

SK TARGET GROUP LIMITED

瑞強集團有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 8427



2017 Interim Report
中期報告

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

Given the emerging nature of companies listed on GEM, 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 report, 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 report 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 report misleading.

香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)的特色

創業板的定位乃為相比起其他在聯交所上市的公司帶有較高投資風險的公司提供一個上市的市场。有意投資的人士應了解投資該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其他特色表示創業板較適合專業及其他老練投資者。

由於創業板上市公司新興的性質所然，在創業板買賣的證券可能會較於聯交所主板買賣的證券承受較大的市場波動風險，同時無法保證在創業板買賣的證券會有高流通量的市場。

香港交易及結算所有限公司及聯交所對本報告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本報告全部或任何部份內容而產生或倚賴該等內容而引致的任何損失承擔任何責任。

本報告乃遵照香港聯合交易所有限公司創業板證券上市規則(「**創業板上市規則**」)的規定而提供有關瑞強集團有限公司(「**本公司**」)的資料。本公司各董事(「**董事**」)對此共同及個別地承擔全部責任。董事在作出一切合理查詢後確認，就彼等深知及確信，本報告所載資料在各重大方面均為準確及完整，且並無誤導或欺詐成份，亦無遺漏其他事項致使本報告所載任何陳述或本報告有所誤導。

Corporate Information

公司資料

REGISTERED OFFICE IN CAYMAN ISLANDS

P.O. Box 1350, Clifton House,
75 Fort Street,
Grand Cayman KY1-1108,
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2201–3, Tai Tung Building,
8 Fleming Road, Wanchai,
Hong Kong

EXECUTIVE DIRECTORS

Mr. Loh Swee Keong (*Chairman and
Chief Executive Officer*)
Mr. Tan Cheng Siong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yau Ka Hei
Mr. Chu Kin Ming
Mr. Lee, Alexander Patrick

COMPANY SECRETARY

Ms. Chau Wing Kei, CPA

COMPLIANCE OFFICER

Mr. Tan Cheng Siong

開曼群島註冊辦事處

P.O. Box 1350, Clifton House,
75 Fort Street,
Grand Cayman KY1-1108,
Cayman Islands

總部及馬來西亞主要營業地點

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

香港主要營業地點

香港
灣仔菲林明道8號
大同大廈2201–3室

執行董事

Loh Swee Keong 先生
(主席兼行政總裁)
Tan Cheng Siong 先生

獨立非執行董事

邱家禧先生
朱健明先生
李明鴻先生

公司秘書

周詠淇女士 · 註冊會計師

合規主任

Tan Cheng Siong 先生

Corporate Information

公司資料

AUDIT COMMITTEE

Mr. Chu Kin Ming (*Chairman*)
Mr. Yau Ka Hei
Mr. Lee, Alexander Patrick

REMUNERATION COMMITTEE

Mr. Yau Ka Hei (*Chairman*)
Mr. Tan Cheng Siong
Mr. Chu Kin Ming

NOMINATION COMMITTEE

Mr. Loh Swee Keong (*Chairman*)
Mr. Yau Ka Hei
Mr. Lee, Alexander Patrick

AUTHORIZED REPRESENTATIVE

Mr. Loh Swee Keong
Ms. Chau Wing Kei, *CPA*

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
P.O. Box 1350, Clifton House,
75 Fort Street,
Grand Cayman KY1-1108,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

PRINCIPAL BANKER

CIMB Bank Berhad
Public Bank Berhad

審核委員會

朱健明先生 (*主席*)
邱家禧先生
李明鴻先生

薪酬委員會

邱家禧先生 (*主席*)
Tan Cheng Siong 先生
朱健明先生

提名委員會

Loh Swee Keong 先生 (*主席*)
邱家禧先生
李明鴻先生

授權代表

Loh Swee Keong 先生
周詠淇女士，註冊會計師

開曼群島股份過戶登記總處

Estera Trust (Cayman) Limited
P.O. Box 1350, Clifton House,
75 Fort Street,
Grand Cayman KY1-1108,
Cayman Islands

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東 183 號
合和中心 22 樓

主要往來銀行

CIMB Bank Berhad
Public Bank Berhad

Corporate Information

公司資料

COMPLIANCE ADVISER

RHB Capital Hong Kong Limited

AUDITORS

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

LEGAL ADVISERS

TC & Co. (*As to Hong Kong Law*)
David Lai & Tan (*As to Malaysian Law*)
Appleby (*As to Cayman Islands Law*)

COMPANY'S WEBSITE ADDRESS

www.targetprecast.com

STOCK CODE

8427

合規顧問

興業金融融資有限公司

核數師

Deloitte PLT (LLP0010145-LCA)
特許會計師 (AF0080)

法律顧問

崔曾律師事務所 (*有關香港法律*)
David Lai & Tan (*有關馬來西亞法律*)
毅柏律師事務所 (*有關開曼群島法律*)

公司網址

www.targetprecast.com

股份代號

8427

Interim Results

中期業績

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 2017 (the “**Interim Financial Statements**”) together with the unaudited comparative figures for the corresponding period in 2016 as follows:

本公司董事會(「**董事會**」)欣然提呈以下本公司及其附屬公司(統稱「**本集團**」)截至二零一七年十一月三十日止六個月的未經審核簡明綜合業績(「**中期財務報表**」)以及二零一六年同期未經審核比較數字：

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

For the three and six months ended 30 November 2017 截至二零一七年十一月三十日止三個月及六個月

		Three months ended 30 November		Six months ended 30 November		
		截至十一月三十日止三個月		截至十一月三十日止六個月		
		2017	2016	2017	2016	
		二零一七年	二零一六年	二零一七年	二零一六年	
Note		RM'000	RM'000	RM'000	RM'000	
附註		千令吉	千令吉	千令吉	千令吉	
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	
		(未經審核)	(未經審核)	(未經審核)	(未經審核)	
Revenue	收入	5	8,351	7,780	15,849	16,636
Cost of sales	銷售成本		(6,808)	(5,626)	(12,034)	(11,648)
Gross profit	毛利		1,543	2,154	3,815	4,988
Other income	其他收入		102	71	153	132
Administrative expenses	行政開支		(1,667)	(503)	(3,068)	(979)
Selling and distribution expenses	銷售及分銷開支		(244)	(304)	(530)	(621)
Listing expenses	上市開支		(842)	-	(2,416)	-
Finance costs	融資成本	6	(30)	(18)	(39)	(31)
(Loss)/Profit before taxation	除稅前(虧損)/溢利	7	(1,138)	1,400	(2,085)	3,489
Taxation	稅項	8	(267)	(312)	(601)	(837)
(Loss)/Profit and total comprehensive (loss)/income for the period	期內(虧損)/溢利及全面(虧損)/收益總額		(1,405)	1,088	(2,686)	2,652
(Loss)/Earnings per share — Basic (RM cents)	每股(虧損)/溢利 — 基本(仙令吉)	9	(0.23)	0.34	(0.47)	0.84

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

		30 November 2017 二零一七年 十一月三十日 RM'000 千令吉 (unaudited) (未經審核)	31 May 2017 二零一七年 五月三十一日 RM'000 千令吉 (audited) (經審核)
Non-Current Assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	3,552	3,218
Investment property	投資物業	396	401
Deferred Tax Assets	遞延稅項資產	17	-
Goodwill	商譽	10	-
Total Non-Current Assets	非流動資產總值	3,975	3,619
Current Assets	流動資產		
Inventories	存貨	1,589	651
Receivables, deposits and prepayment	應收款項、按金及預付款	11	15,873
Amount owing from ultimate holding company	應收最終控股公司款項	12	9
Amount owing from a shareholder	應收股東款項	12	7
Tax recoverable	可收回稅項	233	166
Short-term bank deposits pledged with banks	抵押予銀行的短期銀行存款	13	1,059
Cash on hand and at bank	手頭及銀行現金	25,893	7,248
Total Current Assets	流動資產總值	43,557	25,013
Current Liabilities	流動負債		
Payables and accrued charges	應付款項及應計費用	14	8,450
Amount owing to a Director	應付董事款項	12	570
Finance leases	融資租賃	91	172
Tax payable	應付稅項	482	399
		8,298	9,591
Net Current Assets	淨流動資產	35,260	15,422
Total Assets Less Current Liabilities	總資產減流動負債	39,235	19,041

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

			30 November 2017 二零一七年 十一月三十日 RM'000 千令吉 (unaudited) (未經審核)	31 May 2017 二零一七年 五月三十一日 RM'000 千令吉 (audited) (經審核)
		Note 附註		
Non-Current Liabilities	非流動負債			
Finance leases	融資租賃		-	411
Deferred tax liabilities	遞延稅項負債		164	147
			164	558
Net Assets	淨資產		39,094	18,483
Capital and Reserves	股本及儲備			
Share capital	股本	15	3,382	-
Reserves	儲備		35,687	18,483
			39,069	18,483

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

		Share capital	Share premium	Special reserve	Other reserve	Accumulated profits	Total
		股本	股份溢價	特別儲備	其他儲備	累計溢利	總計
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		千令吉	千令吉	千令吉	千令吉	千令吉	千令吉
At 31 May 2016 (audited)	於二零一六年 五月三十一日 (經審核)	-	-	-	570	11,013	11,583
Profit and total comprehensive income for the year	年內溢利及 全面收益總額	-	-	-	-	2,652	2,652
Acquisition of the equity interest in subsidiary companies by an intermediate holding company of the Company pursuant to the reorganisation	本公司的中間 控股公司 根據重組收購 附屬公司股權	-	-	-	(570)	-	(570)
At 30 November 2016 (unaudited)	於二零一六年 十一月三十日 (未經審核)	-	-	-	-	13,665	13,665
At 31 May 2017 (audited)	於二零一七年 五月三十一日 (經審核)	-	-	-	8,579	9,904	18,483
Profit/loss and total comprehensive income/ expense for the period	期內溢利/虧損 及全面收益/ 開支總額	-	-	-	-	(2,686)	(2,686)
Capitalisation issue	資本化發行	2,400	(2,400)	-	-	-	-
Placing and offer of shares	配售及發售股份	982	26,511	-	-	-	27,493
Transaction costs attributable to issue of shares	發行股份應佔 交易成本	-	(4,220)	-	-	-	(4,220)
At 30 November 2017 (unaudited)	於二零一七年 十一月三十日 (未經審核)	3,382	19,891	-	-	7,218	39,069

