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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)

**FULFILMENT OF RESUMPTION CONDITIONS AND  
RESUMPTION OF TRADING**

**Financial Adviser to the Company**



**紅日資本有限公司**

**RED SUN CAPITAL LIMITED**

**FULFILMENT OF ALL THE RESUMPTION CONDITIONS**

The Company is pleased to announce that as at the date of this announcement, the Company has fulfilled all the Resumption Conditions to the satisfaction of the Stock Exchange.

**RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 15 August 2022. As all the Resumption Conditions have been fulfilled, the Company has made an application for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 18 August 2023.

This announcement is made by Sheung Moon Holdings Limited (the “**Company**”, and, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

Reference is made to (i) the announcement of the Company dated 15 August 2022 in relation to the suspension of trading in the shares of the Company on the Stock Exchange; (ii) the announcement of the Company dated 15 August 2022 relating to the postponement of Annual General Meeting of the Company; (iii) the announcement of the Company dated 20 September 2022 relating to the further postponement of Annual General Meeting of the Company; (iv) the announcements of the Company dated 24 October 2022, 14 November 2022; 14 February 2023 and 12 May 2023, respectively, in relation to, among other things, the resumption guidance and the progress of fulfilment of resumption conditions provided by the Stock Exchange; (v) the supplemental announcement dated 26 October 2022 in relation to the annual report for the year ended 31 March 2022; (vi) the first quarterly results announcement of the Company for the three months ended 30 June 2022 (“**22Q1 Results**”) and the corresponding first quarterly report (“**22Q1 Report**”) published by the Company on 18 November 2022 and 24 November 2022, respectively; (vii) the interim results announcement for the Company for the six months ended 30 September 2022 (“**22 Interim Results**”) and the corresponding interim report (“**22 Interim Report**”) published on 19 December 2022 and 24 December 2022, respectively; (viii) the third quarterly results announcement of the Company for the nine months ended 31 December 2022 (“**22Q3 Results**”) and the corresponding third quarterly report (“**22Q3 Report**”) published by the Company on 13 February 2023; (ix) the announcements of the Company dated 30 March 2023 and 13 April 2023 in relation to the change of auditors and appointment of auditor; and (x) the annual results announcement of the Company for the year ended 31 March 2023 (“**23 Results**”) and the corresponding annual report (“**23 Report**”) published on 29 June 2023. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the announcements and reports referred to above.

## **BACKGROUND**

Trading of the shares of the Company (the “**Shares**”) has been suspended on the Stock Exchange with effect from 9:00 a.m. on 15 August 2022 due to the former auditor of the Company (“**Former Auditor**”) issued a disclaimer opinion in relation to the consolidated financial statements of the Group for the year ended 31 March 2022, as such, the trading of the Shares of the Company on the GEM of the Stock Exchange has been suspended in accordance with Rule 17.49B of the GEM Listing Rules.

As disclosed in the announcement of the Company dated 24 October 2022, the Company received a letter on 21 October 2022 (the “**Resumption Guidance**”) from the Stock Exchange in relation to, among other things, the resumption conditions (“**Resumption Conditions**”, each a “**Resumption Condition**”). The Company must meet all Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the GEM Listing Rules to the Stock Exchange’s satisfaction before trading in the Shares is allowed to resume.

## THE RESUMPTION CONDITIONS AND THE FULFILLMENT THEREOF

The Stock Exchange sets out the following Resumption Conditions in the Resumption Guidance:

- (i) address the issues giving rise to the disclaimer of opinion (the “**Disclaimer of Opinion**”), provide comfort that the Disclaimer of Opinion would no longer be required and disclose sufficient information to enable investors to make an informed assessment of its financial positions as required under Rule 17.49B of the GEM Listing Rules;
- (ii) publish all outstanding financial results and address any audit modifications;
- (iii) demonstrate compliance with Rule 17.26 of the GEM Listing Rules; and
- (iv) inform the market of all material information for shareholders and investors to appraise the Company’s position.

