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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)**

**ANNOUNCEMENT OF ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 MAY 2024**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small & 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of SK Target Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.*

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 May 2024 together with the comparative audited figures for the preceding financial year as follows:

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

*For the year ended 31 May 2024*

	<i>Notes</i>	<b>2024</b> <b>RM’000</b>	2023 RM’000
Revenue	3	<b>30,681</b>	30,301
Cost of sales		<u>(22,122)</u>	<u>(23,378)</u>
<b>Gross profit</b>		<b>8,559</b>	6,923
Other income		<b>963</b>	971
Allowance for credit loss, net		<b>(870)</b>	(1,530)
Administrative expenses		<b>(5,977)</b>	(4,308)
Selling and distribution expenses		<b>(1,356)</b>	(1,231)
Finance costs	4	<b>(133)</b>	(97)
Share of results of an associate		<u><b>61</b></u>	<u>90</u>
Profit before taxation	5	<b>1,247</b>	818
Taxation	6	<u><b>(1,139)</b></u>	<u>(730)</u>
Profit for the year		<u><b>108</b></u>	<u>88</u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u><b>410</b></u>	<u>405</u>
Total comprehensive income for the year		<u><b>518</b></u>	<u>493</u>
			(Restated)
Earnings per share:			
Basic and diluted ( <i>RM cents</i> )	7	<u><b>0.80</b></u>	<u>0.72</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2024

	<i>Notes</i>	<b>2024</b> <b>RM'000</b>	2023 RM'000
<b>Non-Current Assets</b>			
Property, plant and equipment		<b>3,763</b>	3,889
Investment property		<b>349</b>	353
Right-of-use assets		<b>428</b>	995
Investment in an associate		<b>3,466</b>	3,334
		<hr/>	<hr/>
<b>Total Non-Current Assets</b>		<b>8,006</b>	8,571
<b>Current Assets</b>			
Inventories	9	<b>1,800</b>	2,004
Receivables, deposits and prepayments	10	<b>12,485</b>	11,863
Amount due from ultimate holding company		<b>40</b>	44
Amount due from a shareholder		<b>35</b>	12
Tax recoverable		<b>10</b>	89
Short-term bank deposits	11	<b>21,089</b>	21,247
Cash and bank balances	11	<b>7,142</b>	6,828
		<hr/>	<hr/>
<b>Total Current Assets</b>		<b>42,601</b>	42,087
<b>Current Liabilities</b>			
Payables and accrued charges	12	<b>10,145</b>	11,033
Lease liabilities		<b>405</b>	625
Tax payables		<b>218</b>	13
Promissory note		<b>3,446</b>	–
		<hr/>	<hr/>
<b>Total Current Liabilities</b>		<b>14,214</b>	11,671
<b>Net Current Assets</b>		<b>28,387</b>	30,416
		<hr/>	<hr/>
<b>Total Assets Less Current Liabilities</b>		<b>36,393</b>	38,987

	<i>Notes</i>	<b>2024</b> <b>RM'000</b>	2023 <i>RM'000</i>
<b>Non-Current Liabilities</b>			
Lease liabilities		–	405
Deferred tax liabilities		<b>95</b>	131
Promissory note		–	3,276
		<hr/>	<hr/>
<b>Total Non-Current Liabilities</b>		<b>95</b>	3,812
		<hr/>	<hr/>
<b>Net Assets</b>		<b>36,298</b>	35,175
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and Reserves</b>			
Share capital	<i>13</i>	<b>6,028</b>	5,438
Reserves		<b>30,270</b>	29,737
		<hr/>	<hr/>
<b>Total Equity</b>		<b>36,298</b>	35,175
		<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 May 2024*

	Share capital <i>(note 13)</i> <i>RM'000</i>	Share premium <i>RM'000</i>	Other reserve <i>RM'000</i>	Translation reserve <i>RM'000</i>	Accumulated losses <i>RM'000</i>	Total <i>RM'000</i>
<b>At 1 June 2022</b>	4,501	27,228	8,579	(355)	(7,039)	32,914
Profit for the year	-	-	-	-	88	88
Exchange differences arising on translation of foreign operations	-	-	-	405	-	405
Total comprehensive income for the year	-	-	-	405	88	493
Placing <i>(note 13(a))</i>	937	831	-	-	-	1,768
<b>At 31 May 2023</b>	<u>5,438</u>	<u>28,059</u>	<u>8,579</u>	<u>50</u>	<u>(6,951)</u>	<u>35,175</u>
<b>At 1 June 2023</b>	<b>5,438</b>	<b>28,059</b>	<b>8,579</b>	<b>50</b>	<b>(6,951)</b>	<b>35,175</b>
Profit for the year	-	-	-	-	108	108
Exchange differences arising on translation of foreign operations	-	-	-	410	-	410
Total comprehensive income for the year	-	-	-	410	108	518
Issue of subscription shares by newly allotted ordinary shares <i>(note 13(b))</i>	590	15	-	-	-	605
<b>At 31 May 2024</b>	<u>6,028</u>	<u>28,074</u>	<u>8,579</u>	<u>460</u>	<u>(6,843)</u>	<u>36,298</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

SK Target Group Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability on 28 October 2016 and its ordinary shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) since 19 July 2017. The addresses of the registered office and principal place of business are Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and 18, Jalan LP 2A/2, Taman Lestari Perdana, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia, respectively.

