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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 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Skymission Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2021 (the “**Period**”), together with the comparative figures for the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	<i>Note</i>	Six months ended 30 September	
		2021	2020
		<i>HK\$’000</i>	<i>HK\$’000</i>
		(Unaudited)	(Unaudited)
Revenue	5	272,422	229,426
Cost of services		(241,838)	(193,236)
Gross profit		30,584	36,190
Other income	6	108	848
Administrative and other operating expenses		(11,829)	(6,084)
Finance costs	7	(565)	(232)
Listing expenses		–	(5,679)
Profit before tax	7	18,298	25,043
Income tax expenses	8	(3,304)	(5,069)
Profit and total comprehensive income for the period attributable to owners of the Company		14,994	19,974
		<i>HK cents</i>	<i>HK cents</i>
		(Unaudited)	(Unaudited)
Earnings per share attributable to owners of the Company:			
Basic and diluted	9	0.94	1.66

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		At 30 September 2021 <i>HK\$'000</i> (Unaudited)	At 31 March 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		37,924	45,470
Deferred tax assets		357	357
		38,281	45,827
Current assets			
Trade and other receivables	11	240,255	230,063
Contract assets	12	114,328	92,359
Contract costs		8,666	4,053
Bank balances and cash		32,024	56,676
		395,273	383,151
Current liabilities			
Trade and other payables	13	42,812	47,848
Interest-bearing borrowings		32,445	42,135
Income tax payable		10,924	5,834
Lease liabilities		935	1,122
		87,116	96,939
Net current assets		308,157	286,212
Total assets less current liabilities		346,438	332,039
Non-current liabilities			
Deferred tax liabilities		–	159
Lease liabilities		40	476
		40	635
NET ASSETS		346,398	331,404
Capital and reserves			
Share capital		16,000	16,000
Reserves		330,398	315,404
TOTAL EQUITY		346,398	331,404

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

Skymission Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands 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 The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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 an 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**”).

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021 (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 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 2021, 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 consolidated financial statements for the year ended 31 March 2021 (the “**Annual Report**”).

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 Annual Report, except for the adoption of the following new/revised HKFRSs which are relevant to the Group's operation and are effective for the current interim period as below.

Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021
Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2

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 2021 and 2020, 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 2021 and 2020 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 during the six months ended 30 September 2021 and 2020 are as follows:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	59,974	62,830
Customer B	N/A ^{Note}	55,910
Customer C	N/A ^{Note}	23,214
Customer D	68,114	N/A ^{Note}
Customer E	36,474	N/A ^{Note}
Customer F	32,035	N/A ^{Note}

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

5. REVENUE

5(a) Analysis of the Group's revenue

During the six months ended 30 September 2021 and 2020, 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Subsidy income	–	846
Others	108	2
	<u>108</u>	<u>848</u>

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
(a) Finance costs		
Interest on lease liabilities	32	36
Interest on interest-bearing borrowings	533	196
	<u>565</u>	<u>232</u>

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(b) Staff costs, including directors' remuneration		
Salaries, allowances, discretionary bonus and other benefits in kind	178,906	140,112
Contributions to defined contribution plans	5,249	4,557
	<hr/>	<hr/>
<i>Note</i>	184,155	144,669
	<hr/> <hr/>	<hr/> <hr/>
(c) Other items		
Cost of materials recognised as cost of services	28,525	40,207
Subcontracting fees recognised as cost of services	18,234	3,635
Reversal of loss allowance for trade receivables (included in administrative and other operating expenses)	(2)	(78)
Provision for loss allowance for contract assets (included in administrative and other operating expenses)	13	424
Depreciation of property, plant and equipment (included in "cost of services" and "administrative and other operating expenses", as appropriate)	7,606	2,012
	<hr/>	<hr/>
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Note: During the six months ended 30 September 2021, total staff costs of HK\$173,325,000 (2020: HK\$136,698,000) 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax		
– current period	3,463	4,986
Deferred tax		
Origination and reversal of temporary differences	(159)	83
	<hr/>	<hr/>
Income tax expenses	3,304	5,069
	<hr/> <hr/>	<hr/> <hr/>

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

Under the two-tiered profits tax rates regime with effect from the year of assessment 2018/2019, the first HK\$2,000,000 of assessable profits of qualifying entities will be taxed at 8.25%, and the assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. For the six months ended 30 September 2021 and 2020, Hong Kong profits tax of a subsidiary of the Group is calculated in accordance with the two-tiered profits tax rates regime.

