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## Skymission Group Holdings Limited

### 天任集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1429)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Skymission Group Holdings Limited (the “**Company**” and, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited condensed consolidated financial results of the Group for the six months ended 30 September 2020 (the “**Period**”), together with the comparative figures for the corresponding period in 2019, as follows:

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

For the six months ended 30 September 2020

		<b>Six months ended 30 September</b>	
		<b>2020</b>	<b>2019</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	5	<b>229,426</b>	115,627
Cost of services		<b>(193,236)</b>	(99,587)
Gross profit		<b>36,190</b>	16,040
Other income	6	<b>848</b>	215
Administrative and other operating expenses		<b>(6,084)</b>	(3,636)
Finance costs	7	<b>(232)</b>	(21)
Listing expenses		<b>(5,679)</b>	(8,495)
<b>Profit before tax</b>	7	<b>25,043</b>	4,103
Income tax expenses	8	<b>(5,069)</b>	(2,077)
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b>19,974</b>	2,026
		<i>HK cents</i>	<i>HK cents</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings per share attributable to owners of the Company:</b>			
Basic and diluted	9	<b>1.66</b>	0.17

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2020*

	<i>Note</i>	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		6,098	7,191
Deferred tax assets		274	357
		6,372	7,548
<b>Current assets</b>			
Trade and other receivables	11	131,330	142,906
Contract assets	12	88,581	142,822
Contract costs		6,758	2,439
IPO proceeds receivable		86,791	–
Bank balances and cash		74,462	43,856
		387,922	332,023
<b>Current liabilities</b>			
Trade and other payables	13	70,991	132,584
Interest-bearing borrowings		9,537	15,100
Amount due to the Ultimate Controlling Party		–	174
Income tax payable		20,689	26,218
Lease liabilities		1,210	601
		102,427	174,677
<b>Net current assets</b>		285,495	157,346
<b>Total assets less current liabilities</b>		291,867	164,894
<b>Non-current liabilities</b>			
Deferred tax liabilities		159	159
Lease liabilities		938	1,004
		1,097	1,163
<b>NET ASSETS</b>		290,770	163,731
<b>Capital and reserves</b>			
Share capital	14	16,000	–*
Reserves		274,770	163,731
<b>TOTAL EQUITY</b>		290,770	163,731

\* Represent amounts less than HK\$1,000.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2020*

## 1. GENERAL INFORMATION

Skymission Group Holding Limited (the “**Company**”) was incorporated under the Companies Law of the Cayman Islands as an exempted company with limited liability on 31 May 2019, and its shares were listed on the Main Board of the Stock Exchange (the “**Stock Exchange**”) by way of placing and public offer on 29 September 2020 (the “**Listing**”). The Company’s registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal place of business is situated at Room 1101, Yuen Long Centre, 55 Sau Fu Street, Yuen Long, New Territories, Hong Kong.

The Company is investment holding company and together with its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in provision of formwork works services in Hong Kong.

In the opinion of the Directors of the Company, the immediate and ultimate holding company is Sky Mission Group Limited, a limited liability company incorporated in the British Virgin Islands. The ultimate controlling party is Mr. Leung Yam Cheung (the “**Ultimate Controlling Party**”).

In preparing for the Listing of the shares of the Company on the Stock Exchange, the Group underwent a group reorganisation (the “**Reorganisation**”) to rationalise the group structure. As a result of the Reorganisation, the Company became the holding company of the companies now comprising the Group on 26 November 2019. Details of the Reorganisation are more fully explained in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 15 September 2020 (the “**Prospectus**”).

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020 (the “**Interim Financial Statements**”) have been prepared in accordance with the Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Group resulting from the Reorganisation is regarded as a continuing entity under the common control of the Ultimate Controlling Party prior to and after the Reorganisation, and that control is not transitory. Accordingly, the unaudited interim financial report has been prepared using the principles of merger accounting in accordance with Account Guideline 5 “Merger accounting under common control combination” issued by the HKICPA.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income, the unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statements of cash flows for the six months ended 30 September 2020 and 2019, respectively have been prepared on the basis as if the current group structure has been in existence throughout the relevant periods, or since the respective dates of incorporation or establishment, where there is a shorter period.

The Interim Financial Statements are presented in Hong Kong Dollars (“**HK\$**”) and all amounts are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management of the Group to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 March 2020, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group’s audited financial information for the year ended 31 March 2020 as included in the Accountants’ Report as set out in Appendix I of the Prospectus (the “**2020 Financial Information**”).

