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WS-SK TARGET GROUP LIMITED

萬順瑞強集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8427)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF REGISTERED CAPITAL IN THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER THE GENERAL MANDATE

On 1 August 2025 (after trading hours), the Vendor, the Target Company, the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Sale Capital for a total Consideration of HK\$34.874 million, which shall be settled issue of the Consideration Shares.

As one or more 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.

SALE AND PURCHASE AGREEMENT

Date : 1 August 2025 (after trading hours)

Parties : (a) the Purchaser
(b) the Vendor
(c) the Target Company

Asset to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Capital, representing 1% of the registered share capital of the Target Company, a company established in the PRC.

Consideration

The Consideration of HK\$34.874 million for the sale and purchase of the Sale Capital shall be settled by the Company to allot and issue to the Vendor the Consideration Shares credited as fully paid.

The basis of the Consideration was determined after arm's length negotiations between the Purchaser and the Seller with reference to, among others,

- (i) the prospects of the Target Company in the medium to long term;
- (ii) the reasons for and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" below; and
- (iii) the appraised value of 100% equity interest of the Target Company as at 30 June 2025 (the "**Valuation Date**") of approximately RMB3,197 million (or equivalent to approximately HK\$3,487.4 million), as appraised by an independent valuer (the "**Valuer**") using the market-based approach, being by making reference to comparable companies as available in the market (the "**Valuation**").

Consideration Shares

The Consideration Shares will be issued at the issue price of HK\$28.69 per Consideration Share, which:

- (i) represents a discount of approximately 18.50% to the closing price of HK\$35.20 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) represents a discount of approximately 15.00% over the average closing price of HK\$31.7 per Share for the last five consecutive trading days prior to immediately preceding the date of the Sale and Purchase Agreement.

The Consideration Shares are to be issued by the Company under the General Mandate. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue.

The issue prices were arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Conditions

Completion shall be conditional upon:

- (i) the Purchaser having completed financial, legal and business due diligence on the Target Company to its satisfaction, and the information disclosed by the Target Company being true, accurate and not materially misleading in any respect;

- (ii) the transactions contemplated under the Sale and Purchase Agreement having been duly approved and authorized by each Party and other relevant parties, and such approvals and authorizations remaining in full force and effect up to and including Completion;
- (iii) the transactions contemplated under the Sale and Purchase Agreement having received the approval of the Stock Exchange or other applicable regulatory authorities and such approval(s) not having been revoked or withdrawn prior to the Completion Date; and
- (iv) the representations and warranties given by each party under the Sale and Purchase Agreement remaining true, accurate, and not misleading in all respects up until Completion, and there being, as at Completion and immediately prior thereto, no potential material liabilities in respect of the Target Company, no material changes to the existing management team, and no actions having been taken or events having occurred which may have a material adverse effect on the business, assets, financial condition, operations or prospects of the Target Company.

If the conditions have not been fulfilled (or waived by the Purchaser as the case may be) on or before 15 November 2025, or such later date as the Vendor and the Purchaser may agree, the Share and Purchase Agreement shall cease and neither party to the Sale and Purchase Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately upon the Completion (assuming no other change in the shareholding of the Company):

	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares</i>	<i>Approx. % (Note 1)</i>	<i>Number of Shares</i>	<i>Approx. % (Note 1)</i>
Substantial Shareholders				
Merchant World Investments Limited (Note 2)	2,911,200	17.80	2,911,200	16.57
Greater Elite Holdings Limited (Note 3)	1,961,010	11.99	1,961,010	11.16
Mr. Lei Meng Fong	2,725,272	16.67	2,725,272	15.51
The Vendor	—	—	1,215,630	6.92
Public Shareholders				
Other public Shareholders	<u>8,754,150</u>	<u>53.54</u>	<u>8,754,150</u>	<u>49.83</u>
Total	<u><u>16,351,632</u></u>	<u><u>100.00</u></u>	<u><u>17,567,262</u></u>	<u><u>100.00</u></u>

Notes:

- The percentage figures have been subjected to rounding adjustments. Any discrepancies between totals and sums of amount listed herein are due to rounding adjustments.

2. These shares are held by Merchant World Investments Limited, a company wholly owned by Mr. Loh Swee Keong, an executive Director of the Company.
3. These Shares are held by Greater Elite Holdings Limited, a company wholly owned by Mr. Law Fung Yuen Paul.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in operation of online ride hailing platform. The Target Company has registered capital of RMB1 billion.

As at the date of the Sale and Purchase Agreement, the Target Company is ultimately owned by Wanshun Technology Industrial Group Limited as to approximately 98.08%.

The audited financial information of the Target Company for the two years ended 31 December 2023 and 2024 is as below prepared in accordance with the accounting principles generally accepted in the PRC are as follows:

<i>RMB'000</i>	For the year ended	
	31 December	
	2023	2024
	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	866,246	1,182,554
Net profit/(loss) before taxation	(109,336)	27,356
Net profit/(loss) after taxation	(109,339)	27,355

The unaudited total asset value and net liabilities of the Target Group as at 30 June 2025 were approximately RMB62.9 million and RMB451.7 million respectively.

