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Sheung Moon Holdings Limited
常滿控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8523)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

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.

*This announcement, 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 announcement 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 announcement misleading.*

UNAUDITED INTERIM RESULTS

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:

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

For the three months and six months ended 30 September 2023

| | NOTES | Three months ended | | Six months ended | |
|---|-------|-----------------------|-----------------|------------------------|-----------------|
| | | 30 September | 30 September | 30 September | 30 September |
| | | 2023 | 2022 | 2023 | 2022 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Revenue | 3 | 24,359 | 32,808 | 47,184 | 59,691 |
| Direct costs | | <u>(24,292)</u> | <u>(27,871)</u> | <u>(46,425)</u> | <u>(60,569)</u> |
| 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 | <u>(37)</u> | <u>(1,024)</u> | <u>(73)</u> | <u>(2,146)</u> |
| Loss before taxation | 7 | (9,020) | (20,033) | (12,399) | (36,136) |
| Taxation | 8 | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| Loss and total comprehensive expense for the period attributable to owners of the Company | | <u>(9,020)</u> | <u>(20,033)</u> | <u>(12,399)</u> | <u>(36,136)</u> |
| Loss per share | 9 | | | | |
| – Basic (HK cents) | | <u>(2.26)</u> | <u>(5.01)</u> | <u>(3.10)</u> | <u>(9.03)</u> |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>NOTES</i> | As at 30 September 2023 HK\$'000 (unaudited) | As at 31 March 2023 HK\$'000 (audited) |
|---|--------------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | 38,192 | 43,062 |
| Right-of-use assets | | <u>4,360</u> | <u>4,645</u> |
| | | <u>42,552</u> | <u>47,707</u> |
| Current assets | | | |
| Trade and other receivables | 12 | 13,239 | 17,168 |
| Contract assets | | 7,703 | 7,557 |
| Amount due from a joint operation | | 17 | 17 |
| Bank balances and cash | | <u>5,021</u> | <u>3,594</u> |
| | | <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 | | <u>1,476</u> | <u>1,498</u> |
| | | <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 | | <u>1,456</u> | <u>2,059</u> |
| Net assets (liabilities) | | <u>(65,288)</u> | <u>(52,888)</u> |
| Capital and reserves | | | |
| Share capital | | 4,000 | 4,000 |
| Reserves | | <u>(69,288)</u> | <u>(56,888)</u> |
| Total equity | | <u>(65,288)</u> | <u>(52,888)</u> |

NOTES TO THE UNAUDITED 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.

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 | | Six months ended | |
|--------------------------------|--------------------|---------------|------------------|---------------|
| | 30 September | | 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.

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.

4. OTHER INCOME

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

7. LOSS BEFORE TAXATION

| | Three months ended | | Six months ended | |
|---|---------------------|-----------------|----------------------|-----------------|
| | 30 September | | 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (unaudited) | (unaudited) | (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 | <u>5,477</u> | <u>7,765</u> | <u>10,769</u> | <u>24,087</u> |
| 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 | <u>128</u> | <u>180</u> | <u>285</u> | <u>886</u> |

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 | | Six months ended | |
|---|--------------------|-----------------|------------------|-----------------|
| | 30 September | | 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.

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 | 31 March |
|---------------|------------------------|-----------------|
| | 2023 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (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 |

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

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

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.

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

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.

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.

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.

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").

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.

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).

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 announcement.

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% |

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 <i>(Note 1)</i> | 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.

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.

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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (www.smcl.com.hk). The interim report of the Company for the six months ended 30 September 2023 containing all the information required by the GEM Listing Rules will be dispatched to the Shareholders and posted on the above websites in due course.

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 announcement, 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.

This announcement will remain on the “Latest Listed Company Information” page on the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at www.smcl.com.hk.