### **3. PRINCIPAL ACCOUNTING POLICIES**

The Interim Financial Statements have been prepared on the historical cost basis.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in preparing the 2020 Financial Information, except for the adoption of the following new/revised HKFRSs which are relevant to the Group’s operation and are effective for the Group’s financial year beginning on or after 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform
Amendments to HKASs 1 and 8	Definition of Material

The adoption of the new/revised HKFRSs in the current period has no material impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

At the date of authorisation of the Interim Financial Statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted. The Directors do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the consolidated financial statements of the Group.

### **4. SEGMENT INFORMATION**

The Directors of the Company have determined that the Group has only one operating and reportable segment for the six months ended 30 September 2020 and 2019, as the Group manages its business as a whole as the provision of formwork works services in Hong Kong and the executive Directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

The Company is an investment holding company and the principal place of the Group’s operation is in Hong Kong. All of the Group’s revenue from external customers during the six months ended 30 September 2020 and 2019 is derived from Hong Kong and all of the Group’s assets and liabilities are located in Hong Kong.

## Information about major customers

Details of the customers (including entities under common control) individually accounting for 10% or more of aggregate revenue of the Group are as follows:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Customer A	62,830	32,460
Customer B	55,910	21,238
Customer C	23,214	N/A <sup>Note</sup>
Customer D	N/A <sup>Note</sup>	44,304
Customer E	N/A <sup>Note</sup>	11,839

*Note:* The customers contributed less than 10% of the total revenue of the Group for the Period.

## 5. REVENUE

### 5(a) Analysis of the Group's revenue

During the Period, all of the Group's revenue was arising from provision of formwork works services. All of the Group's revenue from provision of formwork works services was recognised over time.

### 5(b) Performance obligation for contracts with customers

The Group provides formwork works services to customers. The revenue of such services is recognised over time as the Group creates or enhances an asset that the customer controls as the assets is created or enhanced. Revenue is recognised for these construction services based on the value of completed construction work using output method.

A contract asset, net of contract liability related to the same contract, is recognised over the Period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completion construction work from the customers.

## 6. OTHER INCOME

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Gross rental from lease of metal scaffold equipment and related parts	–	163
Subsidy income	846	–
Others	2	52
	<u>848</u>	<u>215</u>

## 7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>a) Finance costs</b>		
Interest on lease liabilities	36	21
Interest on interest-bearing borrowings	196	–
	<u>232</u>	<u>21</u>
<b>b) Staff costs, including directors' remuneration</b>		
Salaries, allowances, discretionary bonus and other benefits in kind	140,112	82,098
Contributions to defined contribution plans	4,557	2,538
<i>Note</i>	<u>144,669</u>	<u>84,636</u>
<b>c) Other items</b>		
Cost of materials recognised as cost of services	40,207	6,290
Subcontracting fees recognised as cost of services	3,635	929
Auditor's remuneration	–	40
Depreciation of property, plant and equipment (included in "cost of services" and "administrative and other operating expenses", as appropriate)	2,012	3,134
	<u>2,012</u>	<u>3,134</u>
Short-term lease payments on premises (included in "cost of services" and "administrative and other operating expenses", as appropriate)	–	475
	<u>–</u>	<u>475</u>

*Note:* During the six months ended 30 September 2020, total staff costs of HK\$136,698,000 (2019: HK\$82,241,000) were included in the cost of services. The remaining staff costs were recognised in administrative and other operating expenses.

## 8. INCOME TAX EXPENSES

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Hong Kong Profits Tax		
– current period	4,986	2,465
<b>Deferred tax</b>		
Origination and reversal of temporary differences	83	(388)
Income tax expenses	<u>5,069</u>	<u>2,077</u>

The Group entities established in the in the Cayman Islands and the BVI are exempted from income tax.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong for the six months ended 30 September 2020 and 2019.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the year ended 31 March 2019, the Hong Kong Profits Tax for one of the subsidiaries of the Company is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000. Hong Kong Profits Tax for other subsidiaries is calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong.

## 9. EARNINGS PER SHARE

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
Profit:		
Profit attributable to owners of the Company (HK\$'000)	<u>19,974</u>	<u>2,026</u>
Number of shares:		
Weighted average number of ordinary shares in issue ('000)	<u>1,202,186</u>	<u>1,200,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share was on the basis as if the reorganisation and capitalisation issue had been effective on 1 April 2019.