9. EARNINGS PER SHARE

	Six months ended 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
Profit:		
Profit attributable to owners of the Company (<i>HK'000</i>)	<u>14,994</u>	<u>19,974</u>
Number of shares:		
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>1,600,000</u>	<u>1,202,186</u>

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the Period. For the six months ended 30 September 2020, 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 2020.

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 2021 and 2020.

10. DIVIDENDS

No interim dividend was declared for the six months ended 30 September 2021.

11. TRADE AND OTHER RECEIVABLES

	At 30 September 2021 <i>HK\$'000</i> (Unaudited)	At 31 March 2021 <i>HK\$'000</i> (Audited)
Trade receivables of construction works	239,766	219,852
Less: Allowance for expected credit losses ("ECL")	<u>(4,982)</u>	<u>(4,984)</u>
	11(a) <u>234,784</u>	<u>214,868</u>
Other receivables		
Deposits and other receivables	455	570
Prepayment to suppliers	4,569	14,273
Other prepaid expenses	<u>447</u>	<u>352</u>
	<u>5,471</u>	<u>15,195</u>
	<u>240,255</u>	<u>230,063</u>

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 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Within 30 days	–	–
31 to 60 days	44,680	43,061
61 to 90 days	36,912	45,413
Over 90 days but less than 1 year	142,242	112,351
Over 1 year	10,950	14,043
	<u>234,784</u>	<u>214,868</u>

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

12. CONTRACT ASSETS

	At 30 September 2021 HK\$'000 (Unaudited)	At 31 March 2021 HK\$'000 (Audited)
Analysed as current:		
Unbilled revenue of construction works (<i>Note (i)</i>)	63,170	44,389
Retention money receivables of construction works (<i>Note (ii)</i>)	51,217	48,016
	<u>114,387</u>	92,405
Less: Allowance for ECL	(59)	(46)
	<u>114,328</u>	<u>92,359</u>

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 2021 <i>HK\$'000</i> (Unaudited)	At 31 March 2021 <i>HK\$'000</i> (Audited)
Trade payables	13(a)	<u>10,931</u>	<u>10,471</u>
Other payables			
Salaries and other employee benefits payables		30,287	34,390
Accruals and other payables		<u>1,594</u>	<u>2,987</u>
		<u>31,881</u>	<u>37,377</u>
		<u>42,812</u>	<u>47,848</u>

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 2021 <i>HK\$'000</i> (Unaudited)	At 31 March 2021 <i>HK\$'000</i> (Audited)
Within 60 days	5,488	5,544
61 to 90 days	2,407	3,337
Over 90 days	<u>3,036</u>	<u>1,590</u>
	<u>10,931</u>	<u>10,471</u>

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 Period 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 Period, the Group secured four new contracts with total original contract value of approximately HK\$185.1 million, representing a decrease of approximately 64.8% compared to the six months ended 30 September 2020 of approximately HK\$526.3 million. All of these projects started contributing revenue to the Group during the Period.

The contract rates expected by the main contractors in some potential projects were lower than the contract rates the Group could offer to maintain our gross profit margin at the current level. Further, the Board noticed the rising wage level of formwork workers in Hong Kong. Therefore, the Group adopted a cautious approach in preparing tenders in pursuance of potential projects, and avoided undertaking thin-margin projects which could ultimately be loss-making due to unforeseen circumstances. As a result of the foregoing, the Group secured fewer new contracts during the Period compared to the six months ended 30 September 2020.

As at 30 September 2021, the Group has a total of 16 projects on hand with the estimated total outstanding contract value of approximately HK\$461.5 million, representing a decrease of approximately 12.3% as compared with the estimated total outstanding contract value of approximately HK\$526.0 million as at 31 March 2021. With the projects on hand, it is expected that the performance of the subcontract works will remain steady for the coming years.

In view of the intensifying competition in the formwork works industry and the increasing wage level of formwork workers in Hong Kong, the Group will continue to adopt a prudential approach in the preparation of tender by factoring in a higher profit margin. The Group will continue to use its best efforts to identify suitable opportunities in line with its cost control policy and risk management policy and submit tenders for potential projects.

