



常滿控股有限公司

Sheung Moon Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8523

INTERIM
REPORT 2023



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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 referred 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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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Shen Taiju (*Chairman*)

Mr. Lai Yung Sang

Mr. Tang Siu Tim

Independent non-executive Directors

Mr. Wong Choi Chak

Mr. Leung Kim Hong

Ms. Zhou Qian

COMPANY SECRETARY

Mr. Ngai Tsz Hin Michael

COMPLIANCE OFFICER

Mr. Ngai Tsz Hin Michael

BOARD COMMITTEES

Audit committee

Mr. Wong Choi Chak (*Chairman*)

Mr. Leung Kim Hong

Ms. Zhou Qian

Nomination committee

Mr. Leung Kim Hong (*Chairman*)

Mr. Wong Choi Chak

Ms. Zhou Qian

Remuneration committee

Ms. Zhou Qian (*Chairman*)

Mr. Wong Choi Chak

Mr. Leung Kim Hong

Risk management committee

Mr. Wong Choi Chak (*Chairman*)

Ms. Shen Taiju

Mr. Leung Kim Hong

Ms. Zhou Qian

AUTHORISED REPRESENTATIVES

Ms. Shen Taiju

Mr. Ngai Tsz Hin Michael

COMPANY'S WEBSITE

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

AUDITOR

Confucius International CPA Limited

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REGISTERED OFFICE

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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 AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F
Far East Finance Centre
16 Harcourt Road
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 the 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 2023		
Existing contracts	9	433.8
During the six months ended 30 September 2023		
Contracts completed	–	–
New contracts awarded	1	6.8
As at 30 September 2023	10	440.6

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$12.5 million, or 21.0%, from approximately HK\$59.7 million for the six months ended 30 September 2022 to approximately HK\$47.2 million for the six months ended 30 September 2023. Such decrease was primarily due to the completion of a major project and the revenue in relation to which was already recorded during previous period, hence it was not reflected during the period under review.

Direct Costs

Direct costs primarily comprised subcontracting fees, direct labour cost and construction materials. Direct costs decreased by approximately HK\$14.1 million, or 23.4%, from approximately HK\$60.6 million for the six months ended 30 September 2022 to approximately HK\$46.4 million for the six months ended 30 September 2023. Such decrease was mainly attributable to reduced consumption in construction material and petrol consumption, and lower cost in rental of site equipment as a result of the corresponding decrease in revenue.

Gross Profit and Gross Profit Margin

As a result of the decreased in direct costs as stated above, the Group's gross profit increased by approximately HK\$1.6 million, or 186.5%, from gross loss of approximately HK\$0.9 million for the six months ended 30 September 2022 to gross profit of approximately HK\$0.8 million for the six months ended 30 September 2023. The gross profit margin increased from a negative gross profit margin of 1.5% for the six months ended 30 September 2022 to a gross profit margin of 1.6% for the six months ended 30 September 2023. Such turnover was due to the gradually stable economy after three years of the COVID-19 pandemic, which led to an economic downturn that severely affected the Group's performance in the previous period.

Other Income

Other income decreased by approximately HK\$3.0 million, or 71.5%, from approximately HK\$4.2 million for the six months ended 30 September 2022 to approximately HK\$1.2 million for the six months ended 30 September 2023. Such decrease was mainly due to the receipt of subsidies in an amount of approximately HK\$3.0 million from the Government during the previous period.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Gains and Losses

Other losses increased by approximately HK\$2.3 million, or 234.1%, from a loss of approximately HK\$1.0 million for the six months ended 30 September 2022 to a loss of approximately HK\$3.2 million for the six months ended 30 September 2023. Such an increase was mainly due to the disposal and written off of plant and machinery during the period under review.

Administrative Expenses

Administrative expenses increased by approximately HK\$0.8 million or 7.3%, from approximately HK\$10.3 million for the six months ended 30 September 2022 to approximately HK\$11.1 million for the six months ended 30 September 2023. The increase was mainly due to the increase in consultancy fees and legal and professional fees for the period under review.