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

		Six months ended 30 November 截至十一月三十日止六個月	
		2017 二零一七年 RM'000 千令吉	2016 二零一六年 RM'000 千令吉
Net Cash (Used In)/From Operating Activities	經營活動(所用)/ 所得現金淨額	(3,640)	1,188
INVESTING ACTIVITIES	投資活動		
Interest received	已收利息	22	40
Purchase of property, plant and equipment	購買物業、廠房及設備	(691)	(479)
Proceed from disposal of financial assets at fair value through profit or loss	出售按公平值計入損益的金融資產所得款項	-	848
Proceed from disposal of property, plant and equipment	出售物業、廠房及設備的所得款項	103	-
Repayment from a shareholder	股東還款	4	-
Repayment from ultimate holding company	最終控股公司還款	3	-
Advance to a Director	提供予董事的墊款	-	571
Net Cash (Used In)/From Investing Activities	投資活動(所用)/ 所得現金淨額	(559)	980
FINANCING ACTIVITIES	融資活動		
Dividend paid	已付股息	-	(1,050)
Finance costs paid	已付融資成本	(37)	(33)
Repayment of bank borrowings	償還銀行借款	-	(763)
New bank borrowings raised	新造銀行借款	-	697
Repayment of finance leases	償還融資租賃	(469)	(77)
Decrease in short term bank deposits pledged	有抵押短期銀行存款減少	-	301
Proceeds from issuance of shares	發行股份所得款項	27,493	-
Transaction costs attributable to issue of shares	發行股份應佔交易成本	(4,220)	-

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

		Six months ended 30 November 截至十一月三十日止六個月	
		2017 二零一七年 RM'000 千令吉	2016 二零一六年 RM'000 千令吉
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	融資活動所得／ (所用) 現金淨額	22,767	(925)
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物 增加淨額	18,568	1,243
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	年初現金及現金 等價物	7,248	3,181
Effects of exchange rate changes on the balance of cash held in foreign currency	匯率變動對外幣現金結餘的影響	77	-
CASH AND CASH EQUIVALENTS AT END OF YEAR REPRESENTED BY Cash on hand and at bank	年末現金及現金 等價物， 指手頭及銀行現金	25,893 25,893	4,424 4,424

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of The Stock Exchange since 19 July 2017. The Company was incorporated in the Cayman Islands as a private limited liability company on 28 October 2016. The addresses of the Company's registered office in Cayman Islands and headquarters and principal place of business in Malaysia are P.O. Box 1350, Clifton House, 75 Fort Street, 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 owned 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.

1. 一般資料

本公司為於開曼群島註冊成立的公眾有限公司，其股份已自二零一七年七月十九日起於聯交所創業板上市。本公司於二零一六年十月二十八日在開曼群島註冊成立為一家私人有限公司。本公司於開曼群島的註冊辦事處地址以及總部及馬來西亞主要營業地點分別為P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands及18, Jalan LP 2A/2, Taman Lestari Perdana, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia。

Merchant World Investments Limited ("**Merchant World**")，一家在英屬處女群島 ("**英屬處女群島**") 註冊成立的有限公司，是本公司的直接及最終控股公司。Loh Swee Keong先生為本公司的最終控制方，並全資擁有 Merchant World。

本公司是一家投資控股公司，而本集團的主要業務為於馬來西亞從事預製混凝土接線盒的製造和貿易、配件及管道貿易以及提供移動式起重機租賃及配套服務。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

2. BASIS OF PREPARATION AND PRESENTATION

The unaudited consolidated financial statements of the Group for the six months ended 30 November 2017 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 2017 (the “**2017 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 2017. 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 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 2017 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.

2. 編製及呈列基準

本集團截至二零一七年十一月三十日止六個月的未經審核綜合財務報表乃根據國際會計準則理事會（「國際會計準則理事會」）頒佈之國際財務報告準則（「國際財務報告準則」）及創業板上市規則的適用披露規定而編製。

除採納於二零一七年六月一日或之後開始的財政年度生效的新訂及經修訂國際財務報告準則外，編製中期財務報表所採納的會計政策及計算方法與截至二零一七年五月三十一日止年度的年報（「二零一七年度財務報表」）中所採用者一致。採納新訂及經修訂國際財務報告準則對編製或呈列本期間或過往期間的業績及財務狀況並無重大影響。因此，無需就過往期間作出調整。中期財務報表不包括年度財務報表所規定的所有資料及披露，並應與二零一七年度財務報表一併閱讀。

除若干金融工具按公平值計量外，中期財務報表乃按歷史成本基準編製。中期財務報表以馬來西亞令吉（「令吉」）呈列，其亦為本公司的功能貨幣。除另有說明外，所有數值均約整至最接近千位數（千令吉）。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

3. APPLICATION OF NEW AND REVISED IFRSs

In the current period, the Group has adopted the following new and revised IFRSs, which are effective for the Group's accounting period beginning on or after 1 June 2017.

IAS 7 (Amendments)	Disclosure Initiative
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRSs	Annual Improvements 2014–2016 Cycle

The adoption of the new and revised IFRSs in the current period has had no material effect on the Group's financial performance and positions for the current period and prior accounting periods and the disclosures set out in the Interim Financial Statements.

3. 應用新訂及經修訂國際財務報告準則

於本期間，本集團已採納以下於二零一七年六月一日或之後開始的本集團會計期間生效的新訂及經修訂國際財務報告準則。

國際會計準則第7號的修訂	披露計劃
國際會計準則第12號的修訂	就未實現虧損確認遞延稅項資產
國際財務報告準則的修訂	二零一四年至二零一六年週期的年度改進

於本期間採納新訂及經修訂國際財務報告準則對本集團本期或過往會計期間的財務表現及狀況以及中期財務報表所載的披露並無重大影響。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

4. 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 2017 Annual Financial Statements.

5. 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; and
- (b) Other building materials and services — trading of accessories and pipes and provision of mobile crane rental and ancillary services.

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

4. 估計

管理層在編製中期財務報表時需作出判斷、估計及假設，該等判斷、估計及假設會影響會計政策的應用以及所呈報的資產及負債、收入及開支的金額。實際結果可能與該等估計有所差異。

編製該等中期財務報表時，管理層在應用本集團的會計政策及估計不確定因素的主要來源時所作出的重大判斷與編製二零一七年年報財務報表所應用者相同。

5. 收入及分部資料

就資源分配及分部表現評估目的而向本集團董事Loh Swee Keong先生(即首席經營決策人(「首席經營決策人」))匯報的資料，乃按下列根據國際財務報告準則第8號經營分部而識別的報告及經營分部呈報：

- (a) 製造及貿易 — 預製混凝土接線盒的製造及貿易；及
- (b) 其他建築材料及服務 — 配件及管道貿易以及提供移動式起重機租賃及配套服務。

於達致本集團的可報告分部時，並無匯集計算由首席經營決策人識別的經營分部。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

5. REVENUE AND SEGMENTAL INFORMATION (CONTINUED)

Segment revenues and results
Six months ended 30 November 2017
(unaudited)

5. 收入及分部資料(續)

分部收入及業績
截至二零一七年十一月三十日
止六個月(未經審核)

		Manufacturing and trading 製造及貿易 RM'000 千令吉	Other building materials and services 其他建築材料及服務 RM'000 千令吉	Total 總計 RM'000 千令吉
Revenue	收入			
External sales	外部銷售	11,729	4,120	15,849
Inter-segment sales	分部間銷售	3,534	736	4,270
Segment revenue	分部收入	15,263	4,856	20,119
Elimination	抵銷			(4,270)
Group revenue	集團收入			15,849
Segment result	分部業績	3,764	51	3,815
Administrative expenses	行政開支			(3,068)
Selling and distribution expenses	銷售及分銷開支			(530)
Listing expenses	上市開支			(2,416)
Finance costs	融資成本			(39)
Other income	其他收入			153
Profit before taxation	除稅前溢利			(2,085)

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

5. REVENUE AND SEGMENTAL INFORMATION (CONTINUED)

Segment revenues and results (Continued)

Six months ended 30 November 2016 (unaudited)

5. 收入及分部資料(續)

分部收入及業績(續)

截至二零一六年十一月三十日止六個月(未經審核)

		Manufacturing and trading 製造及貿易 RM'000 千令吉	Other building materials and services 其他建築材料及服務 RM'000 千令吉	Total 總計 RM'000 千令吉
Revenue	收入			
External sales	外部銷售	14,478	2,158	16,636
Inter-segment sales	分部間銷售	4,333	435	4,768
Segment revenue	分部收入	18,811	2,593	21,404
Elimination	抵銷			(4,768)
Group revenue	集團收入			16,636
Segment result	分部業績	4,672	316	4,988
Administrative expenses	行政開支			(979)
Selling and distribution expenses	銷售及分銷開支			(621)
Finance costs	融資成本			(31)
Other income	其他收入			132
Fair value change of financial assets at fair value through profit or loss	按公平值計入損益的金融資產的公平值變動			-
Profit before taxation	除稅前溢利			3,489

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

5. REVENUE AND SEGMENTAL INFORMATION (CONTINUED)

Segment revenues and results (Continued)

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.

6. FINANCE COSTS

5. 收入及分部資料(續)

分部收入及業績(續)

分部業績乃指未分配行政開支、上市開支、銷售及分銷開支、融資成本、其他收入、按公平值計入損益的金融資產的公平值變動及稅項前各分部的溢利。此為就資源分配及表現評估目的而報告予首席經營決策人的計量方法。

分部間銷售以當前市場利率及就若干大宗採購給予的折扣計算。

6. 融資成本

		Three months ended 30 November		Six months ended 30 November	
		截至十一月三十日止三個月		截至十一月三十日止六個月	
		2017	2016	2017	2016
		二零一七年	二零一六年	二零一七年	二零一六年
		RM'000	RM'000	RM'000	RM'000
		千令吉	千令吉	千令吉	千令吉
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(未經審核)	(未經審核)	(未經審核)	(未經審核)
Interest on finance leases	融資租賃利息	29	5	37	10
Interest on trust receipt loan	信託收據貸款利息	-	2	-	8
Interest on bank overdraft	銀行透支利息	1	1	2	5
Interest on term loan	定期貸款利息	-	10	-	8
		30	18	39	31

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

7. (LOSS) PROFIT FOR THE PERIOD

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

7. 期內(虧損)溢利

期內溢利(虧損)於扣除/(計入)以下各項後達致：

		Three months ended 30 November		Six months ended 30 November	
		截至十一月三十日止三個月 2017 二零一七年 RM'000 千令吉 (unaudited) (未經審核)	2016 二零一六年 RM'000 千令吉 (unaudited) (未經審核)	截至十一月三十日止六個月 2017 二零一七年 RM'000 千令吉 (unaudited) (未經審核)	2016 二零一六年 RM'000 千令吉 (unaudited) (未經審核)
Auditors' remuneration	核數師酬金	176	(31)	91	(28)
Cost of inventories recognised as an expense	確認為開支的存貨成本	4,935	3,883	8,457	7,997
Staff costs, excluding Directors' remuneration	員工成本，不包括董事酬金				
— Salaries, wages and other benefits	— 薪金、工資及其他利益	893	756	1,850	1,483
— Contribution to EPF	— 僱員公積金供款	73	65	156	127
		966	821	2,006	1,610
Minimum lease payments on rented land	所租賃土地的最高租金付款	120	105	240	210
Minimum lease payments on rented crane	所租賃起重機的最高租金付款	19	13	45	33
Depreciation of property, plant and equipment	物業、廠房及設備折舊	120	99	243	196
Depreciation of investment property	投資物業折舊	3	3	5	5
Bad debts written off/(recovered)	已撇銷/(收回)壞賬	—	—	—	13
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	11	—	11	—
Rental income from investment property	投資物業租金收入	—	(5)	1	(11)
Interest income	利息收入	(18)	(38)	(24)	(42)
Unrealised gain on foreign exchange	未變現匯兌收益	47	—	(3)	—

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

8. TAXATION

8. 稅項

	Three months ended 30 November		Six months ended 30 November	
	截至十一月三十日止三個月		截至十一月三十日止六個月	
	2017	2016	2017	2016
	二零一七年	二零一六年	二零一七年	二零一六年
	RM'000	RM'000	RM'000	RM'000
	千令吉	千令吉	千令吉	千令吉
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(未經審核)	(未經審核)	(未經審核)	(未經審核)
Malaysia corporate income tax: 馬來西亞企業所得稅:				
Current year 本年度	267	312	601	810
Underprovision in prior periods 過往期間撥備不足	-	-	-	27
Deferred tax: 遞延稅項:				
Current year 本年度	-	-	-	-
Overprovision in prior periods 過往期間超額撥備	-	-	-	-
	267	312	601	837

The Malaysia corporate income tax rate is 24%. Malaysia corporate income tax is calculated at the statutory tax rate on the estimated assessable profits.

