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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 AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2022

- Revenue was approximately HK\$538.4 million for the year ended 31 March 2022, representing an increase of approximately 0.8% as compared with the same for the year ended 31 March 2021;
- Gross profit was approximately HK\$56.1 million for the year ended 31 March 2022, representing a decrease of approximately 21.9% as compared with the same for the year ended 31 March 2021;
- Gross profit margin decreased from approximately 13.5% for the year ended 31 March 2021 to approximately 10.4% for the year ended 31 March 2022;
- Profit and total comprehensive income for the year attributable to the owners of the Company was approximately HK\$28.8 million for the year ended 31 March 2022, representing a decrease of approximately 52.5% as compared with the same for the year ended 31 March 2021;
- Basic earnings per share attributable to the owners of the Company was approximately HK1.80 cents for the year ended 31 March 2022, and approximately HK4.32 cents for the year ended 31 March 2021; and
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2022.

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 audited consolidated financial results of the Group for the year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021, as follows:

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

For the year ended 31 March 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	538,355	534,280
Cost of services		<u>(482,213)</u>	<u>(462,381)</u>
Gross profit		56,142	71,899
Other income	5	–	21,458
Administrative and other operating expenses		(17,923)	(15,701)
Reversal of loss allowance for trade receivables		(2,655)	(510)
Provision for (Reversal of) loss allowance for contract assets		46	(1,092)
Finance costs		(1,145)	(468)
Listing expenses		<u>–</u>	<u>(5,679)</u>
Profit before tax	6	34,465	69,907
Income tax expenses	7	<u>(5,678)</u>	<u>(9,299)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>28,787</u>	<u>60,608</u>
Earnings per share		<i>HK cents</i>	<i>HK cents</i>
Basic and diluted	8	<u>1.80</u>	<u>4.32</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	10	38,476	45,470
Deferred tax assets		357	357
		38,833	45,827
Current assets			
Trade and other receivables	11	268,730	230,063
Contract assets	12	94,057	92,359
Contract costs		7,469	4,053
Income tax receivable		3,285	–
Bank balances and cash		32,372	56,676
		405,913	383,151
Current liabilities			
Trade and other payables	13	32,696	47,848
Interest-bearing borrowings	14	51,202	42,135
Income tax payable		–	5,834
Lease liabilities		588	1,122
		84,486	96,939
Net current assets		321,427	286,212
Total assets less current liabilities		360,260	332,039
Non-current liabilities			
Deferred tax liabilities		–	159
Lease liabilities		69	476
		69	635
NET ASSETS		360,191	331,404
Capital and reserves			
Share capital	15	16,000	16,000
Reserves		344,191	315,404
TOTAL EQUITY		360,191	331,404

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2022

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). 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 3312, 33/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, 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 of the Company is Sky Mission Group Limited, a limited liability company incorporated in the British Virgin Islands (the “**BVI**”). The ultimate controlling party is Mr. Leung Yam Cheung.

2. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the disclosure requirements of the Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all amounts have been rounded to the nearest thousand (“**HK\$’000**”), unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Changes in accounting policies of new/revised HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 39,
HKFRSs 4, 7, 9 and 16

Interest Rate Benchmark Reform – Phase 2

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures – a company will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Future changes in HKFRSs

At the date of approving the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the year ended 31 March 2022, which the Group has not early adopted:

Amendments to HKAS 16	<i>Proceeds before Intended Use</i> ¹
Amendments to HKAS 37	<i>Cost of Fulfilling a Contract</i> ¹
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> ¹
Annual Improvements to HKFRSs	<i>2018–2020 Cycle</i> ¹
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> ²
Amendments to HKAS 1	<i>Disclosure of Accounting Policies</i> ²
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ²
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ²
HKFRS 17	<i>Insurance Contracts</i> ²
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Group’s financial statements.

