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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in SK Target Group Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

SK TARGET GROUP LIMITED

瑞強集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8427)

**MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE LAND USE RIGHTS**

A letter from the Board is set out from pages 4 to 9 of this circular.

A notice convening the EGM to be held at 3:00 p.m. on Tuesday, 18 June 2024 at Units 5906-12, 59/F, The Centre, 99 Queen's Road Central, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use by the shareholders at the EGM is enclosed.

Whether or not you are able to attend the EGM, you are advised to read this circular and to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated website (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expressions have the meaning set forth below:

“Acquisition”	the acquisition of the land use right of the Land by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Company”	SK Target Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange (Stock code: 8427)
“Completion”	completion of the Acquisition
“Completion Date”	the date of the Completion, which is expected to be on or before 31 October 2024
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the total consideration of RM7,952,313 payable by the Purchaser in relation to the Acquisition
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 3:00 p.m. on Tuesday, 18 June 2024 at Units 5906-12, 59/F, The Centre, 99 Queen’s Road Central, Hong Kong for the purpose of considering and, if thought fit, approving the transactions as contemplated under the Sale and Purchase Agreement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) (and in case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Land”	land parcel located No. 19, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia with a total land use right area of approximately 13,203 sq.m.
“Latest Practicable Date”	Tuesday, 28 May 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Net Proceeds”	the net proceeds received by the Company from its initial public offering on GEM of the Stock Exchange on 19 July 2017
“percentage ratio(s)”	has the meaning ascribed to it under the GEM Listing Rules
“psf”	per square foot
“Purchaser”	Target Precast Industries Sdn. Bhd., a company limited by shares incorporated in Malaysia and an indirect wholly-owned subsidiary of the Company
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“Sale and Purchase Agreement”	the sale and purchase agreement dated 2 May 2024 entered into among the Purchaser and the Vendor in respect of the Acquisition
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with nominal value of HK\$0.08 each in the capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	KLE Products SDN. BHD., a company limited by shares incorporated in the Malaysia and an Independent Third Party to the Company
“%”	per cent

LETTER FROM THE BOARD

SK TARGET GROUP LIMITED

瑞強集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8427)

Executive Director:

Mr. Loh Swee Keong

Independent Non-executive Directors:

Mr. Yau Ka Hei

Mr. Ma, She Shing Albert

Mr. Kwok Tsz Hin

Registered Office in the

Cayman Islands:

Windward 3,

Regatta Office Park,

P.O. Box 1350,

Grand Cayman KY1-1108,

Cayman Islands

Headquarter and Principal Place of

Business in Malaysia:

18, Jalan LP 2A/2,

Taman Lestari Perdana,

43300 Seri Kembangan,

Selangor, Darul Ehsan,

Malaysia

Principal Place of

Business in Hong Kong:

Room 1406-08, 14/F,

Austin Tower,

22-26 Austin Avenue,

Tsimshatsui,

Kowloon,

Hong Kong

31 May 2024

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE LAND USE RIGHTS**

INTRODUCTION

Reference is made to the announcement of the Company dated 2 May 2024 in relation to the Acquisition and the Sale and Purchase Agreement pursuant to which the Purchaser agreed

LETTER FROM THE BOARD

to purchase, and the Vendor agreed to sell, the land use right of the Land at the Consideration. The purpose of this circular is to provide you with (i) further details on the Acquisition; (ii) financial information on the Group; (iii) valuation report on the Land; and (iv) the notice of the EGM.

THE SALE AND PURCHASE AGREEMENT DATED 2 MAY 2024

Major terms of the Sale and Purchase Agreement are set out as follows:

- Subject matter** : The Purchaser agreed to purchase, and the Vendor agreed to sell the land use right of Land.
- Land** : No. 19, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia
- Consideration and payment terms** : The Consideration of RM7,952,313.00 shall be settled by the Purchaser to the Vendor in the following manner:–
- (i) a fully refundable deposit of RM168,589.00 already paid before signing of Sale and Purchase Agreement;
 - (ii) a further deposit of RM626,642.30 already paid upon signing of the Sale and Purchase Agreement; and
 - (iii) the balance of the Consideration (i.e. RM7,157,081.70) shall be paid on or before the Completion Date.
- Completion** : Completion shall take place on the Completion Date, which is expected to be on or before 31 October 2024.