Finance Costs

Finance costs decreased by approximately HK\$2.1 million or 96.6%, from approximately HK\$2.1 million for the six months ended 30 September 2022 to approximately HK\$0.1 million for the six months ended 30 September 2023. Such decrease was mainly attributable to Group was under financial restructuring during the period under review and no bank loan interests was incurred.

As a result of the above, the Group recorded a loss of approximately HK\$12.4 million for the six months ended 30 September 2023 (six months ended 30 September 2022: loss of approximately HK\$36.1 million).

PROSPECT

The Group has actively explored and participated in the opportunities arising from the development of coming major government infrastructure projects, being large-scale and significant for the region's growth, would present numerous opportunities for the Group to showcase our expertise and contribute to the development of our city.

As we look to the future, the Group remains steadfast in its commitment to growth, innovation, and contributing to society. By actively participating in government large-scale infrastructure projects and exploring modular construction methods, we aim to position ourselves as active participant among the construction industry, driving sustainable development and meeting the evolving needs of our clients. Our dedication to excellence and collaboration will continue to guide us as we strive for success in the coming fiscal year and beyond.

The Group will continue to tender for projects both in the public and private sectors more actively. 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**").

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

During the period under review, the Group's source of funds was primarily from the bank borrowings. As at 30 September 2023, the Group's financial position with net liabilities amounted to approximately HK\$65.3 million (as at 31 March 2023: net liabilities of approximately HK\$52.9 million). Net current liabilities stood at approximately HK\$106.4 million (as at 31 March 2023: net current liabilities of approximately HK\$98.5 million). As at 30 September 2023, the capital deficiency amounted to approximately HK\$65.3 million (as at 31 March 2023: approximately HK\$52.9 million).

Current assets amounted to approximately HK\$26.0 million (as at 31 March 2023: approximately HK\$28.3 million), mainly comprising trade and other receivables, contract assets, amount due from a joint operation, bank balances and cash. Decrease in current assets was mainly due to the decrease in trade and other receivables as at 30 September 2023.

Current liabilities amounted to approximately HK\$132.4 million (as at 31 March 2023: approximately HK\$126.9 million), mainly comprising trade and other payables, contract liabilities, amount due to an ultimate controlling shareholder, bank borrowings and lease liabilities. The increase in current liabilities was mainly due to the increase in other payables and amount due to an ultimate controlling shareholder for repayment to outsider creditors.

As at 30 September 2023, the Group's bank balances and cash amounted to approximately HK\$5.0 million (as at 31 March 2023: approximately HK\$3.6 million). The increase in bank balances and cash was due to the cash advance from an ultimate controlling shareholder during the review period. Net liability value per Share was HK\$0.16 as at 30 September 2023 (as at 31 March 2023: HK\$0.13).

As at 30 September 2023, the gearing ratio of the Group, which is based on the ratio of interest bearing borrowings and lease liabilities to total equity, was 99.5% (as at 31 March 2023: 126.1%). Such decreased was mainly due to the repayment of bank borrowings during the year.

As the Company is listed on GEM of the Stock Exchange, the Group's source of funds can further be satisfied by using a combination of cash generated from operating activities, bank borrowings and other fund raised from the capital markets from time to time.

During the period under review, the Group did not employ any financial instrument for hedging purpose.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Structure

As at 30 September 2023, the share capital of the Group comprised only ordinary shares. The capital structure of the Group mainly consists of borrowings from banks, lease liabilities and equity attributable to owners of the Group, comprising issued share capital, share premium, retained profits and other reserves. Borrowings from banks were mainly denominated in Hong Kong dollars and were secured by pledged bank deposit and investment property.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the six months ended 30 September 2023, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

Significant Investments Held

As at 30 September 2023, the Group did not have any significant investments held (as at 31 March 2023: Nil).

Charges on the Group's Assets

As at 30 September 2023, the Group's property, plant and equipment and right-of-use assets with an aggregate carrying amount of approximately HK\$29.9 million (as at 31 March 2023: approximately HK\$30.1 million) was pledged to secure bank borrowings for financing the Group's operating activities.