馬來西亞企業所得稅稅率為24%。馬來西亞企業所得稅的估計應課稅溢利按法定稅率計算。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the following data:

9. 每股(虧損)/盈利

每股基本(虧損)/盈利乃根據下列數據計算：

	Three months ended 30 November		Six months ended 30 November	
	截至十一月三十日止三個月 2017 二零一七年 RM'000 千令吉 (unaudited) (未經審核)	2016 二零一六年 RM'000 千令吉 (unaudited) (未經審核)	截至十一月三十日止六個月 2017 二零一七年 RM'000 千令吉 (unaudited) (未經審核)	2016 二零一六年 RM'000 千令吉 (unaudited) (未經審核)
(Loss)/Earnings for the purpose of basic (loss)/earnings per share for the period attributable to the owners of the Company	(0.23)	0.34	(0.47)	0.84
	Number of shares 股份數目	Number of shares 股份數目	Number of shares 股份數目	Number of shares 股份數目
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	620,000,000	317,020,000	572,786,885	317,020,000

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簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

9. (LOSS)/EARNINGS PER SHARE (CONTINUED)

The weighted average number of ordinary shares for the six months ended 30 November 2017 and 2016, had been adjusted retrospectively assuming that the group reorganisation and the issue of shares upon capitalisation of the share premium account have been effective from 1 June 2016 and accordingly the 317,020,000 ordinary shares of the Company which were in issue and outstanding immediately after the group reorganisation and share capitalisation were assumed to have been effective on 1 June 2016.

The calculation of the weighted average number of ordinary shares outstanding for the six months ended 30 November 2017 also include the effect of the share offer of 180,000,000 new ordinary shares on the Listing Date i.e. 19 July 2017.

No diluted (loss)/earnings per share information has been presented for the six months ended 30 November 2017 and 2016 as there were no potential ordinary shares outstanding during both periods.

10. DIVIDEND

The Board does not recommend the payment of a dividend for the six months ended 30 November 2017 (30 November 2016: RM1,050,000).

9. 每股(虧損)/盈利(續)

截至二零一七年及二零一六年十一月三十日止六個月的普通股加權平均數已作出追溯調整，並假設集團重組及於股份溢價賬資本化後發行股份自二零一六年六月一日起生效，據此，緊隨集團重組及股份資本化後已發行及發行在外的317,020,000股本公司普通股乃假設於二零一六年六月一日生效。

計算截至二零一七年十一月三十日止六個月發行在外的普通股加權平均數亦計及於上市日期(即二零一七年七月十九日)股份發售180,000,000股新普通股的影響。

由於截至二零一七年及二零一六年十一月三十日止六個月期間均無發行在外的潛在普通股，故並無就該兩個期間呈列每股攤薄(虧損)/盈利的資料。

10. 股息

截至二零一七年十一月三十日止六個月，董事會並無建議派付股息(二零一六年十一月三十日：1,050,000令吉)。

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簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

11. RECEIVABLES, DEPOSITS AND PREPAYMENT

11. 應收款項、按金及預付款

		30 November 2017 二零一七年 十一月三十日 RM'000 千令吉 (unaudited) (未經審核)	31 May 2017 二零一七年 五月三十一日 RM'000 千令吉 (audited) (經審核)
Trade receivables	貿易應收款項	14,473	13,301
Less: Allowance for doubtful debts	減：呆賬撥備	(176)	(176)
		14,297	13,125
Other receivables	其他應收款項	11	25
Deposits	按金	417	278
Prepayments	預付款	28	92
Deferred listing expenses	遞延上市開支	–	2,353
		14,753	15,873

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.

應收貿易賬款為無抵押且不計息，而本集團所授予的信貸期介乎30至120日。

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date.

以下為按發票日期呈列的貿易應收款項(減呆賬撥備)的賬齡分析。

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簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

11. RECEIVABLES, DEPOSITS AND PREPAYMENT (CONTINUED)

11. 應收款項、按金及預付款 (續)

		30 November 2017 二零一七年 十一月三十日 RM'000 千令吉 (unaudited) (未經審核)	31 May 2017 二零一七年 五月三十一日 RM'000 千令吉 (audited) (經審核)
1-30 days	1至30日	3,135	3,112
31-60 days	31至60日	2,211	4,108
61-90 days	61至90日	1,454	2,747
91-120 days	91至120日	1,813	961
More than 120 days	120日以上	5,684	2,197
		14,297	13,125

12. AMOUNTS OWING FROM/(TO) A DIRECTOR, ULTIMATE HOLDING COMPANY AND A SHAREHOLDER

The amounts owing from/(to) a Director, Mr. Loh Swee Keong, is non-trade nature, unguaranteed, unsecured, interest-free and repayable on demand. As at 31 May 2017, including in the amount owing to a director of RM570,000 represents the unpaid balance of the acquisition of the subsidiary companies and has fully settled on 17 July 2017.

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. 應收／(應付)董事、最終控股公司及股東款項

應收／(應付)董事Loh Swee Keong先生款項為非貿易性質、無擔保、無抵押、免息及須按要求償還。於二零一七年五月三十一日，計入應付董事款項570,000令吉的金額是指收購附屬公司的未付結餘，且已於二零一七年七月十七日悉數結清。

應收最終控股公司款項為非貿易性質、無抵押、免息及須按要求償還。

應收股東款項為非貿易性質、無抵押、免息及須按要求償還。

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簡明綜合財務報表附註

For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

13. SHORT TERM BANK DEPOSITS PLEDGED WITH BANKS

Short term bank deposits with an original maturity of three months or less carry interest at prevailing market rate of 3.15% and 3.15% per annum as at 31 May 2017 and 30 November 2017 respectively. The short term bank deposits are pledged to secure general banking facilities granted to the Group.

13. 抵押予銀行的短期銀行存款

於二零一七年五月三十一日及二零一七年十一月三十日，原定到期日為三個月或以下的短期銀行存款乃按當前市場年利率分別3.15%及3.15%計息。短期銀行存款已質押作為授予本集團的一般銀行融資的抵押。

14. PAYABLES AND ACCRUED CHARGES

14. 應付款項及應計費用

		30 November 2017 二零一七年 十一月三十日 RM'000 千令吉 (unaudited) (未經審核)	31 May 2017 二零一七年 五月三十一日 RM'000 千令吉 (audited) (經審核)
Trade payables	貿易應付款項	5,341	5,178
Other payables	其他應付款項	395	600
Accrued listing fees	應計上市費用	1,047	2,053
Accrued charges	應計費用	927	496
Tenant's deposit	租戶按金	-	4
Advance from customers	客戶墊款	-	119
		7,710	8,450

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For the six months ended 30 November 2017 截至二零一七年十一月三十日止六個月

14. PAYABLES AND ACCRUED CHARGES (CONTINUED)

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

14. 應付款項及應計費用(續)

以下為按發票日期呈列的貿易應付款項的賬齡分析。

		30 November 2017 二零一七年 十一月三十日 RM'000 千令吉 (unaudited) (未經審核)	31 May 2017 二零一七年 五月三十一日 RM'000 千令吉 (audited) (經審核)
1-30 days	1至30日	1,831	2,270
31-60 days	31至60日	1,900	1,225
61-90 days	61至90日	1,300	1,341
91-120 days	91至120日	81	207
Over 120 days	120日以上	229	135
		5,341	5,178

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.

購貨的平均信貸期為30至75日。本集團設有財務風險管理政策以確保所有應付款項均在信貸期限內結清。

Tenant deposits represent the refundable deposits to tenants upon termination or cancellation of operating lease arrangements. The tenant deposits are refundable to tenants within 60 days upon the termination of the tenancy agreement. The tenants' deposits to be settled after twelve months from the end of the reporting periods based on the lease terms amounted to RM4,000 as at 31 May 2017 (30 November 2016: Nil).

租戶按金是指於經營租賃安排終止或取消時可退還租戶的按金。租戶按金可於租賃協議終止後60日內退還租戶。根據租賃期將於報告期末起計十二個月後結算的租戶按金於二零一七年五月三十一日為4,000令吉(二零一六年十一月三十日：零)。

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15. SHARE CAPITAL

The share capital as at 30 November 2017 represented the issued share capital of the Company. Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 11 November 2016. The share capital as at 30 November 2017 represents the share capital of the Company with details as follows:

15. 股本

於二零一七年十一月三十日的股本相當於本公司已發行股本。根據重組，本公司於二零一六年十一月十一日成為目前組成本集團的公司的控股公司。於二零一七年十一月三十日的股本（相當於本公司的股本）的詳情如下：

		Number of shares 股份數目	Share capital 股本 HK\$ 港元
Ordinary shares of HK\$0.01 each	每股面值0.01港元的普通股		
Authorised:	法定：		
At 31 May 2017	於二零一七年五月三十一日	38,000,000	380,000
Increase in authorised share capital (notes a)	法定股本增加(附註a)	9,962,000,000	99,620,000
At 30 November 2017	於二零一七年十一月三十日	10,000,000,000	100,000,000
Issued and fully paid:	已發行及繳足：		
At 31 May 2017 (note a)	於二零一七年五月三十一日(附註a)	10,000	100
— Capitalisation on Issue	— 資本化發行	439,990,000	4,399,900
— Issue of new shares by way of placement and public offering	— 以配售及公開發售方式發行新股	180,000,000	1,800,000
At 30 November 2017	於二零一七年十一月三十日	620,000,000	6,200,000

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簡明綜合財務報表附註

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15. SHARE CAPITAL (CONTINUED)

Notes:

- (a) Pursuant to the written resolutions passed by the shareholders of the Company on 27 June 2017, the authorised share capital was increased from HKD380,000 comprising 38,000,000 shares at par value of HKD0.01 each to HKD100,000,000 comprising 10,000,000,000 shares of par value of HKD0.01 each, by way of creation of an additional 9,962,000,000 shares at par value of HKD0.01 each. On the same date, pursuant to the written resolutions passed by the shareholders of the Company, conditional upon the crediting of the Company's share premium account as a result of the issue of the public offer shares and the placing shares for the proposed initial listing of shares of the Company on the GEM board of The Stock Exchange of Hong Kong Limited, the Directors of the Company were authorised to capitalise an amount of HK\$4,399,000 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 439,990,000 shares for allotment and issue to the shareholders as of 27 June 2017.
- (b) On 19 July 2017, the Company has successfully listed on the GEM board of The Stock Exchange of Hong Kong Limited and made an offering of 162,000,000 new shares by way of placement and 18,000,000 new shares by public offering priced at HKD0.28 per share. On the same date, the Company has completed the capitalization issue to the shareholders after the successful listing on the GEM board of The Stock Exchange of Hong Kong Limited.

