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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023 AND CONTINUED SUSPENSION OF TRADING**

#### **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.*

## ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2023, together with the corresponding figures for the year ended 31 March 2022 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2023*

	NOTES	2023 HK\$'000	2022 HK\$'000 (Restated)
Revenue from contracts with customers	4	119,735	121,283
Direct costs		(113,058)	(296,364)
Gross profit (loss)		6,677	(175,081)
Other income	5	3,290	4,132
Other losses	6	(8,084)	(5,567)
Impairment loss on property, plant and equipment		–	(2,200)
Impairment loss under expected credit loss model, net of reversal	7	(2,199)	(17,139)
Administrative expenses		(20,510)	(19,093)
Finance costs	8	(5,609)	(4,185)
Loss before taxation	9	(26,435)	(219,133)
Taxation	10	(337)	8,552
Loss and total comprehensive expense for the year attributable to owners of the Company		(26,772)	(210,581)
Loss per share (HK cents per share)	11		
Basic and diluted		(6.69)	(52.65)

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31 March 2023*

	<i>NOTES</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i> (Restated)
Non-current assets			
Property, plant and equipment		<b>43,062</b>	55,291
Right-of-use assets		<b>4,645</b>	19,282
Investment property		–	12,100
Pledged bank deposits		–	31,220
		<b>47,707</b>	117,893
Current assets			
Trade and other receivables	13	<b>17,168</b>	25,223
Contract assets		<b>7,557</b>	33,278
Amount due from a joint operation		<b>17</b>	6
Bank balances and cash		<b>3,594</b>	7,004
		<b>28,336</b>	65,511
Current liabilities			
Trade and other payables	14	<b>30,890</b>	69,310
Contract liabilities		<b>2,954</b>	5,723
Amount due to an ultimate controlling shareholder	16	<b>28,065</b>	–
Tax payable		<b>337</b>	–
Bank borrowings	15	<b>63,128</b>	124,690
Lease liabilities		<b>1,498</b>	4,687
		<b>126,872</b>	204,410
Net current liabilities		<b>(98,536)</b>	(138,899)
Total assets less current liabilities		<b>(50,829)</b>	(21,006)
Non-current liability			
Lease liabilities		<b>2,059</b>	5,110
Net liabilities		<b>(52,888)</b>	(26,116)
Capital and reserves			
Share capital		<b>4,000</b>	4,000
Reserves		<b>(56,888)</b>	(30,116)
Capital deficiency		<b>(52,888)</b>	(26,116)

## NOTES

*For the year ended 31 March 2023*

### 1. GENERAL INFORMATION

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 consolidated and revised) (as amended from time to time) of the Cayman Islands and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 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 (“**Mr. SW Tang**”). The address of the Company’s registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is in Office D, 27/F, The Globe, No. 79 Wing Hong Street, Kowloon, Hong Kong.

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

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

### 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the disclosure requirements of the Companies Ordinance (Cap. 622).

#### **Restatement due to correction of prior year errors**

On the preparation of the consolidated financial statements of the Group for the year ended 31 March 2023, management of the Company identified that the final certified value in certain construction contracts were significantly lower than the amounts previously reported for the year ended 31 March 2022. Therefore, the management of the Company has carried out a reassessment of the revenue recorded and identified certain adjustments in the consolidated financial statements for the year ended 31 March 2022. The effect of the prior year adjustments in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022 is set out below:

#### ***Nature of the prior year errors***

##### *Accounting relating to construction contracts*

According to the Group’s accounting policies, the Group recognised construction revenue by reference to the Group’s efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation on individual construction contracts and for contracts that contain variable consideration.

A. Measurement and timing of recognition for revenue from construction contracts

As identified by management of the Company, revenue recognised for certain construction contracts included variation considerations based on the total costs incurred without reference to the external surveyors' certifications in last year. 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 prior year adjustments as follows:

- overstatement of revenue of HK\$192,824,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022;
- understatement of direct costs of HK\$878,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022;
- overstatement of trade and other receivables of HK\$1,401,000 recognised in the consolidated statement of financial position as at 31 March 2022;
- 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;
- overstatement of trade payables of HK\$1,183,000 recognised in the consolidated statement of financial position as at 31 March 2022; and
- 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.

B. Reassessment for impairment on contract assets and trade receivables

Management of the Company also reassessed the impairment on contract assets and trade receivables due to the expected non-payment of the full amount by the customers. As a result, management of the Company determined that some of these contract assets and trade receivables were not recoverable and should have been impaired in prior year. These misstatements represent prior period errors that have been corrected by way of prior year adjustments as follows:

- 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 the year ended 31 March 2022;
- 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 the year ended 31 March 2022;
- 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
- 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.