Foreign Exchange Exposure

The Group's operating activities such as revenue, direct costs, expenses, monetary assets and liabilities are all transacted and denominated in Hong Kong dollars. The Group currently has no foreign currency hedging policy as the exposure to foreign exchange risk is rare. Nevertheless, the Group will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 30 September 2023, the Group did not have any material contingent liabilities (as at 31 March 2023: Nil).

Capital Commitment

As at 30 September 2023, the Group did not have any significant capital commitment (as at 31 March 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Future Plans for Material Investments and Capital Assets

As at 30 September 2023, the Group did not have other plan for material investments and capital assets.

Employees and Remuneration Policies

As at 30 September 2023, the Group had a total (including the Directors) of 34 employees (as at 31 March 2023: 56). Total staff cost including Directors' remuneration for the six months ended 30 September 2023 amounted to approximately HK\$10.8 million (for the six months ended 30 September 2022: approximately HK\$24.0 million). The remuneration package offered by the Group to its employees includes salaries and discretionary bonuses. In general, the Group determines employee salaries based on individual employee's qualifications, position and seniority. Employees performance will be assessed annually, which forms the basis of the Group's decisions with respect to salary increment, discretionary bonuses and promotions.

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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2023

The board of Directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated results of the Group for the three months and six months ended 30 September 2023, together with the comparative unaudited figures for the corresponding period in 2022 as follows:

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	24,359	32,808	47,184	59,691
Direct costs		(24,292)	(27,871)	(46,425)	(60,569)
Gross profit/(loss)		67	4,937	759	(878)
Other income	4	669	400	1,188	4,169
Other gains and losses	5	(3,214)	(1,094)	(3,214)	(962)
Impairment loss under expected credit loss model, net of reversal		-	(15,726)	-	(26,010)
Administrative expenses		(6,505)	(7,526)	(11,059)	(10,309)
Finance costs	6	(37)	(1,024)	(73)	(2,146)
Loss before taxation	7	(9,020)	(20,033)	(12,399)	(36,136)
Taxation	8	-	-	-	-
Loss and total comprehensive expense for the period attributable to owners of the Company		(9,020)	(20,033)	(12,399)	(36,136)
Loss per share	9				
- Basic (HK cents)		(2.26)	(5.01)	(3.10)	(9.03)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		As at 30 September 2023 <i>HK\$'000</i> (unaudited)	As at 31 March 2023 <i>HK\$'000</i> (audited)
	<i>NOTES</i>		
Non-current assets			
Property, plant and equipment		38,192	43,062
Right-of-use assets		4,360	4,645
		<u>42,552</u>	<u>47,707</u>
Current assets			
Trade and other receivables	12	13,239	17,168
Contract assets	13	7,703	7,557
Amount due from a joint operation		17	17
Bank balances and cash		5,021	3,594
		<u>25,980</u>	<u>28,336</u>
Current liabilities			
Trade and other payables	14	32,589	30,890
Contract liabilities	13	2,435	2,954
Amount due to an ultimate controlling shareholder		33,476	28,065
Tax payable		338	337
Bank borrowings	15	62,050	63,128
Lease liabilities		1,476	1,498
		<u>132,364</u>	<u>126,872</u>
Net current liabilities		<u>(106,384)</u>	<u>(98,536)</u>
Total assets less current liabilities		<u>(63,832)</u>	<u>(50,829)</u>
Non-current liabilities			
Lease liabilities		1,456	2,059
Net assets (liabilities)		<u>(65,288)</u>	<u>(52,888)</u>
Capital and reserves			
Share capital		4,000	4,000
Reserves		(69,288)	(56,888)
Total equity		<u>(65,288)</u>	<u>(52,888)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	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>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022 (restated)	4,000	63,701	10,262	2,695	(133,546)	(52,888)
Loss and total comprehensive expense for the period (unaudited)	-	-	-	-	(36,136)	(36,136)
At 30 September 2022 (unaudited)	<u>4,000</u>	<u>63,701</u>	<u>10,262</u>	<u>2,695</u>	<u>61,150</u>	<u>141,808</u>
At 1 April 2023 (audited)	4,000	63,701	10,262	-	(130,852)	(52,889)
Loss and total comprehensive expense for the period (unaudited)	-	-	-	-	(12,399)	(12,399)
At 30 September 2023 (unaudited)	<u>4,000</u>	<u>63,701</u>	<u>10,262</u>	<u>-</u>	<u>(143,251)</u>	<u>(65,288)</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".

