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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 INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023**

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

## INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 November 2023 (the “**Interim Financial Statements**”) together with the unaudited comparative figures for the corresponding period in 2022 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three months and six months ended 30 November 2023*

		Three months ended		Six months ended	
		30 November		30 November	
		2023	2022	2023	2022
	Notes	RM'000	RM'000	RM'000	RM'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	8,080	7,245	15,308	16,370
Cost of sales		<u>(5,765)</u>	<u>(5,662)</u>	<u>(11,119)</u>	<u>(12,700)</u>
Gross profit		2,315	1,583	4,189	3,670
Other income		376	162	609	520
Administrative expenses		(1,703)	(1,236)	(2,885)	(2,943)
Selling and distribution expenses		(341)	(275)	(627)	(548)
Finance costs	5	(34)	(12)	(69)	(27)
Share of result of an associate		<u>22</u>	<u>-</u>	<u>69</u>	<u>-</u>
Profit before taxation		635	222	1,286	672
Taxation	7	<u>(393)</u>	<u>(148)</u>	<u>(710)</u>	<u>(367)</u>
Profit for the period	6	<u><u>242</u></u>	<u><u>74</u></u>	<u><u>576</u></u>	<u><u>305</u></u>

	Three months ended		Six months ended	
	30 November		30 November	
	2023	2022	2023	2022
Note	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>68</u>	<u>28</u>	<u>96</u>	<u>147</u>
Total comprehensive income for the period	<u><b>310</b></u>	<u>102</u>	<u><b>672</b></u>	<u>452</u>
Earnings per share				
Basic (RM cents)	8 <u><b>0.18</b></u>	<u>0.06</u>	<u><b>0.43</b></u>	<u>0.26</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 November 2023*

	<i>Notes</i>	<b>30 November 2023 RM'000 (unaudited)</b>	31 May 2023 RM'000 (audited)
<b>Non-Current Assets</b>			
Property, plant and equipment		4,062	3,889
Investment property		351	353
Right of use assets		712	995
Investment in an associate		3,440	3,334
		<b>8,565</b>	8,571
<b>Total Non-Current Assets</b>			
<b>Current Assets</b>			
Inventories		2,498	2,004
Receivables, deposits and prepayment	<i>10</i>	11,070	11,863
Amount owing from ultimate holding company	<i>11</i>	40	44
Amount owing from a shareholder	<i>11</i>	35	12
Tax recoverable		8	89
Short-term bank deposits	<i>12</i>	21,320	21,247
Cash and bank balances		5,831	6,828
		<b>40,802</b>	42,087
<b>Total Current Assets</b>			
<b>Current Liabilities</b>			
Payables and accrued charges	<i>13</i>	8,058	11,033
Leased liabilities		315	625
Tax payables		727	13
		<b>9,100</b>	11,671
<b>Total Current Liabilities</b>			
<b>Net Current Assets</b>		<b>31,702</b>	30,416
<b>Total Assets Less Current Liabilities</b>		<b>40,267</b>	38,987

		<b>30 November</b>	31 May
		<b>2023</b>	2023
	<i>Note</i>	<b>RM'000</b>	<b>RM'000</b>
		<b>(unaudited)</b>	(audited)
<b>Non-Current Liabilities</b>			
Leased liabilities		<b>405</b>	405
Deferred tax liabilities		<b>131</b>	131
Promissory note		<b>3,279</b>	3,276
		<hr/>	<hr/>
<b>Total Non-Current Liability</b>		<b>3,815</b>	3,812
		<hr/>	<hr/>
<b>Net Assets</b>		<b>36,452</b>	35,175
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and Reserves</b>			
Share capital	<i>14</i>	<b>6,028</b>	5,438
Reserve		<b>30,424</b>	29,737
		<hr/>	<hr/>
<b>Total Equity</b>		<b>36,452</b>	35,175
		<hr/> <hr/>	<hr/> <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 November 2022*

