

TARGET

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SKYMISSION GROUP HOLDINGS LTD: THIS COMPANY MAY NOT BE EVERYBODY'S CUP OF TEA

A nagging question that, no doubt, right-minded investors might well be cogitating, today, is this:

‘To what degree will Skymission Group Holdings Ltd (天任集團控股有限公司) (Code 1429, Main Board, The Stock Exchange of Hongkong Ltd) be mangled, inter alia, by the probable loss of a goodly part, or all the custom of Customer F (the name of this customer was, clearly, purposely omitted in the Share Offer Prospectus of the Company), as well as the \$HK60-million costs, with regard to Listing Expenses, and Management’s declarative statement that the Net Profit for the Current Financial Year will be materially lower than that of the previous Financial Year?’

Skymission Group Holdings Ltd published and disseminated its 494-Page Share Offer Prospectus in the **Hongkong Special Administrative Region (HKSAR)** of the **People’s Republic of China (PRC)** on Tuesday, September 15, 2020.

At Page 41 of this Share Offer Prospectus, it was stated, among other things:

‘In relation to the material uncertainty relating to going concern for the parent company of Customer F, since Customer F has been one of our Group’s top five customers during the Track Record Period (actually only for the three Financial Years of the four Financial Years, stated as being the Track-record Period), ... in this prospectus, the financial conditions of its parent company may have impacts (sic) on the business operations and financial conditions of Customer F.

‘Customer F accounted for approximately 17.5%, 18.6% and 16.4% of our revenue for FY2018, FY2019 and FY2020, respectively. As at the Latest Practicable Date (September 7, 2020), our Group still has projects with Customer F in backlog and had no intention to halt the business relationship with Customer F. Nevertheless, if any part or whole of our business relationship with Customer F is halted due to defaults of its parent company and the bank’s demand under the facility agreement or any financial difficulties on the part of its parent company, our business,

results of operations, financial performance and future prospects may be materially and adversely affected.'

(More about this matter, later on in this report.)

The Initial Public Offering (IPO) Of Skymission Group Holdings Ltd

Management of Skymission Group Holdings Ltd offered a total of 400 million, one-cent Offer Shares at the Indicative Offer Price Per Share, ranging from a low of 35 cents to a high of 44 cents.

Investors of the HKSAR were presented with the entitlement to subscribe to 40 million Offer Shares, dubbed the '*Public Offer Shares*' tranche, and, presumably, International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with their corporate entities in which this class of investors has very material vested interests by virtue of their equity control – were induced to sign in on valid applications for some of the 360 million Shares on Offer via Share Placements (the Placing Shares tranche).

On Monday, September 28, 2020, Management announced that the Offer Price Per Share had been struck at 35 cents – the lowest level of the Indicative Offer Price range – and that it was envisaged that the net proceeds of the Share Offer would come in at approximately \$HK83.20 million.

In the Announcement as to the Offer Price and the Allotment Results of September 28, 2020, it was stated that the Public Offer Shares tranche had been '*very significantly over-subscribed*'.

Management stated that it had received a total of 33,001 valid applications, representing about 26.76 times the 40 million Public Offer Shares, initially available under this tranche.

In respect of the Placing Shares tranche, the Announcement stated that it had been '*slightly under-subscribed*', being 97.20 percent the total number of 360 million Offer Shares, initially available under this tranche.

At Page Eight of this Announcement, it was stated as to how Management envisaged the utilisation of the net proceeds of the Share Offer:

- Approximately, \$HK50.60 million, that is about 60.80 percent of the net proceeds from the Share Offer, '*will be used for (i) the payment of certain upfront costs and expenses, such as deposits for construction materials, costs of metal scaffold equipment rental, transportation and subcontracting charges; and (ii) the acquisition cost for aluminium formwork to be used in system formwork, for our future projects we are tendering for (sic)*';
- Approximately \$HK18.00 million, that is about 21.60 percent of the net proceeds from the Share Offer, '*will be used for increasing our stock of metal scaffold equipment and related parts*';

- Approximately, \$HK7.50 million, that is about 9.00 percent of the net proceeds from the Share Offer, '*will be used for further strengthening our manpower*'; and,
- Approximately, \$HK7.10 million, that is about 8.60 percent of the net proceeds from the Share Offer, '*will be used as general working capital of our Group*'.

The History And Business Of Skymission Group Holdings Ltd

Skymission Group Holdings Ltd has been in business for the past 22 years, according to Page 99 of the Share Offer Prospectus.

Temtex Engineering Ltd (天美工程有限公司) ... [CLICK TO ORDER FULL ARTICLE](#)

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