Merchant World Investments Limited (“**Merchant World**”), a limited company incorporated in the British Virgin Islands (“**BVI**”), is the immediate and ultimate holding company of the Company. Mr. Loh Swee Keong, is the ultimate controlling party of the Company who wholly owns Merchant World.

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, sourcing service of materials in Hong Kong.

### 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments to International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) to these consolidated financial statements for the current accounting period:

IFRS 17	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The application of the amendments to IFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 3. REVENUE AND SEGMENTAL INFORMATION

#### (a) Disaggregation of revenue from contracts with customers under IFRS 15:

	Year ended 31 May 2024 Total RM'000	Year ended 31 May 2023 Total RM'000
Manufacturing and trading:		
Sales of manufactured goods	29,287	24,374
Other building materials and services:		
Sales of building materials	1,394	1,338
Sourcing services	–	12
Sales of health supplement products	–	4,577
	<hr/>	<hr/>
Total	<b>30,681</b>	30,301
	<hr/> <hr/>	<hr/> <hr/>
Geographical market:		
Malaysia	30,681	25,712
China – Hong Kong	–	4,589
	<hr/>	<hr/>
Total	<b>30,681</b>	30,301
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
At point in time	<b>30,681</b>	30,301
	<hr/> <hr/>	<hr/> <hr/>

### *Sales of manufactured goods and building materials*

Revenue from sales of manufactured goods and building materials is recognised at a point in time when the manufactured goods and building materials are transferred to customers, being at the point that the customer obtains the control of the manufactured goods and building materials; and the Group has present right to payment and collection of the consideration is probable.

### *Sourcing services*

The Group acts as an agent when its performance obligation is to arrange for provision of specified materials by another party to customer. The Group does not control the specified materials. Therefore, the Group recognises revenue in the amount of commission to which it expects to be entitled in exchange for arranging for the specified materials to be provided by the other party.

### *Sales of health supplement products*

Revenue from sales of health supplement products is recognised at a point in time when the health supplement products are transferred to customers, being at the point that the customers obtains the control of the health supplement products and the Group has present right to payment and collection of the consideration is probable.

### **(b) Transaction price allocated to the remaining performance obligation for contracts with customers**

The Group has applied practical expedient in IFRS 15: paragraph 121 (a) and (b) to not disclose the transaction price allocated to the remaining performance obligations which are part of contracts that have original expected duration of one year or less.



**(c) Operating Segment**

Information reported to Mr. Loh Swee Keong, the director of the Group, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance is based on the following reportable and operating segments identified under IFRS 8 Operating Segments:

- (a) Manufacturing and trading – manufacturing and trading of precast concrete junction boxes;
- (b) Other building materials and services – trading of accessories and pipes and provision of mobile crane rental and ancillary services;
- (c) Sourcing services – provision of sourcing services; and
- (d) Sales of health supplement products - sourcing and sales of health supplement products.

No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group commenced the sales of health supplement products during the year ended 31 May 2023 and thus one new segment is resulted and included in the segment reporting.

## Segment revenues and results

For the year ended 31 May 2024

	<b>Manufacturing and trading RM'000</b>	<b>Other building materials and services RM'000</b>	<b>Total RM'000</b>
Revenue			
External sales	<b>29,287</b>	<b>1,394</b>	<b>30,681</b>
Inter-segment sales	<u>—</u>	<u>—</u>	<u>—</u>
Segment revenue	<u><b>29,287</b></u>	<u><b>1,394</b></u>	<u><b>30,681</b></u>
Elimination			<u>—</u>
Group revenue			<u><b>30,681</b></u>
Segment result	<u><b>8,245</b></u>	<u><b>314</b></u>	<u><b>8,559</b></u>
Allowance for credit loss			<b>(870)</b>
Administrative expenses			<b>(5,977)</b>
Selling and distribution expenses			<b>(1,356)</b>
Finance costs			<b>(133)</b>
Other income			<b>963</b>
Share of results of an associate			<u><b>61</b></u>
Profit before taxation			<u><u><b>1,247</b></u></u>

**For the year ended 31 May 2023**

	Manufacturing and trading <i>RM'000</i>	Other building materials and services <i>RM'000</i>	Sourcing services <i>RM'000</i>	Sales of health supplement products <i>RM'000</i>	Total <i>RM'000</i>
Revenue					
External sales	24,374	1,338	12	4,577	30,301
Inter-segment sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment revenue	<u>24,374</u>	<u>1,338</u>	<u>12</u>	<u>4,577</u>	<u>30,301</u>
Elimination					<u>-</u>
Group revenue					<u>30,301</u>
Segment result	<u>5,657</u>	<u>137</u>	<u>5</u>	<u>1,124</u>	<u>6,923</u>
Allowance for credit loss					(1,530)
Administrative expenses					(4,308)
Selling and distribution expenses					(1,231)
Finance costs					(97)
Other income					971
Share of results of an associate					<u>90</u>
Profit before taxation					<u><u>818</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies as described in note 3. Segment results represents the profit from each segment without allocation of administrative expenses, selling and distribution expenses, finance costs, other income and taxation. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

### As at 31 May 2024

	Manufacturing and trading <i>RM'000</i>	Other building materials and services <i>RM'000</i>	Sourcing services <i>RM'000</i>	Sale of health supplement products <i>RM'000</i>	Segment assets (liabilities) <i>RM'000</i>	Unallocated <i>RM'000</i>	Consolidated assets (liabilities) <i>RM'000</i>
Non-current assets	3,740	23	-	-	3,763	4,243	8,006
Current assets	31,640	7,044	1,597	1,203	41,484	1,117	42,601
Non-current liabilities	(95)	-	-	-	(95)	-	(95)
Current liabilities	(7,144)	(1,940)	(236)	(71)	(9,391)	(4,823)	(14,214)