C. Income tax provision for prior year

Management of the Company also reassessed the related tax impact on the prior year adjustments. Errors in the income tax provision relates to the tax impact on the prior year adjustments made to correct the prior period errors. The management of the Company made prior year adjustments for income tax provision to correct the prior period errors associated with the adjustments A and B above. These misstatements represent prior period errors that have been corrected by way of prior year adjustments as follows:

- understatement of tax credit of HK\$6,632,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022;
- overstatement of tax payable of HK\$688,000 recognised in the consolidated statement of financial position as at 31 March 2022; and
- overstatement of deferred tax liabilities of HK\$5,944,000 recognised in the consolidated statement of financial position as at 31 March 2022.

The following is a summary of the effect of the restatements due to correction of prior year errors on the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022; and the consolidated statement of financial position as at 31 March 2022.

(i) *Effect of restatements on the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022*

	For the year ended 31 March 2022 HK\$'000 (As reported)	Reclassification adjustments (A) HK\$'000	Prior year adjustments			For the year ended 31 March 2022 HK\$'000 (Restated)
			(A) HK\$'000	(B) HK\$'000	(C) HK\$'000	
Revenue from contracts with customers	314,107	–	(192,824)	–	–	121,283
Direct costs	(295,486)	–	(878)	–	–	(296,364)
<b>Gross profit (loss)</b>	<b>18,621</b>	<b>–</b>	<b>(193,702)</b>	<b>–</b>	<b>–</b>	<b>(175,081)</b>
Other income	4,132	–	–	–	–	4,132
Other losses						
– Impairment loss on property, plant and equipment	(2,200)	–	–	–	–	(2,200)
– Others	(5,567)	–	–	–	–	(5,567)
Impairment loss under expected credit loss model, net of reversal	(149)	–	–	(16,990)	–	(17,139)
Administrative expenses	(19,093)	–	–	–	–	(19,093)
Finance costs	(4,185)	–	–	–	–	(4,185)
<b>Loss before taxation</b>	<b>(8,441)</b>	<b>–</b>	<b>(193,702)</b>	<b>(16,990)</b>	<b>–</b>	<b>(219,133)</b>
Taxation	1,920	–	–	–	6,632	8,552
<b>Loss and total comprehensive expense for the year attributable to owners of the Company</b>	<b>(6,521)</b>	<b>–</b>	<b>(193,702)</b>	<b>(16,990)</b>	<b>6,632</b>	<b>(210,581)</b>
<b>Loss per share (HK cents per share)</b>						
Basic and diluted	(1.63)	–	(48.43)	(4.25)	1.66	(52.65)

(ii) *Effect of restatements on the Group's consolidated statement of financial position as at 31 March 2022*

	As at 31 March 2022 HK\$'000 (As reported)	Reclassification adjustments (A) HK\$'000	Prior year adjustments			As at 31 March 2022 HK\$'000 (Restated)
			(A) HK\$'000	(B) HK\$'000	(C) HK\$'000	
<b>Non-current assets</b>						
Property, plant and equipment	55,291	–	–	–	–	55,291
Right-of-use assets	19,282	–	–	–	–	19,282
Investment property	12,100	–	–	–	–	12,100
Pledged bank deposits	31,220	–	–	–	–	31,220
	<u>117,893</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>117,893</u>
<b>Current assets</b>						
Trade and other receivables	26,591	(3,165)	1,764	33	–	25,223
Contract assets	243,338	4,720	(197,757)	(17,023)	–	33,278
Amount due from a joint operation	1,652	(1,646)	–	–	–	6
Bank balances and cash	7,004	–	–	–	–	7,004
	<u>278,585</u>	<u>(91)</u>	<u>(195,993)</u>	<u>(16,990)</u>	<u>–</u>	<u>65,511</u>
<b>Current liabilities</b>						
Trade and other payables	70,493	(1,646)	463	–	–	69,310
Contract liabilities	6,922	1,555	(2,754)	–	–	5,723
Tax payable	688	–	–	–	(688)	–
Bank borrowings	124,690	–	–	–	–	124,690
Lease liabilities	4,687	–	–	–	–	4,687
	<u>207,480</u>	<u>(91)</u>	<u>(2,291)</u>	<u>–</u>	<u>(688)</u>	<u>204,410</u>
<b>Net current assets (liabilities)</b>	<u>71,105</u>	<u>–</u>	<u>(193,702)</u>	<u>(16,990)</u>	<u>688</u>	<u>(138,899)</u>
<b>Total assets less current liabilities</b>	<u>188,998</u>	<u>–</u>	<u>(193,702)</u>	<u>(16,990)</u>	<u>688</u>	<u>(21,006)</u>
<b>Non-current liabilities</b>						
Lease liabilities	5,110	–	–	–	–	5,110
Deferred tax liabilities	5,944	–	–	–	(5,944)	–
	<u>11,054</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(5,944)</u>	<u>5,110</u>
<b>Net assets (liabilities)</b>	<u>177,944</u>	<u>–</u>	<u>(193,702)</u>	<u>(16,990)</u>	<u>6,632</u>	<u>(26,116)</u>
<b>Total effects on equity</b>	<u>177,944</u>	<u>–</u>	<u>(193,702)</u>	<u>(16,990)</u>	<u>6,632</u>	<u>(26,116)</u>



