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SK TARGET GROUP LIMITED
瑞強集團有限公司

(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 8427)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MAY 2023

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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.

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*This announcement, for which the directors (the “**Directors**”) of SK Target Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 May 2023 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 May 2023

	<i>Notes</i>	2023 RM'000	2022 RM'000
Continuing operations			
Revenue	3	30,301	21,287
Cost of sales		<u>(23,378)</u>	<u>(17,719)</u>
Gross profit		6,923	3,568
Other income		971	424
Allowance for credit loss		(1,530)	(1,498)
Allowance for credit loss reversed		–	214
Administrative expenses		(4,308)	(3,260)
Selling and distribution expenses		(1,231)	(978)
Finance costs	4	(97)	(79)
Share of results of an associate		90	–
		<u> </u>	<u> </u>
Profit/(loss) before taxation	5	818	(1,609)
Taxation	6	(730)	(332)
		<u> </u>	<u> </u>
Profit/(loss) for the year from continuing operations		88	(1,941)
Discontinued operation			
Profit/(loss) for the year from discontinued operation	7	–	18
		<u> </u>	<u> </u>
Profit/(loss) for the year		88	(1,923)
		<u> </u>	<u> </u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		405	241
		<u> </u>	<u> </u>
Total comprehensive income/(expense) for the year		493	(1,682)
		<u> </u>	<u> </u>

	<i>Notes</i>	2023 RM'000	2022 RM'000
Profit/(loss) for the year attributable to owners of the Company:			
– from continuing operations		88	(1,941)
– from discontinued operation		<u>–</u>	<u>18</u>
		88	(1,923)
Total comprehensive income/(expense) for the year attributable to owners of the Company:			
– from continuing operations		493	(1,700)
– from discontinued operation		<u>–</u>	<u>18</u>
		493	(1,682)
Earnings/(loss) per share:			
Basic and diluted (RM cents)	8		
– From continuing operations		0.07	(1.90)
– From discontinued operation		–	0.02
– From continuing and discontinued operations		0.07	(1.88)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2023

	<i>Notes</i>	2023 RM'000	2022 <i>RM'000</i>
Non-Current Assets			
Property, plant and equipment		3,889	4,361
Investment property		353	357
Right-of-use assets		995	1,497
Investment in an associate		3,334	—
		<hr/>	<hr/>
Total Non-Current Assets		8,571	6,215
Current Assets			
Inventories	<i>10</i>	2,004	3,135
Receivables, deposits and prepayments	<i>11</i>	11,863	9,097
Amount due from ultimate holding company		44	35
Amount due from a shareholder		12	11
Tax recoverable		89	404
Short-term bank deposits	<i>12</i>	21,247	10,110
Cash on hand and at bank	<i>12</i>	6,828	12,687
		<hr/>	<hr/>
Total Current Assets		42,087	35,479
Current Liabilities			
Payables and accrued charges	<i>13</i>	11,033	7,119
Lease liabilities		625	537
Tax payables		13	12
		<hr/>	<hr/>
Total Current Liabilities		11,671	7,668
Net Current Assets		30,416	27,811
		<hr/>	<hr/>
Total Assets Less Current Liabilities		38,987	34,026
		<hr/>	<hr/>