### As at 31 May 2023

	Manufacturing and trading <i>RM'000</i>	Other building materials and services <i>RM'000</i>	Sourcing services <i>RM'000</i>	Sale of health supplement products <i>RM'000</i>	Segment assets (liabilities) <i>RM'000</i>	Unallocated <i>RM'000</i>	Consolidated assets (liabilities) <i>RM'000</i>
Non-current assets	4,858	26	-	-	4,884	3,687	8,571
Current assets	27,358	6,120	2,159	2,339	37,976	4,111	42,087
Non-current liabilities	(536)	-	-	-	(536)	(3,276)	(3,812)
Current liabilities	(6,233)	(855)	(149)	(3,490)	(10,727)	(944)	(11,671)

All assets and liabilities are allocated to operating segments other than certain cash on hand and at bank, other payables, current and deferred tax assets and liabilities.

## Other segment information

### For the year ended 31 May 2024

	Manufacturing and trading <i>RM'000</i>	Other building materials and services <i>RM'000</i>	Sourcing services <i>RM'000</i>	Unallocated <i>RM'000</i>	Total <i>RM'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets	<u>560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560</u>

### For the year ended 31 May 2023

	Manufacturing and trading <i>RM'000</i>	Other building materials and services <i>RM'000</i>	Sourcing services <i>RM'000</i>	Unallocated <i>RM'000</i>	Total <i>RM'000</i>
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets	<u>420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420</u>

### ***Geographical information***

The Group earns revenue from external customers in two main geographical areas:

- (i) Malaysia – manufacturing and trading; and other building material and services
- (ii) China – Hong Kong – sourcing services; and sales of health supplement products

Information about the Group’s revenue from external customers is presented based on the location of the operations, as follows:

	<b>2024</b>	2023
	<b><i>RM'000</i></b>	<i>RM'000</i>
Malaysia	<b>30,681</b>	25,712
China – Hong Kong	–	4,589
	<b>30,681</b>	30,301

The following is an analysis of the carrying amount of segment assets, capital addition in respect of property, plant and equipment by the geographical areas in which the assets are located:

	<b>Non-current assets</b>	
	<b>2024</b>	2023
	<b>RM'000</b>	RM'000
Malaysia	<b>4,540</b>	5,237
China – Hong Kong	<b>3,466</b>	3,334
	<b>8,006</b>	8,571

***Information about major customers***

No customers contribute over 10% of total revenue of the Group for the year ended 31 May 2024 (2023: two).

<b>Customer</b>	<b>Segment</b>	<b>2024</b>	2023
		<b>RM'000</b>	RM'000
Customer A	Sale of health supplement products	–	4,577
Customer B	Manufacturing and trading	–	3,631

**4. FINANCE COSTS**

	<b>2024</b>	2023
	<b>RM'000</b>	RM'000
Interest expense on lease liabilities	<b>24</b>	56
Commitment fees	<b>10</b>	10
Interest expense on promissory note	<b>99</b>	31
	<b>133</b>	97

## 5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging/(crediting):

	<b>2024</b>	2023
	<b>RM'000</b>	<i>RM'000</i>
Auditors' remuneration		
– audit services	<b>535</b>	492
Cost of inventories recognised as an expense	<b>15,995</b>	17,943
Staff costs, excluding directors' remuneration:		
– Salaries, wages and other benefits	<b>3,510</b>	3,185
– Contributions to EPF	<b>281</b>	239
	<b>3,791</b>	3,424
Short-term lease payments not included in the measurement of lease liabilities:		
Crane	<b>42</b>	24
Office equipment	<b>8</b>	9
Depreciation of:		
Property, plant and equipment	<b>685</b>	638
Investment property	<b>4</b>	4
Right-of-use assets	<b>568</b>	625
Allowance for credit losses, net:		
Trade receivables	<b>438</b>	1,438
Deposits paid	<b>432</b>	92
	<b>870</b>	1,530
Rental income from investment property	<b>(61)</b>	(46)
(Gain)/loss on disposal of property, plant and equipment	<b>(136)</b>	74
Unrealised losses on foreign exchange	<b>461</b>	1,080
Interest income on:		
Deposits at bank	<b>(764)</b>	(657)
Late payment from receivables	<b>–</b>	(170)
	<b>=====</b>	<b>=====</b>



## 6. TAXATION

	<b>2024</b>	2023
	<b><i>RM'000</i></b>	<i>RM'000</i>
Malaysia corporate income tax:		
Current year	<b>1,099</b>	797
Under-provision of income tax in prior year	<b>76</b>	–
	<b>1,175</b>	797
Hong Kong Profits Tax:		
Current year	–	1
Deferred tax:	<b>(36)</b>	(68)
	<b>1,139</b>	730

Malaysia corporate income tax is calculated at the statutory tax rate of 24% (2023: 24%) on the estimated assessable profits for each of the assessable year.

Hong Kong Profits Tax is calculated at a rate of 16.5% (2023:16.5%) of the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2,000,000 of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%. Such basis had been applied for the calculation of the provision for Hong Kong Profits Tax for this subsidiary for the year ended 31 May 2024.

