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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 2023**

### **HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2023**

- Revenue was approximately HK\$612.8 million for the year ended 31 March 2023, representing an increase of approximately 13.8% as compared with the same for the year ended 31 March 2022;
- Gross profit was approximately HK\$44.5 million for the year ended 31 March 2023, representing a decrease of approximately 20.7% as compared with the same for the year ended 31 March 2022;
- Gross profit margin decreased from approximately 10.4% for the year ended 31 March 2022 to approximately 7.3% for the year ended 31 March 2023;
- Profit and total comprehensive income for the year attributable to the owners of the Company was approximately HK\$33.5 million for the year ended 31 March 2023, representing an increase of approximately 16.4% as compared with the same for the year ended 31 March 2022;
- Basic earnings per share attributable to the owners of the Company was approximately HK2.09 cents for the year ended 31 March 2023, and approximately HK1.80 cents for the year ended 31 March 2022; and
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2023.

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 2023, together with the comparative figures for the year ended 31 March 2022, as follows:

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

*For the year ended 31 March 2023*

|   | <i>Note</i> | <b>2023</b><br><i>HK\$’000</i> | 2022<br><i>HK\$’000</i> |
|---|-------------|--------------------------------|-------------------------|
| <b>Revenue</b>  | 4           | <b>612,780</b>                 | 538,355                 |
| Cost of services  |             | <u>(568,240)</u>               | <u>(482,213)</u>        |
| Gross profit  |             | <b>44,540</b>                  | 56,142                  |
| Other income  | 5           | <b>19,108</b>                  | –                       |
| Administrative and other operating expenses   |             | <u>(23,925)</u>                | <u>(20,532)</u>         |
| Finance costs   | 6           | <u>(2,005)</u>                 | <u>(1,145)</u>          |
| <b>Profit before tax</b>  | 6           | <b>37,718</b>                  | 34,465                  |
| Income tax expenses   | 7           | <u>(4,222)</u>                 | <u>(5,678)</u>          |
| <b>Profit and total comprehensive income for<br/>the year attributable to owners of the<br/>Company</b> |             | <u><b>33,496</b></u>           | <u>28,787</u>           |
| <b>Earnings per share</b>   |             | <i>HK cents</i>                | <i>HK cents</i>         |
| Basic and diluted   | 8           | <u><b>2.09</b></u>             | <u>1.80</u>             |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

|  | <i>Note</i> | <b>2023</b><br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| <b>Non-current assets</b>                    |             |                                |                         |
| Property, plant and equipment                |             | <b>25,851</b>                  | 38,476                  |
| Deferred tax assets                          |             | <b>357</b>                     | 357                     |
|  |             | <b>26,208</b>                  | 38,833                  |
| <b>Current assets</b>                        |             |                                |                         |
| Trade and other receivables                  | 10          | <b>310,624</b>                 | 268,730                 |
| Contract assets                              | 11          | <b>127,985</b>                 | 94,057                  |
| Contract costs                               |             | –                              | 7,469                   |
| Income tax receivable                        |             | <b>1,135</b>                   | 3,285                   |
| Bank balances and cash                       |             | <b>24,553</b>                  | 32,372                  |
|  |             | <b>464,297</b>                 | 405,913                 |
| <b>Current liabilities</b>                   |             |                                |                         |
| Trade and other payables                     | 12          | <b>47,403</b>                  | 32,696                  |
| Interest-bearing borrowings                  | 13          | <b>47,488</b>                  | 51,202                  |
| Lease liabilities                            |             | <b>980</b>                     | 588                     |
|  |             | <b>95,871</b>                  | 84,486                  |
| <b>Net current assets</b>                    |             | <b>368,426</b>                 | 321,427                 |
| <b>Total assets less current liabilities</b> |             | <b>394,634</b>                 | 360,260                 |
| <b>Non-current liability</b>                 |             |                                |                         |
| Lease liabilities                            |             | <b>947</b>                     | 69                      |
| <b>NET ASSETS</b>                            |             | <b>393,687</b>                 | 360,191                 |
| <b>Capital and reserves</b>                  |             |                                |                         |
| Share capital                                | 14          | <b>16,000</b>                  | 16,000                  |
| Reserves                                     |             | <b>377,687</b>                 | 344,191                 |
| <b>TOTAL EQUITY</b>                          |             | <b>393,687</b>                 | 360,191                 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2023