	Share capital <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>
At 31 May 2022 (audited)	4,501	27,228	8,579	(355)	(7,039)	32,914
Profit for the period	-	-	-	-	305	305
Exchange differences arising on translation of foreign operations	-	-	-	147	-	147
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>147</u>	<u>305</u>	<u>452</u>
Issue of subscription shares by newly allotted ordinary shares	<u>937</u>	<u>831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,768</u>
At 30 November 2022 (unaudited)	<u><u>5,438</u></u>	<u><u>28,059</u></u>	<u><u>8,579</u></u>	<u><u>(208)</u></u>	<u><u>(6,734)</u></u>	<u><u>35,134</u></u>

*For the six months ended 30 November 2023*

	Share capital <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>
At 31 May 2023 (audited)	5,438	28,059	8,579	50	(6,951)	35,175
Profit for the period	-	-	-	-	576	576
Exchange differences arising on translation of foreign operations	-	-	-	96	-	96
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>576</u>	<u>672</u>
Issue of subscription shares by newly allotted ordinary shares	<u>590</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>605</u>
At 30 November 2023 (unaudited)	<u><u>6,028</u></u>	<u><u>28,074</u></u>	<u><u>8,579</u></u>	<u><u>146</u></u>	<u><u>(6,375)</u></u>	<u><u>36,452</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 November 2023

	<b>Six months ended</b>	
	<b>30 November</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Net Cash Used in Operating Activities</b>	<b>(1,346)</b>	<b>(1,139)</b>
<b>INVESTING ACTIVITIES</b>		
Proceed from disposal of property, plant and equipment	<b>137</b>	–
Interest received	<b>444</b>	266
Purchase of property, plant and equipment	<b>(496)</b>	(21)
Increase in pledged short-term bank deposits	<b>(73)</b>	(24)
<b>Net Cash Generated From Investing Activities</b>	<b>12</b>	<b>221</b>
<b>FINANCING ACTIVITIES</b>		
Proceed from issue of shares	<b>605</b>	1,768
Finance costs paid	<b>(5)</b>	(4)
Capital element on lease rental paid	<b>(310)</b>	(289)
Interest element on lease rental paid	<b>(15)</b>	(23)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>275</b>	<b>1,452</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,059)</b>	<b>534</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>26,948</b>	<b>21,687</b>
Effects of exchange differences	<b>62</b>	170

	<b>Six months ended</b>	
	<b>30 November</b>	
	<b>2023</b>	2022
	<b><i>RM'000</i></b>	<i>RM'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>25,951</b>	22,391
<b>REPRESENTED BY:</b>		
Current:		
Short-term bank deposits	<b>21,320</b>	19,254
Cash and bank balances	<b>5,831</b>	4,271
	<hr/>	<hr/>
Total	<b>27,151</b>	23,525
Less: Deposits pledged as security	<b>(1,200)</b>	(1,134)
	<hr/>	<hr/>
Cash and cash equivalents	<b>25,951</b>	22,391
	<hr/>	<hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 November 2023*

## 1. GENERAL INFORMATION

SK Target Group Limited (the “Company”) was incorporated in the Cayman Islands with limited liability on 28 October 2016. 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 and sales of health supplemental products in Hong Kong.

## 2. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 November 2023 (the “**Interim Financial Statements**”) have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those adopted in the annual report for the year ended 31 May 2023 (the “**2023 Annual Financial Statements**”) , except for the adoption of the new and revised IFRSs which are effective for the financial year begin on or after 1 June 2023. The adoption of the new and revised IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared or presented. Accordingly, no prior period adjustment has been required. The Group has not early adopted any new and revised IFRSs that has been issued but not yet effective in the current accounting period. The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 2023 Annual Financial Statements.

The Interim Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values. The Interim Financial Statements are presented in Malaysian Ringgit (“**RM**”), which is also the functional currency of the Company. All values are rounded to nearest thousands (RM’000), unless otherwise stated.

### 3. ESTIMATES

The preparation of Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Annual Financial Statements.

### 4. REVENUE AND SEGMENTAL INFORMATION

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) Sale 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.