Hong Kong Profits Tax has not been provided for the years ended 31 May 2024 as there is no assessable profits for both years.

The taxation for the year can be reconciled to the profit before taxation as follows:

	<b>2024</b> <i>RM'000</i>	2023 <i>RM'000</i>
Profit before taxation	<b>1,247</b>	818
Statutory tax rate	<b>24%</b>	24%
Taxation at applicable statutory tax rate	<b>300</b>	196
Tax effects of:		
Expenses not deductible for tax purpose	<b>234</b>	388
Income not taxable for tax purpose	<b>(283)</b>	(739)
Tax effect of share of profits of associates	<b>(10)</b>	(14)
Effect of different tax rate of entities operating in other jurisdictions	<b>273</b>	90
Under-provision of income tax in prior year	<b>76</b>	–
Tax effect of tax losses not recognised	<b>549</b>	809
Taxation for the year	<b>1,139</b>	730

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	<b>2024</b>	2023
Earnings		
Profit for the year attributable to the owners of the Company ( <i>RM'000</i> )	<b>108</b>	88
		(Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	<b>13,575,591</b>	12,172,655
Basic earnings per share ( <i>RM cent</i> )	<b>0.80</b>	0.72

The weighted average number of ordinary shares for the purposes of basic earnings per share for both years presented has been adjusted for the share consolidation effected on 6 August 2024.

Diluted earnings per share information equals basic earnings per share for the years ended 31 May 2023 and 2024 as there were no potential ordinary shares outstanding during both years.

## 8. DIVIDENDS

The directors of the Company do not recommend the payment of dividend for the years ended 31 May 2023 and 2024.

## 9. INVENTORIES

	<b>2024</b>	2023
	<b><i>RM'000</i></b>	<i>RM'000</i>
At cost:		
Raw materials and consumables	<b>883</b>	826
Finished goods	<b>917</b>	1,178
	<b><u>1,800</u></b>	<u>2,004</u>

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	<b>2024</b>	2023
	<b><i>RM'000</i></b>	<i>RM'000</i>
Carrying amount of inventories sold	<b><u>15,995</u></b>	<u>17,943</u>

## 10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>2024</b>	2023
	<i>RM'000</i>	<i>RM'000</i>
Trade receivables	<b>14,765</b>	14,879
Less: Allowance for credit losses	<b>(6,181)</b>	(5,662)
	<u><b>8,584</b></u>	<u>9,217</u>
Other receivables and deposits	<b>4,455</b>	3,251
Less: Allowance for credit losses	<b>(1,271)</b>	(839)
Prepayments	<b>717</b>	234
	<u><b>12,485</b></u>	<u>11,863</u>

The amounts due from trade debtors are unsecured, do not carry any interest and the credit term granted by the Group ranges from 30 to 120 days.

The following is an aging analysis of trade receivables (net of allowance for credit losses) presented based on the invoice date:

	<b>2024</b>	2023
	<i>RM'000</i>	<i>RM'000</i>
1-30 days	<b>3,694</b>	2,485
31-60 days	<b>1,051</b>	977
61-90 days	<b>492</b>	657
91-120 days	<b>414</b>	138
More than 120 days	<b>2,933</b>	4,960
	<u><b>8,584</b></u>	<u>9,217</u>

## 11. SHORT-TERM BANK DEPOSITS, CASH AND BANK BALANCES

	<b>2024</b>	2023
	<b><i>RM'000</i></b>	<i>RM'000</i>
Current:		
Short-term bank deposits	<b>21,089</b>	21,247
Cash and bank balances	<b>7,142</b>	6,828
	<hr/>	<hr/>
Total	<b>28,231</b>	28,075
Less: Deposits pledged as security	<b>(212)</b>	(1,127)
	<hr/>	<hr/>
Cash and cash equivalents	<b>28,019</b>	26,948
	<hr/> <hr/>	<hr/> <hr/>

Short-term bank deposits of the Group have an average maturity ranging from 1 to 3 months. Bank balances are deposits held at with licensed banks.

The average interest rates of deposits of the Group are ranging from 2.30% to 3.81% (2023: 1.75% to 3.80%) per annum. Included in the short-term bank deposits are amounts totaling approximately RM212,000 (2023: RM1,127,000) that have been pledged to secure general banking facilities granted to the Group.

## 12. PAYABLES AND ACCRUED CHARGES

	<b>2024</b>	2023
	<b><i>RM'000</i></b>	<i>RM'000</i>
Trade payables	<b>2,818</b>	6,767
Accrued charges	<b>4,698</b>	3,189
Other payables	<b>1,485</b>	286
Contract liabilities	<b>1,144</b>	791
	<hr/>	<hr/>
	<b>10,145</b>	11,033
	<hr/> <hr/>	<hr/> <hr/>

The following is an aging analysis of trade payables presented based on the invoice date:

	<b>2024</b>	2023
	<b>RM'000</b>	RM'000
1-30 days	<b>1,071</b>	1,229
31-60 days	<b>899</b>	894
61-90 days	<b>734</b>	949
91-120 days	<b>112</b>	214
Over 120 days	<b>2</b>	3,481
	<b>2,818</b>	6,767

The average credit period on purchases of goods is 30 to 75 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Contract liabilities arise if a particular payment exceeds the revenue recognised to date.

The Group classifies contract liabilities as current because the Group expected to settle them in its normal operating cycle.