3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the reporting periods, 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 years ended 31 March 2022 and 2021 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 years ended 31 March 2022 and 2021 are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	114,621	145,667
Customer B	N/A ^{Note}	75,495
Customer C	58,889	72,201
Customer D	124,994	61,838
Customer E	57,076	N/A ^{Note}
Customer F	59,005	N/A ^{Note}

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

4. REVENUE

During the years ended 31 March 2022 and 2021, 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. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Subsidy income (<i>Note</i>)	–	21,329
Others	–	129
	–	21,458

Note: During the year ended 31 March 2021, the Group recognised government grants of approximately HK\$21,329,000 in respect of anti-epidemic fund (the "Employment Support Scheme" and "Employment Support Scheme for the Construction Sector (Casual Employees)") provided by the Government of the Hong Kong Special Administrative Region. In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these grants. No government grants were recognised for the year ended 31 March 2022.

6. PROFIT BEFORE TAX

This is stated after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
a) Finance costs		
Interest on lease liabilities	54	81
Interest on interest-bearing borrowings	<u>1,091</u>	<u>387</u>
	<u>1,145</u>	<u>468</u>
b) Staff costs, including directors' remuneration		
Salaries, allowances, discretionary bonus and other benefits in kind	341,787	319,455
Contributions to defined contribution plans	<u>9,750</u>	<u>10,096</u>
<i>Note</i>	<u>351,537</u>	<u>329,551</u>
c) Other items		
Auditor's remuneration	1,500	1,500
Cost of materials recognised as cost of services	86,068	105,411
Depreciation of property, plant and equipment (included in "cost of services" and "administrative and other operating expenses", as appropriate)	15,060	7,558
Loss on disposal of property, plant and equipment	–	15
Subcontracting fees recognised as cost of services	<u>24,898</u>	<u>12,094</u>

Note: During the year ended 31 March 2022, total staff costs of HK\$341,867,000 (2021: HK\$321,008,000) were included in the cost of services. The remaining staff costs were recognised in administrative and other operating expenses.

7. INCOME TAX EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax		
– current year	5,977	9,335
– over provision in prior year	(140)	(36)
Deferred tax		
Origination and reversal of temporary differences	<u>(159)</u>	<u>–</u>
Income tax expenses	<u><u>5,678</u></u>	<u><u>9,299</u></u>

The Group entities established in the Cayman Islands and the BVI 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 group entity are taxed at 8.25%, and the assessable profits above HK\$2,000,000 are taxed at 16.5%. The assessable profits of entities not qualifying for the two-tiered profits tax rates regime continue to be taxed at 16.5%. For the years ended 31 March 2022 and 2021, Hong Kong profits tax of a subsidiary of the Group is calculated in accordance with the two-tiered profits tax rates regime.

8. EARNINGS PER SHARE

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

	2022	2021
<i>Profit:</i>		
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u><u>28,787</u></u>	<u><u>60,608</u></u>
<i>Number of shares:</i>		
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u><u>1,600,000</u></u>	<u><u>1,401,644</u></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.

Diluted earnings per share are same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 March 2022 and 2021.

9. DIVIDENDS

The Board does not recommend the payment of any dividend in respect for the year ended 31 March 2022 (2021: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 March 2022, the Group expended approximately HK\$7,778,000 (2021: HK\$44,423,000) on the acquisition of metal scaffold equipment and related parts for the expansion of the Group's operation.

11. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables of construction works		264,289	219,852
Less: Allowance for expected credit losses ("ECL")		<u>(2,329)</u>	<u>(4,984)</u>
	11(a)	<u>261,960</u>	<u>214,868</u>
Other receivables			
Deposits and other receivables		326	570
Prepayment to suppliers		6,319	14,273
Other prepaid expenses		<u>125</u>	<u>352</u>
		<u>6,770</u>	<u>15,195</u>
		<u>268,730</u>	<u>230,063</u>

Note:

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	–	–
31 to 60 days	26,715	43,061
61 to 90 days	28,067	45,413
Over 90 days but less than 1 year	185,142	112,351
Over 1 year	<u>22,036</u>	<u>14,043</u>
	<u>261,960</u>	<u>214,868</u>

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

12. CONTRACT ASSETS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Analysed as current:		
Unbilled revenue of construction works	33,343	44,389
Retention money receivables of construction works	<u>60,806</u>	<u>48,016</u>
	94,149	92,405
Less: Allowance for ECL	<u>(92)</u>	<u>(46)</u>
	<u>94,057</u>	<u>92,359</u>