Information of the Land

The Land is in vacant possession as at the Latest Practicable Date. The address of the Land is No. 19, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia with land use right area of approximately 13,203 sq.m.. The land use right of the Land had been granted for a term of 99 years expiring on 9 October 2099 for industrial use.

LETTER FROM THE BOARD

Basis of determination of consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to the followings:-

- (i) the location of the Land;
- (ii) the prevailing market price of comparable properties in the vicinity of the Land;
and
- (iii) the property valuation on the land use right of Land as at 9 May 2024 in the amount of RM8.0 million carried out by an independent professional valuer, details of which were set out in Appendix I of this Circular.

The Consideration shall be fully funded by the internal resources of the Group which is a portion of the Net Proceeds which has been reallocated for the purpose of acquiring the land use right of the Land.

Conditions Precedent

Completion is conditional upon the fulfilment of a number of conditions within ninety days from the date of the Sale and Purchase Agreement or any other extended period as mutually agreed by the parties in writing (the "**Long Stop Date**"):

- (a) the Sale and Purchase Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the extraordinary general meeting;
- (b) the Purchaser having obtained the approval of the relevant state authority pursuant to the relevant laws and regulations; and
- (c) the Vendor having obtained the relevant written state authority consent to transfer the Property in favour of the Purchaser.

In the event the above conditions are not fulfilled on or before the Long Stop Date, either party may terminate the Sale and Purchase Agreement pursuant to the terms and conditions of the Sale and Purchase Agreement.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE ACQUISITION

Immediately upon completion of the Acquisition, as the consideration will be financed by the Group's existing internal resources, the financial effects upon the Group are (i) an increase of non-current asset of approximately RM8.0 million of the Group; (ii) a decrease of the Group's net cash position by approximately RM8.0 million; (iii) an immaterial effect on the net assets of the Group; and (iv) an immaterial effect on the earnings of the Group.

GENERAL INFORMATION OF THE PARTIES

The Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability, and the shares which are listed on GEM of the Stock Exchange. The Group primarily manufacturing and trading of precast concrete junction boxes, trading of accessories and pipes and provision of mobile crane rental and ancillary services in Malaysia and sourcing service of materials in Hong Kong.

The Purchaser is a company limited by shares incorporated under the laws of Malaysia, and a wholly-owned subsidiary of the Company. The Purchaser is a main operating subsidiary of the Company which engages in production of concrete junction boxes.

The Vendor

The Vendor is a company limited by shares incorporated in Malaysia and principally engages in the manufacturing of conveyer chain parts. As at the date of the Sale and Purchase Agreement, the Vendor is wholly-owned by VIP Gloves Limited, the shares of which are listed on the Australian Securities Exchange (ASX code: VIP).

To the best of Director's knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Company is an investment holding company and the principal activities of the Group are manufacturing and trading of precast concrete junction boxes, trading of accessories and pipes and provision of mobile crane rental and ancillary services in Malaysia and sourcing service of materials in Hong Kong.

LETTER FROM THE BOARD

The Board is of the view that the Acquisition provides an opportunity for the Group to acquire a land in Malaysia for development of a self-used factory to manufacture precast concrete junction boxes and facilitate trading of accessories. The Company is now renting a factory in Selangor, Malaysia that the rental expenses of approximately RM504,000 per year. In addition, the land of the current factory is approximately 8,093 sq.m. which is smaller than the land use right of the Land of approximately 13,230 sq.m. The larger area will enable the Group to increase its production capacity by expanding its production lines. Having considered the cost of acquiring a land and self-developing the factory, the Board is of the view that having completed the development, the benefits and long-term rental saving from owning a self-owned factory outweighs the capital expenditure in relation to the Acquisition and self-development of factory on the said Land. The Acquisition will be fully funded by internal resources of the Group which is a portion of unutilised Net Proceeds. The Company expects that the cost of developing its self-owned factory will be approximately RM11.55 million.