## Segment revenues and results

Six months ended 30 November 2023 (unaudited)

	Manufacturing and trading RM'000	Other building materials and services RM'000	Sourcing services RM'000	Sale of health supplement products RM'000	Total RM'000
Revenue					
External sales	14,628	680	-	-	15,308
Inter-segment sales	-	-	-	-	-
Segment revenue	<u>14,628</u>	<u>680</u>	<u>-</u>	<u>-</u>	<u>15,308</u>
Elimination					<u>-</u>
Group revenue					<u>15,308</u>
Segment result	<u>4,098</u>	<u>91</u>	<u>-</u>	<u>-</u>	<u>4,189</u>
Administrative expenses					(2,885)
Selling and distribution expenses					(627)
Finance costs					(69)
Other income					609
Share of result of an associate					<u>69</u>
Profit before taxation					<u><u>1,286</u></u>

*Six months ended 30 November 2022 (unaudited)*

	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>	Total <i>RM'000</i>
Revenue					
External sales	12,375	752	12	3,231	16,370
Inter-segment sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment revenue	<u>12,375</u>	<u>752</u>	<u>12</u>	<u>3,231</u>	<u>16,370</u>
Elimination					<u>-</u>
Group revenue					<u>16,370</u>
Segment result	<u>2,639</u>	<u>89</u>	<u>5</u>	<u>937</u>	<u>3,670</u>
Administrative expenses					(2,943)
Selling and distribution expenses					(548)
Finance costs					(27)
Other income					<u>520</u>
Profit before taxation					<u><u>672</u></u>

Segment results represents the profit from each segment without allocation of administrative expenses, listing expenses, selling and distribution expenses, finance costs, other income, fair value change of financial assets at fair value through profit or loss and taxation. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates with discount given for certain bulk purchase.

## 5. FINANCE COSTS

	Three months ended 30 November		Six months ended 30 November	
	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)
Interest expense on:				
Commitment fees	2	2	5	4
Leased liabilities interest	7	10	15	23
Promissory note	25	–	49	–
	<u>34</u>	<u>12</u>	<u>69</u>	<u>27</u>

## 6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting):

	Three months ended 30 November		Six months ended 30 November	
	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)	2023 RM'000 (unaudited)	2022 RM'000 (unaudited)
Auditor remuneration	111	105	220	226
Cost of inventories recognised as an expense	4,289	4,400	8,125	9,881
Staff costs, excluding Directors' remuneration:				
– Salaries, wages and other benefits	940	870	1,817	1,842
– Contribution to EPF	59	64	122	121
	999	934	1,939	1,963
Lease payments not included in the measurement of lease liabilities:				
Crane	21	1	24	2
Office equipment	2	4	4	4
Depreciation on:				
Property, plant and equipment	159	176	323	352
Investment property	1	1	2	2
Right-of-use assets	142	134	283	288
Unrealised loss on foreign exchange	157	279	230	459
Interest income	(221)	(129)	(444)	(266)

## 7. TAXATION

	Three months ended		Six months ended	
	30 November		30 November	
	2023	2022	2023	2022
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Malaysia corporate income tax:				
Current period	<b>393</b>	148	<b>710</b>	294
Hong Kong Profits Tax				
Current Period	-	-	-	73
Deferred tax	-	-	-	-
	<b>393</b>	148	<b>710</b>	367

Malaysia corporate income tax rate is calculated at the statutory tax rate of 24% for the six months ended 30 November 2023 (six months ended 30 November 2022: 24%) on the estimated assessable profits for each of the assessable period.

Hong Kong Profits Tax is calculated at a rate of 16.5% for the six months ended 30 November 2023 (six months ended 30 November 2022: 16.5%) of the estimated assessable profits for the period, 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 period ended 30 November 2023.

Hong Kong Profits Tax has not been provided for the period end 30 November 2023 as there is no assessable profits for the period ended 30 November 2023.

## 8. EARNINGS PER SHARE

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

	Three months ended 30 November		Six months ended 30 November	
	2023	2022	2023	2022
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings for the purpose of calculating basic earnings per share: profit for the period attributable to the owners of the Company	<u>0.18</u>	<u>0.06</u>	<u>0.43</u>	<u>0.26</u>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>136,263,600</u>	<u>123,876,000</u>	<u>135,180,531</u>	<u>119,701,672</u>

No diluted earnings per share information has been presented for the six months ended 30 November 2022 and 2023 as the Company has no potential ordinary shares outstanding during both periods.