THE VALUATION

Valuation approach

Pursuant to the valuation report prepared by the Valuer, the Valuation is conducted on a market value basis, and the Valuer has taken into account the operations and the nature of the industry of the Target Company in considering the appropriate approach to obtain the market value of the Target Company from the three accepted approaches, namely the market-based approach, the income-based approach and the asset-based approach.

According to International Valuation Standards (“**IVS**”), the income-based approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the income-based approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits. Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

According to IVS, the asset-based approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital. Under the asset-based approach, the market value of equity of a business entity/group refers to the market values of various assets and liabilities on the statement of financial position of the business entity/group as at the measurement date, in which the market value of each asset and liability was determined by reasonable valuation approaches based on its nature.

According to IVS, the market-based approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the Valuer will first look for valuation indication of prices of other similar business entities that have been sold recently. The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

In the process of valuing the Target Company, the Valuer has taken into account the operations and the nature of the industries of the Target Company. The income-based approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. The asset-based approach was also not adopted because it could not capture the future earning potential of the Target Company and therefore it could not reflect the market value of the Target Company. The market-based approach could reflect the value of the Target Company as the earning is normalized and relatively stable for the recent year. The Valuer has therefore considered the adoption of the market-based approach in arriving at the market value of the Target Company.

Valuation Analyses of the Target Company

By adopting the guideline public company method under the market-based approach, the Valuer has to determine the appropriate valuation multiples of comparable companies, in which the Valuer has considered price-to-book (“P/B”), price-to-earnings (“P/E”) and price-to-sales (“P/S”) multiples. The operation of the Target Company and similar companies does not heavily depend on their assets, hence P/B multiple was not adopted. P/E multiple was not adopted as the Valuer is of the view that it cannot consider the Target Company’s own cash and debt level. Therefore, the Valuer has adopted the P/S multiple and considered it as the most appropriate multiple in calculating the market value of the Target Company.

The Valuer adopted several listed companies with business scopes and operations similar to those of the Target Company as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- the companies are principally engaged in internet media & services related to ride mobility transport;
- the companies generated 50% or more of their revenue in the latest fiscal year from the internet media & services segment;
- the companies have sufficient listing and operating histories; and
- the financial information of the companies is available to the public.

Details of the comparable companies were listed as follows:

Comparables Companies	Business Description	Ticker/ Stock Code	Listing Location	P/S Ratio
Lyft Inc.	Lyft, Inc. provides online ridesharing services. The Company offers ride booking, payment processing, and car transportation services. Lyft serves customers in the United States.	LYFT	United States	1.094
Dida Inc.	Dida Inc. operates a technology driven mobility platform. The company provides carpooling marketplace, taxihailing, and other services. Dida also offers advertising services. Dida serves customers in China.	2559	Hong Kong	4.314
Uber Technologies Inc.	Uber Technologies Inc provides ride hailing services. The company develops applications for road transportation, navigation, ride sharing, and payment processing solutions. Uber Technologies serves customers worldwide	UBER	United States	0.808
DiDi Global Inc.	DiDi Chuxing Inc operates passenger transportation platforms. The company provides mobility solutions, cloud computing, and other application based services. DiDi Chuxing serves customers worldwide.	DIDIY	United States	6.986

Comparables Companies	Business Description	Ticker/ Stock Code	Listing Location	P/S Ratio
Evmo Inc.	Evmo, Inc. develops and delivers a rideshare booking and cost comparison application. The company offers a metasearch application for smartphones that provides price comparison and booking of available ride sharing, as well as taxi and public transportation services. Evmo serves customers in the United States.	YAYO	United States	3.845
Grab Holdings Ltd.	Grab Holdings Limited operates as a holding company. The company, through its subsidiaries, develops delivery management, mobility, financial services, and enterprise software solutions. Grab Holdings serves customers worldwide.	GRAB	United States	0.643
Average				2.94

The P/S multiple adopted was the average of the P/S multiples of the above comparable companies as at the Date of Valuation as extracted from Bloomberg. Then the Valuer obtained the estimated market value of the Target Company by multiplying the adopted P/S multiple by the estimated trailing 12-month revenue of approximately RMB1,275.15 million provided by the Vendor to arrive at the market value as at 30 June 2025. The market value of Target Company was then arrived at by adjusting with the marketability discount.

Marketability Discount

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. A discount for lack of marketability of 15.66% was adopted in arriving at the market value of the Target Company as at 30 June 2025 based on the searching criteria of transaction dates as at 30 June 2025 and companies engaged in communications equipment in restricted stock study published in “Stout Restricted Stock Study 2025” by Stout Risius Ross, LLC.