The Company is pleased to announce that, as at the date of this announcement, each of the Resumption Conditions has been fulfilled, details of which are set out below:

- (i) **address the issues giving rise to the Disclaimer of Opinion, provide comfort that the Disclaimer of Opinion would no longer be required and disclose sufficient information to enable investors to make an informed assessment of its financial positions as required under Rule 17.49B of the GEM Listing Rules;**

As disclosed in section headed “Disclaimer of opinion” and “Basis for disclaimer of opinion” in the independent auditor’s report contained on pages 78 to 81 of the annual report for the year ended 31 March 2022 (“**22 Report**”), the Former Auditor did not express an audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2022 (“**FY2022**”) as a result of certain matters.

*(1) with regard to the material uncertainty related to going concern basis:*

Please refer to the section below “(iii) demonstrate compliance with Rule 17.26 of the GEM Listing Rules” in this announcement for the details regarding the material uncertainty related to going concern basis.

(2) *with regard to the revenue and contract assets:*

*Prior year adjustment*

The Former Auditor considered that they were unable to obtain sufficient appropriate audit evidence on the reasonableness and appropriateness of the management's estimation of progress and outcome of the construction projects during the FY2022 audit. Confucius International CPA Limited (the "**Auditor**") considered that it was not appropriate to account for variation considerations without referencing to the main contractors' certifications in last year. In addition, cutoff errors were identified in the revenue recognised for certain construction contracts in last year. These misstatements represent prior period errors that have been corrected by way of prior year adjustment (the "**PYA**"). The overstatement of revenue of HK\$192,824,000 recognised in the consolidated statement of profit or loss and other comprehensive income for FY2022 was in relation to 22 construction projects with the adjustments ranging from overstatement of approximately HK\$104.0 million to understatement of approximately HK\$1.9 million. The amount of overstatement of revenue is mainly due to the additional works or delayed schedule in relation to the COVID-19 such as disruption to the supply chain, workforce shortages as a result of the illness and preventative quarantines, suspension of constructions works as a result of the measures imposed by the Hong Kong government and additional workers required to shorten the delayed schedule. As a result, unexpected additional costs had been incurred for workers' remuneration or the rental fee of vehicles and machinery even the construction works have been suspended. The Group had expected that the main contractors would certify the relevant additional costs incurred based on the Group's past experience in other similar projects. However, after negotiations with the relevant customers, the Group was unable to receive the anticipated amount of revenue.

### *Impact from major projects for FY2022*

The recognition of revenue and contract assets related to contract work relies on the management's estimation of the progress and outcome of the construction projects given that the management was having further negotiations with relevant customers. The Former Auditor considered that they were unable to obtain sufficient appropriate audit evidence on the reasonableness and appropriateness of the management's estimation of progress and outcome of the construction projects during the FY2022 audit. In conducting the audit for the year ended 31 March 2023 ("FY2023"), the Auditor had reviewed the opinions expressed by the Former Auditor and had conducted independent works in relation to the relevant projects conducted during FY2022, including (i) obtaining and reviewing the main contracts; (ii) reviewing the contract sum with relevant payment certificates; (iii) identifying the variance and discuss the reasons with the directors ("**Directors**"); and (iv) reviewing the historical revenue recognition procedures of the Company during FY2022. As disclosed on page 102 of the 23 Report, revenue recognised for certain construction contracts included variation considerations based on the total costs incurred without referencing to the main contractors' certifications in FY2022. The Auditor considered that it was not appropriate to account for variation considerations when these were not highly probable. In addition, cutoff errors were identified in the revenue recognised for certain construction contracts in last year. These misstatements represent prior period errors that have been corrected by way of PYA. The overstatement of revenue of HK\$192,824,000 recognised in the consolidated statement of profit or loss and other comprehensive income for FY2022 was in relation to 22 construction projects with the adjustments ranging from overstatement of approximately HK\$104.0 million to understatement of approximately HK\$1.9 million.

The amount of overstatement of revenue is mainly due to (i) additional costs incurred by the Group due to the impact of COVID-19 and multiple disruptions on the work progress that were not able to be recovered; (ii) suspension of project and without full compensation; and (iii) disagreement on the final certification and payment from customer. In view of the Group's cash flow issue and considering the long-term customer relationship (may have other cooperation opportunities in the future), the Group accepted the final payment from some of the customers. The Group had considered to continue on making relevant claims by taking corresponding legal actions, however, having considered (i) the long-term customer relationship and potential cooperation opportunities in the future; (ii) there is no assurance on the recovery on relevant claims; (iii) the process will be time consuming; (iv) corresponding legal actions may require a huge amount of costs; (v) the cash flow position of the Group; and (vi) the Group already defaulted to pay the loan to one of the major banks, the Group can only accept the final payment from some of the customers.