13. TRADE AND OTHER PAYABLES

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	13(a)	<u>4,712</u>	<u>10,471</u>
Other payables			
Salaries and other employee benefits payables		25,679	34,390
Accruals and other payables		<u>2,305</u>	<u>2,987</u>
		27,984	37,377
		<u>32,696</u>	<u>47,848</u>

Note:

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 year, the ageing analysis of the trade payables based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 60 days	1,309	5,544
61 to 90 days	1,340	3,337
Over 90 days	<u>2,063</u>	<u>1,590</u>
	<u>4,712</u>	<u>10,471</u>

14. INTEREST-BEARING BORROWINGS

	2022 HK\$'000	2021 HK\$'000
Current		
Bank borrowings with a repayment on demand clause	51,202	42,135

15. SHARE CAPITAL

Ordinary shares of HK\$0.01 each	Note	Number of shares	Amount HK\$'000
Authorised:			
At 1 April 2020		38,000,000	380
Increase in authorised share capital	15(a)	3,962,000,000	39,620
At 31 March 2021, 1 April 2021 and 31 March 2022		4,000,000,000	40,000
Issued and fully paid:			
At 1 April 2020		1,100	—*
Issue of shares pursuant to the Share Offer	15(c)	400,000,000	4,000
Issue of shares pursuant to the Capitalisation Issue	15(b)	1,199,998,900	12,000
At 31 March 2021, 1 April 2021 and 31 March 2022		1,600,000,000	16,000

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

Note:

15(a) 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.

15(b) 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 Issue was fully completed on 29 September 2020.

15(c) 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 ("Share Offer"). The gross proceeds from the Share Offer amounted to HK\$140,000,000. The expenses attributable to issues of shares pursuant to the Share Offer of approximately HK\$32,935,000 were recognised in the share premium account of the Company.

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 year ended 31 March 2022 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 year ended 31 March 2022, the Group secured 6 new contracts with total original contract value of approximately HK\$328.1 million, representing a decrease of approximately 51.9% compared to the year ended 31 March 2021 of approximately HK\$681.9 million. All of these projects started contributing revenue to the Group during the year ended 31 March 2022.

The contract rates expected by the main contractors in some potential projects were lower than the contract rates the Group could offer to maintain the 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 year ended 31 March 2022 compared to the year ended 31 March 2021.

As at 31 March 2022, the Group has a total of 13 projects on hand with the estimated total outstanding contract value of approximately HK\$481.1 million, representing a decrease of approximately 8.5% 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 light of the challenging situations arising from the outbreak of the COVID-19 pandemic, the management of the Group closely monitored the projects' progress, maintained close communication with other stakeholders on the project works schedules and arrangements throughout the year ended 31 March 2022 to keep operational progress on track and to avoid any material supply chain disruptions due to the outbreak of the COVID-19 pandemic. The Group will continue to adopt a cautious and prudent approach to business enquiries, tenders, quotation invitations and project planning and use its best endeavours to maintain profitability in individual projects by factoring in a higher profit margin, taking into account the intensifying competition in the formwork works industry and the increasing wage level of formwork workers in Hong Kong. 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.

During the year ended 31 March 2022, some of the potential customers postponed or delayed tender and technical meeting scheduled with us as part of their social distancing policy or due to the work from home arrangement of the project owners, which in turn prolonged the tender process. The potential customers opted for postponement as they found virtual meetings uncondusive to project planning and contract negotiation. Looking ahead, as the COVID-19 pandemic subsists and the tendering process continues to delay, the Group is expecting fewer number of newly-awarded projects in the near future, which will in turn affect the financial performance of the Group adversely.

With the HKSAR government's plan to gradually avert the current supply-demand imbalance in housing units in Hong Kong through the Long Term Housing Strategy, the Board is optimistic towards the outlook of the industry and is confident that its business will continue to operate in a stable way in the long run.