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	<u>(2,208)</u>	<u>8,847</u>
Net cash generated from/(used in) investing activities	<u>-</u>	<u>28,801</u>
Net cash (used in)/generated from financing activities	<u>3,635</u>	<u>(40,321)</u>
Net decrease in cash and cash equivalents	1,427	(2,673)
Cash and cash equivalents at the beginning of the period	<u>3,594</u>	<u>7,004</u>
Cash and cash equivalents at the end of the period	<u>5,021</u>	<u>4,331</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 Act, Cap 22 (Act 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**”) since 12 February 2018. The immediate holding company of the Company is Chrysler Investments Limited, which is incorporated in the British Virgin Islands (“**BVI**”) and owned by Mr. Tang Sze Wo. The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at Office D, 27/F, The Globe, No. 79 Wing Hong Street, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of civil engineering construction services.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group for the three months and the six months ended 30 September 2023 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 (“**HKICPA**”) as well as the applicable disclosures requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment property, which 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 2023 has no material impact on the financial position of the Group as at 1 April 2023 and results of the Group for the six months ended 30 September 2023.

The accounting policies and methods of computation used in the interim financial information for the three months and the six months ended 30 September 2023 are the same as those applied in the preparation of the financial information of the Group for the year ended 31 March 2023 included in the annual report of the Company dated 29 June 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. REVENUE AND SEGMENT INFORMATION

Revenue

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 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 30 September		Six months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Civil engineering construction contracts recognised over time	<u>24,359</u>	<u>32,808</u>	<u>47,184</u>	<u>59,691</u>

(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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 (“**CODM**”), 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 which conform with HKFRSs, and is regularly reviewed by the CODM. The CODM reviews 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Government subsidies (<i>Note</i>)	–	–	–	3,032
Compensation income	–	–	–	220
Bank interest income	–	9	–	9
Project management income	110	–	330	–
Property rental income	–	98	–	197
Others	558	293	858	711
	<u>669</u>	<u>400</u>	<u>1,188</u>	<u>4,169</u>

Note: During the period under review, the Group received government grants of approximately HK\$3,032,000 under the COVID-19 Employment Support Scheme (“ESS”) from the Government of the Hong Kong Special Administrative Region.

5. OTHER GAINS AND LOSSES

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
(Loss)/Gain on disposal or written off of property, plant and equipment	<u>(3,214)</u>	<u>(1,094)</u>	<u>(3,214)</u>	<u>(962)</u>

6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interests on:				
Bank borrowings	–	840	–	1,781
Lease liabilities	37	184	73	365
	<u>37</u>	<u>1,024</u>	<u>73</u>	<u>2,146</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. LOSS BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging:				
Directors' remuneration	2,565	1,402	3,252	2,335
Staff costs (including direct labour cost)	2,801	6,138	7,265	21,096
Retirement benefit scheme contributions (including direct labour cost)	111	225	252	656
Total staff cost	5,477	7,765	10,769	24,087
Auditor's remuneration	250	200	500	400
Depreciation on property, plant and equipment	843	855	1,657	1,998
Depreciation on right-of-use assets	128	180	285	886

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

8. TAXATION

No provision for Hong Kong Profits Tax has been provided as the Group incurred taxation losses for the six months ended 30 September 2023 and 2022.

No deferred tax asset has been recognised in relation to unrecognised tax losses as at 30 September 2023 and 2022 due to the unpredictability of future profit streams. These tax losses do not expire under current legislation.

9. LOSS 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 30 September		Six months ended 30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss				
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(9,020)</u>	<u>(20,033)</u>	<u>(12,399)</u>	<u>(36,136)</u>
	'000	'000	'000	'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

10. DIVIDENDS

No dividend was paid, declared or proposed for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2023, the Group's loss on disposal or written off of property, plant and equipment was approximately HK\$3,214,000 (gain on disposal of property, plant and equipment during the six months ended 30 September 2022: approximately HK\$962,000).