### Going concern assumption

The Group incurred a loss of approximately HK\$26,772,000 for the year ended 31 March 2023 and as at that date, the Group recorded net current liabilities of approximately HK\$98,536,000 and net liabilities of approximately HK\$52,888,000. As at the same date, the Group's cash and cash equivalents amounted to approximately HK\$3,594,000, while the Group recorded bank borrowings of approximately HK\$63,128,000 in current liabilities. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to relieve the liquidity pressure and to improve its financial position; and to remediate certain delayed repayments and breach of specific terms and conditions of borrowings from financial institutions which include, but are not limited to, the following:

- (i) In June 2023, Mr. SW Tang, a director and the ultimate controlling shareholder of the Company, granted a loan facility of HK\$15,000,000 to the Group which is provided on a sub-ordinated basis, i.e. Mr. SW Tang will not demand the Group for repayment of such loan until all the other liabilities of the Group have been satisfied. In addition to the loan facilities granted by Mr. SW Tang as stated above, Mr. SW Tang has also undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the twelve months from the date of approving the consolidated financial statements. Further, Mr. SW Tang has agreed not to request the Group, whenever necessary, to settle the related parties balance amounting to approximately HK\$28,065,000 until all other third parties liabilities of the Group have been satisfied;
- (ii) The Group has been actively negotiating with the financial institutions for the restructuring of repayment schedules of the existing bank borrowings as proposed by the management of the Company, the directors of the Company do not believe that it is possible that the banks will exercise their discretionary rights to demand immediate repayment. In June 2023, the renewal of part of the carrying amount of borrowings of approximately HK\$7,163,000 as at 31 March 2023 has been reached between the Group and a financial institution;
- (iii) In June 2023, the Group has successfully entered into a loan facility agreement with a money lending company pursuant to which the Group has granted amount of HK\$10,000,000 for the purpose of supporting the Group's operation and the principal amount will be repaid after 1 year from the date of drawdown;
- (iv) The Group has been actively negotiating with its creditors, which have initiated legal proceedings against a wholly-owned subsidiary of the Company for a sum of approximately HK\$1,436,000, to proceed with mediation in order to reach a settlement regarding the legal proceedings. The Group and the creditors are in discussion of restructuring the repayment schedule of the overdue balances;

- (v) The Group will dispose of part of its assets, such as property, plant and equipment and right-of-use assets, if necessary, to generate funds so as to improve its financial position;
- (vi) The Group has been actively seeking various fund-raising opportunities, including but not limited to placing and rights issue, depending on the prevailing market conditions, negotiation with strategic investors and the development of the Group's core businesses. The Group will seek professional advice from financial advisors and consultants in conducting these fund-raising activities in order to best serve the interest of the Group and the shareholders as a whole; and
- (vii) The Group will continue to take proactive measures to improve operating cash flow by controlling administrative costs and containing capital expenditure.

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the date of this announcement. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from the date of this announcement. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

### 3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

#### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### 4. REVENUE AND SEGMENT INFORMATION

##### Revenue

Revenue represents the fair value of amounts received and receivable from the civil engineering construction services provided by the Group to external customers. The Group's revenue is solely derived from civil engineering construction services in Hong Kong during the year.

Revenue from provision of civil engineering construction services during the year is analysed as follows:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000 (Restated)
Civil engineering construction contracts recognised over time	<b>119,735</b>	121,283

##### 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, only entity-wide disclosures, major customers and geographic information are presented.

All of the Group's revenue from external customers and all of the Group's non-current assets were generated from and were physically located in Hong Kong during the years ended 31 March 2023 and 2022.

## 5. OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Government subsidies ( <i>Note</i> )	1,014	–
Bank interest income	10	7
Rental income	296	395
Sundry income	1,970	3,730
	<u>3,290</u>	<u>4,132</u>

*Note:* During the year ended 31 March 2023, the Group received government grants of approximately HK\$1,014,000 related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required to employ a sufficient number of employees with reference to its proposed employee headcounts in each subsidy month.