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

16. NON CASH TRANSACTION

Addition of property, plant and equipment of RM729,000 during the year ended 31 May 2017 and RM692,000 during the period ended 30 November 2017 was financed by new finance lease agreements.

15. 股本(續)

附註：

- (a) 根據本公司股東於二零一七年六月二十七日通過的書面決議案，藉增設額外9,962,000,000股每股面值0.01港元的股份，法定股本由380,000港元(包括38,000,000股每股面值0.01港元的股份)增至100,000,000港元(包括10,000,000,000股每股面值0.01港元的股份)。同日，根據本公司股東通過的書面決議案，待本公司的股份溢價賬因就建議本公司股份於香港聯合交易所有限公司創業板首次上市發行公開發售股份及配售股份而錄得進賬後，授權本公司董事將本公司股份溢價賬的進賬金額4,399,000港元撥充資本，方法為利用有關金額按面值全數繳足439,990,000股配發及發行予截至二零一七年六月二十七日的股東的股份。
- (b) 於二零一七年七月十九日，本公司已成功於香港聯合交易所有限公司創業板上市，並以配售方式提呈發售162,000,000股新股份，及以公開發售方式提呈發售18,000,000股新股份，公開發售價為每股0.28港元。同日，本公司於成功在香港聯合交易所有限公司創業板上市後完成向股東進行資本化發行。

所有於期內發行的普通股與當時現有的普通股在各方面享有同等地位。

16. 非現金交易

於截至二零一七年五月三十一日止年度及截至二零一七年十一月三十日止期間添置為數分別為729,000令吉及692,000令吉的物業、廠房及設備由新融資租賃協議提供資金。

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17. ACQUISITION OF A SUBSIDIARY

On 1 September 2017, the Group acquired the entire issued share capital of Target Foundry Sdn Bhd (“**Target Foundry**”), which is a dormant company in Malaysia, for a cash consideration of RM100. This acquisition has been accounted for using the acquisition method. The amount of provisional goodwill arising as a result of the acquisition was RM10,338.

The Directors of the Company consider that the acquisition of Target Foundry is for business acquisition and expansion in near future.

The fair values of the identifiable assets acquired and liabilities assumed of the above acquisition as at the date of acquisition were as follows:

17. 收購附屬公司

於二零一七年九月一日，本集團收購Target Foundry Sdn Bhd (「**Target Foundry**」)全部已發行股本，該公司為馬來西亞的不活躍公司，現金代價為100令吉。該收購事項乃採用收購法入賬。收購事項所產生的暫定商譽金額為10,338令吉。

本公司董事認為，收購Target Foundry乃為不久將來之業務收購及拓展計劃而進行。

於收購日期，上述收購事項所收購可識別資產及所承擔負債的公平值如下：

		RM 令吉 (unaudited) (未經審核)
Cash on hand	手頭現金	100
Amount due to a director	應付董事款項	(10,024)
Other payables	其他應付款項	(314)
		<hr/>
Total identified assets and liabilities at fair values	按公平值計量的可識別總資產及負債	(10,238)
Goodwill arising on acquisition	收購事項所產生的商譽	10,338
		<hr/>
Total consideration	總代價	100
		<hr/>
Analysis of net cash flow of cash and cash equivalents arising on acquisition:	收購事項所產生的現金及現金等價物的現金流量淨額分析：	
Cash Consideration paid	已付現金代價	100
Less: Cash and cash equivalents acquired	減：已收購現金及現金等價物	(100)
		<hr/>
Net cash outflow arising on acquisition	收購事項所產生的淨現金流出	-

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簡明綜合財務報表附註

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17. ACQUISITION OF A SUBSIDIARY (CONTINUED)

From the date of acquisition to 30 November 2017, Target Foundry has contributed net loss of approximately RM2,136 and no revenue has been contributed to the Group.

Goodwill arose in the acquisition of Target Foundry because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Target Foundry. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill arising on the acquisition is not expected to be deductible for tax purposes.

The acquisition constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules. Such acquisition is a fully exempt de minimis transaction as all the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) are not more than 0.1%, hence, the acquisition is not subject to the reporting and announcement requirements and the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

18. LEGAL PROCEEDING

During the current interim period, there was one legal proceeding against the Company, details are as follow:

- (A) As disclosed in the Company's voluntary announcement dated 16 October 2017, Target Precast Industries Sdn Bhd and Target Foundry Sdn Bhd, both wholly-owned subsidiaries of the Group ("**Subsidiaries**") were served with a writ of summons and a statement of claim filed by one Lum Tseng Engineering Sdn. Bhd. ("**Lum Tseng**") in the High Court of Malaya in Penang under Suit No. PA-22NCVC-206-10/2017 (the "**Suit 206**").

17. 收購附屬公司(續)

自收購日期至二零一七年十一月三十日止，Target Foundry為本集團帶來淨虧損約2,136令吉，且並無為本集團貢獻收入。

收購Target Foundry所產生之商譽乃由於合併成本包括控制溢價。此外，合併的已付代價實際上包括與預期協同效應、收入增長、未來市場發展及Target Foundry的裝配勞動力所帶來的利益有關的金額。由於該等利益並不符合可識別無形資產的確認標準，故並無從商譽中獨立確認。

預期收購事項所產生的商譽不會就課稅目的而可予扣減。

收購事項根據創業板上市規則第20章構成本公司的關連交易。由於所有適用百分比率(定義見創業板上市規則第19.07條)均低於0.1%，有關收購事項為獲全面豁免最低豁免交易，因此，收購事項毋須遵守創業板上市規則第20章的申報、公告及獨立股東批准規定。

18. 法律訴訟

於本中期期間，有一項針對本公司的法律訴訟，詳情如下：

- (A) 誠如本公司日期為二零一七年十月十六日的自願性公告所披露，Target Precast Industries Sdn Bhd及Target Foundry Sdn Bhd(均為本集團的全資附屬公司(「附屬公司」))獲送達由Lum Tseng Engineering Sdn. Bhd.(「**Lum Tseng**」)向馬來西亞檳城高等法院提交的傳訊令狀以及申索陳述書，訴訟編號為PA-22NCVC-206-10/2017(「**206號訴訟**」)。

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18. LEGAL PROCEEDING (CONTINUED) 18. 法律訴訟(續)

(A) (Continued)

In Suit 206, Lum Tseng alleged that the Subsidiaries' products had infringed Patent No. MY-137345-A ("Patent 345"), a registered patent of precast concrete junction box cover purportedly held by Lum Tseng as a licensee (the "Impugned Patent") and Lum Tseng is claiming against the Subsidiaries for:

- (i) an injunction restraining the Subsidiaries from infringing the Impugned Patent;
- (ii) an order for the Subsidiaries to surrender or destroy all the products which infringed the Impugned Patent;
- (iii) general damages;
- (iv) exemplary damages of Malaysian Ringgit 1,000,000;
- (v) interest of 5% on damages from the filing date of the suit till the date of full payment; and
- (vi) costs of the action.

(B) On 12 October 2017, Lum Tseng filed under Suit 206 an application seeking an interim injunction to restrain the Subsidiaries from infringing Patent 345. On 14 October 2017, the Subsidiaries filed an affidavit in reply and Lum Tseng withdrew its application for interim injunction on 6 December 2017.

(A) (續)

於206號訴訟，Lum Tseng指稱，附屬公司的產品侵犯據稱由Lum Tseng(作為特許持有人)持有專利編號為MY-137345-A(「專利345」)的預製混凝土接線盒蓋註冊專利(「受到質疑的專利」)，而Lum Tseng正針對附屬公司提出以下申索：

- (i) 限制附屬公司侵犯受到質疑的專利的禁制令；
- (ii) 要求附屬公司交出或銷毀侵犯受到質疑的專利的所有產品的命令；
- (iii) 一般損害賠償；
- (iv) 懲罰性賠償1,000,000馬來西亞令吉；
- (v) 損害賠償自提起訴訟當日起直至悉數繳付當日按5%計算的利息；及
- (vi) 訴訟費用。

(B) 於二零一七年十月十二日，Lum Tseng根據206號訴訟提出申請要求限制附屬公司侵犯專利345的臨時禁制令。於二零一七年十月十四日，附屬公司提交答辯誓章，而Lum Tseng於二零一七年十二月六日撤回臨時禁制令的申請。

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18. LEGAL PROCEEDING (CONTINUED)

(C) On 26 October 2017, the Subsidiaries filed an application to strike out Suit 206 on the ground that Lum Tseng is not the registered owner of Patent 345 and Lum Tseng had failed to fulfil the statutory requirement to commence Suit 206 as a licensee of Patent 345. The application has been fixed for hearing on 18 January 2018.