Diluted earnings per share are same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 September 2020 and 2019.

## 10. DIVIDENDS

No interim dividend was declared for the six months ended 30 September 2020.

## 11. TRADE AND OTHER RECEIVABLES

	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
<b>Trade receivables of construction works</b>	<b>134,170</b>	143,985
Less: Allowance for expected credit losses ("ECL")	<u>(5,416)</u>	<u>(5,494)</u>
	11(a) <b>128,754</b>	138,491
<b>Other receivables</b>		
Deposits and other receivables	660	497
Prepayment for listing expenses	–	710
Prepayment to suppliers	1,000	2,600
Other prepaid expenses	<u>916</u>	<u>608</u>
	<u>2,576</u>	<u>4,415</u>
	<b>131,330</b>	<b>142,906</b>

### 11(a) Trade receivables of construction works

The Group would normally require the customers to certify the construction works completed and make payments within 35 to 45 days from the date of issuance of the Group's payment applications.

The ageing analysis of trade receivables (net of allowance for ECL) based on the date of issuance of the Group's payment applications at the end of the reporting period is as follows:

	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
Within 30 days	–	–
31 to 60 days	39,227	59,976
61 to 90 days	27,528	31,391
Over 90 days but less than 1 year	58,047	46,715
Over 1 year	<u>3,952</u>	<u>409</u>
	<b>128,754</b>	<b>138,491</b>

The Group does not hold any collateral over the trade receivables.



## 12. CONTRACT ASSETS

	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
<b>Analysed as current:</b>		
Unbilled revenue of construction works ( <i>Note (i)</i> )	47,620	101,288
Retention money receivables of construction works ( <i>Note (ii)</i> )	<u>41,675</u>	<u>42,672</u>
	89,295	143,960
Less: Allowance for ECL	<u>(714)</u>	<u>(1,138)</u>
	<b><u>88,581</u></b>	<b><u>142,822</u></b>

### Notes:

- (i) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the satisfaction by the customers on the construction works completed by the Group and the works are pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completion construction works from the customers.
- (ii) Retention money receivables included in contract assets represents the Group's right to receive consideration for work performed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction works performed by the Group.

### 13. TRADE AND OTHER PAYABLES

		At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
Trade payables	13(a)	<u>31,213</u>	<u>76,025</u>
Other payables			
Salaries and other employee benefits payables		26,544	52,374
Accruals and other payables ( <i>Note</i> )		<u>13,234</u>	<u>4,185</u>
		<u>39,778</u>	<u>56,559</u>
		<u>70,991</u>	<u>132,584</u>

*Note:* The amount included accrued listing expenses of approximately HK\$11,691,000 (At 31 March 2020: HK\$2,873,000).

#### 13(a) Trade payables

The trade payables are non-interest bearing and the Group is normally granted with credit term up to 90 days.

At the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 30 September 2020 <i>HK\$'000</i> (Unaudited)	At 31 March 2020 <i>HK\$'000</i> (Audited)
Within 60 days	25,067	75,985
61 to 90 days	3,792	–
Over 90 days	<u>2,354</u>	<u>40</u>
	<u>31,213</u>	<u>76,025</u>

## 14. SHARE CAPITAL

	<i>Note</i>	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<b>Ordinary shares of HK\$0.01 each</b>			
<b>Authorised:</b>			
At 1 April 2019 ( <i>audited</i> )		–	–
At incorporation	(a)	38,000,000	380
At 31 March 2020 ( <i>audited</i> )		38,000,000	380
Increase in authorised share capital	(c)	3,962,000,000	39,620
<b>At 30 September 2020 (<i>unaudited</i>)</b>		<b>4,000,000,000</b>	<b>40,000</b>
<b>Issued and fully paid:</b>			
At 1 April 2019 ( <i>audited</i> )		–	–
At incorporation	(a)	1	–*
Issue of shares pursuant to the Reorganisation	(b)	1,099	–*
At 31 March 2020 ( <i>audited</i> )		1,100	–*
Issue of shares pursuant to the Capitalisation Issue (as defined below)	(d)	1,199,998,900	12,000
Issue of shares pursuant to the Share Offer	(e)	400,000,000	4,000
<b>At 30 September 2020 (<i>unaudited</i>)</b>		<b>1,600,000,000</b>	<b>16,000</b>

\* Represent amounts less than HK\$1,000.