Revenue from manufacturing and trading recognised during the year ended 31 May 2024 that was included in the contract liabilities at the beginning of the year was amounted to RM791,000 (2023: RM671,000).

### 13. SHARE CAPITAL

	Number of shares	Par value	Share capital	
<i>Note</i>	'000	HK\$	HK\$'000	RM'000
<b>Authorised:</b>				
At 1 June 2022, 31 May 2023, 1 June 2023 and 31 May 2024	1,250,000	0.08	100,000	
<b>Issued and fully paid:</b>				
At 1 June 2022	103,230	0.08	8,258	4,501
Placing	(a) 20,646	0.08	1,652	937
At 31 May 2023 and 1 June 2023	123,876	0.08	9,910	5,438
Issue of subscription shares by newly allotted ordinary shares	(b) 12,388	0.08	991	590
At 31 May 2024	136,264	0.08	10,901	6,028

*Notes:*

- (a) On 8 July 2022, an aggregate of 20,646,000 shares have been successfully placed to not less than six places at HK\$0.151 per share pursuant to the terms and conditions of the placing agreement.
- (b) On 7 June 2023 (after trading hours), the Company entered into the subscription agreement with the subscriber. The Company allotted and issued subscription shares comprising 12,387,600 ordinary shares of HK\$0.082 each on 16 June 2023. The gross proceeds were HK\$1,015,000 (equivalent to approximately RM605,000), of which a sum of HK\$991,000 (equivalent to approximately RM590,000) was credited to share capital and the balance of HK\$24,000 (equivalent to approximately RM15,000) was credited to share premium account.

All ordinary shares issued during the year rank pari passu with the then existing ordinary shares in all respects.

Pursuant to the written resolutions passed by the shareholders of the Company on 27 June 2017, the Company has conditionally adopted a share option scheme.

The share option scheme will be valid and effective for a period of ten years from the date of the adoption of the scheme by equity settlement. The maximum number of shares in respect of which options may be granted under the share option scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue upon the date of the shares of the Company listed on the GEM. The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme of the Company at any time shall not exceed 30% of the shares in issue from time to time.

No option was granted as at the date of this announcement.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

The Group manufactures and sells precast concrete telecommunication junction boxes and precast concrete electrical junction boxes under our brand of “Target” in Malaysia. 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 the approved supplier of various notable telecommunication companies such as Celcom Axiata Berhad and Telekom Malaysia (“**Telekom**”) since 2008 and the registered supplier of Tenaga Nasional Bhd. (“**TNB**”), the sole electric utility company, in Malaysia since 2012. Hence, the Group’s precast concrete junction boxes are used in infrastructure or construction projects involving telecommunication companies and TNB.

For the year ended 31 May 2024, the revenue of the Group slightly increased by approximately 1.25%, the increase is mainly due to the increase in the revenue of the manufacturing and trading of precast concrete junctions boxes business. Malaysia economy is steadily improve following the recovery from COVID-19.

Moreover, other factors which include labour shortage and dependency on foreign workers, and the rising production and transportation costs have exerted pressure on the Group’s business operations. Nevertheless, the Group remains cautiously optimistic about the overall business prospects.

### **FINANCIAL REVIEW**

#### **Revenue**

The revenue slightly increased from approximately RM30.3 million for the year ended 31 May 2023 to approximately RM30.7 million for the year ended 31 May 2024, representing a slightly increase of approximately 1.25%. Such increase was mainly due to the increase in the revenue generated from the manufacturing and trading of precast junctions boxes business.



For the manufacturing and trading of precast concrete junctions boxes business, the revenue increased by approximately 20.16%, from approximately RM24.4 million for the year ended 31 May 2023 to approximately RM29.3 million for the year ended 31 May 2024. The increase was mainly due to Malaysia economy is steadily improve following the recovery from COVID-19.

For the trading of accessories and pipes and the provision of mobile crane rental and ancillary services business, the revenue slightly increased by approximately 4.19%, from approximately RM1.3 million for the year ended 31 May 2023 to approximately RM1.4 million for the year ended 31 May 2024. The increase was mainly due to the increase in transportation income in association with the increase in sales of precast junction boxes.

The sales of health supplements business and the sourcing services of materials business are temporary suspended due to change in direction of business strategy. Management has dedicated more resources on developing manufacturing and trading of precast concrete junction boxes business following the recovery from COVID-19.

### **Cost of sales and Gross Profit**

Costs of sales mainly consists of (i) cost of raw materials and trading products; (ii) manufacturing overheads; (iii) direct labour; and (iv) crane hiring costs. The cost of sales slightly decreased from approximately RM23.4 million for the year ended 31 May 2023 to approximately RM22.1 million for the year ended 31 May 2024, representing a decrease of approximately 5.37%.

The total cost of sales from the manufacturing and sale of precast concrete junction boxes increased from approximately RM18.7 million for the year ended 31 May 2023 to approximately RM21.0 million for the year ended 31 May 2024, representing an increase of approximately of 12.42%.

The Gross Profit increased from approximately RM6.9 million for the year ended 31 May 2023 to approximately RM8.6 million for the year ended 31 May 2024. The increase is mainly due to the management is focussing on precast junction boxes with higher profit margin and better control in expense.

## **Administrative expenses**

Administrative expenses of the Group increased by approximately RM1.7 million or 38.74% from approximately RM4.3 million for the year ended 31 May 2023 to approximately RM6.0 million for the year ended 31 May 2024.