The Board acknowledges that planning permission and building plan submission to the local authorities are essential steps in the development process. The Company is currently in discussion with a professional consultant regarding the necessary documents and plans for submission. The Board is also aware that the local authorities may have specific requirements for the construction of roadways, pathways, drainage, sewage, and other facilities or services for public use. Such requirements have been considered and included in the estimated cost of development.

Furthermore, while the specific requirements from local authorities have not yet been confirmed, the Board has discussed with the professional valuer and understands that the reasonable assumptions are based on prevailing market conditions and comparable developments in the area. The potential costs associated with meeting the anticipated infrastructure requirements were considered in the valuation. Given the available information and the long-term prospect of the self-development of the factory, the Board is of the view that the valuation is fair and reasonable.

The Directors (including the independent non-executive Directors) consider that the Acquisition is carried out on normal commercial terms, and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, such transaction constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at 3:00 p.m. on Tuesday, 18 June 2024 at Units 5906-12, 59/F, The Centre, 99 Queen's Road Central, Hong Kong is set out from pages EGM-1 to EGM-2 of this circular. An ordinary resolution (the "**Resolution**") will be proposed at the EGM for the Independent Shareholders to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Shareholders have a material interest in the Transaction which requires them to abstain from voting in the Resolution.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, the resolution will be voted on by way of poll at the EGM and the Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

RECOMMENDATION

The Directors consider that the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution in relation to the Acquisition to be proposed in the EGM.

ADDITIOINAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
SK Target Group Limited
Loh Swee Keong
Chariman and Executive Director

Target Precast Industries Sdn. Bhd.

18, Jalan LP 2A/2,
Lestari Perdana,
43300 Seri Kembangan,
Selangor Darul Ehsan

Dear Sirs,

**VALUATION CERTIFICATE OF A PARCEL OF INDUSTRIAL
LAND BEARING POSTAL ADDRESS NO. 19, JALAN PERUSAHAAN 1,
KAWASAN PERUSAHAAN BERANANG, 43700 BERANANG, SELANGOR
DARUL EHSAN HELD UNDER TITLE NO. HS(D) 58971, LOT NO. PT 15,
BANDAR BATU 26, BERANANG, DISTRICT OF ULU LANGAT, STATE
OF SELANGOR DARUL EHSAN
(HEREINAFTER REFERRED TO AS THE “SUBJECT PROPERTY”)**

INSTRUCTION AND VALUATION DATE

We refer to the instructions by **Target Precast Industries Sdn. Bhd.** (the “**Company**”) to provide an opinion on the **Market Value** of the abovementioned **Subject Property** in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEX**”).

In accordance with your instructions to value the Subject Property, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the property interest as at 9 May 2024 (the “**Valuation Date**”).

VALUATION STANDARDS

The valuation had been carried out in accordance with the GEM Listing Rules (including but not limited to Chapter 8 — Valuation of and Information on Properties) issued by **HKEX**, International Valuation Standards (the “**IVS**”) issued by the International Valuation Standards Council (the “**IVSC**”) and the Malaysian Valuation Standards (the “**MVS**”) issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia (the “**BOVAEAPM**”) and with the necessary professional responsibility and due diligence.

VALUATION BASIS

The basis of valuation adopted is the **Market Value** which is defined by the MVS and IVS to be “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

VALUATION METHODOLOGY

We have adopted only one method of valuation. We are of the opinion that the comparison approach is the best and only approach in this instance, as a result of the following factors:–

- a. There are a few consistent and recent transactions with similar characteristics as the Subject Property located in the same area, which solidifies the price trend and thus favours the comparison approach;
- b. The Subject Property has no existing tenancy agreement and is not an income generating property. In the absence of actual rental transactions, the only reliable source is via property advertisements. The rental rates as published in these advertisements are only asking prices and therefore not the true representation of the actual tenancy rates in the area. Any adjustments made will only be arbitrary and as such, the accuracy of using the Income Approach in arriving at the Market Value would be diminished; and
- c. There is no Development Order or any development planning of any sort at the current moment. Thus, the Residual Approach could not be utilized in this instance.