## 9. DIVIDEND

The Board does not recommend the payment of a dividend for the six months ended 30 November 2023 (six months ended 30 November 2022: Nil).

## 10. RECEIVABLES, DEPOSITS AND PREPAYMENT

	<b>30 November 2023 RM'000 (unaudited)</b>	31 May 2023 RM'000 (audited)
Trade receivables	<b>14,595</b>	14,879
Less: Allowance for credit losses	<b>(6,073)</b>	(5,662)
	<b>8,522</b>	9,217
Other receivables	<b>244</b>	198
Deposits	<b>2,195</b>	2,214
Prepayments	<b>109</b>	234
	<b>11,070</b>	11,863

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 aged analysis of trade receivables (net of allowance for credit losses) presented based on the invoice date.

	<b>30 November 2023 RM'000 (unaudited)</b>	31 May 2023 RM'000 (audited)
1–30 days	<b>1,226</b>	2,485
31–60 days	<b>1,799</b>	977
61–90 days	<b>1,213</b>	657
91–120 days	<b>795</b>	138
More than 120 days	<b>3,489</b>	4,960
	<b>8,522</b>	9,217

## 11. AMOUNTS OWING FROM ULTIMATE HOLDING COMPANY AND A SHAREHOLDER

The amount owing from the ultimate holding company is non-trade nature, unsecured, interest free and repayable on demand.

The amount owing from a shareholder is non-trade nature, unsecured, interest free and repayable on demand.

## 12. SHORT TERM BANK DEPOSITS

Short-term bank deposits of the Group have an average maturity ranging from 1 to 3 months. The average interest rates of deposits of the Group are ranging from 1.75% to 3.80% and ranging from 3.53% to 3.65% per annum as at 31 May 2023 and 30 November 2023 respectively. Included in the short-term bank deposits are amounts totaling RM1,127,000 and RM1,200,000 that have been pledged to secure general banking facilities granted to the Group as at 31 May 2023 and 30 November 2023 respectively.

## 13. PAYABLES AND ACCRUED CHARGES

	<b>30 November 2023 RM'000 (unaudited)</b>	31 May 2023 RM'000 (audited)
Trade payables	3,012	6,767
Accrued charges	3,038	3,189
Other payables	454	286
Advance from customers	1,554	791
	<u>8,058</u>	<u>11,033</u>

The following is an aged analysis of trade payables presented based on the invoice dates.

	<b>30 November 2023 RM'000 (unaudited)</b>	31 May 2023 RM'000 (audited)
1–30 days	1,457	1,229
31–60 days	815	894
61–90 days	513	949
91–120 days	221	214
Over 120 days	6	3,481
	<u>3,012</u>	<u>6,767</u>

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.

## 14. SHARE CAPITAL

	Nominal value HK\$	Number of shares '000	Share capital	
			HK\$'000	RM'000
Ordinary shares of HK\$0.08 each				
<b>Authorised:</b>				
At 31 May 2023 and 30 November 2023		1,250,000	100,000	
<b>Issued and fully paid:</b>				
At 31 May 2023		123,876	9,910	5,438
Issue of subscription shares by newly allotted ordinary shares ( <i>note a</i> )		12,388	991	590
At 30 November 2023		136,264	10,901	6,028

### Notes:

- (a) On 7 June 2023 (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 12,387,600 subscription shares at the subscription price of HK\$0.082 per subscription share. The share subscription has been completed on 16 June 2023. The Company allotted and issued subscription shares comprising 12,387,600 ordinary shares at par value of HK0.08 each. The gross proceeds were HK\$1,015,783 (equivalent to approximately RM605,000) based on the subscription price of which a sum of HK\$991,008 (equivalent to approximately RM590,000) has credited to share capital and the balance of HK\$24,775 (equivalent to approximately RM15,000) has credited to share premium account.

All ordinary shares issued during the period rank *pari passu* with the then existing ordinary shares in all aspects.

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

## 15. EVENT AFTER REPORTING PERIOD

There are no significant events which have taken place subsequent to 30 November 2023.