(D) On 26 October 2017, the Subsidiaries also filed a writ of summons and a statement of claim in the High Court of Malaya in Penang under Suit No. WA-22IP-42-10/2017 ("**Suit 42**") against Lum Tseng and Loh Soo Tiak, the registered owners of Patent 345 and directors of Lum Tseng seeking for:

- (a) a declaration under Sections 56 and 57 of the Patents Act 1983 that Patent 345 is invalid;
- (b) an order that Patent 345 be invalidated and removed from the Register of Patents;
- (c) a declaration that Subsidiaries are entitled to use and/or manufacture, market, distribute, offer for sale and/or sell their manhole covers without interference from the Lum Tseng and Loh Soo Tiak and/or their agents and/or nominees;

18. 法律訴訟(續)

(C) 於二零一七年十月二十六日，附屬公司申請剔除206號訴訟，理由為Lum Tseng並非專利345的註冊擁有人，因此，Lum Tseng作為專利345的特許持有人，未能符合提出206號訴訟的法定要求。該申請已定於二零一八年一月十八日進行聆訊。

(D) 二零一七年十月二十六日，附屬公司亦針對Lum Tseng及Loh Soo Tiak以及專利345的註冊擁有人及Lum Tseng董事向馬來西亞檳城高等法院提交的傳訊令狀以及申索陳述書，訴訟編號為WA-22IP-42-10/2017(「**42號訴訟**」)，並要求：

- (a) 根據Patents Act 1983第56及57節作出聲明表示專利345屬無效；
- (b) 發出命令宣告專利345為無效及從專利權登記處中刪除；
- (c) 有關附屬公司有權且在不受Lum Tseng及Loh Soo Tiak及／或彼等的代理及／或代名人干擾的情況下，使用及／或生產、推廣、分銷、提呈發售及／或出售彼等的沙井蓋的聲明；

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18. LEGAL PROCEEDING (CONTINUED) 18. 法律訴訟(續)

(D) (Continued)

(d) a permanent injunction to restrain Lum Tseng and Loh Soo Tiak, whether jointly or severally and/or acting by themselves, or through their directors, officers, employees, servants, agents or assignees or otherwise from:

(i) publishing and/or causing to be published, dissemination, printing and/or assisting in publication in any manner whatsoever defamatory statements that the Subsidiaries had infringed Patent 345 ("**Defamatory Statements**") and/or any similar words defamatory of the Subsidiaries; and

(ii) Conspiring the injure the Subsidiaries; and

(iii) Unlawfully interfering with the Subsidiaries' trade and business;

(e) an order to compel Lum Tseng and Loh Soo Tiak, at its own costs cause to be published a letter to the third party:

(i) a full and complete retraction of the Defamatory Statements above; and

(ii) an apology in such terms as this Honourable Court deems fit;

(D) (續)

(d) 限制 Lum Tseng 及 Loh Soo Tiak (不論共同或個別地及/或自行或透過其董事、主管、僱員、受僱人、代理或承讓人或他人士行事)作出以下行為的永久性禁制令:

(i) 發佈及/或促成發佈、散佈、印刷及/或(不論任何方式)協助發佈有關附屬公司侵犯專利345的誹謗性陳述(「誹謗性陳述」)及/或任何誹謗附屬公司的類似詞彙;及

(ii) 串謀損害附屬公司;及

(iii) 非法干擾附屬公司的買賣及業務;

(e) 發出命令強制 Lum Tseng 及 Loh Soo Tiak 自費向第三方刊發信件:

(i) 完全撤回上述誹謗性陳述;及

(ii) 按法院視為合適的方式道歉;

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18. LEGAL PROCEEDING (CONTINUED) 18. 法律訴訟(續)

- | | |
|---|--|
| (D) (Continued) | (D) (續) |
| (f) general damages; | (f) 一般損害賠償； |
| (g) aggravated and/or exemplary damages; | (g) 加重性及／或懲罰性賠償金； |
| (h) interests on all such amounts as may be ordered to be paid by Lum Tseng and Loh Soo Tiak to the Subsidiaries; | (h) 所有 Lum Tseng 及 Loh Soo Tiak 根據命令可能須向附屬公司支付有關款項的利息； |
| (i) costs; and | (i) 成本；及 |
| (j) Such further or other relief as the Court deems fit and proper to grant. | (j) 法庭視為合適且恰當授出的進一步或其他寬免。 |
| (E) Lum Tseng and Loh Soo Tiak are required to file their statement of defence in Suit 42 on or before 15 January 2018. | (E) Lum Tseng 及 Loh Soo Tiak 須於二零一八年一月十五日或之前就 42 號訴訟提交答辯書。 |

As at 30 November 2017, the Company's Malaysian legal advisers are of the preliminary view that there is a high likelihood that the Impugned Patent can be invalidated and in such event, pending review of other evidence, the Malaysian legal advisers take the view that the Group has a meritorious defence in the Legal Proceeding. The Group will contest the Legal Proceeding vigorously and formulate solutions to mitigate any possible effects of the suit, including the filing of counterclaim against the Plaintiff and/or resolution by way of mediation. The Company considered that the legal proceeding is unlikely to result in any material outflow of economic benefits from the Group.

於二零一七年十一月三十日，本公司的馬來西亞法律顧問初步認為，受到質疑的專利極有可能喪失有效性，而在此情況下，於審閱其他憑證後，馬來西亞法律顧問認為，本集團於法律訴訟中擁有充足證據提出抗辯。本集團將積極地就法律訴訟抗辯，並制定解決方案以緩解訴訟可能產生的任何影響（包括向原告人提出反申索及／或以調解方式解決）。本公司認為，法律訴訟將不大可能會導致本集團有重大的經濟利益流出。

19. EVENT AFTER REPORTING PERIOD

There are no significant events which have taken place subsequent to 30 November 2017.

19. 報告期後事項

於二零一七年十一月三十日後並無發生重大事項。

Management Discussion and Analysis

管理層討論及分析

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 also engages in trading of accessories and pipes and provision of mobile crane rental and ancillary services in Malaysia (the “**Other building material and service business**”).

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 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 the telecommunication companies and TNB.

For the six months ended 30 November 2017, the revenue of the Group decreased by approximately 4.7% due to decrease in the revenue generated from the Manufacturing and trading business. For the Manufacturing and trading business. The drop in sales was mainly due to the decrease in sales volume ordered by a few major telecommunication companies such as Maxis and Celcom due to budget restriction on their capital expenditure expansion plans. These telecommunication companies are expected to resume their expansion plan on capital expenditure commencing year 2018.

業務回顧及展望

本集團於馬來西亞製造及銷售「Target」品牌的預製混凝土電信接線盒及預製混凝土電力接線盒（「**製造及貿易業務**」）。本集團的預製混凝土接線盒用於馬來西亞的(i)電信及電力基建升級及擴建工程；及(ii)建築項目。該等接線盒埋藏於地下以防止損害，以及用作放置及保護與電信及電力設施連接的接線點以及分佈式接入點，免受天氣及地下標高轉變的影響，並提供通道方便維修。本集團亦於馬來西亞從事配件及管道貿易以及提供移動式起重機租賃及配套服務（「**其他建築材料及服務業務**」）。

本集團自二零零八年起為多家知名電信公司（如Celcom Axiata Berhad（「**Celcom**」）及Telekom Malaysia（「**Telekom**」）的註冊供應商或認可供應商，以及自二零一二年起為Tenaga National Bhd.（「**TNB**」，馬來西亞唯一的電力公用事業公司）的註冊供應商。因此，本集團的預製混凝土接線盒可用於涉及電信公司及TNB的基建或建築項目。

截至二零一七年十一月三十日止六個月，本集團的收入減少約4.7%，此乃由於製造及貿易業務所產生的收入減少。就製造及貿易業務而言，銷售下跌主要由於一些主要電信公司（例如Maxis及Celcom）訂單的銷量下跌，原因為彼等對擴大資本開支計劃實行預算限制。預期該等電信公司將於二零一八年開始重啟其擴大資本開支計劃。

Management Discussion and Analysis

管理層討論及分析

For the Other building material and service business, the slight increase in revenue was mainly attributable to the increase in sales of scrap iron.

Looking forward, the Directors consider that the future opportunities and challenges facing by the Group will largely depend on the construction works for utilities infrastructure and new development area construction. The Directors are of the view that the continued government interest and investment to expand power distribution, telecommunication, civil infrastructures coupled with the development of new commercial, industrial, and residential areas remains the key drivers and opportunities for the precast concrete telecommunication junction box and electrical junction box manufacturing industry in Malaysia. On the other hand, the Company's wholly-owned subsidiary, namely Target Precast Industries Sdn Bhd entered into a legally-binding Letter of Award with Telekom in respect of the supply and delivery of concrete junction boxes and junction box covers for a term of three years from 1 January 2017 to 31 December 2019. The formal agreement in this respect had been signed and returned to the Group as 1 August 2017 (the "**Formal Agreement**"). The Directors expect that the growth of the Group will be sustained by the Formal Agreement because it is the first agreement entered directly between the Group and Telekom without the involvement of contractors or subcontractors, therefore it allows the Group to capture a higher profit margin in the sales of its precast concrete junction boxes.

The management of the Group is looking for business and investment opportunities that generate long term returns to the shareholders.

就其他建築材料及服務業務而言，收入輕微增加主要由於廢鐵銷售上升所致。

展望未來，董事認為，本集團所面對的日後機遇及挑戰很大程度上取決於公用事業基建及新發展地區建設的建造工程。董事認為，政府對於擴大配電、電信、民用基建的持續興趣和投資，加上新商業、工業及住宅地區的發展，仍然是推動馬來西亞預製混凝土電信接線盒及電力接線盒製造行業的主要動力和機遇。另一方面，本公司全資附屬公司Target Precast Industries Sdn Bhd就供應及交付混凝土接線盒及接線盒蓋與Telekom訂立具法律約束力的中標函，自二零一七年一月一日至二零一九年十二月三十一日為期三年。就此簽署的正式協議（「**正式協議**」）已於二零一七年八月一日交回本集團。董事預期，本集團的增長將由正式協議維持，原因為正式協議為本集團與Telekom之間直接訂立的首份協議，而當中並不涉及承包商或分包商，因此，本集團能在銷售預製混凝土接線盒方面獲得較高的利潤。

本集團管理層致力物色能為股東帶來長期回報的商業及投資機會。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Revenue

The revenue decreased from approximately RM16.6 million for the six months ended 30 November 2016 to approximately RM15.8 million for the six months ended 30 November 2017, representing a decrease of approximately 4.7%. Such decrease was mainly due to the decrease in the revenue generated from the manufacturing and trading of precast junction boxes.

The Group's revenue generated from the Manufacturing and trading business decreased by approximately 19.0%, from approximately RM14.5 million for the six months ended 30 November 2016 to approximately RM11.7 million for the six months ended 30 November 2017. The decrease was mainly caused by the decrease in sales volume ordered by a few major telecommunication companies such as Maxis and Celcom due to budget restriction on their capital expenditure expansion plans. These telecommunication companies are expected to resume their expansion plan on capital expenditure commencing year 2018.

For the Other building material and service business, revenue increased by approximately 90.1% from approximately RM2.2 million for the six months ended 30 November 2016 to approximately RM4.1 million for the six months ended 30 November 2017, which was mainly attributable to the increase in sales of scrap iron.

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 increased from approximately RM11.6 million for the six months ended 30 November 2016 to approximately RM12.0 million for the six months ended 30 November 2017, representing an increase of approximately 33%. Such change was mainly attributable to the increase in material usage and sales of other building materials for the six months ended 30 November 2017.

財務回顧

收入

收入由截至二零一六年十一月三十日止六個月約16.6百萬令吉減少至截至二零一七年十一月三十日止六個月約15.8百萬令吉，跌幅約4.7%。有關減少乃主要由於製造及買賣預製接線盒所產生的收入減少所致。

本集團的製造及貿易業務所產生的收入由截至二零一六年十一月三十日止六個月約14.5百萬令吉減少約19.0%至截至二零一七年十一月三十日止六個月約11.7百萬令吉。有關減少乃主要由於一些主要電信公司(例如Maxis及Celcom)訂單的銷量下跌，原因為彼等對擴大資本開支計劃實行預算限制。預期該等電信公司將於二零一八年開始重啟其擴大資本開支計劃。

就其他建築材料及服務業務而言，收入由截至二零一六年十一月三十日止六個月約2.2百萬令吉增加約90.1%至截至二零一七年十一月三十日止六個月約4.1百萬令吉，主要由於廢鐵銷售上升所致。

銷售成本及毛利

銷售成本主要包括(i)原材料及貿易產品成本；(ii)製造費用；(iii)直接勞動；及(iv)起重機租用成本。銷售成本由截至二零一六年十一月三十日止六個月約11.6百萬令吉增加至截至二零一七年十一月三十日止六個月約12.0百萬令吉，升幅約33%。有關變動乃主要由於截至二零一七年十一月三十日止六個月的材料用量及其他建築材料銷售上升所致。

Management Discussion and Analysis

管理層討論及分析

The Gross Profit decreased from approximately RM5.0 million for the six months ended 30 November 2016 to approximately RM3.8 million for the six months ended 30 November 2017.