FINANCIAL REVIEW

REVENUE

For the year ended 31 March 2022, the Group recorded revenue of approximately HK\$538.4 million, representing an increase of 0.8% comparing with that of approximately HK\$534.3 million for the year ended 31 March 2021, which mainly attributable to the net effect on decrease in revenue of approximately HK\$128.8 million recognised from Projects TMB-75, TMB-82, TMB-87 and TMB-94 which were completed during the year ended 31 March 2021 and the increase of revenue recognised from new Projects TMB-107, TMB-115, TMB-117 and TMB-118, which altogether contributed approximately HK\$132.9 million to the total revenue for the year ended 31 March 2022. Set out below is the revenue breakdown of the Group derived from public sector projects and private sector projects for the years ended 31 March 2022 and 2021:

	Year ended 31 March					
	2022			2021		
	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	14	398,983	74.1	19	334,828	62.7
Private sector projects	11	139,372	25.9	18	199,452	37.3
Total	25	538,355	100.0	37	534,280	100.0

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$15.8 million or 21.9% from approximately HK\$71.9 million for the year ended 31 March 2021 to approximately HK\$56.1 million for the year ended 31 March 2022.

The Group's gross profit margin decreased from approximately 13.5% for the year ended 31 March 2021 to approximately 10.4% for the year ended 31 March 2022.

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 and price competition for new formwork works contract in the industry.

Other income

The Group's other income decreased from approximately HK\$21.5 million for the year ended 31 March 2021 to nil for the year ended 31 March 2022. This was mainly due to the receipt of government grants in respect of anti-epidemic fund for the year ended 31 March 2021 while no such grant was received during the year ended 31 March 2022.

Administration and other operating expenses

The Group's administrative expenses and other operating expenses increased from approximately HK\$15.7 million for the year ended 31 March 2021 to approximately HK\$17.9 million for the year ended 31 March 2022, representing an increase of approximately 14.2%. The increase was mainly attributable to an increase in staff costs during the year ended 31 March 2022 mainly due to an increase in number of administrative and operating staff and an increase in business development activities during the year ended 31 March 2022.

Finance costs

The Group's finance costs increased from approximately HK\$0.5 million for the year ended 31 March 2021 to approximately HK\$1.1 million for the year ended 31 March 2022 which was mainly attributable to an increase in interest on interest-bearing borrowings to finance the Group's working capital during the year ended 31 March 2022.

Income tax expense

The Group's income tax expenses decreased from approximately HK\$9.3 million for the year ended 31 March 2021 to approximately HK\$5.7 million for the year ended 31 March 2022, representing a decrease of approximately HK\$3.6 million or 38.9%. The decrease was mainly attributable to a decrease in assessable profits of the Group during the year ended 31 March 2022.

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

As a result of the foregoing, profit attributable to owners of the Company decreased by approximately HK\$31.8 million or 52.5% from approximately HK\$60.6 million for the year ended 31 March 2021 compared to approximately HK\$28.8 million for the year ended 31 March 2022.

Final Dividend

The Board has resolved not to recommend the declaration of any final dividend for the year ended 31 March 2022 (2021: Nil).

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 31 March 2022, the Group had net current assets of approximately HK\$321.4 million (31 March 2021: HK\$286.2 million) and cash and bank balances of approximately HK\$32.4 million (31 March 2021: HK\$56.7 million).

As at 31 March 2022, the Group's total equity attributable to owners of the Company amounted to approximately HK\$360.2 million (31 March 2021: HK\$331.4 million), and the Group's total interest-bearing borrowings and lease liabilities amounted to approximately HK\$51.9 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 31 March 2022 and accordingly, our consolidated financial statements have been prepared on a going concern basis.

CAPITAL STRUCTURE

On 29 September 2020, the Group's shares were successfully listed on the Main Board of the Stock Exchange (the "**Listing**"). 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 31 March 2022, the gearing ratio (calculated on the basis of total debts divided by total equity of the Group) was approximately 14.2% (31 March 2021: 12.7%).

CAPITAL COMMITMENTS

The Group had no significant capital commitments as at 31 March 2022 (31 March 2021: Nil).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2022 (31 March 2021: Nil).