The comparison approach involves comparing the Subject Property with recently transacted properties of a similar nature or offers for sale of similar properties in the area. Adjustments are then made to the dissimilarities between the comparable and the Subject Property in order to arrive at a common basis for comparison.

TITLE INVESTIGATION

We have been shown the land title document relating to the property interests and have also made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the countries and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have reviewed and considered the legal opinions issued by the legal advisors of the relevant countries given by our Company's legal advisors concerning the validity of the property interests in these countries.

We have carried out detailed measurements to verify the correctness of the areas in respect of the Subject Property and we have verified that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

INSPECTION AND INVESTIGATIONS

We have inspected the exterior and the interior of the Subject Property. No tests were carried out on any of the services.

Inspection of the Subject Property was carried out on 9 May 2024 by the following Executive Director and Business Development Manager from Laurelcap Sdn. Bhd.:

- i. Sr Stanley Toh Kim Seng, an Executive Director of Laurelcap Sdn. Bhd. and a Registered Valuer of BOVAEAPM, a member of Royal Institution Surveyors Malaysia (RISM) and a member of Royal International Chartered Surveyors (RICS); and
- ii. Sr Ngai Jun Xian, a Business Development Manager of Laurelcap Sdn. Bhd.

We have no reason to doubt the truth and accuracy of the information provided to us by our Company. We have also sought confirmation from our Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Ringgit Malaysia (RM).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,

For and on behalf of Laurelcap Sdn. Bhd.

Sr STANLEY TOH KING SENG

BSc (Hons) Estate Management,

MRISM, MRICS, MPEPS, MMIPFM, ICVS, MBVAM

Registered Valuer (V-927)

Executive Director

VALUATION CERTIFICATE

Property interests in Malaysia

Property (Address)	Description and tenure	Particulars of occupancy	Market Value in existing state as at 9 May 2024 RM
No. 19, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan	The Subject Property is a parcel of industrial land. The land resembles an almost rectangular shaped parcel of land encompassing a surveyed land area of approximately 13,347.00 sq.m (3.30 acres). It is generally flat and lies above the frontage road of Jalan Perusahaan 1.	The Subject Property is partially occupied by KLE Products SDN. BHD. for commercial purposes and vacant on the remaining areas.	8,000,000.00
	The Subject Property is overgrown with shrubs and trees. We have also noted that the land is erected with a temporary shed on the north-eastern corner.		
	Infrastructure in the form of drainage, electricity, water, telephone lines and sewerage are readily available and can be connected to the Subject Property.		
	The Subject Property is held under HS(D) 58971, Lot No. PT 15, Bandar Batu 26, Beranang, District of Ulu Langat, State of Selangor Darul Ehsan.		
	It is Leasehold for 99 years. Term expiring on 9 October 2099.		

Notes:

1. The valuation and this certificate was prepared by Sr STANLEY TOH KING SENG BSc (Hons) Estate Management, MRISM, MRICS, MPEPS, MMIPFM, ICVS, MBVAM Registered Valuer (V-927) and Sr Ngai Jun Xian BSc (Hons) Real Estate Management And Developmement MRISM Probationary Valuer (PV 2390).

2. Details of the Title Search of the property dated 9 May 2024 is shown below:-

Title No.	:	HS(D) 58971
Lot No.	:	PT 15
Bandar/Pekan/Mukim	:	Bandar Batu 26, Beranang
District	:	Ulu Langat
State	:	Selangor Darul Ehsan
Land Area	:	13,347.00 sq.m. (143,667.11 sq.ft. or 3.30 acres) ⁽¹⁾
Tenure	:	Leasehold for 99 years. Term expiring on 9 October 2099. Leaving an unexpired term of approximately 75 years as at the date of valuation.
Quit Rent	:	RM 7,539.00 per annum
Category of Land Use	:	Industrial
Express Condition	:	Industrial
Restriction In Interest	:	This alienated land cannot be transferred, leased or charged except with the permission of the State Authority.
Registered Owner	:	KLE Products SDN. BHD. (1/1 share)
Charge/Encumbrance	:	One charge to Al Rajhi Banking & Investment Corporation (Malaysia) Bhd vide Presentation No. 001SC49110/2017 dated on 15 June 2017.
Endorsement	:	Private caveat lodged by Target Precast Industries Sdn. Bhd. vide Presentation No. 001B18226/2023 dated on 28 April 2023.