## 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 2022 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 HKFRS 16        | Covid-19-Related Rent Concessions Beyond 30 June 2021 |
| Amendments to HKAS 16         | Proceeds before Intended Use                          |
| Amendments to HKAS 37         | Cost of Fulfilling a Contract                         |
| Amendments to HKFRS 3         | Reference to the Conceptual Framework                 |
| Annual Improvements to HKFRSs | 2018–2020 Cycle                                       |

### ***Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021***

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

### ***Amendments to HKAS 16: Proceeds before Intended Use***

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

### ***Amendments to HKAS 37: Cost of Fulfilling a Contract***

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

### ***Amendments to HKFRS 3: Reference to the Conceptual Framework***

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

### ***Annual Improvements Project – 2018–2020 Cycle***

#### **HKFRS 1: Subsidiary as a First-time Adopter**

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

## HKFRS 9: Fees in the “10 per cent” Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

## HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

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 2023, which the Group has not early adopted:

|                                    |  |
|------------------------------------|--|
| Amendments to HKAS 1               | Disclosure of Accounting Policies <sup>(1)</sup>   |
| Amendments to HKAS 8               | Definition of Accounting Estimates <sup>(1)</sup>  |
| Amendments to HKAS 12              | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>(1)</sup>      |
| HKFRS 17                           | Insurance Contracts <sup>(1)</sup>   |
| Amendment to HKFRS 17              | Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information <sup>(1)</sup>                 |
| Amendments to HKAS 1               | Classification of Liabilities as Current or Non-current <sup>(2)</sup>                               |
| Amendments to HKAS 1               | Non-current Liabilities with Covenants <sup>(2)</sup>  |
| Amendments to HKFRS 16             | Lease Liability in a Sale and Leaseback <sup>(2)</sup>   |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(3)</sup> |

<sup>(1)</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>(2)</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>(3)</sup> 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 2023 and 2022 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 2023 and 2022 are as follows:

|            | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|------------|-------------------------|-------------------------|
| Customer A | 135,567                 | N/A <sup>Note</sup>     |
| Customer B | 115,841                 | 124,994                 |
| Customer C | 94,669                  | 59,005                  |
| Customer D | 92,368                  | 114,621                 |
| Customer E | N/A <sup>Note</sup>     | 58,889                  |
| Customer F | N/A <sup>Note</sup>     | 57,076                  |

*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 2023 and 2022, 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

|                                | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--------------------------------|-------------------------|-------------------------|
| Subsidy income ( <i>Note</i> ) | 18,214                  | –                       |
| Compensation income            | 894                     | –                       |
|                                | <u>19,108</u>           | <u>–</u>                |

*Note:* During the year ended 31 March 2023, the Group recognised government grants of approximately HK\$18,214,000 (2022: Nil) in respect of anti-epidemic fund (the “**Employment Support Scheme**”) 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 contingences relating to these grants.

## 6. PROFIT BEFORE TAX

This is stated after charging (crediting):

|  | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>a) Finance costs</b>  |                         |                         |
| Interest on lease liabilities  | 88                      | 54                      |
| Interest on interest-bearing borrowings  | <u>1,917</u>            | <u>1,091</u>            |
|  | <u><b>2,005</b></u>     | <u><b>1,145</b></u>     |
| <b>b) Staff costs, including directors' remuneration</b>   |                         |                         |
| Salaries, allowances, discretionary bonus and other benefits in kind   | 367,650                 | 341,787                 |
| Contributions to defined contribution plans  | <u>10,263</u>           | <u>9,750</u>            |
| <i>Note</i>  | <u><b>377,913</b></u>   | <u><b>351,537</b></u>   |
| <b>c) Other items</b>  |                         |                         |
| Auditor's remuneration   | 1,400                   | 1,500                   |
| Cost of materials recognised as cost of services   | 119,031                 | 86,068                  |
| Depreciation of property, plant and equipment (included in "cost of services" and "administrative and other operating expenses", as appropriate) | 14,350                  | 15,060                  |
| Provision for (Reversal of) loss allowance for trade receivables (included in administrative and other operating expenses)                       | 369                     | (2,655)                 |
| Provision for loss allowance for contract assets (included in administrative and other operating expenses)                                       | 148                     | 46                      |
| Subcontracting fees recognised as cost of services   | <u>50,016</u>           | <u>24,898</u>           |

*Note:* During the year ended 31 March 2023, total staff costs of HK\$369,235,000 (2022: HK\$341,867,000) were included in the cost of services. The remaining staff costs were recognised in administrative and other operating expenses.



