December 2021. Such decrease was mainly due to the decrease in government subsidies received by the Company of approximately HK\$20.3 million for the nine months ended 31 December 2021, as compared with a package of one-off subsidies granted by the Government during the nine months ended 31 December 2020.

Other Gains and Losses

Other gains and losses increased by approximately HK\$2.6 million, or 765.6%, from a loss of approximately HK\$0.3 million for the nine months ended 31 December 2020 to a gain of approximately HK\$2.3 million for the nine months ended 31 December 2021. Such gains were due to the gain on disposal of the non-current assets during the period under review.

Administrative Expenses

Administrative expenses decreased by approximately HK\$1.6 million or 12.6% from approximately HK\$12.7 million for the nine months ended 31 December 2020 to approximately HK\$11.1 million for the nine months ended 31 December 2021. The decrease was mainly due to (i) the decrease in depreciation as a result of the disposal of non-current assets and some of the assets were fully depreciated during the period under review; and (ii) the decrease in the number of our staff during the period under review.

Finance Costs

Finance costs decreased slightly by approximately HK\$0.6 million or 17.1% from approximately HK\$3.4 million for the nine months ended 31 December 2020 to approximately HK\$2.8 million for the nine months ended 31 December 2021. Such decrease was mainly attributed to the general decline of the Hong Kong Interbank Offered Rate during the period under review by comparing with that for the corresponding period in 2020.

Taxation

Taxation expenses decreased by approximately HK\$2.0 million or 98.3% from approximately HK\$2.1 million for the nine months ended 31 December 2020 to approximately HK\$0.4 million for the nine months ended 31 December 2021. Such decrease was attributed to the decrease in assessable profits for the nine months ended 31 December 2021 as comparing with the corresponding period of the last year.

As a result of the above, the Group recorded a loss of approximately HK\$1.6 million for the nine months ended 31 December 2021 (nine months ended 31 December 2020: profit of approximately HK\$26.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

In view of the situation suddenly having become worse since the end of the 2021 which a fifth wave of the pandemic is looming, the first half of year 2022 would be an even much more challenging year for our Group. The Directors expect that the rapid spread of Delta and Omicron variants and the threat of new wave of infection continue to pose risks and uncertainties on the continual recovery 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. Meanwhile, under the atmosphere of continuous cost increase of construction materials, profit margin is narrowing and the operating environment is becoming more difficult. In light of that, the Group continues to take 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.

In the long run, the Directors stay confident that the Group's construction business will remain robust and get back on track to grow with potentials, including the development of the northern part of Hong Kong as proposed by the Chief Executive in the 2021 Policy Address. 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 events 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 2021

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 2021, together with the comparative figures for the corresponding period in 2020 as follows:

	NOTES	Three months Ended 31 December		Nine months Ended 31 December	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	83,988	114,150	237,547	394,018
Direct costs		(78,637)	(112,589)	(228,511)	(370,194)
Gross profit		5,351	1,561	9,036	23,824
Other income	4	292	6,885	1,299	21,074
Other gains and losses	5	2,177	–	2,283	(343)
Impairment loss under expected credit loss model, net of reversal		(34)	(277)	(251)	(384)
Administrative expenses		(4,419)	(6,272)	(11,079)	(12,675)
Finance costs	6	(869)	(1,025)	(2,817)	(3,399)
Profit (Loss) before taxation	7	2,498	872	(1,529)	28,097
Taxation	8	(876)	121	(36)	(2,070)
Profit (Loss) and total comprehensive income (loss) for the period attributable to owners of the Company		1,622	993	(1,565)	26,027
Earnings per share – Basic (HK cents)	9	0.41	0.25	(0.39)	6.51

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2021

	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 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>
At 1 April 2021 (audited)	4,000	63,701	10,262	2,695	103,807	184,465
Loss and total comprehensive loss for the period (unaudited)	—	—	—	—	(1,565)	(1,565)
At 31 December 2021 (unaudited)	<u>4,000</u>	<u>63,701</u>	<u>10,262</u>	<u>2,695</u>	<u>102,242</u>	<u>182,900</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 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, 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 GEM Listing Rules.

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 (“**HKFRSs**”) 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 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2021.

Application of amendments to HKFRSs

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the Group’s condensed consolidated financial statements:

- Amendment to HKFRS 16, Covid-19-Related Rent Concessions beyond 30 June 2021
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

The application of amendments to HKFRSs have 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

3. REVENUE AND SEGMENT INFORMATION

Revenue

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.

(i) *Revenue from contract with customers*

Revenue from provision of civil engineering construction services during both periods are analysed as follows:

	Three months ended 31 December		Six months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Civil engineering construction contracts recognised over time	83,988	114,150	237,547	394,018

(ii) *Performance obligations for contracts with customers*

The Group provides construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using input method.

