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 2024

HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2024

- Revenue was approximately HK$608.1 million for the year ended 31 March 2024, representing a slight decrease of approximately 0.8% as compared with the same for the year ended 31 March 2023;

- Gross profit was approximately HK$8.7 million for the year ended 31 March 2024, representing a decrease of approximately 79.1% as compared with the same for the year ended 31 March 2023;

- Gross profit margin decreased from approximately 6.8% for the year ended 31 March 2023 to approximately 1.4% for the year ended 31 March 2024;

- Loss and total comprehensive expense for the year attributable to the owners of the Company was approximately HK$32.4 million for the year ended 31 March 2024, while a profit and total comprehensive income of approximately HK$30.6 million was recognised for the year ended 31 March 2023;

- Basic loss per share attributable to the owners of the Company was approximately HK2.02 cents for the year ended 31 March 2024, while a basic earnings per share of approximately HK1.91 cents was recognised for the year ended 31 March 2023; and

- The Board does not recommend the payment of any final dividend for the year ended 31 March 2024.

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 2024, together with the comparative figures for the year ended 31 March 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	**2024** ***HK$'000***	2023 *HK$'000* (Restated)
Revenue	*3*	**608,078**	612,780
Cost of services		**(599,377)**	(571,077)
Gross profit		**8,701**	41,703
Other income	*4*	**22**	19,108
Impairment losses recognised, net of reversal		**(23,380)**	(517)
Administrative and other operating expenses		**(15,610)**	(23,408)
Finance costs		**(2,007)**	(2,085)
(Loss) profit before tax	*6*	**(32,274)**	34,801
Income tax expenses	*5*	**(122)**	(4,222)
(Loss) profit and total comprehensive (expense) income for the year attributable to owners of the Company		**(32,396)**	30,579
		HK cents	*HK cents* (Restated)
(Loss) earnings per share	*7*		
– Basic		**(2.02)**	1.91
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**11,601**	25,851
Deferred tax assets		**235**	357
		11,836	26,208
CURRENT ASSETS			
Trade and other receivables	*9*	**334,946**	310,624
Contract assets	*10*	**103,079**	127,985
Income tax recoverable		**2,791**	1,135
Cash and cash equivalents		**13,412**	24,553
		454,228	464,297
CURRENT LIABILITIES			
Trade and other payables	*11*	**48,754**	47,403
Interest-bearing borrowings	*12*	**45,551**	47,488
Lease liabilities		**812**	980
		95,117	95,871
NET CURRENT ASSETS		**359,111**	368,426
TOTAL ASSETS LESS CURRENT LIABILITIES		**370,947**	394,634
NON-CURRENT LIABILITIES			
Trade and other payables	*11*	**3,951**	2,917
Interest-bearing borrowings	*12*	**8,174**	–
Lease liabilities		**448**	947
		12,573	3,864
NET ASSETS		**358,374**	390,770
CAPITAL AND RESERVES			
Share capital		**16,000**	16,000
Reserves		**342,374**	374,770
TOTAL EQUITY		**358,374**	390,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2024

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, 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 Flat 3, 7/F., Yuen Long Trade Centre, 99-109 Castle Peak Road, Yuen Long, New Territories, Hong Kong.

The Company is an investment holding company and together with its subsidiaries (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 "**Directors**"), 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 consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual periods beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year has had no material impact on the Group's consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The application of the amendments in the current year has had no material impact on the Group's consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform – Pillar Two model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "**Pillar Two legislation**"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The application of the amendments in the current year has had no material impact on the Group's consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3.2 to the consolidated financial statements.

*Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("**MPF**") – Long Service Payment ("**LSP**") offsetting mechanism in Hong Kong*

The group entities operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the Hong Kong Special Administrative Region ("**HKSAR**") gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "**Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong**" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 March 2023, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of HKAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of HKAS 19 after the Abolition.