For the customers in relation to suspension or disagreement as mentioned above, the Group is on the progress to take suitable legal action against the customer and is communicating with the legal adviser accordingly. For those customers the Group decided not to conduct any legal actions, the Group had considered (i) the existing relationship with other projects in cooperation; (ii) any legal actions conducted may affect the relationship and lowering the chances in obtaining projects in the future by the Group; or (iii) the compensation of another project by the customer.

As a result of the above, there is an overstatement of revenue and the Directors decided to conduct the PYA.

The overstatement of contract assets of HK\$193,037,000 and overstatement of contract liabilities of HK\$1,199,000 recognised in the consolidated statement of financial position as at 31 March 2022 was in relation to the same issues as mentioned above, with the rectification of the internal control to be mentioned below by the Company, such overstatement of contract assets and contract liabilities shall not be occurring again.

Since the Auditor confirmed that the issue mentioned above has been resolved and therefore the Auditor has not issued qualified opinion on the revenue for FY2023 and contract assets as at 31 March 2023, the Directors are of the view that the Disclaimer of Opinion with regard to the revenue and contract assets are settled.

(3) *with regard to the direct costs and trade payables:*

The Former Auditor was unable to confirm the completeness of the direct costs and the balance of trade payables. It was mainly due to the unfinalised cost and balance between the Group and multiple subcontractors during FY2022. The Group was in the process of negotiating with relevant subcontractors therefore the subcontractors refused to provide the confirmations to the Former Auditor. During FY2023, the Group and the subcontractors reached a consensus on the cost and balance, thus the Auditor was able to receive confirmations from them.

The understatement of direct costs of HK\$878,000 recognised in the consolidated statement of profit or loss and other comprehensive income for FY2022 was in relation to the omission of certain records booking. The Directors confirmed that the Company has enhanced the monitoring procedures in relation to the relevant records booking to prevent for having such omission again.

The overstatement of trade payables of HK\$1,183,000 recognised in the consolidated statement of financial position as at 31 March 2022 was in relation to the same issues as mentioned above, with the enhancement of internal procedures to be mentioned below by the Company, such overstatement of trade payables shall not be happening again.

The Auditor confirmed that the issue mentioned above has been resolved and therefore the Auditor has not issued qualified opinion on the direct costs for FY2023 and trade payables as at 31 March 2023, therefore the Directors are of the view that the Disclaimer of Opinion with regard to the direct costs and trade payables are settled.

(4) *with regard to the property, plant and equipment and right-of-use assets:*

As disclosed in the section “Other Matter” in the 23 Report, the Directors have not performed any reassessment of the impairment on the property, plant and equipment and right-of-use assets as at 31 March 2022 and were unable to provide the Auditor with sufficient appropriate audit evidence to evaluate the recoverable amount used in its impairment test of the property, plant and equipment and right-of-use assets as at 31 March 2022. The Company only conducted valuation on the property of the Group and therefore an impairment loss of approximately HK\$2.2 million was provided on property during FY2022, the Company further believed that there is no impairment indicator on the remaining plant and equipment and right-of-use assets based on the Group and the project managers’ experience in the construction industry. Considering that it is not practical to obtain quotations for the previous year, the Company can only provide with the quotations and the valuation report from the independent valuer for the current year. The Company further understand from the Auditor that the Auditor has not issued qualified opinion on the closing with regard to the property, plant and equipment and right-of-use assets.

The Auditor confirmed that the issue mentioned above has been resolved and therefore the Auditor has not issued qualified opinion on the property, plant and equipment and right-of-use assets as at 31 March 2023, therefore the Directors are of the view that the Disclaimer of Opinion with regard to the property, plant and equipment and right-of-use assets are settled.

