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SK TARGET GROUP LIMITED
瑞強集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8427)

DISCLOSEABLE TRANSACTION

**ACQUISITION OF ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY**

THE ACQUISITION

On 16 August 2024 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor conditionally agreed to sell, and the Company conditionally agreed to acquire, the Sale Shares at the Consideration. The Consideration will be satisfied by way of issue of the Promissory Note by the Company on the Completion Date.

GEM LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement set out in the GEM Listing Rules.

INTRODUCTION

On 16 August 2024 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor conditionally agreed to sell, and the Company conditionally agreed to acquire, the Sale Shares at the Consideration. The Consideration will be satisfied by way of issue of the Promissory Note by the Company on the Completion Date. The principal terms of the Sale and Purchase Agreement are set out below.

Assets to be acquired

The Sale Shares represent all the issued and paid-up share capital of the Target Company. The information on the Target Company is set out in the section headed “Information on the Target Group” of this announcement.

Consideration

The Consideration is HK\$5.5 million and shall be satisfied by way of issue of the Promissory Note by the Company on the Completion Date.

The Consideration was determined by the parties after arm’s length negotiations with reference to the adjusted net asset value of Shenzhen Wanshunfu (assuming Reorganisation has taken place), which is approximately HK\$5.53 million.

Promissory Note

Pursuant to the Sale and Purchase Agreement, the Company shall issue to the Vendor the Promissory Note on the following principal terms:

Principal amount	:	HK\$5.5 million
Maturity date	:	the day falling on the expiry of two years the date of issue of the Promissory Note
Interest rate	:	non-interest bearing
Status of the Promissory Note	:	the Promissory Note shall cease to have effect upon the maturity date. The promissory note may not be assigned or transferred without prior written consent of the Company

Completion of the Acquisition

Subject to the terms and conditions of the Sale and Purchase Agreement, Completion shall take place after three Business Days after the signing of the Sale and Purchase Agreement or such other date as mutually agreed by the Company and the Vendor.

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Company’s consolidated financial statements.

INFORMATION OF THE VENDOR THE TARGET GROUP

The Vendor is an investment holding company established in the Cayman Islands with limited liability and indirectly holds 100% of the Target Company. The Vendor is ultimately owned by Mr. Zhou Zhengqing and his daughter Ms. Zhou Xuan as to approximately 91.48% in aggregate. The remaining four individual shareholders are each of whom ultimately owns less than 5% equity interest.

The Target Company is a company incorporated in Hong Kong with limited liability which is wholly-owned by the Vendor. The Target Company is principally engaged in investment holding. After completion of the Reorganisation, the Target Company will hold the entire equity interest of a holding company incorporated in the People's Republic of China, which in turn holds the entire equity interest of Shenzhen Wanshunfu.

Shenzhen Wanshunfu is principally engaged in operation of e-commerce platform. The platform operates on a B2C (Business-to-Consumer) model, enabling merchants to set up their own online stores and sell products directly to customers. Additionally, Shenzhen Wanshunfu operates its own store on the same e-commerce platform, where it directly procures, stores, and sells goods, as well as handles after-sales services.

Shenzhen Wanshunfu was incorporated in 2022 and operation had not begun until 2023, no financial information for the financial year ended 31 December 2022 is available. Set out below is a summary of the consolidated financial information of Target Company (assuming Reorganisation has been completed) for the year ended 31 December 2023 and six months ended 30 June 2024:

	For the year ended 31 December 2022	For the year ended 31 December 2023	For the six months ended 30 June 2024
	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>
	(Audited)	(Audited)	(Unaudited)
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
Revenue	–	6,336	1,383
Profit/(loss) before tax	(1)	(1,192)	663
Profit/(loss) after tax	(1)	(1,192)	657

The unaudited consolidated net asset values of the Target Company as at 30 June 2024 is approximately HK\$4.51 million.

INFORMATION OF THE GROUP

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.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The acquisition of Shenzhen Wanshunfu represents a strategic diversification opportunity for the Company. By expanding into the e-commerce sector, the Company can reduce its reliance on its existing core businesses of manufacturing and trading in precast concrete and related services. Acquiring Shenzhen Wanshunfu allows the Company to tap into the expertise and innovative capabilities in e-commerce solutions which enhances the Company's competitive advantage and opens new revenue streams.

In line with the Company's diversification strategy, the acquisition of Shenzhen Wanshunfu provides a platform for the Company to expand its e-commerce operations in Malaysia. By leveraging Shenzhen Wanshunfu's established e-commerce infrastructure and expertise, the Company aims to capitalize on the growing digital economy in Malaysia and capture a larger market share in the region. This strategic move not only diversifies the Company's revenue streams but also positions it to benefit from the rapid growth of e-commerce in Southeast Asia.

The Company is retaining the existing key management of Shenzhen Wanshunfu. The Directors are of the view that the experience of existing management of the Target Group is valuable in leading and managing the future development of Shenzhen Wanshunfu and its expansion into the Malaysian market. The retention of key management ensures a smooth transition and continuity in the operation of the e-commerce platform, while also providing valuable insights and local knowledge to navigate the Malaysian e-commerce landscape effectively.

Based on the factors as disclosed above, the Directors are of the view that the Consideration and the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As all of the applicable percentage ratios (as defined in the GEM Listing Rules) for the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement set out in the GEM Listing Rules. As the Acquisition is subject to fulfilment of certain conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed, the Shareholders and investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares by the Company
“Board” or “Directors”	the board of directors of the Company
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday (or a day on which a tropical cyclone No.8 or above or a “blackw” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which banks are open in Hong Kong to the general public for business
“Company”	SK Target Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM (stock code: 8427)
“Completion”	completion of the Acquisition
“Completion Date”	the date of completion which is within three Business Days after the signing of the Sale and Purchase Agreement or such other date as mutually agreed by the Company and the Vendor
“connected person(s)”	as defined under the GEM Listing Rules

“Consideration”	the sum of HK\$5.5 million to be paid by the Company to the Vendor for the Sale Shares
“Directors”	the directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Reorganisation”	the reorganisation to be carried out by the Vendor whereby upon the completion of the reorganisation, the Target Company shall indirectly hold 100% equity interest in Shenzhen Wanshunfu
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macau Special Administrative Region of the PRC for the purpose of this announcement
“Promissory Note”	the promissory note in the principal amount of HK\$5.5 million to be issued by the Purchase to the Vendor upon Completion
“Sale and Purchase Agreement”	the sale and purchase agreement dated 16 August 2024 entered into by the Purchaser and the Vendor in relation to the Acquisition

“Sale Shares”	the entire equity interest of the Target Company
“Share(s)”	ordinary issued share(s) of HK\$0.8 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Wanshunfu”	Shenzhen Wanshunfu Smart Life Service Company Limited* (深圳萬順福智慧生活服務有限公司), a company in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a company to be incorporated in Hong Kong with limited liability which will hold the entire equity interest of a company incorporated in the People’s Republic of China, which in turn holds the entire equity interest of Shenzhen Wanshunfu
“Target Group”	Target Company and its subsidiaries after completion of the Reorganisation
“Vendor”	Wanshun Technology Industrial Group Limited, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor is an Independent Third Party
“%”	per cent

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

Hong Kong, 16 August 2024

As at the date of this announcement, the Board comprises one Executive Director, namely, Mr. Loh Swee Keong and three Independent Non-executive Directors, namely, Mr. Yau Ka Hei, Mr. Ma, She Shing Albert and Mr. Kwok Tsz Hin.

his announcement, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its posting and on the website of the Company at www.sktargetgroup.com