The Group's administrative expenses mainly consisted of salaries, welfare and other benefits, rent and rates, general office expenses, depreciation and professional service fees. The increase was mainly attributable to increase in staff cost and director remuneration.

## **Selling and distribution expenses**

Selling and distribution expenses of the Group increased by approximately RM0.13 million or 10.15% from approximately RM1.23 million for the year ended 31 May 2023 to approximately RM1.36 million for the year ended 31 May 2024. The increase is mainly attributable to the increase in bonus, commission, entertainment and travelling expenses in association with the increase in revenue.

The Group's selling and distribution expenses mainly consisted of salaries, welfare and other benefits for sales and marketing staff and travelling and entertainment expenses.

## **Profit for the year**

The Group recorded a net profit of approximately RM108,000 for the year ended 31 May 2024 (31 May 2023: approximately profit of RM88,000) due to the net effect of (i) the increase in revenue for the year ended 31 May 2024; (ii) the decrease in cost of sales for the year ended 31 May 2024; and (iii) the increase in the administrative expenses incurred by the Group for the year ended 31 May 2024.

## **PRINCIPAL RISK AND UNCERTAINTIES**

### **Operational risk**

The Group's operation is subject to general economic and market risks which may affect the competition and profitability of construction projects. The Group's key risk exposures are summarised as follows:

- (a) Fluctuation in the prices of our major raw materials may have adverse impacts on the Group's financial results;

- (b) The Group's revenue is mainly derived from the manufacturing and sale of precast concrete junction boxes to its customers for infrastructure upgrades and expansion work for construction projects, which are non-recurrent in nature and there is no guarantee that the customers will place new business purchase orders; and
- (c) The Group's cash flow position may deteriorate due to a mismatch between the time of receipt of payments from its customers and payments to its suppliers if the Group is unable to manage its cash flow mismatch properly.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the prospectus of the Group dated 6 July 2017 (the "**Prospectus**").

### **Financial risks**

As a manufacturer of precast concrete junction boxes, the Group has to purchase raw materials from its suppliers from time to time based on its procurement policy. The Group relies on cash inflow from its customers to meet its payment obligations to our suppliers. The Group's cash inflow is dependent on the prompt settlement of its payments. As at 31 May 2024, the Group recorded trade receivables amounting to approximately RM8.6 million, the number of trade receivables turnover days was approximately 106 days which exceeded the credit period stipulated on the Group's service agreements with its customers with average trade payable turnover days of approximately 79 days. The Group is exposed to credit risk and liquidity risk.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 May 2024, the Group's cash and cash equivalents was approximately RM28.2 million (31 May 2023: approximately RM28.1 million).

As at 31 May 2024, the Group has no borrowings (31 May 2023: Nil).

As at 31 May 2024, the Group's current ratio was 3.00 (31 May 2023: 3.61), which is calculated based on the total current assets divided by the total current liabilities. The gearing ratio was Nil as at 31 May 2024 and 31 May 2023, which is calculated based on the total interest-bearing loans divided by the total equity.

As at 31 May 2023 and 31 May 2024, the Group had no bank borrowings. The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Group during the year. The share capital of the Group only comprises of ordinary shares.

As at 31 May 2024, the share capital and equity attributable to owners of equity of the Company amounted to approximately RM6.0 million and approximately RM30.3 million respectively (31 May 2023: RM5.4 million and RM29.7 million respectively).

## **CAPITAL COMMITMENTS**

On 2 May 2024, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell, the land use right of the Land at the Consideration of approximately RM7.95 million (approximately RM0.79 million has been paid as deposit). For details, please refer to announcement dated on 2 May 2024 and the circular dated on 31 May 2024.

Save for disclosed above, the Group has no capital commitments in respect of the acquisition of property, plant and equipment as at 31 May 2024 (31 May 2023: Nil).

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

Since a substantial amount of income and profit of our Group is denominated in Malaysian Ringgit (“**RM**”), any fluctuations in the value of RM may adversely affect the amount of dividends, if any, payable in HKD to our Shareholders. Furthermore, fluctuations in the RM’s value against other currencies will create foreign currency translation gains or losses and may have an adverse effect on our Group’s business, financial condition and results of operations. Any imposition, variation or removal of foreign exchange controls may adversely affect the value, translated or converted into HKD, of our Group’s net assets, earnings or any declared dividends. Consequently, this may adversely affect our Group’s ability to pay dividends or satisfy other foreign exchange requirements. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

## **CHARGE OVER ASSETS OF THE GROUP**

As at 31 May 2024, the Group had bank deposits pledged with banks totalling approximately RM0.2 million (31 May 2023: approximately RM1.1 million). These deposits were to secure general banking facilities granted to the Group.

## **SIGNIFICANT INVESTMENTS HELD**

As at 31 May 2024, the Company did not have any significant investments held.

## **MATERIAL ACQUISITIONS AND DISPOSALS, AND PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

On 2 May 2024, the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the land use right of the Land at the Consideration of RM7,952,313.00. Details of which are set forth on the announcement dated on 2 May 2024 and the circular dated on 31 May 2024.

Save for disclosed above, there were no material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 May 2024. There is no specific future plan for material investments or capital assets as at the date of the announcement.

## **USE OF PROCEEDS FROM THE SHARE OFFER**

The shares of the Company were listed on 19 July 2017 (the “**Listing Date**”) on the GEM by a way of a public offer and placing (collectively as the “**Share Offer**”) (the “**Listing**”). The net proceeds received by the Company from the Share Offer, after deducting underwriting fees and other expenses, were approximately HK\$29.6 million.