(5) *Taxation*

The (i) understatement of tax credit of HK\$6,632,000 recognised in the consolidated statement of profit or loss and other comprehensive income for FY2022; (ii) overstatement of tax payable of HK\$688,000 recognised in the consolidated statement of financial position as at 31 March 2022; and (iii) overstatement of deferred tax liabilities of HK\$5,944,000 recognised in the consolidated statement of financial position as at 31 March 2022. With the relevant PYA as mentioned above in relation to the overstatement of revenue and understatement of direct costs, the Group incurred tax loss for FY2022 which provided for offsetting with the deferred tax liabilities of HK\$5,944,000. The relevant tax impact has been reassessed by the Company and conducted the above PYA in relation to taxation.

The Auditor confirmed that the issue mentioned above has been resolved and therefore the Auditor has not issued qualified opinion on the taxation for FY2023, therefore the Directors are of the view that the Disclaimer of Opinion with regard to the taxation is settled.

(6) *Other PYA*

In respect of the remaining PYA include (i) overstatement of trade and other receivables of HK\$1,401,000 recognised in the consolidated statement of financial position as at 31 March 2022; (ii) overstatement of amount due from a joint operation of HK\$1,646,000 recognised in the consolidated statement of financial position as at 31 March 2022; (iii) understatement of impairment loss of contract assets of HK\$17,023,000 recognised in the consolidated statement of profit or loss and other comprehensive income for FY2022; (iv) overstatement of impairment loss of trade receivables of HK\$33,000 recognised in the consolidated statement of profit or loss and other comprehensive income for FY2022; (v) understatement of impairment loss allowance of contract assets of HK\$17,023,000 recognised in the consolidated statement of financial position as at 31 March 2022; and (vi) overstatement of impairment loss allowance of trade receivables of HK\$33,000 recognised in the consolidated statement of financial position as at 31 March 2022, the Auditor has obtained and reviewed the (i) relevant cost breakdown; (ii) the aging analysis of trade receivables and trade payables; and (iii) the working paper and valuation reports for FY2022 and FY2023 prepared by the independent valuer, and are of the view that the major reason for the overstatement or understatement was the Company mistakenly expected that the contract assets and trade receivables to be recoverable while those should have been impaired in prior year. Despite the Company had provided the Auditor with the relevant communication records with the customers about the contract assets and trade receivables on which based on the Company's expectation regarding the recoverability of contract assets and trade receivables, the Company eventually reassessed the aging and impairment on contract assets and trade receivables, resulting to the understatement or overstatement of relevant items due to reclassification of trade receivables or balance sheet impact.

(7) *View from the Audit Committee and the Directors*

The audit committee (“**Audit Committee**”) of the Company made thorough discussion with the Auditor on certain PYA and matters indicating the Disclaimer of Opinion. The Audit Committee has reviewed the Disclaimer of Opinion and PYA for the FY2022 and has well noted the basis thereof.

The Directors had followed the proper internal procedures in the preparation of the financial statements, and including, among other things, (i) providing all relevant financial statements to the Former Auditor and the Auditor and addressing their queries in a timely manner during the financial statement preparation process; (ii) retaining the independent valuer; and (iii) engaging in thorough discussion with the Audit Committee and both the Former Auditor and the Auditor. The Audit Committee had reviewed the financial statements for FY2022, three months ended 30 June 2022, six months ended 30 September 2022 and the financial statements for FY2023, the effectiveness of the Group’s risk management systems during these periods, Auditor’s report for FY2023, and had conducted thorough discussion with the Directors and the Auditor. The Audit Committee did not note any accounting issues and audit disagreements with the Directors and the Former Auditor and the Auditor in the preparation of the relevant financial statements.

The Company has also engaged an independent internal control adviser (“**Internal Control Adviser**”) to perform certain review procedures as for the Group’s key procedures, systems and controls. The Audit Committee had reviewed the report prepared by the Internal Control Adviser, discussed the relevant findings with them and noted that the Group agreed to implement the follow-up recommendation with immediate effect. Based on the follow-up review, the Internal Control Adviser noted that the Group has already implemented its recommendations with regard to (i) the revenue and receipts cycle; (ii) project management cycle; and (iii) the financial reporting cycle. As the Disclaimer of Opinion and PYA mainly involved the Company’s judgement and unintended accounting errors, and having considered the report issued by the Internal Control Adviser and the remediated actions taken by the Group, the Audit Committee is of the view that the remedial and improvement measures implemented by the Group are adequate and sufficient to address the internal control weaknesses identified and the improved internal controls provide reasonable assurance that the root causes leading to the findings by the Internal Control Adviser will not recur.