Administrative expenses

Administrative expenses of the Group increased by approximately RM2.1 million or 213.4% from approximately RM1.0 million for the six months ended 30 November 2016 to approximately RM3.1 million for the six months ended 30 November 2017.

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 the increase in staff costs paid to Directors and staff due to business expansion and audit fee and other professional costs in relation to the compliance with the GEM Listing Rules during the period.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased slightly by approximately RM91,000 or 14.7% from approximately RM621,000 for the six months ended 30 November 2016 to approximately RM530,000 million for the six months ended 30 November 2017.

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. The slight decrease of selling and distribution expenses was mainly due to the decrease in incentive bonus and commission associated with the decrease in sales.

毛利由截至二零一六年十一月三十日止六個月約5.0百萬令吉減少至截至二零一七年十一月三十日止六個月約3.8百萬令吉。

行政開支

本集團的行政開支由截至二零一六年十一月三十日止六個月約1.0百萬令吉增加約2.1百萬令吉或213.4%至截至二零一七年十一月三十日止六個月約3.1百萬令吉。

本集團的行政開支主要包括薪金、福利及其他福利、租金及差餉、一般辦公室開支、折舊及專業服務費。有關增加乃主要由於期內支付予董事及員工的員工成本增加，原因為業務擴展以及與遵循創業板上市規則有關的審計費用及其他專業費用。

銷售及分銷開支

本集團的銷售及分銷開支由截至二零一六年十一月三十日止六個月約621,000令吉輕微減少約91,000令吉或14.7%至截至二零一七年十一月三十日止六個月約530,000令吉。

本集團銷售及分銷開支主要包括銷售及市場推廣員工的薪金、福利及其他福利以及差旅及娛樂開支。銷售及分銷開支輕微減少乃主要由於因銷售下跌而令相關的獎勵花紅及佣金減少所致。

Management Discussion and Analysis

管理層討論及分析

Loss for the period

The Group recorded a net loss of approximately RM2.7 million for the six months ended 30 November 2017 due to the net effect of (i) a non-recurring listing expenses of approximately RM2.4 million for its Listing exercise during the six months ended 30 November 2017; (ii) the increase in the administrative expenses incurred by the Group for the six months ended 30 November 2017; and (iii) the decrease in revenue of the Group six months ended 30 November 2017.

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS, AND PLAN FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save for the reorganization in relation to the listing of the shares of the Company, there were no significant investment held, nor other material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 30 November 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 November 2017, the Group's cash and cash equivalents was approximately RM27.0 million (31 May 2017: approximately RM8.3 million).

As at 30 November 2017, the Group's total borrowings were approximately RM91,000 (31 May 2017: approximately RM583,000).

期內虧損

本集團於截至二零一七年十一月三十日止六個月錄得淨虧損約2.7百萬令吉，乃由於以下各項的淨影響所致：(i)截至二零一七年十一月三十日止六個月就籌備上市而產生的非經常性上市開支約2.4百萬令吉；(ii)截至二零一七年十一月三十日止六個月本集團產生的行政開支增加；及(iii)截至二零一七年十一月三十日止六個月本集團的收入減少。

重大投資、收購及出售以及重大投資或資本資產計劃

除就本公司股份上市而進行的重組外，於截至二零一七年十一月三十日止六個月，概無持有任何重大投資，或附屬公司及聯營公司的其他重大收購及出售事項。

流動資金及財務資源

於二零一七年十一月三十日，本集團的現金及現金等價物約為27.0百萬令吉(二零一七年五月三十一日：約8.3百萬令吉)。

於二零一七年十一月三十日，本集團的借款總額約為91,000令吉(二零一七年五月三十一日：約583,000令吉)。

Management Discussion and Analysis

管理層討論及分析

As at 30 November 2017, the Group's current ratio was 5.25 (31 May 2017: 2.6), which is calculated based on the total current assets divided by the total current liabilities. The gearing ratio was approximately 0.2% as at 30 November 2017 (31 May 2017: 3.2%), which is calculated based on the total interest-bearing loans divided by the total equity.

As at 30 November 2017 and 31 May 2017, the Group had no bank borrowings. The gearing ratio, calculated based on the total borrowings divided by total equity at the end of the period and multiplied by 100%, decreased from approximately 3.2% as at 31 May 2017 to approximately 0.2% as at 30 November 2017 due to repayment of all bank borrowings in full. 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

The shares of the Company were successfully listed on the GEM Board of the Stock Exchange on 19 July 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 30 November 2017, the share capital and equity attributable to owners of the Company amounted to approximately RM3.4 million and approximately RM39.1 million respectively (31 May 2017: RM57 and RM18.5 million respectively).

CAPITAL COMMITMENTS

As at 30 November 2017, the Group had capital commitments in respect of the acquisition of property, plant and equipment totalling RM305,000 (31 May 2017: RM117,000).

於二零一七年十一月三十日，本集團的流動比率為5.25倍(二零一七年五月三十一日：2.6倍)，乃按總流動資產除以總流動負債計算。於二零一七年十一月三十日，資本負債比率約為0.2%(二零一七年五月三十一日：3.2%)，乃按總計息貸款除以權益總額計算。

於二零一七年十一月三十日及二零一七年五月三十一日，本集團並無銀行借款。資本負債比率乃按期末的借款總額除以權益總額再乘以100%計算，由二零一七年五月三十一日約3.2%減少至二零一七年十一月三十日約0.2%，原因為全部銀行借款已獲悉數償還。董事認為本集團的財務狀況穩健強大。憑藉可用的銀行結餘以及現金及銀行信貸融資，本集團擁有充裕的流動資金以滿足其資金需要。

資本架構

本公司股份於二零一七年七月十九日在聯交所創業板成功上市。本集團的資本架構自此概無變動。本集團的股本僅以普通股組成。

於二零一七年十一月三十日，本公司擁有人應佔股本及股權分別約為3.4百萬令吉及約39.1百萬令吉(二零一七年五月三十一日：分別為57令吉及18.5百萬令吉)。

資本承擔

於二零一七年十一月三十日，本集團有關收購物業、廠房及設備的資本承擔合共為305,000令吉(二零一七年五月三十一日：117,000令吉)。

Management Discussion and Analysis

管理層討論及分析

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

As at 30 November 2017, 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:

董事及主要行政人員於本公司及相聯法團的股份、相關股份及債權證的權益及淡倉

於二零一七年十一月三十日，本公司董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中，擁有(i)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益及淡倉（包括根據證券及期貨條例有關條文彼等被當作或視為擁有的權益及／或淡倉），或(ii)須記錄於本公司根據證券及期貨條例第352條存置的登記冊的權益及淡倉，或(iii)根據創業板上市規則第5.46條所述上市發行人董事進行交易的規定標準須知會本公司及聯交所的權益及淡倉如下：

Ordinary Shares of the Company

本公司普通股

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares	Percentage of the Company's issued share capital as at 31 August 2017 佔本公司於 二零一七年 八月三十一日 已發行股本 百分比
董事／主要行政人員姓名	身份／權益性質	股份數目	
Mr. Loh Swee Keong (Note 2)	Interest in controlled corporation	317,020,000 (L) (Note 1)	51.13%
Loh Swee Keong 先生 (附註2)	受控制法團權益	(附註1)	

Management Discussion and Analysis

管理層討論及分析

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 2017, 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.

附註：

- (1) 英文字母(L)表示該人士於股份的好倉。
- (2) Merchant World Investments Limited 為一家於英屬處女群島註冊成立的公司，並由Loh Swee Keong先生全資擁有。根據證券及期貨條例，Loh Swee Keong先生被視為於由Merchant World Investments Limited持有的全部股份中擁有權益。

除上文所披露者外，於二零一七年十一月三十日，概無董事及本公司主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的任何股份、相關股份或債權證中，擁有(i)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的任何權益或淡倉（包括根據證券及期貨條例有關條文彼等被當作或視為擁有的任何權益及／或淡倉），或(ii)須記錄於本公司根據證券及期貨條例第352條存置的登記冊的任何權益或淡倉，或(iii)根據創業板上市規則第5.46條所述本公司董事進行交易的規定標準須知會本公司及聯交所的任何權益或淡倉。

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

As at 30 November 2017, 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 and SFO were as follows:

主要股東及其他人士於本公司股份及相關股份的權益及淡倉

於二零一七年十一月三十日，以下人士（董事或本公司主要行政人員除外）於本公司股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司披露的權益及／或淡倉，或須記錄於根據證券及期貨條例第336條須予存置的登記冊的權益及／或淡倉如下：

Ordinary Shares of the Company

本公司普通股

Name	Capacity/Nature of Interest	Number of Shares	Percentage of the Company's issued share capital as at 31 August 2017 佔本公司於二零一七年八月三十一日已發行股本百分比
姓名／名稱	身份／權益性質	股份數目	
Merchant World Investments Limited	Beneficial owner	317,020,000 (L) (Note 1)	51.13%
Merchant World Investments Limited	實益擁有人	(附註1)	
Ms. Woon Sow Sum (Note 2) Woon Sow Sum 女士(附註2)	Interest of spouse 配偶權益	317,020,000 (L)	51.13%
Greater Elite Holdings Limited Greater Elite Holdings Limited	Beneficial owner 實益擁有人	122,980,000 (L)	19.84%
Mr. Law Fung Yuen Paul (Note 3) 羅鳳原先生(附註3)	Interest in controlled corporation 受控制法團權益	122,980,000 (L)	19.84%
Ms. Cheng Lai Wah Christina (Note 4) Cheng Lai Wah Christina 女士 (附註4)	Interest of spouse 配偶權益	122,980,000 (L)	19.84%

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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 2017, 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

The Group did not have any charge on its assets as at 30 November 2017 (30 November 2016: Nil).

附註：

- (1) 英文字母(L)表示該人士於股份的好倉。
- (2) Woon Sow Sum女士為Loh Swee Keong先生的配偶，根據證券及期貨條例被視為或當作於Loh Swee Keong先生擁有權益的所有股份中擁有權益。
- (3) Greater Elite Holdings Limited為一家於英屬處女群島註冊成立的公司，並由羅鳳原先生全資擁有。根據證券及期貨條例，羅鳳原先生被視為於由Greater Elite Holdings Limited持有的所有股份中擁有權益。
- (4) Cheng Lai Wah Christina女士為羅鳳原先生的配偶，根據證券及期貨條例被視為或當作於羅鳳原先生擁有權益的所有股份中擁有權益。

除上文所披露者外，於二零一七年十一月三十日，本公司並無得悉任何人士（董事或本公司主要行政人員除外）於本公司股份或相關股份中，擁有或被視為擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司及聯交所披露的權益或淡倉，或須記錄於本公司根據證券及期貨條例第336條須存置的登記冊的權益或淡倉。

本集團資產之抵押

於二零一七年十一月三十日，本集團並無抵押其任何資產（二零一六年十一月三十日：無）。

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FOREIGN CURRENCY RISK

As most of the Group's transactions are denominated in Malaysian Ringgit and Hong Kong dollars, the Directors believe that the Group's exposure to exchange fluctuation was immaterial and the Group has not implemented any formal hedging or other alternative policies to deal with such exposure.