## 7. INCOME TAX EXPENSES

|   | 2023<br>HK\$'000 | 2022<br>HK\$'000 |
|---|------------------|------------------|
| <b>Current tax</b>                                |                  |                  |
| Hong Kong Profits Tax                             |                  |                  |
| – current year                                    | 3,727            | 5,977            |
| – under (over) provision in prior year            | 495              | (140)            |
| <b>Deferred tax</b>                               |                  |                  |
| Origination and reversal of temporary differences | –                | (159)            |
| Income tax expenses                               | <u>4,222</u>     | <u>5,678</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 2023 and 2022, 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:

|  | 2023             | 2022             |
|--|------------------|------------------|
| <i>Profit:</i>   |                  |                  |
| Profit attributable to owners of the Company (HK\$'000)    | <u>33,496</u>    | <u>28,787</u>    |
| <i>Number of shares:</i>                                   |                  |                  |
| Weighted average number of ordinary shares in issue ('000) | <u>1,600,000</u> | <u>1,600,000</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 2023 and 2022.

## 9. DIVIDENDS

The Board does not recommend the payment of any dividend in respect for the year ended 31 March 2023 (2022: Nil).

## 10. TRADE AND OTHER RECEIVABLES

|  | <i>Note</i> | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|--|-------------|-------------------------|-------------------------|
| <b>Trade receivables of construction works</b>     |             | <b>312,534</b>          | 264,289                 |
| Less: Allowance for expected credit losses (“ECL”) |             | <u>(2,698)</u>          | <u>(2,329)</u>          |
|  | 10(a)       | <u><b>309,836</b></u>   | <u>261,960</u>          |
| <b>Other receivables</b>                           |             |                         |                         |
| Deposits and other receivables                     |             | <b>339</b>              | 326                     |
| Prepayment to suppliers                            |             | –                       | 6,319                   |
| Other prepaid expenses                             |             | <u><b>449</b></u>       | <u>125</u>              |
|  |             | <u><b>788</b></u>       | <u>6,770</u>            |
|  |             | <u><b>310,624</b></u>   | <u>268,730</u>          |

### 10(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:

|                                   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|-----------------------------------|-------------------------|-------------------------|
| Within 30 days                    | –                       | –                       |
| 31 to 60 days                     | <b>22,893</b>           | 26,715                  |
| 61 to 90 days                     | <b>11,291</b>           | 28,067                  |
| Over 90 days but less than 1 year | <b>264,219</b>          | 185,142                 |
| Over 1 year                       | <u><b>11,433</b></u>    | <u>22,036</u>           |
|                                   | <u><b>309,836</b></u>   | <u>261,960</u>          |

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

## 11. CONTRACT ASSETS

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>Analysed as current:</b>                       |                         |                         |
| Unbilled revenue of construction works            | 51,577                  | 33,343                  |
| Retention money receivables of construction works | <u>76,648</u>           | <u>60,806</u>           |
|   | 128,225                 | 94,149                  |
| Less: Allowance for ECL                           | <u>(240)</u>            | <u>(92)</u>             |
|   | <u><u>127,985</u></u>   | <u><u>94,057</u></u>    |

## 12. TRADE AND OTHER PAYABLES

|   | <i>Note</i> | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------|-------------------------|-------------------------|
| <b>Trade payables</b>                         | 12(a)       | <u>11,713</u>           | <u>4,712</u>            |
| <b>Other payables</b>                         |             |                         |                         |
| Salaries and other employee benefits payables |             | 33,484                  | 25,679                  |
| Accruals and other payables                   |             | <u>2,206</u>            | <u>2,305</u>            |
|   |             | <u>35,690</u>           | <u>27,984</u>           |
|   |             | <u><u>47,403</u></u>    | <u><u>32,696</u></u>    |

### 12(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:

|                | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Within 60 days | 4,517                   | 1,309                   |
| 61 to 90 days  | 3,650                   | 1,340                   |
| Over 90 days   | <u>3,546</u>            | <u>2,063</u>            |
|                | <u><u>11,713</u></u>    | <u><u>4,712</u></u>     |