⁽¹⁾ As per Certified Plan PA 75963.

3. General description of the property is shown below:-

Location	:	The Subject Property is situated along Jalan Perusahaan 1 within Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan. It is approximately 48.00 kilometres and 17.00 kilometres south-east of Kuala Lumpur City Centre and Kajang town centre. Major connecting roads servicing the areas are Jalan Semenyih, Persiaran Tasik Kesuma and Kajang-Seremban Highway (LEKAS).
Surrounding Area	:	The Subject Property is located within an area designated for industrial use. The industrial park mainly consists of individually designed factories.

4. The Subject Property is situated in an area ripe for development, as evidenced by the numerous individually designed factories within the industrial park.

5. As at the date of valuation, there are no planning permission and/or building plan submitted to the local authorities. All development approvals are subject to the compliance with the planning guidelines issued by the relevant local authorities and by-laws. Depending on the development components, construction of roadways, pathways, drainage, sewage and other facilities or services for public use may be required.

6. In arriving at the Market Value of the Subject Property, three (3) relevant land transactions within the vicinity have been identified, and adjustments are made to the dissimilarities between the comparables and the Subject Property.

7. The three (3) sales evidence compiled for this valuation exercise were exhaustive and gathered based on similarities with the Subject Property in terms of the following characteristics:-
- Property Type: Industrial land
 - Location: Within 2-kilometre radius
 - Transaction Date: Less than 2 years from the date of valuation
8. Recent transactions of industrial lands of similar nature within the neighbourhood which are pertinent to substantiate a value indication for the subject are reviewed and these sales are listed below.

COMPARABLES	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3
Source	Valuation and Property Services Department, Malaysia	Valuation and Property Services Department, Malaysia	Valuation and Property Services Department, Malaysia
Description	A vacant parcel of industrial land	A vacant parcel of industrial land	Two (2) adjoining parcels of vacant industrial land
Address	No. 12, Jalan Perusahaan 2, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan	No. 25, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan	Nos. 3 & 5, Jalan Kesuma 2/4, Bandar Tasik Kesuma, 43700 Beranang, Selangor Darul Ehsan
Transaction Date	14 November 2023	27 October 2023	30 January 2023
Category of land use	Industrial	Industrial	Industrial
Zoning	Industrial	Industrial	Industrial
Vendor	Seri Harmoni Haulage Sdn. Bhd.	Goh Hun Poh	Perniagaan Eden Sdn Bhd
Purchaser	Tonn Cable Sdn. Bhd.	Lahaya Metals Sdn Bhd	Am Alloy Industries Sdn Bhd
Tenure	Leasehold for 99 years. Term expiring on 9 October 2099. Leaving an unexpired term of approximately 76 years as at the date of transaction.	Leasehold for 99 years. Term expiring on 9 October 2099. Leaving an unexpired term of approximately 76 years as at the date of transaction.	Grant in perpetuity
Land Area	9,088.00 sq.m. (97,823.23 sq.ft. or 2.25 acres)	13,313.00 sq.m. (143,301.13 sq.ft. or 3.29 acres)	11,606.00 sq.m. (124,926.98 sq.ft. or 2.87 acres)
Consideration	RM 7,200,000.00	RM 9,888,556.00	RM 11,867,964.00
Analysis	RM 73.60 psf	RM 69.01 psf	RM 95.00 psf

To arrive at a common basis for comparison, we have considered the following factors inclusive of time, location, accessibility, tenure, shape, size, land use, zoning, improvement and terrain. Dissimilarities were only identified in the factors below:-