LEGAL PROCEEDINGS

During the current interim period, there was one legal proceeding against the Company, details are as follow:

- (A) As disclosed in the Company's voluntary announcement dated 16 October 2017, Target Precast Industries Sdn Bhd and Target Foundry Sdn Bhd, both wholly-owned subsidiaries of the Group ("**Subsidiaries**") were served with a writ of summons and a statement of claim filed by one Lum Tseng Engineering Sdn. Bhd. ("**Lum Tseng**") in the High Court of Malaya in Penang under Suit No. PA-22NCVC-206-10/2017 (the "**Suit 206**").

In Suit 206, Lum Tseng alleged that the Subsidiaries' products had infringed Patent No. MY-137345-A ("**Patent 345**"), a registered patent of precast concrete junction box purportedly held by Lum Tseng as a licensee (the "**Impugned Patent**") and Lum Tseng is claiming against the Subsidiaries for:

- (i) an injunction restraining the Subsidiaries from infringing the Impugned Patent;
- (ii) an order for the Subsidiaries to surrender or destroy all the products which infringed the Impugned Patent;

外幣風險

由於本集團大部分交易以馬來西亞令吉及港元計值，董事認為本集團面對之匯兌波動風險並不重大，且本集團亦無實施任何正式對沖或其他處理有關風險的替代政策。

法律訴訟

於本中期期間，有一項針對本公司的法律訴訟，詳情如下：

- (A) 誠如本公司日期為二零一七年十月十六日的自願性公告所披露，Target Precast Industries Sdn Bhd及Target Foundry Sdn Bhd（均為本集團的全資附屬公司（「**附屬公司**」））獲送達由Lum Tseng Engineering Sdn. Bhd.（「**Lum Tseng**」）向馬來西亞檳城高等法院提交的傳訊令狀以及申索陳述書，訴訟編號為PA-22NCVC-206-10/2017（「**206號訴訟**」）。

於206號 訴 訟，Lum Tseng指稱，附屬公司的產品侵犯據稱由Lum Tseng（作為特許持有人）持有專利編號為MY-137345-A（「**專利345**」）的預製混凝土接線盒蓋註冊專利（「**受到質疑的專利**」），而Lum Tseng正針對附屬公司提出以下申索：

- (i) 限制附屬公司侵犯受到質疑的專利的禁制令；
- (ii) 要求附屬公司交出或銷毀侵犯受到質疑的專利的所有產品的命令；

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| (iii) | general damages; | (iii) | 一般損害賠償； |
| (iv) | exemplary damages of Malaysian Ringgit 1,000,000; | (iv) | 懲罰性賠償1,000,000馬來西亞令吉； |
| (v) | interest of 5% on damages from the filing date of the suit till the date of full payment; and | (v) | 損害賠償自提起訴訟當日起直至悉數繳付當日按5%計算的利息；及 |
| (vi) | costs of the action. | (vi) | 訴訟費用。 |
- (B) On 12 October 2017, Lum Tseng filed under Suit 206 an application seeking an interim injunction to restrain the Subsidiaries from infringing Patent 345. On 14 October 2017, the Subsidiaries filed an affidavit in reply and Lum Tseng withdrew its application for interim injunction on 6 December 2017.
- (B) 於二零一七年十月十二日，Lum Tseng根據206號訴訟提出申請要求限制附屬公司侵犯專利345的臨時禁制令。於二零一七年十月十四日，附屬公司提交答辯誓章，而Lum Tseng於二零一七年十二月六日撤回臨時禁制令的申請。
- (C) On 26 October 2017, the Subsidiaries filed an application to strike out Suit 206 on the ground that Lum Tseng is not the registered owner of Patent 345 and Lum Tseng had failed to fulfil the statutory requirement to commence Suit 206 as a licensee of Patent 345. The application has been fixed for hearing on 18 January 2018.
- (C) 於二零一七年十月二十六日，附屬公司申請剔除206號訴訟，理由為Lum Tseng並非專利345的註冊擁有人，因此，Lum Tseng作為專利345的特許持有人，未能符合提出206號訴訟的法定要求。該申請已定於二零一八年一月十八日進行聆訊。

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- (D) On 26 October 2017, the Subsidiaries also filed a writ of summons and a statement of claim in the High Court of Malaya in Penang under Suit No. WA-22IP-42-10/2017 (“**Suit 42**”) against Lum Tseng and Loh Soo Tiak, the registered owners of Patent 345 and directors of Lum Tseng seeking for:
- (a) a declaration under Sections 56 and 57 of the Patents Act 1983 that Patent 345 is invalid;
- (b) an order that Patent 345 be invalidated and removed from the Register of Patents;
- (c) a declaration that Subsidiaries are entitled to use and/or manufacture, market, distribute, offer for sale and/or sell their manhole covers without interference from the Lum Tseng and Loh Soo Tiak and/or their agents and/or nominees;
- (d) a permanent injunction to restrain Lum Tseng and Loh Soo Tiak, whether jointly or severally and/or acting by themselves, or through their directors, officers, employees, servants, agents or assignees or otherwise from:
- (i) publishing and/or causing to be published, dissemination, printing and/or assisting in publication in any manner whatsoever defamatory statements that the Subsidiaries had infringed Patent 345 (“**Defamatory Statements**”) and/or any similar words defamatory of the Subsidiaries; and
- (D) 二零一七年十月二十六日，附屬公司亦針對Lum Tseng及Loh Soo Tiak以及專利345的註冊擁有人及Lum Tseng董事向馬來西亞檳城高等法院提交的傳訊令狀以及申索陳述書，訴訟編號為WA-22IP-42-10/2017(「**42號訴訟**」)，並要求：
- (a) 根據Patents Act 1983第56及57節作出聲明表示專利345屬無效；
- (b) 發出命令宣告專利345為無效及從專利權登記處中刪除；
- (c) 有關附屬公司有權且在不受Lum Tseng及Loh Soo Tiak及／或彼等的代理及／或代名人干擾的情況下，使用及／或生產、推廣、分銷、提呈發售及／或出售彼等的沙井蓋的聲明；
- (d) 限制Lum Tseng及Loh Soo Tiak(不論共同或個別地及／或自行或透過其董事、主管、僱員、受僱人、代理或承讓人或其他人士行事)作出以下行為的永久性禁制令：
- (i) 發佈及／或促成發佈、散佈、印刷及／或(不論任何方式)協助發佈有關附屬公司侵犯專利345的誹謗性陳述(「**誹謗性陳述**」)及／或任何誹謗附屬公司的類似詞彙；及

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| (ii) Conspiring to injure the Subsidiaries; and | (ii) 串謀損害附屬公司；及 |
| (iii) Unlawfully interfering with the Subsidiaries' trade and business; | (iii) 非法干擾附屬公司的買賣及業務； |
| (e) an order to compel Lum Tseng and Loh Soo Tiak, at its own costs cause to be published a letter to the third party: | (e) 發出命令強制 Lum Tseng 及 Loh Soo Tiak 自費向第三方刊發信件： |
| (i) a full and complete retraction of the Defamatory Statements above; and | (i) 完全撤回上述誹謗性陳述；及 |
| (ii) an apology in such terms as this Honourable Court deems fit; | (ii) 按法院視為合適的方式道歉； |
| (f) general damages; | (f) 一般損害賠償； |
| (g) aggravated and/or exemplary damages; | (g) 加重性及／或懲罰性賠償金； |
| (h) interests on all such amounts as may be ordered to be paid by Lum Tseng and Loh Soo Tiak to the Subsidiaries; | (h) 所有 Lum Tseng 及 Loh Soo Tiak 根據命令可能須向附屬公司支付有關款項的利息； |
| (i) costs; and | (i) 成本；及 |
| (j) Such further or other relief as the Court deems fit and proper to grant. | (j) 法庭視為合適且恰當授出的進一步或其他寬免。 |
| (E) Lum Tseng and Loh Soo Tiak are required to file their statement of defence in Suit 42 on or before 15 January 2018. | (E) Lum Tseng 及 Loh Soo Tiak 須於二零一八年一月十五日或之前就 42 號訴訟提交答辯書。 |

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As at 30 November 2017, the Company's Malaysian legal advisers are of the preliminary view that there is a high likelihood that the Impugned Patent can be invalidated and in such event, pending review of other evidence, the Malaysian legal advisers take the view that the Group has a meritorious defence in the Legal Proceeding. The Group will contest the Legal Proceeding vigorously and formulate solutions to mitigate any possible effects of the suit, including the filing of counterclaim against the Plaintiff and/or resolution by way of mediation. The Company considered that the legal proceeding is unlikely to result in any material outflow of economic benefits from the Group.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 November 2017 (six months ended 30 November 2016: RM1,050,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 November 2017, we had 61 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 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.

於二零一七年十一月三十日，本公司的馬來西亞法律顧問初步認為，受到質疑的專利極有可能喪失有效性，而在此情況下，於審閱其他憑證後，馬來西亞法律顧問認為，本集團於法律訴訟中擁有充足理據提出抗辯。本集團將積極地就法律訴訟抗辯，並制定解決方案以緩解訴訟可能產生的任何影響（包括向原告人提出反申索及／或以調解方式解決）。本公司認為，法律訴訟將不太可能會導致本集團有重大的經濟利益流出。

中期股息

截至二零一七年十一月三十日止六個月，董事會並無建議派付中期股息（截至二零一六年十一月三十日止六個月：1,050,000令吉）。

僱員及薪酬政策

於二零一七年十一月三十日，我們有61名僱員在馬來西亞及香港特別行政區。本集團通常透過刊登招聘廣告從公開市場招聘僱員。本集團根據馬來西亞及香港特別行政區的適用勞動法例與每名僱員訂立個別的勞工合約，當中涵蓋工資、僱員福利及終止理由等事宜。本集團向僱員提供的薪酬方案包括薪金、花紅、津貼及醫療福利。一般而言，本集團按照每名僱員的資格、經驗及能力以及當前的市場薪酬水平釐定僱員的薪金。本集團已設計一個審核制度，以就僱員表現每年進行一次評估，此構成我們對薪金調整、花紅及晉升方面所作決定的基準。

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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 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").