(8) *Internal Control Enhancement*

In order to reduce the risk of breaching the GEM Listing Rules, the Company is minded to strengthen internal control and enhance monitoring of compliance matters. The Company has engaged Internal Control Adviser to perform certain review procedures as for the Group's key procedures, systems and controls. It has gradually adopted the following measures as extracted from the internal review report prepared by the Internal Control Adviser since the suspension of the trading of the Shares on 15 August 2022:

- (a) requiring written evidence of approval over gross profit percentage adjustment should be prepared by the designated authorised personnel;
- (b) requiring application of interim payment to be prepared by the project manager or quantity surveyor, and approved by designated authorised personnel in writings;
- (c) establishing a control mechanism for interim payment management, including but not limited to (i) setting up a handling procedures when amount certified from main contractor or employer differs from amount of interim payment requested; (ii) enhancing communication with finance department on revenue and contract asset booking; (iii) maintaining a register for monitoring of variance between interim payment requested and amount certified; and (iv) preparing of sufficient and substantive evidence for application of interim payment;
- (d) revising the project management policy and procedures should be adequately made known to all relevant staff involved, and reviewed regularly by management and updated, if necessary, to meet the operational requirement of the business units;
- (e) the project manager shall prepare written project feasibility assessment. The project feasibility assessment should be discussed in the management meeting and signed by the participant as written evidence of approval;
- (f) documenting all follow-up and remediation actions in the evaluation form by the commercial manager in writing;
- (g) requiring the business units to prepare project progress report for all projects so as to properly monitor the progress of the projects. The project progress report should be reviewed by the designated authorised personnel as written evidence of monitoring;

- (h) requiring the project manager or the quantity surveyor to request written confirmation of quotation for variation order, written confirmation of site instructions, and physical variation order from the main contractor or employer, before making reasonable assumption that the relevant costs incurred could be subsequently certified by the main contractor or employer. The written confirmation from main contractor or employer should be properly kept by the project management department for a reasonable period for future reference.
- (i) establishing a retention monitoring mechanism;
- (j) revising the project management policy and procedures should be adequately made known to all relevant staff involved, and reviewed regularly by management and updated, if necessary, to meet the operational requirement of the Group;
- (k) formulating policies in relation to month-end closing of accounts, including statement of profit or loss, statement of financial position and statement of cash flow, to be performed in a timely manner in order to ensure the completeness and accuracy of management accounts of the Group. In addition, month-end closing checklist should be prepared for the financial closing procedures and reviewed by designated authorised personnel in writings;
- (l) requiring monthly management accounts at company level and the consolidated management account at Group level to be properly prepared and signed off or initialled by the designated authorised personnel as written evidence of approval; and
- (m) requiring monthly cash flow statement to be prepared such that management can ascertain the status of cash flow of the Group. Moreover, the monthly cash flow statement should be signed off or initialled by the designated authorised personnel as written evidence of reviewal.

Taking into consideration that the abovementioned measures will raise awareness and level of knowledge on the GEM Listing Rules of the Directors, the senior management and responsible finance staff, the Board is of the view that the abovementioned measures can effectively reduce the risk of conducting PYA in the future. As of the date of this announcement, the Company has adopted the abovementioned measures.

**(ii) publish all outstanding financial results and address any audit modifications;**

Please refer to the table below for a summary of the outstanding financial results of the Company and their publication dates.

**Outstanding financial results required under the GEM**

<b>Listing Rules</b>	<b>Publication date</b>
22Q1 Results	18 November 2022
22Q1 Report	24 November 2022
22 Interim Results	19 December 2022
22 Interim Report	23 December 2022
22Q3 Results	13 February 2023
22Q3 Report	14 February 2023
23 Results	29 June 2023
23 Report	3 July 2023
First quarterly results announcement for the three months ended 30 June 2023	11 August 2023
First quarterly report for the three months ended 30 June 2023	11 August 2023

The Company has published all outstanding financial results required under the GEM Listing Rules.