## 6. OTHER LOSSES

	2023 HK\$'000	2022 HK\$'000
Fair value change of investment property	–	300
Loss on disposal of investment property	2,080	–
Net loss on disposal of property, plant and equipment	3,118	4,490
Net loss on disposal of right-of-use assets	2,886	777
	<u>8,084</u>	<u>5,567</u>

## 7. IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2023 HK\$'000	2022 HK\$'000 (Restated)
Impairment loss (reversal of impairment loss) under expected credit loss model recognised on:		
Trade and other receivables	2,220	74
Contract assets	(21)	17,065
	<u>2,199</u>	<u>17,139</u>

## 8. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interests on:		
Bank borrowings	5,001	3,556
Bank overdraft	135	64
Lease liabilities	473	565
	<u>5,609</u>	<u>4,185</u>

## 9. LOSS BEFORE TAXATION

	2023 HK\$'000	2022 HK\$'000
Loss before taxation has been arrived at after charging/ (crediting):		
Directors' remuneration	3,599	4,373
Other staff costs	33,200	124,954
Retirement benefit scheme contributions for other staff	1,215	4,534
Total staff costs	<u>38,014</u>	<u>133,861</u>
Auditor's remuneration	2,000	1,000
Depreciation of property, plant and equipment	4,181	6,713
Depreciation of right-of-use assets	1,687	3,311
Write-off of property, plant and equipment	–	4,984
Write-off of right-of-use assets	–	723
Gross rental income from investment property (included in other income)	(296)	(395)
Less: direct operating expense incurred for investment property that generates rental income for the year	<u>71</u>	<u>59</u>
	<u>(225)</u>	<u>(336)</u>

## 10. TAXATION

	2023 HK\$'000	2022 HK\$'000 (Restated)
Tax charge (credit) comprises:		
Hong Kong Profits Tax:		
Under-provision in prior years	337	68
Deferred taxation	<u>—</u>	<u>(8,620)</u>
	<u>337</u>	<u>(8,552)</u>

The Hong Kong Profits Tax of a subsidiary of the Group is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. The profits of group entities not qualifying for the two-tiered profits tax regime will be taxed at a flat rate of 16.5%.

## 11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2023 HK\$'000	2022 HK\$'000 (Restated)
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purposes of calculating basic and diluted loss per share	<u>26,772</u>	<u>210,581</u>
	'000	'000

### Number of shares

Number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>400,000</u>	<u>400,000</u>
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There were no potential dilutive shares in existence during the years ended 31 March 2023 and 2022, therefore, diluted loss per share is same as the basic loss per share.

## 12. DIVIDENDS

The board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 March 2023 (2022: nil).

## 13. TRADE AND OTHER RECEIVABLES

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000 (Restated)
Trade receivables – net of impairment loss allowance	<b>5,118</b>	14,360
Prepayments	<b>62</b>	150
Deposits – net of impairment loss allowance	<b>4,828</b>	4,435
Other receivables – net of impairment loss allowance	<b>7,160</b>	6,278
	<b>17,168</b>	25,223

Trade receivables are generally due within 45 days from the date of invoices on progress payments of contract work or the date of billing. 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, net of the impairment loss allowance:

	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000 (Restated)
0 – 30 days	<b>3,380</b>	13,290
31 – 60 days	<b>528</b>	106
61 – 90 days	<b>1,120</b>	51
91 – 180 days	<b>–</b>	–
Over 180 days	<b>90</b>	913
	<b>5,118</b>	14,360

As at 31 March 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$90,000 (2022 (restated): HK\$913,000) which has been past due for over 90 days. The Group does not hold any collateral over these balances.

# **14. TRADE AND OTHER PAYABLES**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Trade payables	<b>11,275</b>	55,488
Retention payables	<b>4,507</b>	4,583
Accruals and other payables	<b>9,546</b>	2,149
Accrued salaries	<b>5,562</b>	7,090
	<b>30,890</b>	69,310

The credit period of trade payables ranges from 0 to 30 days generally.

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
0 – 30 days	<b>384</b>	5,487
31 – 60 days	<b>370</b>	2,000
61 – 90 days	<b>502</b>	4,800
Over 90 days	<b>10,019</b>	43,201
	<b>11,275</b>	55,488



## 15. BANK BORROWINGS

	2023 HK\$'000	2022 HK\$'000
Secured and variable-rate bank borrowings	56,179	86,685
Unsecured and fixed-rate bank borrowings	6,844	29,588
Unsecured and variable-rate bank overdraft	105	8,417
	<u>63,128</u>	<u>124,690</u>
The carrying amounts are repayable*:		
Within one year	49,750	106,804
More than one year but not exceeding two years	1,570	2,494
More than two years but not exceeding five years	2,295	3,948
More than five years	9,513	11,444
	<u>63,128</u>	<u>124,690</u>

\* The amounts due are based on scheduled repayment dates set out in the loan agreements. However, as all bank borrowings contained a repayable on demand clause and therefore all of the Group's bank borrowings are classified as current liabilities.