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 make its best endeavour to maximise profits and returns for the Group and enhance shareholder value for the shareholders of the Company (the “**Shareholders**”). The Group will strengthen its market capabilities by 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 Period, the Group recorded revenue of approximately HK\$272.4 million, representing an increase of 18.7% comparing with that of approximately HK\$229.4 million for the six months ended 30 September 2020. The increase is mainly attributable to the net effect on the decrease in revenue of approximately HK\$93.4 million for projects completed during the year ended 31 March 2020, which mainly from Projects TMB-75, TMB-86, TMB-87 and TMB-98 and the increase in revenue recognised from Projects TMB-94, TMB-105, TMB-106, TMB-107, TMB-112, TMB-113 and TMB-117, in aggregate of approximately HK\$138.3 million. Set out below is the revenue breakdown of the Group derived from public sector projects and private sector projects for the Period and the six months ended 30 September 2020:

	Six months ended 30 September					
	2021			2020		
	No. of projects	Revenue <i>HK\$'000</i>	Percentage of revenue (%)	No. of projects	Revenue <i>HK\$'000</i>	Percentage of revenue (%)
Public sector projects	11	180,202	66.1	12	121,893	53.1
Private sector projects	12	92,220	33.9	12	107,533	46.9
Total	23	272,422	100.0	24	229,426	100.0

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$5.6 million or 15.5% from approximately HK\$36.2 million for the six months ended 30 September 2020 to approximately HK\$30.6 million for the Period.

The Group's gross profit margin decreased from approximately 15.8% for the six months ended 30 September 2020 to approximately 11.2% for the Period.

The decreases in gross profit and gross profit margin were mainly resulted from the increase in sub-contracting costs due to an increasing use of sub-contractors to meet tight project timelines, price competition for new formwork works contract in the industry and more new construction materials were purchased to meet different projects needs..

Other income

The Group's other income decreased by approximately HK\$0.7 million or 87.5% from approximately HK\$0.8 million for the six months ended 30 September 2020 to approximately HK\$0.1 million for the Period. This was mainly due to the receipt of government grants in respect of anti-epidemic fund for the six months ended 30 September 2020 while no such grant was received during the Period.

Administration and other operating expenses

The Group's administrative expenses and other operating expenses increased from approximately HK\$6.1 million for the six months ended 30 September 2020 to approximately HK\$11.8 million for the Period, representing an increase of approximately 93.4%. The increase was mainly attributable to an increase in staff cost, legal and professional fee and consultancy fee for the Period.

Finance costs

The Group's finance costs increased from approximately HK\$0.2 million for the six months ended 30 September 2020 to approximately HK\$0.6 million for the Period which was mainly attributable to the increase in interest-bearing borrowings.

Income tax expenses

The Group's income tax expenses decreased from approximately HK\$5.1 million for the six months ended 30 September 2020 to approximately HK\$3.3 million for the Period, representing a decrease of approximately HK\$1.8 million or 35.3%. The decrease was mainly attributable to a decrease in assessable profits of the Group during the Period.

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

As a result of the foregoing, profit and total comprehensive income for the Period attributable to owners of the Company decreased by approximately HK\$5.0 million from approximately HK\$20.0 million for the six months ended 30 September 2020 compared to approximately HK\$15.0 million for the Period.

INTERIM DIVIDEND

The Board did not declare the payment of interim dividend for the Period (six months ended 30 September 2020: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group principally finances its operations from its business operations, interest-bearing borrowings and equity contribution from Shareholders. As at 30 September 2021, the Group had net current assets of approximately HK\$308.2 million (31 March 2021: HK\$286.2 million) and cash and bank balances of approximately HK\$32.0 million (31 March 2021: HK\$56.7 million).

As at 30 September 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK\$346.4 million (31 March 2021: HK\$331.4 million), and the Group's total interest-bearing borrowings and lease liabilities amounted to approximately HK\$33.4 million which are denominated in Hong Kong dollars (31 March 2021: HK\$43.7 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 2021 and accordingly, our condensed consolidated financial statements have been prepared on a going concern basis.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the Period. The share capital of the Group only comprised of ordinary shares.

GEARING RATIO

As at 30 September 2021, the gearing ratio (calculated on the basis of total interest-bearing borrowings divided by total equity of the Group) was approximately 9.4% (31 March 2021: 12.7%).