FACTORS	ADJUSTMENTS			BASIS
	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	
Tenure	Nil	Nil	-12%	The adjustment is based on the difference in remaining term between the Subject Property and the comparable.
Size	-2%	Nil	-2%	The adjustment made is due to the effects of economics of scale. A smaller land area will fetch a higher price in psf terms and vice versa.
Improvement	-10%	-20%	-10%	Improvements on the land such as site clearance and earthwork were carried out on the comparables whilst the Subject Property is overgrown with shrubs and trees.
Total	-12%	-20%	-24%	

After the aforesaid adjustments were made, the adjusted price psf range from RM 55.76 psf to RM 72.92 psf. The effective adjustments among the comparable ranges from -24% to -12%.

Taking into consideration of the differences of the Subject Property and the comparables, we have adopted Comparable 2 as the most appropriate comparable due to the following characteristics:-

- a) It is located closest to the Subject Property;
- b) The land area of the Subject Property and Comparable 2 is most similar;
- c) Both are leasehold in tenure; and
- d) The transaction is considered recent in view of the lack of transactions within Beranang.

From the above analysis, we have adopted a price psf after adjustment of **RM 55.76 psf**.

A. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 May 2023 and the six months ended 30 November 2023 are disclosed in the following documents which are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.sktargetgroup.com.

- i. Annual report of the Company for the year ended 31 May 2021
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0831/2021083101299.pdf>
- ii. Annual report of the Company for the year ended 31 May 2022
<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0831/2022083100756.pdf>
- iii. Annual report of the Company for the year ended 31 May 2023
<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0831/2023083102028.pdf>
- iv. Interim report of the Company for the six months ended 30 November 2023
<https://www1.hkexnews.hk/listedco/listconews/gem/2024/0112/2024011201024.pdf>

B. INDEBTEDNESS

At the close of business on 30 April 2024, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	Secured <i>RM'000</i>	The Group Unsecured <i>RM'000</i>	Total <i>RM'000</i>
Carrying amount of promissory notes	–	3,478	3,478
Lease liabilities	–	458	458
	–	3,936	3,936

As at 30 April, 2024, both the promissory notes and lease liabilities are not guaranteed.

Save as aforesaid or otherwise disclosed herein, and apart from normal trade payables in the ordinary course of business, as at the close of business on 30 April 2024, the Group did not have any debt securities authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, lease liabilities, mortgages or charges, other material contingent liabilities or guarantees outstanding. To the best of the knowledge of the Directors, having made all reasonable enquiries, there has been no material change in the level of indebtedness of the Group since 30 April 2024.

C. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including internally generated funds, bank and other facilities, the Group will have sufficient working capital for its operation for at least twelve months from the date of this circular.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 31 May 2023, being the date to which the latest audited consolidated financial statements of the Group were made up.

E. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group manufactures and sells precast concrete telecommunication junction boxes and precast concrete electrical junction boxes under the brand of “Target” in Malaysia (the “**Manufacturing and Trading Business**”). The Group’s precast concrete junction boxes are used in (i) telecommunication and electrical infrastructures upgrade and expansion works; and (ii) construction projects in Malaysia. They are buried underground to deter tampering and are used to house and protect a junction with telecommunication and electrical utility connection and distribution access points from weather, changing elevation underground and provide easy access for maintenance.

The Group has been a registered supplier or approved supplier of various notable telecommunication companies such as Celcom Axiata Berhad (“**Celcom**”) and Telekom Malaysia (“**Telekom**”) since 2008 and the registered supplier of Tenaga Nasional Bhd. (“**TNB**”), the only electric utility company in Malaysia since 2012. Hence, the Group’s precast concrete junction boxes can be used in infrastructure or construction projects involving telecommunication companies and TNB.