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

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

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

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

### FINANCIAL REVIEW

#### Revenue

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

For the manufacturing and trading of precast concrete junction boxes business, the revenue increased by approximately 18.21%, from approximately RM12.4 million for the period ended 30 November 2022 to approximately RM14.6 million for the period ended 30 November 2023. The increase is 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 decreased by approximately 9.57%, from approximately RM752,000 for the period ended 30 November 2022 to approximately RM680,000 for the period ended 30 November 2023. The decrease was mainly caused by intensive market competition which leads to low price and profit margin.

The sales of health supplements business and the sourcing services of materials business are temporary suspended due to change in direction of business strategy.

### **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 decreased from approximately RM12.7 million for the six months ended 30 November 2022 to approximately RM11.1 million for the six months ended 30 November 2023, decrease of approximately 12.45%. Such change was mainly due to the decrease in revenue of the sale of health supplement products business due to change in direction of business strategy.

The Gross Profit increased from approximately RM3.6 million for the six months ended 30 November 2022 to approximately RM4.2 million for the six months ended 30 November 2023.

### **Administrative expenses**

Administrative expenses of the Group slightly decreased by approximately RM58,000 or 1.97% from approximately RM2,943,000 for the six months ended 30 November 2022 to approximately RM2,885,000 for the six months ended 30 November 2023.

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 decrease was mainly attributable to tighter control on expenses.

## **Selling and distribution expenses**

Selling and distribution expenses of the Group increased by approximately 14.42% from approximately RM548,000 for the six months ended 30 November 2022 to approximately RM627,000 for the six months ended 30 November 2023.

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 period**

The Group recorded a net profit of approximately RM576,000 for the six months ended 30 November 2023 due to the management is focussing on precast junction boxes with higher profit margin and better control in expense.

## **SIGNIFICANT INVESTMENTS HELD**

During the six months ended 30 November 2023, the Company did not have any significant investments held.

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

There were no material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 30 November 2023. There is no specific future plan for material investments or capital assets as at the date of this announcement.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 November 2023, the Group's cash and cash equivalents was approximately RM27.2 million (31 May 2023: approximately RM28.1 million).

As at 30 November 2023, the Group's had no borrowings (31 May 2023: Nil).

As at 30 November 2023, the Group's current ratio was 4.48 (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 30 November 2023 (31 May 2023: Nil), which is calculated based on the total interest-bearing loans divided by the total equity.

The Directors consider that 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 period. The share capital of the Group only comprises of ordinary shares.

As at 30 November 2023, the share capital and equity attributable to owners of equity of the Company amounted to approximately RM6.0 million and approximately RM30.4 million respectively (31 May 2023: RM5.4 million and RM29.7 million respectively).

## **CAPITAL COMMITMENTS**

As at 30 November 2023, the Group had no capital commitments in respect of the acquisition of property, plant and equipment (31 May 2023: Nil).

## **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 period ended 30 November 2023 in accordance with the expected timeline set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The following table lists out the updated expected timeline of utilization of the net proceeds and the usage up to the period ended 30 November 2023.

	Net proceeds from the Share Offer <i>HK\$ million</i>	Amount utilized from Listing Date to 31 May 2023 <i>HK\$ million</i>	Amount utilized for the period ended 30 November 2023 <i>HK\$ million</i>	Unutilized balance up to 30 November 2023 <i>HK\$ million</i>	Expected timeframe for intended use
Expansion of production capacity through					
(i) expanding our Existing Selangor Plant ( <i>note b</i> )	7.0	(5.6)	(0.4)	1.0	Intends to use up the remaining fund by end of 2024
(ii) completing the establishment of our New Kulaijaya Plant and ( <i>note b</i> )	7.3	(2.3)	(0.10)	4.9	Intends to use up the remaining fund by end of 2024
(iii) recruiting new staffs ( <i>note b</i> )	2.6	(1.9)	(0.3)	0.4	Intends to use up the remaining fund by end of 2024
Acquisition of a parcel of land in Southern Malaysia ( <i>note c</i> )	8.4	–	–	8.4	Intends to use up the remaining fund by end of 2024
Expansion of our business vertically in the supply chain of the precast concrete junction box industry through mergers and acquisitions ( <i>note c</i> )	2.7	–	–	2.7	Intends to use up the remaining fund by end of 2024
Expansion of our sales and marketing team ( <i>note d</i> )	0.8	(0.8)	–	–	
General working capital ( <i>note e</i> )	0.8	(0.8)	–	–	
<b>Total</b>	<b>29.6</b>	<b>(11.4)</b>	<b>(0.8)</b>	<b>17.4</b>	