CHARGE ON GROUP ASSETS

The Group had no charges on assets as at 31 March 2022 (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 year ended 31 March 2022, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT HELD

During the year ended 31 March 2022, 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 31 March 2022, the Group employed 1,212 employees (31 March 2021: 1,161). The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

EVENT AFTER THE REPORTING PERIOD

There was no important events affecting the Group subsequent to 31 March 2022.

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 31 March 2022:

	Planned use of net proceeds up in total		Actual use of net proceeds up to 31 March 2022	Unutilised balance as at 31 March 2022	Expected timeline for utilising for unutilised net proceeds
	<i>HK\$ million</i>	<i>%</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
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	60.8	49.3	–	Not Applicable
Increasing the Group's stock of metal scaffold equipment and related parts	17.5	21.6	17.5	–	Not Applicable
Further strengthening the Group's manpower to cope with its business development	7.3	9.0	5.6	1.7	By 30 September 2022
General working capital of the Group	7.0	8.6	7.0	–	Not Applicable
Total	<u>81.1</u>	<u>100.0</u>	<u>79.4</u>	<u>1.7</u>	

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

The number of COVID-19 cases increased significantly in the fifth wave of COVID-19 pandemic. In response, the HKSAR government introduced stringent “dynamic zero COVID” policies to control the pandemic from further deteriorating. If the development of COVID-19 pandemic intensifies and/or further social distancing policies are introduced, 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 pandemic 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, he/she will be subject to mandatory quarantine for seven days or longer. 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 pandemic 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 sanitising, etc. The Group will continue to closely monitor the development of COVID-19 pandemic 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 31 March 2022, the Group’s right-of-use assets of approximately HK\$0.6 million (2021: approximately HK\$1.5 million) were included in the property, plant and equipment, and its lease liabilities were approximately HK\$0.7 million (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 year ended 31 March 2022, 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 Rules Governing the Listing of Securities on the Stock Exchange (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 and Corporate Governance Report in force and applicable to the Company during the year ended 31 March 2022 as set out in Appendix 14 (version up to 31 December 2021) to the Listing Rules (the “**CG Code**”). In the opinion of the Board, the Company has fully complied with the CG Code for the year ended 31 March 2022.

The requirements under the current version of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules which came into effect on 1 January 2022 shall apply to the Company’s corporate governance report for the financial year commencing on 1 April 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 throughout the year ended 31 March 2022.

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 year ended 31 March 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual 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 annual report of the Company for the year ended 31 March 2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Friday, 23 September 2022 (the “AGM”). To determine the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 20 September 2022 to Friday, 23 September 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 19 September 2022.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 7 September 2020. The chairman of the Audit Committee is Mr. Chu Hau Lim, an independent non-executive Director, other members are Mr. Ng Lin Fung and Mr. Leung Ka Ho Raymond, each being an independent non-executive Director. The written terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company.

The Company has complied with Rule 3.21 and Rule 3.10(2) of the Listing Rules which mandate that the Audit Committee must comprise non-executive Directors only, comprising a minimum of three members, the majority of the members of the Audit Committee must be independent non-executive Directors and must be chaired by an independent non-executive Director; and at least one of the members of the Audit Committee is an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

The primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review the financial statements of the Group and make judgements in respect of financial reporting; and oversee the effectiveness of the procedures of the risk management and internal control procedures of the Group and monitor any future and/or potential continuing connected transactions.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the accounting principles adopted by the Group and the consolidated financial statements as the final results announcement of the Group for the year ended 31 March 2022 with the management of the Group and recommended them to the Board for approval.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Company's auditor, Mazars CPA Limited ("**Mazars**"), to the amounts set out in the Company's draft consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Mazars on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to the Group's management team and all employees for their dedication and the value they bring to the Group. I would also like to constantly extend my heartfelt gratitude to all Shareholders and business partners of the Group for their unwavering trust and relentless support.

By order of the Board
SKYMISSION GROUP HOLDINGS LIMITED
Leung Yam Cheung
Chairman

Hong Kong, 29 June 2022

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