As disclosed in the interim report of the Company for the six months ended 30 November 2023, the revenue of the Group decreased by approximately 6.49% from approximately RM16.4 million for the six months ended 30 November 2022 to approximately RM15.3 million for the six months ended 30 November 2023, the decrease is mainly due to the decrease in the revenue of the sale of health supplement products business as a result of the change in direction of business strategy and management has dedicated more resources on developing manufacturing and trading of precast concrete junction boxes business following the recovery from COVID-19.

The Board always strives to improve Group’s business operations and financial position by proactively seeking potential investment opportunities that would diversify the Group’s existing portfolio and broaden its source of income, and enhance value to the shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company and associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Sections 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Ordinary Shares of the Company

Name of Director/ Chief Executive	Capacity/ Nature of interest	Number of Shares interested	Percentage of the Company's issued share capital
Mr. Loh Swee Keong ^{Note}	Interest in controlled corporation	29,827,500	21.89%

Note: Merchant World Investments Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Loh Swee Keong. Mr. Loh Swee Keong is deemed to be interested in all the Shares held by Merchant World Investments Limited for the purpose of the SFO.

Save for disclosed above, as at Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provision of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

(b) Substantial shareholders' and other persons' interests and short positions in the shares and underlying shares of the company

As at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had interests and/or short positions in the shares and underlying shares of the Company which would fall to be disclosed of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Ordinary Shares of the Company

Name	Capacity/ Nature of interest	Number of Shares interested	Percentage of the Company's issued share capital
Merchant World Investments Limited	Beneficial owner	29,827,500	21.89%
Ms. Woon Sow Sum ^{Note 1}	Interest of spouse	29,827,500	21.89%
Greater Elite Holdings Limited	Beneficial owner	23,510,100	17.25%
Mr. Law Fung Yuen Paul ^{Note 2}	Interest in controlled corporation	23,510,100	17.25%

Name	Capacity/ Nature of interest	Number of Shares interested	Percentage of the Company's issued share capital
Ms. Cheng Lai Wah Christina <i>Note 3</i>	Interest of spouse	23,510,100	17.25%
Mr. Choy Sheung Ki Gary	Beneficial owner	10,323,000	8.33%

Notes:

- (1) Ms. Woon Sow Sum is the spouse of Mr. Loh Swee Keong and is deemed, or taken to be interested in all Shares in which Mr. Loh Swee Keong has interest under the SFO.
- (2) Greater Elite Holdings Limited is a company incorporated in the BVI and is wholly-owned by Mr. Law Fung Yuen Paul. Mr. Law Fung Yuen Paul is deemed to be interested in all the Shares held by Greater Elite Holdings Limited for the purpose of the SFO.
- (3) Ms. Cheng Lai Wah Christina is the spouse of Mr. Law Fung Yuen Paul and is deemed, or taken to be interested in all Shares in which Mr. Law Fung Yuen Paul has interest under the SFO.

Save for disclosed above, as at the Latest Practicable Date, the Company has not been notified by any person (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. DIRECTOR'S SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

4. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor their respective close associates (as defined under the GEM Listing Rules) has any interest in business which is considered to compete or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the GEM Listing Rules.

5. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement in which any Director was materially interested in and which was significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 May 2023 (being the date to which the latest published audited accounts of the Company were made up).

7. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, none of the members of the Group was engaged in any litigation, arbitration or administration proceedings of material importance and there was no litigation, arbitration, administration proceedings or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

Save for the Sale and Purchase Agreement, as at the Latest Practicable Date, no contract (not being contracts entered into in the ordinary course of business) was entered into by members of the Group within two years immediately preceding the date of this circular and is or maybe material.

9. EXPERT AND CONSENT

The following expert has been named in this circular or has given opinion or advice which are contained in this circular.

Name	Qualification
Laurelcap Sdn. Bhd.	Independent qualified valuer

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report (as the case may be) and references to its names, in the form and context in which they respectively appear;
- (b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group; or
- (c) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 May 2023), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. AUDIT COMMITTEE

The audit committee is to assist the Board in providing an independent review and supervision of financial reporting and risk management, by satisfying themselves as to the effectiveness of the internal controls of the Group, and as to the adequacy of the external and internal audits.