### 13. INTEREST-BEARING BORROWINGS

|   | 2023<br><i>HK\$'000</i> | 2022<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| <b>Current</b>                                    |                         |                         |
| Bank borrowings with a repayment on demand clause | <u>47,488</u>           | <u>51,202</u>           |

### 14. SHARE CAPITAL

|   | Number of<br>shares  | Amount<br><i>HK\$'000</i> |
|---|----------------------|---------------------------|
| <b>Ordinary shares of HK\$0.01 each</b>                           |                      |                           |
| <i>Authorised:</i>  |                      |                           |
| At 1 April 2021, 31 March 2022, 1 April 2022 and<br>31 March 2023 | <u>4,000,000,000</u> | <u>40,000</u>             |
| <i>Issued and fully paid:</i>                                     |                      |                           |
| At 1 April 2021, 31 March 2022, 1 April 2022 and<br>31 March 2023 | <u>1,600,000,000</u> | <u>16,000</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 year ended 31 March 2023 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 2023, the Group secured 12 new contracts with total original contract value of approximately HK\$563.0 million, representing an increase of approximately 71.6% compared to the year ended 31 March 2022 of approximately HK\$328.1 million. All of these projects started contributing revenue to the Group during the year ended 31 March 2023.

As at 31 March 2023, the Group has a total of 21 projects on hand with the estimated total outstanding contract value of approximately HK\$632.6 million, representing an increase of approximately 31.5% as compared with the estimated total outstanding contract value of approximately HK\$481.1 million as at 31 March 2022. 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 reasonable 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 year ended 31 March 2023, the Group recorded revenue of approximately HK\$612.8 million, representing an increase of 13.8% comparing with that of approximately HK\$538.4 million for the year ended 31 March 2022. The increase was mainly attributable to the net effect on the increase in revenue recognised from new Projects, which mainly from Projects TMB-119, TMB-121, TMB-122 and TMB-127, in aggregate of approximately HK\$157.6 million which was offset by the decrease in revenue of approximately HK\$87.5 million for projects completed during the year ended 31 March 2023, which mainly from Projects TMB-84, TMB-90, TMB-94, TMB-108 and TMB-113. Set out below is the revenue breakdown of the Group derived from public sector projects and private sector projects for the year ended 31 March 2023:

|                         | Year ended 31 March |                            |                                 |                 |                            |                                 |
|-------------------------|---------------------|----------------------------|---------------------------------|-----------------|----------------------------|---------------------------------|
|                         | 2023                |                            |                                 | 2022            |                            |                                 |
|                         | No. of projects     | Revenue<br><i>HK\$'000</i> | Percentage<br>of revenue<br>(%) | No. of projects | Revenue<br><i>HK\$'000</i> | Percentage<br>of revenue<br>(%) |
| Public sector projects  | 20                  | 389,752                    | 63.6                            | 14              | 398,983                    | 74.1                            |
| Private sector projects | 10                  | 223,028                    | 36.4                            | 11              | 139,372                    | 25.9                            |
| Total                   | 30                  | 612,780                    | 100.0                           | 25              | 538,355                    | 100.0                           |

### Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$11.6 million or 20.7% from approximately HK\$56.1 million for the year ended 31 March 2022 to approximately HK\$44.5 million for the year ended 31 March 2023.

The Group's gross profit margin decreased from approximately 10.4% for the year ended 31 March 2022 to approximately 7.3% for the year ended 31 March 2023.

The decrease in gross profit and gross profit margin was mainly due to the Group adopted a prudential approach in the preparation of tender with a lower profit margin, but with a larger contract sum amount, in order to secure the stable business development.

## **Other income**

The Group's other income increased from nil for the year ended 31 March 2022 to approximately HK\$19.1 million for the year ended 31 March 2023. The increase was mainly due to the recognition of government grant of approximately HK\$18.2 million in respect of anti-epidemic fund provided by the Government of Hong Kong Special Administrative Region.