	<i>Notes</i>	2023 RM'000	2022 RM'000
Non-Current Liabilities			
Lease liabilities		405	913
Deferred tax liabilities		131	199
Promissory note		3,276	–
		<hr/>	<hr/>
Total Non-Current Liabilities		3,812	1,112
		<hr/>	<hr/>
Net Assets		35,175	32,914
		<hr/> <hr/>	<hr/> <hr/>
Capital and Reserves			
Share capital	<i>14</i>	5,438	4,501
Reserves		29,737	28,413
		<hr/>	<hr/>
Total Equity		35,175	32,914
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 May 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 1 June 2021	4,277	26,444	8,579	(596)	(5,116)	33,588
Loss for the year	-	-	-	-	(1,923)	(1,923)
Exchange differences arising on translation of foreign operations	-	-	-	241	-	241
Total comprehensive expense for the year	-	-	-	241	(1,923)	(1,682)
Issue of subscription shares by newly allotted ordinary shares (<i>note 14(b)</i>)	224	784	-	-	-	1,008
At 31 May 2022	<u>4,501</u>	<u>27,228</u>	<u>8,579</u>	<u>(355)</u>	<u>(7,039)</u>	<u>32,914</u>
	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 1 June 2022	4,501	27,228	8,579	(355)	(7,039)	32,914
Loss for the year	-	-	-	-	88	88
Exchange differences arising on translation of foreign operations	-	-	-	405	-	405
Total comprehensive expense for the year	-	-	-	405	88	493
Placing (<i>note 14(c)</i>)	937	831	-	-	-	1,768
At 31 May 2023	<u>5,438</u>	<u>28,059</u>	<u>8,579</u>	<u>50</u>	<u>(6,951)</u>	<u>35,175</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

SK Target Group Limited (the “Company”) was incorporated in the Cayman Islands with limited liability on 28 October 2016 and its ordinary shares are listed on the GEM of The Stock Exchange of Hong Kong Limited since 19 July 2017. The addresses of the registered office and principal place of business are Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman Ky1-1108, Cayman Islands and 18, Jalan LP 2A/2, Taman Lestari Perdana, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia, respectively.

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

The Company is an investment holding company and the principal activities of the Group are manufacturing and trading of precast concrete junction boxes, trading of accessories and pipes and provision of mobile crane rental and ancillary services in Malaysia, sourcing service of materials and Japanese catering services in Hong Kong. The Group discontinued its Japanese catering services in Hong Kong during the year and since May 2022, the Group started to engage in the sales of health supplement products in Hong Kong.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB to these consolidated financial statements for the current accounting period:

Amendments to IAS16	Property, Plant and Equipment: Proceeds before Intended Use
Amendment to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to IFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to IFRS Standards 2018-2020

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

3. REVENUE AND SEGMENTAL INFORMATION

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

	Year ended 31 May 2023 Total <i>RM'000</i>	Year ended 31 May 2022 Total <i>RM'000</i>
Continuing operations		
Manufacturing and trading:		
Sales of manufactured goods	24,374	18,474
Other building materials and services:		
Sales of building materials	1,338	2,152
Sourcing services	12	13
Sales of health supplement products	4,577	648
	<hr/>	<hr/>
Total	30,301	21,287
	<hr/> <hr/>	<hr/> <hr/>
Geographical market:		
Malaysia	25,712	20,626
China – Hong Kong	4,589	661
	<hr/>	<hr/>
Total	30,301	21,287
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
At point in time	30,301	21,287
	<hr/> <hr/>	<hr/> <hr/>

Sales of manufactured goods and building materials

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

Sourcing services

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

Sales of health supplement products

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

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

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

(c) Operating Segment

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

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

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

The operation of Japanese catering services was discontinued in the current year. The following segment information does not include any amounts for the discontinued operation, which is described in more details in note 7.

The Group commenced the sales of health supplement products during the year ended 31 May 2023 and thus one new segment is resulted and included in the segment reporting and no comparative information for this new segment for the year ended 31 May 2022 is presented.

Segment revenues and results

For the year ended 31 May 2023

Continuing operations

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

For the year ended 31 May 2022

Continuing operations

	Manufacturing and trading <i>RM'000</i>	Other building materials and services <i>RM'000</i>	Sourcing services <i>RM'000</i>	Sales of health supplement products <i>RM'000</i>	Total <i>RM'000</i>
Revenue					
External sales	18,474	2,152	13	648	21,287
Inter-segment sales	<u>2,124</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>2,148</u>
Segment revenue	<u>20,598</u>	<u>2,176</u>	<u>13</u>	<u>648</u>	<u>23,435</u>
Elimination					<u>(2,148)</u>
Group revenue					<u>21,287</u>
Segment result	<u>2,914</u>	<u>360</u>	<u>5</u>	<u>289</u>	<u>3,568</u>
Allowance for credit loss					(1,498)
Allowance for credit loss reversed					214
Administrative expenses					(3,260)
Selling and distribution expenses					(978)
Finance costs					(79)
Other income					<u>424</u>
Loss before taxation from continuing operations					<u><u>(1,609)</u></u>