**(iii) demonstrate compliance with Rule 17.26 of the GEM Listing Rules;**

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 HKSAR Government, a registered general building contractor and a specialist contractor (site formation works) with the Hong Kong Buildings Department. As disclosed in the 23 Report, the Group has completed 71 contracts with aggregate contract sum of approximately HK\$570.7 million for FY2023, while the Group only completed one contract and five contracts with aggregate contract sum of approximately HK\$9.1 million for FY2022 and HK\$110.7 million for the year ended 31 March 2021, respectively. The Group was severely affected by the outbreak of COVID-19 and there was a slow-down in construction progress of the Group's construction projects, the margins of the projects were severely hit by the outbreak of COVID-19 with intense competition, mainly for FY2022. Although the COVID-19 pandemic in Hong Kong had slowed down and the Hong Kong economy had shown signs of gradual recovery during FY2023, uncertainties in the local market continued unabated. With concerns about the market uncertainties, certain new construction projects had been engaged by the Group on a sub-contracting basis to secure the gross profit and costs were incurred for effectively managing the operating risk, the expected gross profit and cashflow of the Group. Thus, the contracts completed increased to 71 as compared to the previous year.

The Company continues to carry out business with a sufficient level of operations to support its operations. A summary of the key financial figures of the Group for the years ended 31 March 2023 and 2022 is set out below:

	<b>For the year ended 31 March</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
		(Restated)
Revenue from contracts with customers	<b>119,735</b>	121,283
Direct costs	<b>(113,058)</b>	(296,364)
Gross profit (loss)	<b>6,677</b>	(175,081)
Gross profit (loss) margin (%)	<b>5.6</b>	(144.4)
Loss for the year	<b>(26,772)</b>	(210,581)

The revenue from contracts with customers of the Group has slightly decreased from approximately HK\$121.3 million for FY2022 to approximately HK\$119.7 million for FY2023. The gross profit of the Group has turnaround from gross loss of approximately HK\$175.1 million for the FY2022 to gross profit of approximately HK\$6.7 million for FY2023. Though there was slight decrease in revenue, the gross profit have been turnaround from gross loss to gross profit which was mainly attributable to the effective cost control. The direct costs decreased by approximately 61.8%, from approximately HK\$296.4 million for FY2022 to approximately HK\$113.1 million for FY2023. Such decrease was mainly due to the decrease of labor cost incurred and other direct cost incurred during the year ended 31 March 2023. The Group's direct costs primarily comprised sub-contracting fees, direct labour costs, construction material costs, petrol consumption costs and transportation expenses.

The Directors consider that the measures imposed by the Hong Kong government to combat the outbreak of COVID-19 have been lifted and believe that similar level of restrictions will not be imposed again in future. As such, the Directors believe that the negative impact brought by COVID-19 will be eased along with the gradual recovery of the economy. The Directors are cautiously optimistic that the Group's construction business will remain robust and get back on track to grow with potentials by capitalising on its core strengths and competitive advantages.

#### *Upcoming potential projects*

As disclosed in the 23 Report, as at 31 March 2023, the number of contracts on hand was nine with an aggregate contract sum of approximately HK\$433.8 million. With the current work progress of the existing nine projects, approximately HK\$93.5 million to be recognised as revenue to the Company, in the next financial year ending 31 March 2024.

As of the date of this announcement, as per the understanding from the Company with certain main contractors in Hong Kong, three of the tenders submitted by the Company had high possibility to win the bid of the projects. During March to June 2023, the Group had entered into the memorandum of cooperation and joint venture agreement with main contractors for providing relevant construction works in Hong Kong. According to the submitted tenders and the relevant documents, the summary of the scope of services to be provided by the Company is set out below:

<b>Scope of work</b>	<b>Estimated total contract value</b>	<b>Estimated revenue to be recognised for the year ending 31 March 2024</b>	<b>Expected time for the results of tender</b>
Construction project of a stormwater storage scheme including sheet piling works and king post	Approximately HK\$200.0 million	Approximately HK\$58.8 million	October 2023
Construction project for an existing pier in Hong Kong including site formation works, road and drainage works, structural works, piling works, tree preservation works, electrical and mechanical works and environmental conservation works	Approximately HK\$580.0 million	Approximately HK\$84.7 million	Progress of land resumption delayed, expected to be end of September/October 2023
Construction project of a quarry park including site formation works, road and drainage works, structural works, electrical and mechanical works and tree preservation works	Approximately HK\$695.6 million	Approximately HK\$84.6 million	Awarded

As disclosed in the above table, the estimated total contract value of the three projects mentioned above would be over HK\$1.4 billion with estimated total revenue to be recognised for the year ending 31 March 2024 of approximately HK\$228.1 million if all of them will be successfully awarded.

With regard to the above, the management of the Company expects the Company's performance in the financial year ending 31 March 2024 will be substantially improved in comparison to FY2023.

The Group has been actively exploring and participating in the opportunities arising from the development of coming major government infrastructure projects, these projects, being large-scale and significant for the region's growth, would present numerous opportunities for the Group to showcase the Group's expertise and contribute to the development of the city. The Directors will maintain a proactive attitude in exploring new opportunities and developing the Group's business and submit tenders for projects which are suitable for the Group.

Regarding business expansion, the Group is also exploring opportunities in Macau to participate in the government projects through cooperation with local contractor.

#### *Sufficient assets*

Notwithstanding the loss of the Group in FY2022 and FY2023, the Directors are of the view that the Group has continued to have sufficient assets of sufficient value to support its operations, having considered the below assets:

- (a) The Group's property, plant and equipment amounted to approximately HK\$43.1 million as at 31 March 2023.
- (b) The Group's trade and other receivables was approximately HK\$17.2 million as at 31 March 2023.
- (c) The Group's contract assets amounted to approximately HK\$7.6 million as at 31 March 2023.
- (d) The Group's bank balances and cash amounted to approximately HK\$3.6 million as at 31 March 2023.

Based on the above, the Board is of the view that the Group has a viable and sustainable business with a sufficient level of operations and assets of sufficient value to support its operations to meet the requirements under Rule 17.26 of the GEM Listing Rules and warrant the continued listing of the Shares on the Stock Exchange.

#### *Directors' actions in response to going concern*

The Auditor had issued a disclaimer of opinion about the financial information contained in the Annual Report 2023 due to material uncertainty related to going concern. For details, please refer to page 88 to 90 of the 23 Report.

The Directors are of the view that with the recovery of Hong Kong economy, the Group will be able to obtain contracts with higher profit margins with higher contract sum. Thus, together with the measures of the Group in cost control, there is large possibility the Group can successfully turnaround the performance of the Group from net loss in the current financial year to net profit for the upcoming financial year. Nonetheless, in order to address the Auditor's concern, the Company has taken measures to continue in operational existence for the foreseeable future including but not limited to:

- (1) implementing stronger measures aiming at improving the liquidity and financial position of the Group, including but not limited to closely monitoring the operating costs;
- (2) reviewing and shortening the reporting intervals and improving follow up measures on the status of issued payment certificates and receivable collection;
- (3) implementing stronger monitoring on preventing accounting errors;
- (4) considering other financing arrangements with a view to increasing the Group's capitalisation/equity; and
- (5) considering to refinance and/or roll-over the Group's existing loans with a view to improving the Group's liquidity.

**(iv) inform the market of all material information for shareholders and investors to appraise the Company's position.**

To the best of the Directors' knowledge, information and belief, the Company has disclosed all material information for its Shareholders and potential investors to appraise the Company's position. The Company will continue to make announcement(s) as and when appropriate in accordance with the GEM Listing Rules to keep its Shareholders and potential investors informed of all material information of the Group.

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 15 August 2022. As all the Resumption Conditions have been fulfilled, the Company has made an application for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 18 August 2023.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 17 Augusts 2023

*As at the date of this announcement, the board of directors of the Company 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.*

*This announcement, for which the Directors of the Company 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. 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.*

*This announcement will remain on the “Latest Listed Company Information” page on the Stock Exchange’s website at [www.hkexnews.hk](http://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](http://www.smcl.com.hk).*