12. TRADE AND OTHER RECEIVABLES

The following is an ageing analysis of the trade receivables presented based on the customer's payment certificate date at the end of the reporting period:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0 – 30 days	691	3,380
31 – 60 days	689	528
61 – 90 days	120	1,120
91 – 180 days	–	–
Over 180 days	–	90
	1,500	5,118

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
Contract assets		
Unbilled revenue from construction services	777	929
Retention receivables	<u>6,926</u>	<u>6,628</u>
	<u>7,703</u>	<u>7,557</u>
Contract liabilities		
Advances from customers	<u>2,435</u>	<u>2,954</u>

The Group has rights to considerations from customers for the provision of civil engineering services. Contract assets arise when the Group has right to consideration for completion of civil engineering construction services and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables when such right becomes unconditional other than the passage of time. Remaining rights and performance obligations in a particular contract is accounted for and presented on a net basis, as either a contract asset or a contract liability. If the progress payment exceeds the revenue recognised to date under the input method, then the Group recognises a contract liability for the difference.

Contract assets and liabilities are classified as current assets and liabilities, as they are expected to be settled within the Group's normal operating cycle.

Retention receivables is unsecured and interest-free and represented the monies withheld by customers and recoverable after the completion of default liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, usually being 1 year from the date of completion of respective civil engineering construction services projects.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

14. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 September 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (audited)
0 – 30 days	124	384
31 – 60 days	773	370
61 – 90 days	220	502
Over 90 days	9,707	10,019
	10,824	11,275

15. BANK BORROWINGS

At 30 September 2023, the Group's outstanding bank borrowings amounting to approximately HK\$62,050,000 (31 March 2023: approximately HK\$63,128,000). The borrowings carry interest at fixed-rate 4.00% to 4.37% or at variable-rate 3.80% to 9.65% (31 March 2023: fixed-rate 4.00% to 4.37% and variable-rate 3.80% to 9.65%) per annum.

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Compensation of key management personnel represents the remuneration of the directors of the Company during the period, which is disclosed in note 7 to the unaudited condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

17. CAPITAL COMMITMENT

The Group had no capital commitment as at 30 September 2023 and 31 March 2023.

18. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2023 and 31 March 2023.

19. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements for the three months and six months ended 30 September 2023 were approved and authorised for issue by the Board on 13 November 2023.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR THE ASSOCIATED CORPORATIONS

As at 30 September 2023, the interests and short positions of the Directors and the chief executive 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 BVI and the entire share capital of which is held by Mr. Tang Sze Wo. Mr. Tang Sze Wo is deemed to be interested in these shares held by Chrysler Investments Limited under the SFO.

(ii) Interests in associated corporation(s) of the Company

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

OTHER INFORMATION

Save as disclosed above, as at 30 September 2023, 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.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 September 2023, 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%
Zhao Qing	Beneficial owner	30,000,000 (long position)	7.5%

Notes:

1. Chrysler Investments Limited is a company incorporated in the BVI and the entire share capital of which is held by Mr. Tang Sze Wo.

Save as disclosed above, and as at 30 September 2023, 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.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2023, 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.

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 “**Required Standard of Dealings**”). Having made specific enquiry of all Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Required Standard of Dealings during the period from 1 April 2023 to 30 September 2023.

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 six months ended 30 September 2023.

CHANGE IN DIRECTORS' INFORMATION

As at the date of this interim report, there is no change in the Directors' biographical details which is required to be disclosed pursuant to Rule 17.50A of the GEM Listing Rules since the date of publication of the annual report of the Company for the year ended 31 March 2023.

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, Mr. Leung Kim Hong and Ms. Zhou Qian. 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 and six months ended 30 September 2023.

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 six months ended 30 September 2023, the Company had complied with all the applicable code provisions of the CG Code.

By order of the Board
Sheung Moon Holdings Limited
Shen Taiju
Executive Director and Chairman

Hong Kong, 13 November 2023

As at the date of this report, the Board comprises three executive Directors, namely, Mr. Lai Yung Sang, Mr. Tang Siu Tim and Ms. Shen Taiju and three independent non-executive Directors, namely, Mr. Wong Choi Chak, Mr. Leung Kim Hong and Ms. Zhou Qian.