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

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

Segment assets and liabilities

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

As at 31 May 2023

Continuing and discontinued operations

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

As at 31 May 2022

Continuing and discontinued operations

	Continuing operations						Discontinued operation	Consolidated assets (liabilities)
	Manufacturing and trading	Other building materials and services	Sourcing services	Sale of health supplement products	Segment assets (liabilities)	Unallocated	Japanese Catering Services	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	5,669	389	157	-	6,215	-	-	6,215
Current assets	25,192	5,886	2,541	650	34,269	807	403	35,479
Non-current liabilities	(1,112)	-	-	-	(1,112)	-	-	(1,112)
Current liabilities	(6,585)	(106)	(88)	(476)	(7,255)	(375)	(38)	(7,668)

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

Other segment information

For the year ended 31 May 2023

Continuing and discontinued operations

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

For the year ended 31 May 2022

Continuing and discontinued operations

	Continuing operations				Discontinued operation	
	Manufacturing and trading	Other building materials and services	Sourcing services	Unallocated	Japanese catering services	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets	<u>607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>607</u>

Geographical information

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

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

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

	2023	2022
	<i>RM’000</i>	<i>RM’000</i>
Continuing operations		
Malaysia	25,712	20,626
China – Hong Kong	4,589	661
	30,301	21,287

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

	Non-current assets	
	2023	2022
	RM'000	RM'000
Malaysia	5,237	6,058
China – Hong Kong	3,334	157
	8,571	6,215

Information about major customers

Two customers contribute over 10% of total revenue of the Group for the year ended 31 May 2023 (2022: one).

Customer	Segment	2023	2022
		RM'000	RM'000
Customer A	Sale of health supplement products	4,577	648
Customer B	Manufacturing and trading	3,631	2,365

4. FINANCE COSTS

	2023	2022
	RM'000	RM'000
Continuing operations		
Interest expense on leases liabilities	56	69
Commitment fees	10	10
Interest expense on promissory note	31	–
	97	79

5. PROFIT/(LOSS) BEFORE TAXATION

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

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Continuing operations		
Auditors' remuneration	492	472
Cost of inventories recognised as an expense	17,943	13,373
Staff costs, excluding directors' remuneration:		
— Salaries, wages and other benefits	3,185	2,655
— Contributions to EPF	239	228
	3,424	2,883
Short-term lease payments not included in the measurement of lease liabilities:		
Crane	24	37
Office equipment	9	9
Depreciation of:		
Property, plant and equipment	638	770
Investment property	4	4
Right-of-use assets	625	638
Allowance for credit losses:		
Trade receivables	1,438	1,450
Deposits paid	92	48
Allowance for credit losses reversed	—	(214)
Rental income from investment property	(46)	(24)
Loss on disposal of equity investment	—	17
Loss on disposal of property, plant and equipment	74	—
Unrealised losses on foreign exchange	1,080	815
Interest income on:		
Deposits at bank	(657)	(359)
Late payment from receivables	(170)	(58)
	=====	=====

6. TAXATION

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Continuing operations		
Malaysia corporate income tax:		
Current year	797	331
Over-provision in prior years	-	(98)
Hong Kong Profits Tax:		
Current year	1	11
Deferred tax:		
Current year	-	(69)
(Over)/under-provision in prior years	(68)	157
	(68)	88
	730	332

Malaysia corporate income tax is calculated at the statutory tax rate of 24% (2022: 24%) on the estimated assessable profits for each of the assessable year.