CAPITAL COMMITMENTS

The Group had no significant capital commitments as at 30 September 2021 (31 March 2021: Nil).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2021 (31 March 2021: Nil).

CHARGE ON GROUP ASSETS

The Group had no charges on assets as at 30 September 2021 (31 March 2021: 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 Period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT HELD

During the Period, the Group had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 15 September 2020 (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 2021, the Group had 1,323 employees (31 March 2021: 1,161 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 2021 amounted to approximately HK\$184.2 million (30 September 2020: HK\$144.7 million).

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group subsequent to 30 September 2021.

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 was/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 Group adjusted the allocation of the use of net proceeds for the below purposes on a pro rata basis in the same manner as shown in the Prospectus.

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 2021:

	Planned use of net proceeds up in total <i>HK\$ million</i>	Actual use of net proceeds up to 30 September 2021 <i>HK\$ million</i>	Unutilised balance as at 30 September 2021 <i>HK\$ million</i>	Expected timeline for utilising unutilised net proceeds
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	–	Not applicable
Increasing the Group's stock of metal scaffold equipment and related parts	17.5	17.5	–	Not applicable
Further strengthening the Group's manpower to cope with its business development	7.3	3.4	3.9	By 31 March 2022
General working capital of the Group	7.0	7.0	–	Not applicable
Total	81.1	77.2	3.9	

The unutilised proceeds has been deposited in the bank accounts with licensed banks in Hong Kong.

THE RISK ON THE OPERATION AFFECTED BY THE COVID-19 PANDEMIC

If the development of COVID-19 intensifies, the economy in Hong Kong may be adversely affected. In such event, the resultant unfavourable economic conditions of Hong Kong, dampened market sentiment and decreased purchasing power of the general public could be a disincentive for property developers or other ultimate customers to commence new construction projects, thus delaying or reducing the number of new projects to be awarded to us.

Health and safety risks during the outbreak of COVID-19 may also lead to labour shortage, increase in construction costs, and interruption of our business operation. If any personnel working in the project site has been confirmed positive for COVID-19, the relevant main contractor(s), property developer(s) or ultimate customer(s) of our projects may be required to suspend the works in the relevant project site for two days or longer subject to government requirements. Stringent rules imposed on construction workers, including frequent mandatory testing and limitations on on-site activities, may reduce the supply of skilled labour, increase in wages of the workers, and delay in our work schedules. Some construction workers may not report duty immediately after vaccination due to side effects from vaccination of the COVID-19 vaccines. The wages of workers may therefore be increased and thus the construction costs if we face any labour shortage or if we need urgent replacements. Progress of such projects may be delayed and our business operations would be interrupted.

These adverse impacts, if materialise and persist for a substantial period, may adversely affect our business operation and financial performance.

However, since the outbreak of COVID-19 in early 2020, the Group has implemented measures, including frequent workspace cleaning with disinfectant, arranging COVID-19 vaccine holiday, conducting temperature screening at entry of construction sites, and hand sanitizing, etc. During the Period, no worker in the project sites has been confirmed positive for COVID-19, thus, the progress of all projects had not been delayed and interrupted. The Group will continue to closely monitor the development of COVID-19 and will take necessary actions to maintain environmental hygiene. We are confident that we are able to weather through the pandemic crisis.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 30 September 2021, the Group's right-of-use assets of approximately HK\$0.9 million (31 March 2021: approximately HK\$1.5 million) were included in the property, plant and equipment, and its lease liabilities were approximately HK\$1.0 million (31 March 2021: approximately HK\$1.6 million). The related right-of-use assets and lease liabilities are all located in Hong Kong.

COMPETING BUSINESSES

During the Period, none of the Directors or the controlling Shareholders of the Company and their respective close associates had any interests in a business, apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE PRACTICE

The Company and the Board are devoted to achieve and maintain high standards of corporate governance, as the Board believes that good and effective corporate governance practices are fundamental to obtain and maintain the trust and safeguarding interest of the Shareholders and other stakeholders of the Company.

Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control, stringent disclosure practices and transparency, and accountability to all stakeholders. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules.

In the opinion of the Board, the Company has fully complied with the CG Code during the Period.

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 during the Period.

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. Leung Ka Ho Raymond, all being 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 and on the website of the Company at 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, 29 November 2021

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. Chu Hau Lim and Mr. Leung Ka Ho Raymond as independent non-executive Directors.