*Notes:*

- (a) The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 31 May 2019. Upon its incorporation, the authorised share capital of HK\$380,000 was divided into 38,000,000 ordinary shares at HK\$0.01 each and 1 ordinary share with a par value of HK\$0.01 was ultimately issued to and paid up by Sky Mission Group Limited.
- (b) Pursuant to the Reorganisation completed on 26 November 2019 (subject to the increase in authorised share capital of the Company as set out below), the Company became the holding company of the entities now comprising the Group. Further details of the changes in authorised and issued share capital of the Company since its incorporation are set out in the section headed “History, Reorganisation and Corporate Structure” of the Prospectus.
- (c) Pursuant to the resolution in writing of the Company’s shareholders passed on 7 September 2020, inter-alia, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 each to HK\$40,000,000 divided into 4,000,000,000 shares of par value of HK\$0.01 each by the creation of an additional 3,962,000,000 shares and the Capitalisation Issue (as defined below) was conditionally approved.
- (d) Pursuant to the resolution in writing of the Company’s shareholders passed on 7 September 2020, subject to the share premium account of the Company being credited as a result of the offering of the Company’s shares, the Directors of the Company were authorised to allot and issue a total of 1,199,998,900 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$11,999,989 standing to be credit of the share premium account of the Company (the “**Capitalisation Issue**”) and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation was fully completed on 29 September 2020.
- (e) On 29 September 2020, the shares of the Company were listed on the Main Board of the Stock Exchange and 400,000,000 new ordinary shares of HK\$0.01 each were issued at HK\$0.35 per share by way of share offer. The gross proceeds from the share offer amounted to HK\$140,000,000.

Also, as the Company’s shares were only listed on the Stock Exchange on 29 September 2020 and the standard settlement cycle for the share offer has not yet completed at 30 September 2020. IPO proceeds receivable of HK\$86,791,000 was recorded as current assets at 30 September 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW AND FUTURE PROSPECT**

The Group is an established formwork works subcontractor in Hong Kong with an operating history of over 20 years. During the six months ended 30 September 2020 and up to the date of this announcement, the Group has been providing traditional formwork works services to its customers by using timber and plywood and system formwork works services using aluminum formwork.

During the six months ended 30 September 2020, the Group secured nine new contracts with total original contract value of approximately HK\$526.3 million, representing an increase of approximately 110.5% compared to the six months ended 30 September 2019 of approximately HK\$250.0 million. Seven of these projects started contributing revenue to the Group during the six months ended 30 September 2020, out of which one of the projects was completed. As at 30 September 2020, the Group has a total of 19 projects on hand with the estimated total outstanding contract value of approximately HK\$687.8 million, representing an increase of approximately 81.8% as compared with the estimated total outstanding contract value of approximately HK\$378.4 million as at 31 March 2020. With the projects on hand, it is expected that the performance of the subcontract works will remain steady for the coming years.

Looking ahead, as an established formwork works subcontractor in Hong Kong, the Group will continue to explore new business opportunities in order to further diversify and broaden revenue sources of the Group from various customers and maximise profits and returns for the Group and enhance the Company's shareholders' value. The Group will strengthen its market capabilities by further enhancing its financial position for the purpose of securing additional and large-scale formworks projects and expanding its capability to offer system formwork works services, increasing its stock of metal scaffold equipment and related parts and further strengthening its manpower to cope with its business development. The Group is confident that its business will continue to operate in a stable way.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 September 2020, the Group recorded revenue of approximately HK\$229.4 million, representing an increase of 98.4% comparing with that of approximately HK\$115.6 million for the six months ended 30 September 2019. The increase is mainly attributable to an increase in revenue recognised from Project TMB-70, Project TMB-75, Project TMB-87, Project TMB-90 and Project TMB-100, in aggregate of approximately HK\$115.8 million. Set out below is the revenue breakdown of the Group derived from public sector projects and private sector projects for the six months ended 30 September 2020 and the six months ended 30 September 2019:

	Six months ended 30 September					
	2020			2019		
	No. of projects	Revenue <i>HK\$'000</i>	Percentage of revenue (%)	No. of projects	Revenue <i>HK\$'000</i>	Percentage of revenue (%)
Public sector	12	121,893	53.1	12	70,895	61.3
Private sector	12	107,533	46.9	14	44,732	38.7
Total	<u>24</u>	<u>229,426</u>	<u>100</u>	<u>26</u>	<u>115,627</u>	<u>100</u>

### Gross profits and gross profit margin

The Group's gross profit increased by approximately HK\$20.2 million or 125.6% from approximately HK\$16.0 million for the six months ended 30 September 2019 to approximately HK\$36.2 million for the six months ended 30 September 2020. The increase in gross profit was mainly resulted from the increase in revenue recognised from Project TMB-70, Project TMB-75, Project TMB-87, Project TMB-90, Project TMB-100.