As at the Latest Practicable Date, the audit committee of the Board comprises all the independent non-executive Directors, namely Mr. Yau Ka Hei, Mr. Ma, She Shing Albert and Mr. Kwok Tsz Hin. Further details of the member of the audit committee are as follows:

- **Mr. Yau Ka Hei** (“**Mr. Yau**”), aged 40, was appointed as an independent non-executive Director with effect from 27 June 2017 and is a member of the Audit Committee, and the Nomination Committee and the chairman of the Remuneration Committee of the Company. Mr. Yau is a member of the Hong Kong Institute of Certified Public Accountants. He obtained his Bachelor’s Degree of Business Administration in Business Economics from the City University of Hong Kong in November 2007. Mr. Yau has over 10 years experiences in accounting and auditing.
- **Mr. Ma, She Shing Albert** (“**Mr. Ma**”), aged 62, graduated from Pomona College, California, USA with a Bachelor of Arts Degree in 1983. Mr. Ma possesses extensive experience in corporate banking and private banking in major USA and European financial institutions. He was previously a vice president of a renowned USA investment bank in Hong Kong. He is currently a general manager of Incu Corporate Finance Limited, a consulting firm, where he is responsible for office administration.
- **Mr. Kwok Tsz Hin**, aged 26, graduated from University of Newcastle, United Kingdom with a Bachelor of Science with Second Class (Division II) Honours Business Marketing in 2019. Between September 2019 and December 2021, he worked in various private companies as marketing executive and business development manager. Since January 2022, he has joined a trading company which engaged in trading of building materials in Hong Kong and China.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.sktargetgroup.com>) in accordance with the GEM Listing Rules from the date of the circular and up to and including the date of the EGM:

- (a) the Sale and Purchase Agreement;
- (b) the written consent referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (c) the valuation report from Laurelcap Sdn. Bhd. as set out in Appendix I of this circular;
- (d) the annual reports of the Company for each of the three financial years ended 31 May 2021, 2022 and 2023 and the interim report of the Company for the six months ended 30 November 2023;
- (e) this circular.

12. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Leung Tze Wai, who is a member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia;
- (b) The compliance officer of the Company is Mr. Loh Swee Keong, who is also an executive Director;
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited; and
- (d) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SK TARGET GROUP LIMITED 瑞強集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8427)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of SK Target Group Limited (the “**Company**”) will be held at Units 5906-12, 59/F, The Centre, 99 Queen’s Road Central, Hong Kong on Tuesday, 18 June 2024 at 3:00 p.m., for the purpose of considering and, if think fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the sale and purchase agreement dated 2 May 2024 between (1) Target Precast Industries Sdn. Bhd. (a subsidiary of the Company) as purchaser; and (2) KLE Products SDN. BHD. as vendor, for the sale and purchase of the land use right of the land parcel located No. 19, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia of the aforesaid agreement (a copy of which was tabled at the meeting marked “A” and signed by the Chairperson of the meeting for the purpose of identification) (the “**Sale and Purchase Agreement**”), and the transaction contemplated thereunder be and are hereby ratified, confirmed and approved; and
- (b) any one or more of the Directors be and is/are hereby authorised generally to do all such acts, deeds and things and to sign and execute all such documents, including under seal where applicable, on behalf of the Company, as they shall, in his/their absolute discretion, deem appropriate to effect and implement the transaction contemplated under the Sale and Purchase Agreement.”

By order of the Board
SK Target Group Limited
Loh Swee Keong
Chairman and Executive Director

Hong Kong, 31 May 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the meeting convened by this notice shall be entitled to appoint a proxy to attend and vote in his/her stead in accordance with the Articles of Association of the Company. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the meeting. A proxy need not be a member of the Company but must be present in person to represent the member.
2. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or any adjournment thereof should they so wish.
3. As at the date of this notice, the Board comprises (i) one Executive Director, namely Mr. Loh Swee Keong; and (ii) three Independent Non-executive Directors, namely Mr. Yau Ka Hei, Mr. Ma, She Shing Albert and Mr. Kwok Tsz Hin.