The net proceeds from the Listing have not been fully utilized up to the year ended 31 May 2024 in accordance with the expected timeline set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

As disclosed in the Company’s announcement dated on 2 May 2024, having considered the latest business environment and development needs of the Group, the Board had resolved to change the use of unutilised proceeds from the Share Offer.

The following table sets out the net proceeds from the Share Offer, the reallocated unutilised proceeds and the utilised amount up to the year ended 31 May 2024.

	Planned use of net proceeds from the Share Offer	Actual use of net proceeds from the Listing Date to 2 May 2024	Unutilised proceeds up to 2 May 2024	Reallocated unutilised proceeds as at 2 May 2024	Utilised amount after reallocation for the year ended 31 May 2024	Utilised proceeds up to 31 May 2024	Expected timeframe for intended use
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Expansion of production capacity through							
(i) expanding our Existing Selangor Plant	7.0	(6.0)	1.0	-	-	-	
(ii) completing the establishment of our New Kulaijaya Plant and	7.3	(2.4)	4.9	-	-	-	
(iii) recruiting new staffs (note b)	2.6	(2.2)	0.4	0.8	(0.2)	0.6	Intended to use up the remaining fund by 31 May 2025
Acquisition of a parcel of land in Southern Malaysia	8.4	-	8.4	-	-	-	
Expansion of our business vertically in the supply chain of the precast concrete junction box industry through mergers and acquisitions	2.7	-	2.7	-	-	-	
Expansion of our sales and marketing team	0.8	(0.8)	-	-	-	-	
General working capital	0.8	(0.8)	-	-	-	-	
Acquisition of land use right of the Land in Selangor, Malaysia	-	-	-	13.2	(1.3)	11.9	Intended to use up the remaining fund by 31 May 2025
					Note (c)		
Development cost of self-used factory on the Land and purchase of equipment and fixtures	-	-	-	3.4	-	3.4	Intended to use up the remaining fund by 31 May 2025
	<u>29.6</u>	<u>(12.2)</u>	<u>17.4</u>	<u>17.4</u>	<u>(1.5)</u>	<u>15.9</u>	

*Notes:*

- (a) The unused Listing proceeds have been deposited in licensed banks in Malaysia and Hong Kong.
- (b) The funds have been utilized on recruiting and salaries of staffs for the expansion and renovation works.
- (c) Being the deposit paid under the sale and purchase agreement dated 2 May 2024 in relation to the acquisition of the land use right in Selengor, details of which are set forth in the announcement of the Company dated 2 May 2024 and circular dated 31 May 2024.

As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of proceeds.

### **CONTINGENT LIABILITIES**

As at 31 May 2023 and 31 May 2024, the Group had no material contingent liabilities.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 May 2024, we had 69 employees who are located in Malaysia and the Hong Kong Special Administrative Region. The Group generally recruits employees from the open market by placing recruitment advertisements. The Group entered into individual labour contracts with each of the employees in accordance with the applicable labour laws of Malaysia and the Hong Kong Special Administrative Region, which cover matters such as wages, employee benefits and grounds for termination. The remuneration package that the Group offers to the employees includes salary, bonuses, allowances and medical benefits. In general, the Group determines a Director's and an employee's salary based on the Director's and the employee's qualifications, experience and capability and the prevailing market remuneration rate. The Group has designed a review system to assess the performance of our employees once a year, which forms the basis of our decisions with respect to salary adjustments, bonuses and promotions. The long term incentive scheme of the Group include a share option scheme.

## FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds to be raised (approximately)	Proposed use of net proceeds	Actual use of net proceeds
7 June 2023 (completed on 16 June 2023)	Subscription of new Shares under general mandate granted on 23 November 2022	HK\$1.02 million	For repayment of promissory note	Used as intended <i>(up to announcement date)</i>
27 June 2024 (completed on 17 July 2024)	Subscription of new Shares under general mandate granted on 22 November 2023	HK\$2.10 million	For repayment of promissory note	Partially (HK\$0.48 million) used as intended and the remaining has not been utilized <i>(up to announcement date)</i>

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 May 2024.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and all Directors confirmed that they have complied with the required standards of dealings and the code of conduct regarding securities transactions by the Directors for the year ended 31 May 2024.

## DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year and at any time during the year ended 31 May 2024.



## **COMPETING BUSINESS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

As at 31 May 2024, none of the Directors, nor the controlling shareholders of the Company and any of their respective close associates has any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

## **DEED OF NON-COMPETITION**

The controlling shareholders, namely Mr. Loh Swee Keong and the company through which he holds equity interests in the Company, namely Merchant World Investments Limited, have entered into a Deed of Non-Competition with the Company on 27 June 2017. The details of the Deed of Non-Competition have been disclosed in the Prospectus.

The controlling shareholders have confirmed with the Company that they had complied with the non-competition undertakings during the year ended 31 May 2024. The Directors (including the Independent Non-executive Directors) have reviewed and confirmed the compliance with the non-competition undertaking by the controlling shareholders.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this announcement, there is sufficient public float or not less than 25% of the Shares are in the hands of the public as required under the GEM Listing Rules.

## **CORPORATE GOVERNANCE FUNCTIONS**

The Group has not established a corporate governance committee and thus the Board is responsible for performing the corporate governance duties set out in CG Code D.3.1 such as reviewing and determining the policies and practices on corporate governance of the Group, developing the Group's policies, practices on corporate governance, training and continuous professional development of the Directors and senior management, the Group's policies and practices on compliance with legal and regulatory requirements.