Major Assumptions

The Valuer adopted certain specific assumptions in our valuation and the major ones are as follows:

- the unaudited financial statements of the Target Company as at 30 June 2025 can reasonably represent its financial position as at 30 June 2025 since audited financial statements as at the 30 June 2025 were not available;
- all relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Company operate or intend to operate would be officially obtained and renewable upon expiry;
- there will be sufficient supply of technical staff in the industries in which the Target Company operates, and the Target Company will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
- there will be no major change in the current taxation laws in the localities in which the Target Company operate or intend to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- there will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Company operate or intend to operate, which would adversely affect the revenues attributable to and profitability of the Target Company; and
- interest rates and exchange rates in the localities for the operation of the Target Company will not differ materially from those presently prevailing.

Based on the above, the valuation of the Target Company is calculated as follow:

	<i>RMB million</i>
Estimated trailing 12-month revenue of the Target Company	1,275.154
Multiplied by: P/S Multiple	2.94x
Market value of the Target Company	3,753.01
Adjusted for non-operating assets/(liabilities)	37.94
Market value of the Target Company before marketability discount	3,790.95
Multiplied by: marketability discount	x(1-15.66%)
Market value of 100% equity interests in the Target Company	3,197.29
Market value of 100% equity interests in the Target Company (Rounded)	3,197.00

VIEW OF THE BOARD ON THE VALUATION AND THE ACQUISITION

The Directors consider the key assumptions, the quantitative inputs, methodology and valuation analyses adopted in the valuation report are fair and reasonable. Based on the factors as disclosed, the Directors are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Purchaser

The Purchaser is a limited liability company established in the British Virgin Islands, which is directly wholly-owned by the Company and is an investment holding company.

The Vendor

The Vendor is a company incorporated in Hong Kong with limited liability and, owns 1% of the equity interest of the Target Company as at the date of the Share and Purchase Agreement. The ultimate beneficial owner of the Vendor is Mr. Zhou Zhengqing, who is the founder, chairman and president of the Target Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

REASONS AND BENEFITS FOR THE ACQUISITION

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.

The Acquisition is a strategic move that aligns with the Company's diversification and growth objectives. Engaging with the ride-hailing sector is consistent with the Company's broader strategy of diversification beyond its existing businesses, providing access to innovative business models and technology-driven platforms. The investment lays the groundwork for deeper collaboration, knowledge transfer, and cross-sector synergies, while also presenting potential opportunities for further equity participation as the Company gains industry insight and as the ride-hailing platform scales its operations.

Moreover, collaborating with the experienced management team and leveraging the established network of the ride-hailing company can accelerate the Company's learning curve in digital platform operations. The platform's technological capabilities and data-driven approach can provide valuable insights that may inform the Company's broader digital transformation initiatives.

This investment, albeit minority, also allows the Company to establish a foothold in a highly innovative and scalable sector with global potential. It positions the Company to benefit from future collaboration opportunities, potential synergies, and increased brand exposure within the digital economy ecosystem.

The Directors believe that the consideration and terms of the acquisition are fair, reasonable, and conducted on normal commercial terms. The transaction is in the best interests of the Company and its shareholders as a whole, and represents a forward-looking strategic step towards sustainable value creation.

GEM LISTING RULES IMPLICATION

As one or more 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Capital by the Purchaser subject to and upon the terms and conditions of the Sale and Purchase Agreement
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Company”	WS-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 sale and purchase of the Sale Capital in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which Completion takes place or such other date as mutually agreed by the Purchaser and the Vendor
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	the consideration to be satisfied by the Purchaser to the Vendor for the sale and purchase of the Sale Capital
“Consideration Shares”	1,215,630 new Shares to be allotted and issued by the Company to the Vendor credited as fully paid for the purpose of the settlement of the Consideration
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange

“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 27 September 2024
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the GEM Listing Rules
“Last Trading Day”	1 August 2025, being the last trading day immediately before entering into the Sale and Purchase Agreement
“PRC”	The People’s Republic of China
“Purchaser”	Gallant Empire Limited, a company incorporated in the British Virgin Islands and a directly wholly-owned by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 August 2025 entered into by the Purchaser and the Vendor in relation to the Acquisition
“Sale Capital”	1% of the registered capital of the Target Company, which is legally and beneficially owned by the Vendor
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.8 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shenzhen Wanshun eCar Cloud Tech & Information Co., Ltd.* (深圳萬順叫車雲信息技術有限公司), a company incorporated in the PRC with limited liability
“Vendor”	Wanshun Technology Industrial Group Limited, a company incorporate in Hong Kong with limited liability

For the purpose of this announcement and solely for the purpose of illustration only, all amounts in RMB are translated into HK\$ at an exchange rate of RMB1:HK\$1.0909.

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

Hong Kong, 1 August 2025

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 Ms. Chan Sheung Yu.

This 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 Company Announcements” page of the GEM 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.

** for identification purpose only*