*Notes:*

- (a) The unused Listing proceeds have been deposited in licensed banks in Malaysia and Hong Kong.
- (b) The funds have been used to purchase and upgrade some machineries and equipments. The funds also have been utilized on recruiting and salaries of staffs for the expansion and renovation works.
- (c) The Group is identifying acquisition target, if materialised, the Group will inform the shareholders as and when appropriate.
- (d) The funds have been fully utilized on recruiting and salaries of sales and marketing staffs.
- (e) The funds have been fully utilized as general working capital.

In view of the recovery of economy, the management of the Group is considering to expand the Group's production capacity, and actively looking for suitable target. The Group will closely monitor both the internal and the external factors and will decide on the pace of expansion of our production capacity in due course. The Directors will constantly evaluate the Group's business objectives and will change or modify plans against the changing market conditions to ascertain the business growth of the Group.

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

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30 November 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Sections 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

### Ordinary Shares of the Company

<b>Name of Director/Chief Executive</b>	<b>Capacity/Nature of Interest</b>	<b>Number of shares interested</b>	<b>Percentage of the Company's issued share capital as at 30 November 2023</b>
Mr. Loh Swee Keong ( <i>Note 2</i> )	Interest in controlled corporation	29,827,500 (L) ( <i>Note 1</i> )	21.89%

*Notes:*

- (1) The letter (L) denotes the person's long interest in the Shares.
- (2) Merchant World Investments Limited is a company incorporated in the BVI and is wholly-owned by Mr. Loh Swee Keong. Mr. Loh Swee Keong is deemed to be interested in all the Shares held by Merchant World Investments Limited for the purpose of the SFO.

Save for disclosed above, as at 30 November 2023, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provision of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 November 2023, the following persons (other than the Directors or chief executive of the Company) had interests and/or short positions in the shares and underlying shares of the Company which would fall to be disclosed of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

### Ordinary Shares of the Company

Name	Capacity/Nature of Interest	Number of shares interested	Percentage of the Company's issued share capital as at 30 November 2023
Merchant World Investments Limited	Beneficial owner	29,827,500 (L) (Note 1)	21.89%
Ms. Woon Sow Sum (Note 2)	Interest of spouse	29,827,500 (L)	21.89%
Greater Elite Holdings Limited	Beneficial owner	23,510,100 (L)	17.25%
Mr. Law Fung Yuen Paul (Note 3)	Interest in controlled corporation	23,510,100 (L)	17.25%
Ms. Cheng Lai Wah Christina (Note 4)	Interest of spouse	23,510,100 (L)	17.25%
Mr. Choy Sheung Ki Gary	Beneficial owner	10,323,000 (L)	8.33%

*Notes:*

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

Save for disclosed above, as at 30 November 2023, the Company has not been notified by any person (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **CHARGE ON GROUP'S ASSETS**

As at 30 November 2023, the Group had bank deposits pledged with banks totalling approximately RM1.2 million (31 May 2023: approximately RM1.1 million). These deposits were pledged to secure general banking facilities granted to the Group.

## **FOREIGN CURRENCY RISK**

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 to the Shares in HK\$ 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 HK\$, 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.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 November 2023 (six months ended 30 November 2022: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 November 2023, we had 75 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 an employee's salary based on each employee's qualifications, experience and capability and the prevailing market remuneration rate. The Group has designed and implemented 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.

## **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 nonrecurrent 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 owing 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. The Group is exposed to credit risk and liquidity risk.

## FUNDRAISING 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	Not yet utilized

## CONTINGENT LIABILITIES

The Group had no contingent liabilities at the balance sheet date.