The Board held meetings from time to time whenever necessary. To enable all the Directors to participate in the meetings, the Company ensures that all Directors are properly briefed on issues arising at the Board meetings and receive adequate, complete and reliable information in a timely manner. Notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. Draft minutes of Board meeting shall be circulated to all Directors for comments prior to confirmation of the minutes. The signed minutes are kept by the Company Secretary. Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed. They are also entitled to have full access to Board documents and related materials so that they are able to make an informed decision.

Pursuant to article 108 (a) of the articles of association of the Company (the “**Articles**”), at each annual general meeting, one-third of the Directors for the time being, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Accordingly, Mr. Yau Ka Hei and Mr. Kwok Tsz Hin shall retire at the 2024 AGM and being eligible, offer themselves for re-election.

Independent Non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each Independent Non-executive Directors is required to inform the Group as soon as practicable if there is any change that may affect his/her independence. The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independency pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers these Independent Non-executive Directors to be independent.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

CG Code provision A.2.1 stipulates that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. Mr. Loh is the chairman of the Board and the chief executive officer of the Company. In view of Mr. Loh has been operating and managing the operating subsidiaries of the Group since 1993, the Board believes that it is in the best interest of the Group to have Mr. Loh taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

## **CORPORATE GOVERNANCE PRACTICES**

The Board and the senior management of the Group is committed to achieve a high standard of corporate governance, to formulate good corporate governance practices for improving the accountability and transparency in operations, and to strengthen the internal control and risk management systems from time to time so as to protect the rights of the shareholders and enhance shareholder value. The Directors consider that good corporate governance provides a framework that is crucial for effective management, successful business growth and a healthy corporate culture which in return benefits the Group's stakeholders as a whole.

The Board has adopted and save as disclosed in the following paragraph complied with the principles and code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. The Directors will continue to review and monitor its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Group.

Under the code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Loh is the chairman of the Board and the chief executive officer of the Company. In view of Mr. Loh has been operating and managing the operating subsidiaries of the Group since 1993, the Board believes that it is in the best interest of the Group to have Mr. Loh taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

Save as disclosed above, during the year in the opinion of the Directors, the Group has complied with the code provision of the CG Code.

## **COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

During the year, the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Company recognised its responsibility to protect the environment from its business activities. The Company is committed to the sustainable development of the environment and our society. The Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental practices to ensure our business meet the required standards and ethics in respect of environmental protection.

## **RELATIONSHIPS WITH STAKEHOLDERS**

The Group recognises that our employees, customers and suppliers are key stakeholders to the Group's success. The Group strive to achieve corporate sustainability through engaging employees, providing quality products and services to our customers, collaborating with suppliers to deliver quality sustainable products and services and supporting our community.

## **SUBSEQUENT EVENTS AFTER REPORTING PERIOD**

On 2 May 2024 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the land use right of the Land at the Consideration of approximately RM7.9 million (the "**Acquisition**"). An extraordinary general meeting was held on 18 June 2024 to approve the Acquisition, the resolution was duly passed by shareholders.

On 27 June 2024 (after the trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company would allot and issue, and the Subscriber would subscribe for an aggregate of 27,252,720 Subscription Shares at the Subscription Price of HK\$0.08 per Subscription Share. The net proceeds from the subscription after deducting related professional fees and related expenses are approximately HK\$2,100,000. The Share Subscription was completed on 17 July 2024.

On 2 August 2024, an ordinary resolution was passed on share consolidation ("**Share Consolidation**"). According to the resolution, every 10 issued and unissued existing shares of par value HK\$0.08 each in the share capital of the Company would be consolidated into 1 consolidated share of par value HK\$0.8 each. The Share Consolidation became effective on 6 August 2024.

On 16 August 2024 (after trading hours), the Company entered into the sale and purchase agreement with the Vendor, pursuant to which the Wanshun Technology Industrial Group Limited (the “**Vendor**”) conditionally agreed to sell, and the Company conditionally agreed to acquire, the entire equity interest of the 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 Smart Life Service Company Limited (“**Shenzhen Wanshunfu**”). 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.

## **RESULTS AND DIVIDENDS**

The result of the Group for the year ended 31 May 2024 and the state of the affairs of the Group as at that date are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 2.

The Board does not recommend the payment of final dividend for the year ended 31 May 2024 (2023: Nil).

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the 2024 AGM to be held on Friday, 27 September 2024, the register of members of the Company will be closed from Tuesday, 24 September 2024 to Friday, 27 September 2024, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2024 AGM or any adjournment thereof, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investors Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 September 2024.

## **AUDIT COMMITTEE**

The Group established the Audit Committee on 27 June 2017 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules.

The Audit Committee currently consists of three Independent Non-executive Directors namely, Mr. Yau Ka Hei, Mr. Ma, She Shing Albert and Mr. Kwok Tsz Hin. The chairman of the Audit Committee is Mr. Yau Ka Hei.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

This announcement is published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.sktargetgroup.com](http://www.sktargetgroup.com). The 2024 annual report will also be published on the website of Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of Company at [www.sktargetgroup.com](http://www.sktargetgroup.com) and will be despatched to the Shareholders in due course.

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

Hong Kong, 29 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.*

*This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange website at [www.hkexnews.hk](http://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](http://www.sktargetgroup.com).*