主要風險及不確定因素

經營風險

本集團的營運涉及可能影響建築項目的競爭及盈利能力的整體經濟及市場風險。本集團面臨的主要風險概述如下：

- (a) 主要原材料價格波動可能對本集團的財務業績造成不利影響；
- (b) 本集團的收入主要來自就屬於非經常性的建築項目之基建升級及擴張工程為客戶製造並向彼等銷售預製混凝土接線盒，概不保證客戶將發出新業務採購訂單；及
- (c) 倘本集團未能妥善管理現金流量錯配的情況，本集團的現金流量狀況可能因收到客戶付款與向供應商付款之間的時間出現錯配而惡化。

有關本集團面臨的其他風險及不確定因素，請參閱本集團日期為二零一七年七月六日的招股章程（「招股章程」）「風險因素」一節。

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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 30 November 2017, the Group recorded trade receivables amounting to approximately RM13.1 million, the number of trade receivables turnover days was approximately 143 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.

USE OF PROCEEDS FROM THE SHARE OFFER

The shares of the Company were listed on 19 July 2017 on the GEM by Share Offer. The Offer Price was HK\$0.28 per Offer Share. The net proceeds received by the Company from the Share Offer, after deducting underwriting fees and other expenses, were approximately HK\$29.6 million.

財務風險

作為一家預製混凝土接線盒製造商，本集團須根據其採購政策不時向供應商採購原材料。本集團依賴來自客戶的現金流入以履行向供應商付款的責任。本集團的現金流入取決於迅速結清付款。於二零一七年十一月三十日，本集團錄得貿易應收款項約13.1百萬令吉，而貿易應收款項周轉日數約為143日，高於本集團與客戶訂立的服務協議所規定的信貸期，平均貿易應付款項周轉日數則約為79日。本集團面臨信貸風險及流動資金風險。

股份發售所得款項的用途

本公司股份於二零一七年七月十九日以股份發售方式在創業板上市。發售價為每股發售股份0.28港元。本公司自股份發售收取的所得款項淨額（扣除包銷費用及其他開支後）約為29.6百萬港元。

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During the review period, the Group has applied the net proceeds as follow:

於回顧期間，本集團已按下文動用所得款項淨額：

		Net proceeds from the share offer	Amount utilised up to 30 November 2017	Unutilised balance up to 30 November 2017
		股份發售所得款項淨額 HK\$ million 百萬港元	直至二零一七年十一月三十日 已動用金額 HK\$ million 百萬港元	直至二零一七年十一月三十日 未動用結餘 HK\$ million 百萬港元
Expansion of production capacity through	透過以下方式擴大產能			
(i) expanding our Selangor Plant	(i) 擴充雪蘭莪廠房	7.0	1.0	6.0
(ii) completing the establishment of our new Kulajaya Plant and	(ii) 完成建立新古來再也廠房；及	7.3	0.6	6.7
(iii) recruiting new staff	(iii) 招聘新員工	2.6	0.1	2.5
Acquisition of a parcel of land in Southern Malaysia	收購馬來西亞南部的地塊	8.4	-	8.4
Expansion of our business vertically in the supply chain of the precast concrete junction box industry through mergers and acquisitions	透過併購在預製混凝土接線盒行業的供應鏈垂直拓展我們的業務	2.7	-	2.7
Expansion of our sales and marketing team	擴大銷售及市場推廣團隊	0.8	-	0.8
General working capital	一般營運資金	0.8	0.8	-
Total	總計	29.6	2.5	27.1

CONTINGENT LIABILITIES

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

或然負債

本集團於資產負債表結算日概無或然負債。

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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 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.

Save as disclosed above, for the six months ended 30 November 2017, 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, advisors, 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 grant of option.

企業管治常規

根據企業管治守則(「企業管治守則」)守則條文第A.2.1條，主席及行政總裁的職務應予區分，並不應由同一人士擔任。主席與行政總裁之間職務的分工應予清晰界定。

Loh Swee Keong 先生(「**Loh 先生**」)為本公司董事會主席兼行政總裁。鑑於 Loh 先生自一九九三年起一直經營及管理本集團的營運附屬公司，故董事會相信由 Loh 先生兼任兩個職位以達致有效的管理及業務發展乃符合本集團的最佳利益。因此，董事認為，偏離企業管治守則條文第A.2.1條在該情況下乃屬合適。

除上文所披露者外，截至二零一七年十一月三十日止六個月，董事認為本集團一直遵守企業管治守則的守則條文。

購股權計劃

購股權計劃旨在吸引及挽留最優秀的人員，以及向本集團全職及兼職僱員或任何成員(包括本集團任何執行董事、非執行董事、獨立非執行董事、顧問及諮詢人)提供額外獎勵。

於二零一七年六月二十七日，本公司有條件採納購股權計劃，據此，董事會獲授權按其絕對酌情權，依照購股權計劃的條款，向合資格參與人士授出可認購本公司股份的購股權。購股權計劃將由授出購股權當日起計十年期間有效及生效。

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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 of option subject to the provisions of early termination thereof.

根據購股權計劃及本公司任何其他購股權計劃可能授出的購股權所涉及的最高股份數目合共不得超過本公司股份於創業板上市日期後已發行股份總數的10%，即62,000,000股股份（或因不時拆細或合併該62,000,000股股份而產生的有關股份數目）（「**計劃上限**」）。待於股東大會上取得股東批准後，董事會可(i)隨時將此上限更新至於股東在股東大會上批准當日已發行股份的10%；及／或(ii)向董事會特別選定的合資格參與人士授出超過計劃上限的購股權。

因根據購股權計劃及本公司任何其他購股權計劃已授出及尚未行使的所有尚未行使購股權獲行使而可能發行的股份數目，於任何時候不得超過不時已發行股份的30%。倘根據本公司的任何計劃（包括購股權計劃）授出購股權將導致超出上限，則不得授出購股權。

於任何十二個月期間，因根據購股權計劃及本公司任何其他購股權計劃向各參與人士授出的購股權獲行使而可予發行的股份總數不得超過已發行股份的1%。任何額外授出購股權須於股東大會上獲股東批准，而有關合資格參與人士及其聯繫人須放棄投票。

購股權可於董事會可能釐定而不得超過授出購股權日期起計十年的期間內，隨時根據購股權計劃的條款予以行使，惟須受有關提前終止條文所規限。

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An offer for the grant of options 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.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections "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, 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).

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the six months ended 30 November 2017 and up to the date of the report, the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group.

授出購股權的要約必須在授出購股權當日起計不少於五個營業日獲接納。購股權承授人於接納授出購股權的要約時應向本公司支付1港元。

根據購股權計劃，參與人士可按董事會釐定的價格行使購股權認購本公司股份，惟該價格不得低於下列最高者：(i)於授出當日(該日須為交易日)的聯交所每日報價表所列股份的收市價；(ii)於緊接授出日期前五個交易日的聯交所每日報價表所列股份的平均收市價；及(iii)股份面值。

董事收購股份或債權證的權利

除於「購股權計劃」一節及「董事及主要行政人員於本公司及相聯法團的股份、相關股份及債權證的權益及淡倉」一節所披露者外，於期內任何時間，本公司、其任何控股公司或其任何附屬公司並無訂立任何安排，致使董事及主要行政人員(包括彼等的配偶及18歲以下的子女)於本公司或其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中持有任何權益或淡倉。

遵守相關法例及規例

於截至二零一七年十一月三十日止六個月及截至本報告日期，本集團一直遵守對其業務有重大影響的相關法例及規例。

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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 regarding securities transactions by the Directors during the six months ended 30 November 2017 to the date of this report.

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 2017.

DIRECTOR'S INTEREST OF COMPETING BUSINESS

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.

AUDIT COMMITTEE

The Group has established the 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 primary review financial statements of the Company and oversee internal control and risk management procedures of the Company.

The Audit Committee currently consists of three members namely, Mr. Yau Ka Hei, Mr. Chu Kin Ming and Mr. Lee, Alexander Patrick. The chairman of the Audit Committee is Mr. Chu Kin Ming.

董事進行證券交易

本公司已採納有關董事進行證券交易的行為守則，其條款不遜於創業板上市規則第5.48至5.67條所載規定交易準則。本公司亦已向全體董事作出具體查詢，而全體董事確認彼等於截至二零一七年十一月三十日止六個月及截至本報告日期止一直遵守有關董事進行證券交易的規定交易準則。

購買、出售或贖回上市證券

截至二零一七年十一月三十日止六個月，本公司及其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

董事於競爭業務的權益

董事確認，除本集團經營的業務外，概無控股股東或董事及彼等各自的緊密聯繫人（定義見創業板上市規則）在與本集團業務直接或間接構成或可能構成競爭的任何業務中擁有任何權益。

審核委員會

本集團已成立審核委員會，並遵照創業板上市規則第5.28至5.33條及創業板上市規則附錄15所載的企業管治守則及企業管治報告第C.3段，制定其書面職權範圍。審核委員會職責主要為審閱本公司的財務報表及監管本公司的內部監控及風險管理程序。

審核委員會目前由三名成員組成，即邱家禧先生、朱健明先生及李明鴻先生。審核委員會主席為朱健明先生。

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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 30 November 2017 and is of the opinion that such statements complied with applicable standards, the GEM Listing Rules and that adequate disclosure had been made.

INTEREST OF THE COMPLIANCE ADVISER

As notified by RHB Capital Hong Kong Limited (“**RHB Capital**”), compliance adviser of the Company, except for (i) RHB Capital’s participation as the sole sponsor in relation to the Listing; and (ii) the compliance adviser agreement entered into between the Company and RHB Capital dated 27 June 2017, neither RHB Capital nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of RHB Capital had any interest in the share capital of our Company or any member of our Group (including options or rights to subscribe for such securities, if any) which is required to be notified to our Company pursuant to Rule 6A.32 of the GEM Listing Rules as of 30 November 2017.

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

Hong Kong, 8 January 2018

As at the date of this report, the Executive Directors are Mr. Loh Swee Keong and Mr. Tan Cheng Siong; the Independent Non-executive Directors are Mr. Yau Ka Hei, Mr. Chu Kin Ming and Mr. Lee, Alexander Patrick.

審核委員會已審閱本集團採納的會計原則及政策以及本集團截至二零一七年十一月三十日止六個月的未經審核簡明綜合財務報表，並認為該等報表符合適用準則及創業板上市規則，且已作出足夠披露。

合規顧問的權益

誠如本公司合規顧問興業金融融資有限公司(「**興業金融融資**」)告知，截至二零一七年十一月三十日，除(i)興業金融融資作為獨家保薦人參與上市；及(ii)本公司與興業金融融資訂立日期為二零一七年六月二十七日的合規顧問協議外，興業金融融資、其任何緊密聯繫人(定義見創業板上市規則)及興業金融融資的董事或僱員概無於本公司或本集團任何成員公司的股本中，擁有根據創業板上市規則第6A.32條須知會本公司的任何權益，當中包括認購有關證券的購股權或權利(如有)。

承董事會命
瑞強集團有限公司
主席
Loh Swee Keong

香港，二零一八年一月八日

於本報告日期，執行董事為Loh Swee Keong先生及Tan Cheng Siong先生；獨立非執行董事為邱家禧先生、朱健明先生及李明鴻先生。

SK TARGET GROUP LIMITED
瑞強集團有限公司