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. When the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

3. REVENUE AND SEGMENT INFORMATION – CONTINUED

Revenue – continued

(ii) Performance obligations for contracts with customers – continued

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

Segment information

The executive directors of the Company, being the chief operating decision maker, regularly review revenue analysis by nature of business. The executive directors of the Company considered the operating activities of civil engineering construction services as a single operating segment. The operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, and is regularly reviewed by the executive directors of the Company. The executive directors of the Company review the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation and performance evaluation. Accordingly, no further analysis of this single operating segment is presented.

4. OTHER INCOME

	Three Months Ended 31 December		Nine Months Ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Government subsidies (Note)	–	6,623	–	20,289
Bank interest income	3	3	5	27
Property rental income	99	96	296	290
Others	190	163	998	468
	292	6,885	1,299	21,074

Note: During the period in 2020, 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

5. OTHER GAINS AND LOSSES

	Three Months Ended		Nine Months Ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gain (Loss) on disposal/written off of property, plant and equipment	<u>2,177</u>	<u>–</u>	<u>2,283</u>	<u>(343)</u>

6. FINANCE COSTS

	Three Months Ended		Nine Months Ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interests on:				
Bank borrowings	<u>609</u>	<u>815</u>	<u>2,238</u>	<u>2,682</u>
Lease liabilities	<u>260</u>	<u>210</u>	<u>579</u>	<u>717</u>
	<u>869</u>	<u>1,025</u>	<u>2,817</u>	<u>3,399</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

7. PROFIT (LOSS) BEFORE TAXATION

	Three Months Ended		Nine Months Ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

Profit (Loss) before taxation has been arrived at after charging:

Directors' remuneration	1,300	1,300	3,286	3,286
Staff costs (including direct labour cost)	36,746	39,130	108,846	116,614
Retirement benefit scheme contributions (including direct labour cost)	990	1,368	3,235	4,098
Total staff cost	39,036	41,798	115,367	123,998
Auditor's remuneration	425	175	825	825
Depreciation on property, plant and equipment	1,509	1,764	4,977	5,065
Depreciation on right-of-use assets	1,056	995	2,704	2,931

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2021

8. TAXATION

	Three Months Ended		Nine Months Ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Tax charge comprises:				
Hong Kong Profits Tax	–	(643)	–	1,448
Deferred taxation	<u>876</u>	<u>522</u>	<u>36</u>	<u>622</u>
	<u>876</u>	<u>(121)</u>	<u>36</u>	<u>2,070</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 2021

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	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earning				
Profit (Loss) for the period attributable to owners of the Company for the purpose of basic earnings per share	<u>1,622</u>	<u>993</u>	<u>(1,565)</u>	<u>26,027</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 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 31 December 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 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%
Mr. Tang Siu Tim	Beneficial Owner	3,975,000 (long position)	1.0%

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 31 December 2021, 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 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%
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.

Save as disclosed above, and as at 31 December 2021, 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.

CHANGES IN THE DIRECTORS' INFORMATION

As mentioned in the Company's announcement dated 28 December 2021, Mr. Tang Siu Tim was appointed as an executive Director and a Chief Operating Officer of the Company with effect from 28 December 2021. Save as the aforesaid, there are no changes in the information of the Directors since the date of the Company's annual report 2021.

OTHER INFORMATION

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 24 January 2018 for the purpose of motivating the Eligible Participants (as defined below) to optimize their performance efficiency for the benefit of the Group and attracting and retaining or otherwise maintaining on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group. “**Eligible Participants**” refer to (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; or (ii) any directors (including executive, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; or (iii) any advisers, consultants, suppliers, customers, agents and related entities to the Company or any of its subsidiaries.

The maximum number of shares of the Company (the “**Shares**”) in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Hong Kong public offering, being 40,000,000 Shares. The maximum number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to any one person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. However, a grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the official closing price of the Shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant of the relevant option, which must be a day on which the Stock Exchange is open for the business of dealing in securities; and
- (c) the average of the official closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheet for the five business days immediately preceding the date grant of the relevant option.

The Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to the termination of the Share Option Scheme and not then exercised shall continue to valid and exercisable subject to and in accordance with the Share Option Scheme.

OTHER INFORMATION

No share options were granted, exercised, cancelled or lapsed by the Company under the Share Option Scheme during the period from 1 April 2021 to 31 December 2021 and there were no outstanding share options under the Share Option Scheme as at 31 December 2021 and up to the date of this report.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2021 (for the nine months ended 31 December 2020: nil).

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the period from 1 April 2021 to 31 December 2021 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine months ended 31 December 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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the period from 1 April 2021 to 31 December 2021.

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 2021.

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 2021.

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 ended 31 December 2021, 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
Executive Director and Chairman

Hong Kong, 11 February 2022

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