The Group's gross profit margin slightly increased from approximately 13.9% for the six months ended 30 September 2019 to approximately 15.8% for the six months ended 30 September 2020.

## **Other income**

The Group's other income mainly comprised of subsidy income, gross rental from lease of metal scaffold equipment and related parts and other miscellaneous income. Other income increased by approximately HK\$0.6 million from approximately HK\$0.2 million for the six months ended 30 September 2019 to approximately HK\$0.8 million for the six months ended 30 September 2020, representing an increase of approximately 294.4%. The increase was mainly attributable to the receipt of subsidy from the "Employment Support Scheme" and "Anti-epidemic Fund" launched by the government to provide time-limited financial support to employers to retain their employees who will otherwise be made redundant.

## **Administrative and other operating expenses**

The Group's administrative expenses and other operating expenses increased from approximately HK\$3.6 million for the six months ended 30 September 2019 to approximately HK\$6.1 million for the six months ended 30 September 2020, representing an increase of approximately 67.3%. The increase was mainly attributable to an increase in the staff cost during the six months ended 30 September 2020 mainly due to an increase in number of administrative and operating staff and an increase in salary and remuneration to its Directors and staff.

## **Finance costs**

The Group's finance costs increased from approximately HK\$21,000 for the six months ended 30 September 2019 to approximately HK\$0.2 million for the six months ended 30 September 2020 which was mainly attributable to an increase in interest on interest-bearing borrowings to finance the Group's working capital during the six months ended 30 September 2020.

## **Income tax expenses**

The Group's income tax expenses increased from approximately HK\$2.1 million for the six months ended 30 September 2019 to approximately HK\$5.1 million for the six months ended 30 September 2020, representing an increase of approximately HK\$3.0 million or 144.1%. The increase was mainly attributable to an increase in assessable profits of the Group during the six months ended 30 September 2020.

## **Profit and total comprehensive income for the Period attributable to owners of the Company**

As a result of the foregoing, profit attributable to owners of the Company increased by approximately HK\$18.0 million or nine times from approximately HK\$2.0 million for the six months ended 30 September 2019 compared to approximately HK\$20.0 million for the six months ended 30 September 2020.

## **INTERIM DIVIDEND**

The Board did not declare the payment of interim dividend for the six months ended 30 September 2020.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group principally finances its operations from its business operations, interest-bearing borrowings and equity contribution from its shareholders. As at 30 September 2020, the Group had net current assets of approximately HK\$285.5 million (31 March 2020: HK\$157.3 million) and cash and bank balances of approximately HK\$74.5 million (31 March 2020: HK\$43.9 million).

As at 30 September 2020, the Group's total equity attributable to owners of the Company amounted to approximately HK\$290.8 million (31 March 2020: HK\$163.7 million), and the Group's total interest-bearing borrowings and lease liabilities amounted to approximately HK\$11.7 million which are denominated in Hong Kong dollars (31 March 2020: HK\$16.7 million).

The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due for at least the next twelve months from the end of 30 September 2020 and accordingly, our condensed consolidated financial statements have been prepared on a going concern basis.

## **CAPITAL STRUCTURE**

On 29 September 2020 (the “**Listing Date**”), the Group's shares were successfully listed on the Main Board of the Stock Exchange. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprised of ordinary shares.

## **GEARING RATIO**

As at 30 September 2020, the gearing ratio (calculated on the basis of total debts divided by total equity of the Group) was approximately 3.3% (31 March 2020: 9.3%).

## **CAPITAL COMMITMENTS**

The Group had no significant capital commitments as at 30 September 2020 (31 March 2020: Nil).

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 September 2020 (31 March 2020: Nil).

## **CHARGE ON GROUP ASSETS**

The Group had no charges on assets as at 30 September 2020 (31 March 2020: Nil).