The details of the impacts on each financial statement line item and (loss) earnings per share are set out under "Impact of application of changes in other accounting policies on the consolidated financial statements" as follows. Comparative figures have been restated. These changes in accounting policies did not have any impact on the opening balances of equity and net assets at 1 April 2022, and the cash flows amounts for the year ended 31 March 2023.

Impact of application of changes in other accounting policies on the consolidated financial statements

The effects of the changes in other accounting policies as a result of the abolition of the MPF-LSP offsetting mechanism in Hong Kong which were applied retrospectively on the consolidated statement of profit or loss and other comprehensive income and (loss) earnings per share, are as follows:

For the year ended 31 March 2024

	The abolition of the MPF-LSP offsetting mechanism
	HK$'000
Impact on loss for the year	
Increase in cost of services	**928**
Increase in finance costs	**106**
Net increase in loss for the year	**1,034**

For the year ended 31 March 2023

	The abolition of the MPF-LSP offsetting mechanism
	HK$'000
Impact on profit for the year	
Increase in cost of services	2,837
Increase in finance costs	80
Net decrease in profit for the year	2,917

	Year ended 31 March 2024	Year ended 31 March 2023
	HK cents	*HK cents*
Impact on basic (loss) earnings per share		
Basic (loss) earnings per share before adjustments	**(1.96)**	2.09
Net adjustments arising from change in accounting policy in relation to:		
– Abolition of the MPF-LSP offsetting mechanism	**(0.06)**	(0.18)
Reported basic (loss) earnings per share	**(2.02)**	1.91

The effects of the changes in other accounting policies as a result of application of abolition of the MPF-LSP offsetting mechanism in Hong Kong which were applied retrospectively on the consolidated statement of financial position at the end of the immediately preceding financial year, i.e. 31 March 2023, are as follows (these changes in accounting policies did not have any impact on the opening balances of equity and net assets at 1 April 2022):

	31 March 2023 Originally stated *HK$'000*	Adjustments *HK$'000*	31 March 2023 Restated *HK$'000*
Trade and other payables (grouped under salaries and other employee benefits payables)	(47,403)	(2,917)	(50,320)
Total effects on net assets			(2,917)
Reserves	377,687	(2,917)	374,770
Total effect on equity			(2,917)

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

*Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "**2020 Amendments**") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "**2022 Amendments**")*

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

- Specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 March 2024, the application of the 2020 Amendments and 2022 Amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 21 Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not and how an entity estimates the spot exchange rate when a currency is not exchangeable. In addition, the amendments require disclosure of information that enables users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. SEGMENT INFORMATION

The Board of directors, being the chief operating decision maker ("**CODM**"), have determined that the Group's only business of provision of formwork works services as the sole operating and reportable segment throughout the reporting periods, as the Group and CODM manage the business as a whole and information reported to the CODM, for the purpose of resource allocation and assessment, are prepared as a whole of the sole business. No other discrete financial information provided other than the Group's results and financial position as a whole.

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 2024 and 2023 is derived from Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, only entity-wide disclosures and major customers are presented.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Customer A	**247,354**	135,567
Customer B	**182,408**	92,368
Customer C	**88,592**	N/A *Note*
Customer D	**67,022**	N/A *Note*
Customer E	**N/A *Note***	115,841
Customer F	**N/A *Note***	94,669

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

4. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Government grant	–	18,214
Compensation income	–	894
Gain on early termination of the lease	**19**	–
Bank interest income	**3**	–*
	22	19,108

* Represent amounts less than HK$1,000

5. INCOME TAX EXPENSES

	2024	2023
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
– current year	–	3,727
– under-provision in prior year	–	495
	–	4,222
Deferred tax	**122**	-
Income tax expenses	**122**	4,222

6. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax has been arrived at after charging:

	2024	2023
	HK$'000	*HK$'000*
		(Restated)
Auditors' remuneration	**1,000**	1,400
Staff costs (including directors' emolument)		
– salaries, wages, allowance and other benefits in kind	**358,111**	367,650
– retirement benefits schemes contributions	**9,097**	10,263
– service cost of long service payments	**928**	2,625
Total staff costs	**368,136**	380,538
Cost of materials recognised as cost of services	**103,707**	119,031
Depreciation included in cost of services	**12,705**	13,120
Depreciation included in administrative and other operating expenses	**1,045**	1,230
Total depreciation	**13,750**	14,350
Subcontracting fees recognised as cost of services	**63,579**	50,016
Loss on written-off of property, plant and equipment	**59**	559

7. (LOSS) EARNINGS PER SHARE

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

	2024	2023
	HK$'000	*HK$'000*
		(Restated)
(Loss) profit attributable to owners of the Company	**(32,396)**	30,579

	2024	2023
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for purpose of basic (loss) earnings per share	**1,600,000**	1,600,000

No diluted (loss) earnings per share for both 2024 and 2023 were presented as there were no potential ordinary shares in issue for both years ended 31 March 2024 and 31 March 2023.

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

9. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables of construction works	**356,950**	312,534
Less: Allowance for ECL	**(22,096)**	(2,698)
	334,854	309,836
Other receivables		
Deposits and other receivables	**92**	339
Other prepaid expenses	**–**	449
	92	788
Trade and other receivables, net	**334,946**	310,624

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:

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**69,484**	–
31 to 60 days	**49,694**	22,893
61 to 90 days	**40,228**	11,291
Over 90 days but less than 1 year	**164,442**	264,219
Over 1 year	**11,006**	11,433
	334,854	309,836

10. CONTRACT ASSETS

	2024	2023
	HK$'000	*HK$'000*
Contract assets arising from construction contracts		
Unbilled revenue of construction works	**7,020**	51,577
Retention receivables of construction works	**99,581**	76,648
	106,601	128,225
Less: Allowance for ECL	**(3,522)**	(240)
	103,079	127,985

11. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
		(Restated)
Trade payables	**14,004**	11,713
Other payables:		
Salaries and other employee benefits payables (restated)	**37,701**	36,401
Accruals and other payables	**1,000**	2,206
	38,701	38,607
	52,705	50,320
Analysed for reporting purpose as:		
Non-current liabilities	**3,951**	2,917
Current liabilities	**48,754**	47,403
	52,705	50,320

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

	2024	2023
	HK$'000	*HK$'000*
Within 60 days	**14,002**	4,517
61 to 90 days	**–**	3,650
Over 90 days	**2**	3,546
	14,004	11,713

12. INTEREST-BEARING BORROWINGS

	As at 31 March	
	2024	2023
	HK$'000	*HK$'000*
Secured bank borrowings and with a repayment on demand clause	**44,789**	47,488
Secured bank borrowings	**8,936**	–
	53,725	47,488
Less: Amount due within one year shown under current liabilities	**(45,551)**	(47,488)
Amount shown under non-current liabilities	**8,174**	–

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established formwork works subcontractor in Hong Kong with over 20 years of operating history. During the year ended 31 March 2024 ("FY2024"), the Group continued to provide traditional formwork services using timber and plywood, as well as system formwork services using aluminum formwork.

In FY2024, the Group's revenue decreased slightly from HK$612.8 million in for the year ended 31 March 2023 ("FY2023") to HK$608.1 million. Our gross profit margin declined from approximately 6.8% in FY2023 to nearly 1.4% in FY2024. This reduction was primarily due to the challenging economic sentiment in the Hong Kong property market, which negatively impacted our profitability. Additionally, increased competition for new contracts led to tighter margins. The rising wages for experienced workers further added to our operational expenses, and we also faced unexpected on-site costs, all of which collectively contributed to the decline in our gross profit margin.