The above variable-rate bank borrowings bear interest ranging from Hong Kong Interbank Offered Rate ("HIBOR") +1.65% to HIBOR +7.5%. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	2023	2022
Effective interest rate per annum:		
Fixed-rate bank borrowings	<u>4.00% to 4.37%</u>	<u>4.36% to 5.06%</u>
Variable-rate bank borrowings	<u>3.80% to 9.65%</u>	<u>2.80% to 4.59%</u>

As at 31 March 2023, bank borrowings amounted to approximately HK\$60,082,000 were overdue. The Group was charged default interest expense for the year ended 31 March 2023.

## 16. AMOUNT DUE TO AN ULTIMATE CONTROLLING SHAREHOLDER

As at 31 March 2023, the amount due to an ultimate controlling shareholder amounting to HK\$28,065,000 (2022: HK\$Nil) was unsecured, interest free and repayable on demand.

## 17. MATERIAL NON-CASH TRANSACTIONS

- (i) In March 2023, Sheung Moon Construction Limited (“**Sheung Moon Construction**”) and Wui Kee Construction Limited (“**Wui Kee**”), being indirect wholly-owned subsidiaries of the Company (the “**Subsidiaries**”), entered into debt transfer agreements with several creditors recorded in trade payables in the Subsidiaries (the “**Creditors**”) and the ultimate controlling shareholder of the Company, pursuant to which the Creditors agreed the Subsidiaries to assign their outstanding debts from the Subsidiaries of approximately HK\$24,930,000 to the ultimate controlling shareholder of the Company (the “**Debt Assignments**”). Upon completion of the Debt Assignments, the Subsidiaries no longer had any outstanding debts to the Creditors.
- (ii) During the reporting period, Sheung Moon Construction entered into multiple sales and purchase agreements with several creditors for the disposal of property, plant and equipment and right-of-use assets (the “**Equipment**”) with a total carrying amount of approximately HK\$10,373,000 and HK\$10,625,000 respectively. The creditors agreed to purchase the Equipment for a total consideration of approximately HK\$14,994,000, which comprised of cash of approximately HK\$1,620,000, assignment of Sheung Moon Construction’s lease liabilities of approximately HK\$3,714,000, and settlement of liabilities of approximately HK\$9,660,000. As a result of the disposal, the Group recognised a net loss on disposal of property, plant and equipment of approximately HK\$3,118,000 and right-of-use assets of approximately HK\$2,886,000 in the consolidated statement of profit or loss and other comprehensive income.

## 18. LITIGATION

During the year and up to the date of this announcement, a wholly-owned subsidiary of the Company was engaged in legal proceedings with several creditors in relation to a sum of approximately HK\$1,436,000. The directors of the Company are of the view that such legal proceedings have no significant impact on the Group’s financial position and its operating result for the year ended 31 March 2023 as the relevant overdue balances have already been recorded as trade payables in the consolidated financial statements as at 31 March 2023.

## **EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT**

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2023.

### **BASIS FOR DISCLAIMER OF OPINION**

#### *MATERIAL UNCERTAINTY RELATED TO GOING CONCERN*

As described in note 3.3 to the consolidated financial statements for the year ended 31 March 2023, the Group reported a loss of approximately HK\$26,772,000 and as at that date, the Group recorded net current liabilities of approximately HK\$98,536,000 and net liabilities of approximately HK\$52,888,000. As at the same date, the Group's cash and cash equivalents amounted to approximately HK\$3,594,000, while the Group recorded bank borrowings of approximately HK\$63,128,000 in current liabilities.

During the year, a wholly-owned subsidiary of the Company did not repay bank borrowings on time with carrying amount of approximately HK\$60,082,000 in accordance with the facilities terms of the financial institutions. In June 2023, renewal of part of the borrowings with carrying amount of approximately HK\$7,163,000 as at 31 March 2023 has been reached between the Group and the financial institution. The remaining default bank borrowings entitled the banks a right to demand for immediate repayment of the bank borrowings from the Group.

During the year and up to the date of this report, the wholly-owned subsidiary of the Company was engaged in legal proceedings with several creditors in relation to a sum of approximately HK\$1,436,000 recorded in trade payables at 31 March 2023.

The directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the date of this report and have been undertaking a number of measures to improve the Group's liquidity and financial position which are set out in note 3.3 to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, on the assumptions that the financial institutions do not have any current intention to exercise their right to demand immediate repayment of the bank borrowings and the successful implementation of the measures set out in note 3.3 to the consolidated financial statements. The validity of the going concern basis depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) whether the Group is able to obtain additional sources of financing as and when needed; (ii) the successful negotiations between the Group and the financial institutions for the renewal of or extension for repayment of the current borrowings; (iii) the successful negotiations between the Group and creditors for mediation or extension for repayment of the trade payables; and (iv) whether the Group can successfully improve its operation to generate sufficient operating cash inflow.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

In view of the extent of the uncertainty relating to the successful outcome of renewal or extension negotiations of the default bank borrowings and other creditors as to whether they will exercise their rights to demand immediate repayment of the balance or to extend the repayment, we were unable to obtain sufficient appropriate audit evidence in relation to the adoption of the going concern basis in preparing the consolidated financial statements.

## **OTHER MATTER**

- i) Had we not disclaimed our opinion in respect of the matter described in the Basis of Disclaimer of Opinion section above, we would otherwise have modified our opinion in respect of the scope limitations on our audit relating to the matters detailed below.

### *Opening balances and corresponding figures*

As detailed in note 3.2 to the consolidated financial statements, management of the Company identified that certain accounting errors occurred and therefore carried out a reassessment for the consolidated financial statement for the year ended 31 March 2022, which form the basis for the corresponding figures presented in the current year's consolidated financial statements, included the limitations on our scope of work on adjustments had been made in the prior year. In addition, management has also not performed any reassessment of the impairment on the property, plant and equipment and right-of-use assets as at 31 March 2022 and was unable to provide us 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.

Any adjustments that might be found necessary as a result of the matter described above might have a consequential effect on the Group's results and cash flows for the year ended 31 March 2022 and the financial position of the Group as at 31 March 2022 and the related disclosures in the consolidated financial statements.

- ii) The consolidated financial statements of the Group for the year ended 31 March 2022 were audited by another auditor who expressed disclaimer of opinion on those statements on 12 August 2022.

## 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 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.

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:

	<b>Number of Contracts</b>	<b>Aggregate contract sum<sup>(Note)</sup></b> <i>HK\$' million</i>
<b>As at 1 April 2022</b>		
Existing contracts	85	1,139.9
<b>During the year ended 31 March 2023</b>		
Contracts completed	(71)	(570.7)
Contracts terminated	(10)	(161.1)
New contracts awarded	5	25.7
	<hr/>	<hr/>
<b>As at 31 March 2023</b>	<b>9</b>	<b>433.8</b>
	<hr/> <hr/>	<hr/> <hr/>

*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.

The year ended 31 March 2023 remained a financial year full of challenges posed by the COVID-19 pandemic. The prolonged outbreak of COVID-19 continues to bring uncertainties to the market and imposed negative impacts to the construction industry in Hong Kong, including disruption to the supply chain, workforce shortages as a result of the illness and preventative quarantines, and suspension of construction works as a result of the measures imposed by the Hong Kong government. Although the COVID-19 pandemic in Hong Kong had slowed down and the Hong Kong economy had shown signs of gradual recovery during the year under review, 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.

Besides, the Group had adopted different strategies to improve performance by conducting thorough analysis of existing processes and procedures to identify areas of inefficiency and duplication of workload that can be eliminated or streamlined during the period under review.

## **FINANCIAL REVIEW**

### **Revenue**

The Group has recorded a slight decrease in revenue by approximately HK\$1.5 million, or approximately 1.3%, from approximately HK\$121.3 million for the year ended 31 March 2022 to approximately HK\$119.7 million for the year ended 31 March 2023.

### **Direct Costs**

The Group's direct costs decreased by approximately HK\$183.3 million, or approximately 61.9%, from approximately HK\$296.4 million for the year ended 31 March 2022 to approximately HK\$113.1 million for the year ended 31 March 2023. Such decrease was mainly due to the decrease of labor incurred and other direct cost incurred during the reporting period. The Group's direct costs primarily comprised subcontracting fees, direct labour costs, construction material costs, petrol consumption costs and transportation expenses.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit increased by approximately HK\$181.8 million, or approximately -103.9%, from gross loss of approximately HK\$175.1 million for the year ended 31 March 2022 to gross profit of approximately HK\$6.7 million for the year ended 31 March 2023. The gross profit margin increased from approximately -144.4% for the year ended 31 March 2022 to approximately 5.9% for the year ended 31 March 2023. The turnaround from gross loss and gross loss margin was primarily attributable to (i) the gradually stable Hong Kong economy after about three years of COVID-19 pandemic, which led to an economic downturn that severely affected the Group's performance in the previous year and; (ii) the gradual relaxation of both local and border anti-epidemic restrictive measures, which had lessen the impact on additional direct labor and other relevant cost during the reporting period.