## CORPORATE GOVERNANCE PRACTICES

Under the code provision A.2.1 of the Corporate Governance Code (the “**CG Code**”), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established.

Mr. Loh Swee Keong (“**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 circumstances.

Pursuant to Rule 5.05 of the GEM Listing Rules, the Board of a listed issuer must appoint independent non-executive directors (“**INED(s)**”) representing at least three INED(s). Pursuant to Rule 5.28 of the GEM Listing Rules, the Audit Committee of a listed issuer must comprise a minimum of three members. Following the resignation of Mr. Chu Kin Ming on 15 November 2023, the number of INED(s) and the minimum members of the Audit Committee have failed to meet the relevant requirements under the GEM Listing Rules.

As such, the Board will make its best endeavors to identify suitable candidate to fill in the vacancy as soon as practicable within three months from 15 November 2023 in order to ensure compliance by the Company with the requirements under GEM Listing Rules.

Save as disclosed above, for the six months ended 30 November 2023, in the opinion of the Directors, the Group has complied with the code provision of the CG Code.

## **SHARE OPTION SCHEME**

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full time and part time), or any member of the Group, including any Executive, Non-executive Directors and Independent Non-executive Directors, advisers, consultants of the Group.

The Company conditionally adopted the Share Option Scheme on 27 June 2017 whereby the Board is authorised, at its absolute discretion and subject to the terms of the Share Option Scheme, to grant options to the Eligible Participants to subscribe for the shares of the Company. The Share Option Scheme will be valid and effective for a period of ten years from the date of the adoption of the Scheme.

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, being 62,000,000 shares (or such numbers of shares as shall result from a subdivision or a consolidation of such 62,000,000 from time to time) (the “**Scheme Limit**”). Subject to shareholders’ approval in general meeting, the Board may (i) renew this limit at any time to 10% of the shares in issue as at the date of the approval by the shareholders in general meeting; and/or (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board.

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 options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the limit being exceeded.

The total number of shares issuable upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company to each Participants in any twelve months period shall not exceed 1% of the shares in issue. Any further grant of options is subject to shareholders' approval in general meeting with such Eligible Participants and his associates abstaining from voting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

An offer for the grant must be accepted not less than five business days from the date on which the Option is granted. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an options is HK\$1.

Pursuant to the Share Option Scheme, the participants may subscribe for the shares of the Company on exercise of an option at the price determined by the Board provided that it shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the share.

During the six months ended 30 November 2023, other than the share option scheme is set out above, the Company did not enter into the other equity-linked agreement, nor did any other equity-linked agreement exist during the period under review.

As at 30 November 2023, no share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme of the Company.

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

During the six months ended 30 November 2023 and up to the date of this announcement, the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group.

## **DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

Other than as disclosed under the sections headed “Share Option Scheme” and “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures of the Company and associated corporations”, at no time during the period was the Company, its or any of its holding companies or any of its subsidiaries a party to any arrangement to enable the Directors and the Chief Executives (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

## **DIRECTOR'S 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 regarding securities transactions by the Directors during the six months ended 30 November 2023 to the date of this announcement.

## **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 six months ended 30 November 2023.

## **DIRECTOR'S INTEREST OF COMPETING BUSINESS**

During the six months ended 30 November 2023, the Directors confirm that none of the controlling shareholders or Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business or any other conflicts of interest which any such person has or may have with the Group.

## **AUDIT COMMITTEE**

The Group has established an Audit Committee 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 duties of the Audit Committee are to primarily review the financial statements of the Company and oversee the internal control and risk management procedures of the Company.

The Audit Committee currently consists of two members namely, Mr. Yau Ka Hei and Mr. Ma, She Shing Albert. The chairman of the Audit Committee is Mr. Yau Ka Hei.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 November 2023 and is of the opinion that such statements complied with applicable standards, the GEM Listing Rules and that adequate disclosure had been made.

By Order of the Board  
**SK Target Group Limited**  
**Loh Swee Keong**  
*Chairman*

Hong Kong, 12 January 2024

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

*This announcement will remain on the “Latest Listed Company Information” 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).*