Additionally, our financial performance was influenced by a provision for loss allowance on trade receivables and contract assets of approximately HK$22.7 million, due to an increase in aged receivables, and the absence of one-off government grants from the anti-epidemic fund amounting to HK$18.2 million that benefited us in FY2023.

As a result of the foregoing, the Group recorded a net loss and total comprehensive expenses of approximately HK$32.4 million, compared to a net profit of approximately HK$30.6 million in FY2023.

In FY2024, the Group successfully secured 12 new projects, adding approximately HK$590 million in contract value. As of 31 March 2024, the Group had a total of 25 active projects with a combined contract value of at least HK$1.2 billion. These projects are anticipated to ensure steady performance for our subcontract works in the coming years.

Given the intensifying competition in the formwork industry and increasing wage levels for formwork workers in Hong Kong, the Group is committed to a prudent approach in tender preparation, ensuring a reasonable profit margin is factored in. We will continue to identify suitable opportunities aligned with our cost control and risk management policies and submit tenders for potential projects.

FINANCIAL REVIEW

Revenue

During FY2024, the Group's revenue decreased slightly from HK$612.8 million in FY2023 to HK$608.1 million. Set out below is the revenue breakdown of the Group derived from public sector projects and private sector projects during FY2024:

	Year ended 31 March					
	2024			2023		
	No. of projects	**Revenue** *HK$'000*	**Percentage of revenue** *(%)*	No. of projects	Revenue *HK$'000*	Percentage of revenue *(%)*
Public sector projects	**22**	**435,967**	**71.7**	20	389,752	63.6
Private sector projects	**7**	**172,111**	**28.3**	10	223,028	36.4
Total	**29**	**608,078**	**100.0**	30	612,780	100.0

Gross profit and gross profit margin

Our gross profit margin also declined from approximately 6.8% in FY2023 to nearly 1.4% in FY2024. This decline in gross profit margin was primarily due to the poor economic sentiment in the Hong Kong property market, increased competition for new contracts, rising wages for experienced workers, and unexpected on-site costs.

Other income

The Group's other income decreased from approximately HK$19.1 million in FY2023 to approximately HK$22,000 in FY2024. The decrease was mainly due to the receipt of anti-epidemic fund for approximately HK$18.2 million (the "**Employment Support Scheme**" and "**Employment Support Scheme for Construction Sector (Casual Employees)**") provided by the Government of the Hong Kong Special Administrative Region in the prior period, but no such amount was received for the Period.

Administration and other operating expenses

The Group's administrative and other operating expenses decreased from approximately HK$23.4 million in FY2023 to approximately HK$15.6 million in FY2024, representing a decrease of approximately 33.3%. This reduction was due to the Group's efforts to cut unnecessary personnel and administrative costs.

Impairment loss recognised

In FY2024, the Group recognised a provision for impairment loss on property, plant and equipment, amounting to approximately HK$700,000 (FY2023: HK$Nil). This provision is a non-recurring and non-cash item, which has been attributed to the loss-making performance of the Group's business.

Also in FY2024, the Group recorded a provision for loss allowance on trade receivables and contract assets amounting to approximately HK$22.7 million. This increase in the provision for expected credit loss followed a thorough assessment of the Group's credit risk exposure amid ongoing business environment uncertainties.

Valtech Valuation Advisory Limited, an independent external valuer, was engaged to conduct these valuations.

Finance costs

The Group's finance costs remained relatively stable, recording an amount of HK$2.0 million in FY2024 (FY2023: HK$2.1 million).

Income tax expenses

The Group's income tax expenses decreased from approximately HK$4.2 million for the year ended 31 March 2023 to approximately HK$0.1 million for the year ended 31 March 2024, representing a decrease of approximately HK$4.1 million or 97.1%. The decrease was mainly attributable to the decrease in estimated assessable profits.