### **Other Income**

The Group's other income decreased by approximately HK\$0.8 million, or approximately 20.4%, from approximately HK\$4.1 million for the year ended 31 March 2022 to approximately HK\$3.3 million for the year ended 31 March 2023. Such decrease was mainly due to the decrease in sundry income received during the reporting period.

### **Other Losses**

The Group's other losses increased by approximately HK\$2.5 million, or approximately 45.2%, from approximately HK\$5.6 million for the year ended 31 March 2022 to approximately HK\$8.1 million for the year ended 31 March 2023. Such increase was mainly attributable to the loss on disposal of investment property incurred during the reporting period.

**Administrative Expenses**

The Group's administrative expenses increased by approximately HK\$1.4 million, or approximately 7.4%, from approximately HK\$19.1 million for the year ended 31 March 2022 to approximately HK\$20.5 million for the year ended 31 March 2023. Such increase was mainly attributable to the increase in legal and professional fees and other administrative expenses during the period.

**Finance Costs**

Finance costs increased by approximately HK\$1.4 million, or approximately 34.0%, from approximately HK\$4.2 million for the year ended 31 March 2022 to approximately HK\$5.6 million for the year ended 31 March 2023. The increase was mainly due to the increase in interest on loan incurred during the reporting period.

**Taxation**

There was a turnaround from taxation credit of approximately HK\$8.6 million for the year ended 31 March 2022 to taxation expense of approximately HK\$0.3 million for the year ended 31 March 2023. It was mainly due to the change in deferred tax during the reporting period.

As a result of the above, the Group recorded a loss of approximately HK\$26.8 million for the year ended 31 March 2023, representing a decrease of approximately HK\$183.8 million, or approximately 87.3%, as compared to last year (year ended 31 March 2022: a loss of approximately HK\$210.4 million).

**PROSPECT**

The prolonged COVID-19 pandemic and the fluctuating entailments brought by it have adversely impacted the construction industry in Hong Kong over the past few years. Despite the slowdown of the COVID-19 pandemic in Hong Kong in recent months, the operating environment for the Group may remain challenging in the foreseeable future due to uncertainties arising from the gradually recovering economy after the Hong Kong government has lifted all the COVID-19 pandemic related restrictive measures. Despite the uncertain economic prospect and the stringent market environment of the construction industry, 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 our core strengths and competitive advantages.

The Group has actively explored and participated in the opportunities arising from the development of coming major government infrastructure projects, including the project of Northern Metropolis and Lantau Tomorrow Vision (also known as the Kau Yi Chau Artificial Islands project). These 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.



Recognizing the growing demand for affordable and sustainable housing solutions, the Group has actively explored the adoption of Modular Integrated Construction (“MiC”) and believes that MiC will become the future trend in construction industry in Hong Kong. We have been actively engaged in discussions with potential material suppliers to formulate strategic partnerships that will enhance our market competitiveness and profitability among MiC projects.

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 like MiC, 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.

### **Liquidity and Financial Resources**

During the year under review, the Group’s source of funds was primarily from the cash generated from operating activities. The Group also utilised bank borrowings to finance its operations. As at 31 March 2023, the Group had the financial position with net liabilities amounted to approximately HK\$52.9 million (31 March 2022: approximately HK\$26.1 million). Net current liabilities stood at approximately HK\$98.5 million (31 March 2022: approximately HK\$138.9 million). As at 31 March 2023, the capital deficiency amounted to approximately HK\$52.9 million (31 March 2022: approximately HK\$26.1 million).

Current assets amounted to approximately HK\$28.3 million (31 March 2022: approximately HK\$65.5 million), mainly comprising trade and other receivables, contract assets and bank balances and cash (excluding pledged bank deposits of HK\$Nil which has been classified as non-current asset (31 March 2022: HK\$31.2 million)). Decrease in current assets was mainly attributable to the decrease of contract assets. Few major projects completed in previous and current year that led to the decrease in contract asset.

Current liabilities amounted to approximately HK\$98.5 million (31 March 2022: approximately HK\$138.9 million), mainly comprising trade and other payables, contract liabilities, tax payable, bank borrowings and lease liabilities. Decrease in current liabilities was mainly due to the repayment of bank borrowings and account payables during the year ended 31 March 2023.

As at 31 March 2023, the Group’s bank balances and cash amounted to approximately HK\$3.6 million (31 March 2022: approximately HK\$38.2 million including pledged bank deposits of approximately HK\$31.2 million). The decrease in bank balances and cash was mainly due to the repayment of bank borrowings during the year. Net liability value per Share was HK\$0.13 as at 31 March 2023 (as at 31 March 2022: HK\$0.07).