## **Administration and other operating expenses**

The Group's administrative expenses and other operating expenses increased from approximately HK\$20.5 million for the year ended 31 March 2022 to approximately HK\$23.9 million for the year ended 31 March 2023, representing an increase of approximately 16.5%. The increase was mainly attributable to an increase in provision for loss allowance for trade receivables approximately HK\$0.4 million for the year ended 31 March 2023 (2022: Reversal of loss allowance for trade receivables approximately HK\$2.7 million).

## **Finance costs**

The Group's finance costs increased from approximately HK\$1.1 million for the year ended 31 March 2022 to approximately HK\$2.0 million for the year ended 31 March 2023 which was mainly attributable to the increase in interest rate on the interest-bearing borrowings during the year ended 31 March 2023.

## **Income tax expenses**

The Group's income tax expenses decreased from approximately HK\$5.7 million for the year ended 31 March 2022 to approximately HK\$4.2 million for the year ended 31 March 2023, representing a decrease of approximately HK\$1.5 million or 25.6%. The decrease was mainly attributable to the decrease in estimated assessable profits.

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

As a result of the foregoing, profit and total comprehensive income for the year attributable to owners of the Company increased by approximately HK\$4.7 million or 16.4% from approximately HK\$28.8 million for the year ended 31 March 2022 to approximately HK\$33.5 million for the year ended 31 March 2023.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the declaration of any final dividend for the year ended 31 March 2023 (2022: 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 2023, the Group had net current assets of approximately HK\$368.4 million (31 March 2022: HK\$321.4 million) and cash and bank balances of approximately HK\$24.6 million (31 March 2022: HK\$32.4 million).

As at 31 March 2023, the Group's total equity attributable to owners of the Company amounted to approximately HK\$393.7 million (31 March 2022: HK\$360.2 million), and the Group's total interest-bearing borrowings and lease liabilities amounted to approximately HK\$49.4 million which are denominated in Hong Kong dollars (31 March 2022: HK\$51.9 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 2023 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 (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 2023, the gearing ratio (calculated on the basis of total interest-bearing borrowings divided by total equity of the Group) was approximately 12.1% (31 March 2022: 14.2%).

## **CAPITAL COMMITMENTS**

The Group had no significant capital commitments as at 31 March 2023 (31 March 2022: Nil).

## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 31 March 2023 (31 March 2022: Nil).

## **CHARGE ON GROUP ASSETS**

The Group had no charges on assets as at 31 March 2023 (31 March 2022: 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 2023, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

## **SIGNIFICANT INVESTMENT HELD**

During the year ended 31 March 2023, 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 31 March 2023, the Group employed 1,467 employees (31 March 2022: 1,212). 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 2023.

## 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 2023:

|   | Planned use of net proceeds in total |              | Actual use of net proceeds up to 31 March 2022 | Amount utilised during the year ended 31 March 2023 | Unutilised balance as at 31 March 2023 | Expected timeline for utilising unutilised net proceeds |
|---|--------------------------------------|--------------|--|---|--|---|
|   | <i>HK\$ million</i>                  | <i>%</i>     | <i>HK\$ million</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   | –                                      | Not applicable  |
| General working capital of the Group  | 7.0                                  | 8.6          | 7.0  | –   | –                                      | Not applicable  |
| <b>Total</b>  | <b>81.1</b>                          | <b>100.0</b> | <b>79.4</b>                                    | <b>1.7</b>  | <b>–</b>                               |   |

As at 31 March 2023, all net proceeds from the Listing has been fully utilised which were used according to the intentions previously disclosed by the Company in the Prospectus.

## **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 year ended 31 March 2023, 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 31 March 2023, the Group's right-of-use assets of approximately HK\$1.9 million (31 March 2022: approximately HK\$0.6 million) were included in the property, plant and equipment, and its lease liabilities were approximately HK\$1.9 million (31 March 2022: approximately HK\$0.7 million). The related right-of-use assets and lease liabilities are all located in Hong Kong.

## **COMPETING BUSINESSES**

During the year ended 31 March 2023, 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 14 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 2023.

## **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 2023.

## **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 2023.

## **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](http://www.hkexnews.hk) and on the website of the Company at [www.skymission.group](http://www.skymission.group). The annual report of the Company for the year ended 31 March 2023 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, 22 September 2023 (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, 19 September 2023 to Friday, 22 September 2023, 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, 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 18 September 2023.

## **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 annual results announcement of the Group for the year ended 31 March 2023 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 2023 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 2023

*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.*