Loss and total comprehensive expense for the year attributable to owners of the Company

As a result of the foregoing, the Group recorded a net loss and total comprehensive expenses of approximately HK$32.4 million, compared to a net profit of approximately HK$30.6 million in FY2023.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of any final dividend for the year ended 31 March 2024 (2023: 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 31 March 2024, the Group had net current assets of approximately HK$359.1 million (31 March 2023: HK$368.4 million) and cash and bank balances of approximately HK$13.4 million (31 March 2023: HK$24.6 million).

As at 31 March 2024, the Group's total equity attributable to owners of the Company amounted to approximately HK$358.4 million (31 March 2023: HK$390.8 million), and the Group's total interest-bearing borrowings and lease liabilities amounted to approximately HK$55.0 million which are denominated in Hong Kong dollars (31 March 2023: HK$49.4 million).

As of 31 March 2024, the Group's interest-bearing borrowing with a carrying amount of HK$44.8 million did not meet one of the financial covenants, specifically that consolidated EBITDA should not fall below HK$30 million. Due to the challenging economic conditions in the Hong Kong property market, the Company is renegotiating the borrowing terms with the relevant bank. These negotiations are ongoing, and the lender has not demanded immediate repayment.

The Directors are confident of reaching a successful conclusion. Should immediate repayment be required, the Directors believe that adequate internal and alternative financing sources are available to ensure the Group's operations and ability to repay creditors remain unaffected.

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 2024 and accordingly, our condensed 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. 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 2024, the gearing ratio (calculated on the basis of total interest-bearing borrowings divided by total equity of the Group) was approximately 15.0% (31 March 2023: 12.1%).

CAPITAL COMMITMENTS

The Group had no significant capital commitments as at 31 March 2024 (31 March 2023: Nil).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2024 (31 March 2023: Nil).

CHARGE ON GROUP ASSETS

The Group had no charges on assets as at 31 March 2024 (31 March 2023: 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 2024, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT HELD

During the year ended 31 March 2024, the Group had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2024, the Group does not have other plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed 1,236 employees (31 March 2023: 1,467). 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.

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group subsequent to 31 March 2024.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

As at 31 March 2024, the Group's right-of-use assets of approximately HK$1.2 million (31 March 2023: approximately HK$1.9 million) were included in the property, plant and equipment, and its lease liabilities were approximately HK$1.3 million (31 March 2023: approximately HK$1.9 million). The related right-of-use assets and lease liabilities are all located in Hong Kong.

COMPETING BUSINESSES

During the year ended 31 March 2024, 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 in the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Listing Rules as the Company's corporate governance code. In the opinion of the Board, the Company has fully complied with all the applicable code provisions in the CG Code during the year ended 31 March 2024.

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 (renamed as Appendix C3 since 31 December 2023) 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 Group or 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 2024.

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 2024.

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 2024 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 ("**AGM**") of the Company is scheduled to be held in September 2024 or any other dates as specified in further notice of AGM meeting to be published on the websites of the Company and the Stock Exchange later.

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. Mr. Tang Tsz Tsun, an independent non-executive Director, and consists of other members, namely, Mr. Tsang Ho Yin and Ms. Wu Kin Yi, 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, together with the management and external auditor of the company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements as well as the annual results announcement of the Group for the year ended 31 March 2024 with the management of the Group and recommended them to the Board for approval.

SCOPE OF WORK OF ASIAN ALLIANCE (HK) 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 2024 as set out in this announcement have been agreed by the Company's auditor, Asian Alliance (HK) CPA Limited ("**Asian Alliance**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Asian Alliance in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Asian Alliance on this 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 and Chief Executive Officer

Hong Kong, 28 June 2024

As at the date of this announcement, the Board comprises Mr. Leung Yam Cheung, Mr. Leung Wing Chun and Mr. Leung Chau Ming as executive Directors; Mr. Yau Sheung Hang as non-executive Director; and Mr. Tang Tsz Tsun, Mr. Tsang Ho Yin and Ms. Wu Kin Yi as independent non-executive Directors.