As at 31 March 2023, the gearing ratio of the Group, which is based on the ratio of interest bearing borrowings and lease liabilities to total equity, was 126.1% (31 March 2022: 515.0%). Such decrease was mainly due to the repayment of bank borrowings during the year.

As the Company is listed on the 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 loans and other fund raised from the capital markets from time to time.

### **PRIOR PERIOD ADJUSTMENTS**

During the management review process, certain errors were identified in the prior year's consolidated financial that related to the following:

- accounting treatment of revenue recognition;
- reassessment of impairment on contract assets and trade receivables; and
- reassessment of taxation due to restatement.

The reasons for the prior period adjustments made in the consolidated financial statements of the prior year are as follows:

On the preparation of the consolidated financial statements of the Group for the year ended 31 March 2023, the management identified that the final certified value in certain payment certificates were significantly lower than the original amounts incurred as at 31 March 2022. Therefore, a reassessment has been carried out and identified certain adjustments in the consolidated financial statements of prior year.

The variation orders and additional ad-hoc works were requested by main contractors during the year ended 31 March 2022, which affected the management's estimation of total expected inputs to the satisfaction of a performance obligation. Besides, delayed completion of projects and increasing labor cost under the effect of COVID-19 led to dramatic increase in direct cost which also affected the estimation of the stage of completion.

In addition, income tax provision error relates to the tax impact made to correct the prior period errors that associated with the reassessment of accounting treatment of revenue recognition and reassessment of impairment of contract assets and account receivables.

### **Capital Structure**

As at 31 March 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 deposits and investment property.

### **Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies**

During the year ended 31 March 2023, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

### **Significant Investments Held**

As at 31 March 2023, the Group did not have any significant investments held (31 March 2022: nil).

### **Charges on the Group's Assets**

As at 31 March 2023, the Group's property, plant and equipment with carrying amount of approximately HK\$30.1 million (31 March 2022: approximately HK\$32.6 million) was pledged to secured bank borrowings, while investment property of approximately HK\$12.1 million as at 31 March 2022 (31 March 2023: HK\$Nil) and bank deposits of approximately HK\$31.2 million as at 31 March 2022 (31 March 2023: HK\$Nil) were also 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 31 March 2023, the Group did not have any material contingent liabilities (31 March 2022: nil).

### **Capital Commitment**

As at 31 March 2023, the Group did not have any significant capital commitment (31 March 2022: nil).

### **Future Plans for Material Investments and Capital Assets**

The Group did not have other plan for material investments and capital assets.

## **Employees and Remuneration Policies**

As at 31 March 2023, the Group had a total of 56 staff (including the Directors) (as at 31 March 2022: 218). Total staff cost including Directors' remuneration for the year ended 31 March 2023 amounted to approximately HK\$38.0 million (for the year ended 31 March 2022: approximately HK\$133.9 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**

### **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 March 2023 (year ended 31 March 2022: nil).

### **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 provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

During the year ended 31 March 2023, the Company has applied the principles and complied with the code provisions of the CG Code.

### **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the year ended 31 March 2023.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 March 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 Company's Shares.

## **SHARE OPTION SCHEME**

The share option scheme of the Company (the “**Share Option Scheme**”) was adopted under the written resolutions of the shareholders of the Company passed on 24 January 2018. No share option has been granted under the Share Option Scheme since its adoption.

## **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 year ended 31 March 2023.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (the “**Annual General Meeting**”) is scheduled to be held on Tuesday, 22 August 2023. A notice convening the Annual General Meeting will be issued and dispatched to the Shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 17 August 2023 to Tuesday, 22 August 2023 (both dates inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 16 August 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 primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the policies of the Group, and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Wong Choi Chak, Dr. Wong Kwok Yiu Chris and Mr. Leung Kim Hong. Mr. Wong Choi Chak, who has the appropriate accounting and financial management expertise as required under Rule 5.05(2) of the GEM Listing Rules, is the chairman of the Audit Committee. The 2023 Audited Annual Results have been reviewed by the Audit Committee and approved by the Board on 29 June 2023.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9 a.m. on 15 August 2022 as required under Rule 17.49B of the GEM Listing Rules and will remain suspended until further notice.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.smcl.com.hk](http://www.smcl.com.hk)). The annual report of the Company for the year ended 31 March 2023 will be dispatched to the Shareholders and published on the above websites according to the GEM Listing Rules.

By order of the Board  
**Sheung Moon Holdings Limited**  
**Tang Sze Wo**  
*Executive Director and Chairman*

Hong Kong, 29 June 2023

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

*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).*