## **FOREIGN CURRENCY RISK**

The Company does not have significant exposure on foreign currency risk as most of the monetary assets and liabilities are denominated in Hong Kong dollars. The management will consider suitable hedging instruments against significant currency exposure should the need arises.

## **TREASURY POLICY**

The Group continues to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of any future growth opportunities. To manage liquidity risk, the Directors closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **SEGMENT INFORMATION**

The Group principally operates in one business segment, which is providing formwork works services in Hong Kong.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

During the six months ended 30 September 2020, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

## **SIGNIFICANT INVESTMENT HELD**

During the six months ended 30 September 2020, the Group had no significant investment held.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the Prospectus and the announcement dated 28 September 2020, the Group does not have other plans for material investments and capital assets.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2020, the Group had 628 employees (31 March 2020: 798 employees). The Group's remuneration policy is determined with reference to the qualifications, position and performance of the employee. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. The Group also ensures that all employees are provided with adequate training and continuous professional development opportunities according to their needs. The total staff cost (including remuneration of Directors and mandatory provident funds contributions) for the six months ended 30 September 2020 amounted to approximately HK\$144.7 million (30 September 2019: HK\$84.6 million).

## USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing (after deducting the underwriting fees and other related expenses paid by the Company in connection with the Share Offer) which amounted to approximately HK\$81.1 million will be used for the intended purposes as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus and the announcement of the Company dated 28 September 2020.

The below table sets out the use of net proceeds, the unutilised net proceeds and the expected timeline for utilising the unutilised net proceeds from the Listing up to 30 September 2020:

	<b>Planned use of net proceeds up in total HK\$ million</b>	<b>Actual use of net proceeds up to 30 September 2020 HK\$ million</b>	<b>Unutilised balance as at 30 September 2020 HK\$ million</b>	<b>Expected timeline for utilising for unutilised net proceeds</b>
Enhancing the Group’s financial position for the purpose of securing additional and large-scale formwork works projects and expanding its capability to offer system formwork work services	49.3	–	49.3	By 31 March 2022
Increasing the Group’s stock of metal scaffold equipment and related parts	17.5	–	17.5	By 31 March 2021
Further strengthening the Group’s manpower to cope with its business development	7.3	–	7.3	By 31 March 2022
General working capital of the Group	7.0	–	7.0	By 31 March 2021
<b>Total</b>	<b>81.1</b>	<b>–</b>	<b>81.1</b>	

As the Shares of the Company were listed on the Main Board of the Stock Exchange on 29 September 2020, the Company did not deploy its listing proceeds as at 30 September 2020. It is expected the unutilised proceeds will be utilised in accordance with the timeline as stated in the table above and will be subject to change in view of the current and future development of the market conditions. The unutilised proceeds were deposited in the bank accounts.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no important events affecting the Group subsequent to 30 September 2020.

## **COMPETITION AND CONFLICT OF INTERESTS**

During the Period, none of the Directors or the controlling shareholders of the Company and their respective associates (as defined under the Listing Rules) had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

## **CORPORATE GOVERNANCE PRACTICE**

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its shareholders as a whole. The Company has adopted the code provisions on Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. Since the Listing of our Company, the Company had complied with the code provisions as set out in the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company’s employees who, because of their offices or employments, are likely to possess inside information in relation to the Company and/or its securities.

Upon specific enquiry, all Directors confirmed that they have fully complied with the Model Code since the Listing of our Company and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period.

## **REVIEW OF FINANCIAL INFORMATION**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules. The Audit Committee consists of three members, namely Mr. Chu Hau Lim (Chairman), Mr. Ng Lin Fung and Mr. Lam Kwong Siu, all being the independent non-executive Directors.

The Audit Committee has reviewed with the management of the unaudited condensed consolidated financial statements of the Group for the Period.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.skymission.group](http://www.skymission.group). The interim report of the Company for the Period containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board  
**Skymission Group Holdings Limited**  
**Leung Yam Cheung**  
*Chairman*

Hong Kong, 25 November 2020

*As at the date of this announcement, the Board comprises Mr. Leung Yam Cheung, Mr. Cheung Kit Hung, Mr. Leung Wing Hoi and Mr. Leung Wing Chun as executive Directors; Mr. Yau Sheung Hang as a non-executive Director; and Mr. Ng Lin Fung, Mr. Lam Kwong Siu, Mr. Chu Hau Lim and Mr. Leung Ka Ho Raymond as independent non-executive Directors.*