Hong Kong Profits Tax is calculated at a rate of 16.5% (2022:16.5%) of the estimated assessable profits for the year, except for a subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2,000,000 of assessable profits are taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%. Such basis had been applied for the calculation of the provision for Hong Kong Profits Tax for this subsidiary for the year ended 31 May 2023.

Hong Kong Profits Tax has not been provided for the years ended 31 May 2023 and 2022 as there is no assessable profits for both years.

The taxation for the year can be reconciled to the profit/(loss) before taxation as follows:

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Profit/(loss) before taxation		
– From continuing operations	818	(1,609)
– From discontinued operation	<u>–</u>	<u>18</u>
Statutory tax rate	<u>24%</u>	<u>24%</u>
Taxation at applicable statutory tax rate	196	(381)
Tax effects of:		
Expenses not deductible for tax purpose	1,318	478
Income not taxable for tax purpose	(716)	(18)
Effect of different tax rate of entities operating in other jurisdictions	–	103
Deferred tax asset not recognised	–	96
Over-provision of income tax in prior years	–	(98)
(Over)/under-provision of deferred tax in prior years	(68)	157
Statutory tax concession	<u>–</u>	<u>(5)</u>
Taxation for the year	<u>730</u>	<u>332</u>

7. DISCONTINUED OPERATION

In light of the unpredictability on how the COVID-19 will evolve, the management of the Group considered that it is no longer commercial attractive to engage in the operation of Japanese catering services in Hong Kong and therefore considered to cease operation of Japanese catering services in June 2021 in order to consolidate resources for continuing operations or other business opportunities. The operation of Japanese catering services represents the “Discontinued Operation” in 2022.

The results of the discontinued operation, which have been included in the loss for the year, were as follows.

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Other income	-	81
Administrative expenses	-	(63)
Profit before taxation	-	18
Profit for the year from the discontinued operation and attributable to owners at the Company	-	18
Profit for the year from the discontinued operation includes the following:		
Auditor's remuneration	-	37
Staff costs, excluding directors' remuneration:		
- Salaries, wages and other benefits	-	3
- Contributions to EPF	-	1
Unrealised loss on foreign exchange	-	148
Cash used in discontinued operation		
Net cash used in operating activities	-	(136)
Net cash outflow	-	(136)
Earnings per share		
Basic, from the discontinued operation	-	RM0.02 cents

The calculations of basic earnings/(loss) per share from the discontinued operation are based on:

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Profit attributable to owners of the Company from the discontinued operation	-	18
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (note 8)	-	102,117,700
	<u><u> </u></u>	<u><u> </u></u>

Note:

No diluted earnings per share information has been presented for the years ended 31 May 2022 and 31 May 2023 as there were no potential ordinary shares outstanding during the years.

8. EARNINGS/(LOSS) PER SHARE

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

	2023	2022
Continuing operations		
Earnings/(loss)		
Profit/(loss) for the year attributable to the owners of the Company (<i>RM'000</i>)	<u>88</u>	<u>(1,941)</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>121,726,553</u>	<u>102,117,700</u>
Basic earnings/(loss) per share (<i>RM cent per share</i>)	<u>0.07</u>	<u>(1.90)</u>
Discontinuing operations		
Earnings		
Profit for the year attributable to the owners of the Company (<i>RM'000</i>)	<u>-</u>	<u>18</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>121,726,553</u>	<u>102,117,700</u>
Basic earnings per share (<i>RM cent per share</i>)	<u>-</u>	<u>0.02</u>
Continuing and discontinued operations		
Earnings/(loss)		
Profit/(loss) for the year attributable to the owners of the Company (<i>RM'000</i>)	<u>88</u>	<u>(1,923)</u>
Number of shares		
Weighted average number of ordinary shares in issue	<u>121,726,553</u>	<u>102,117,700</u>
Basic earnings/(loss) per share (<i>RM cent per share</i>)	<u><u>0.07</u></u>	<u><u>(1.88)</u></u>

Note:

The weighted average number of shares used in the calculation of basic earnings per share for the year ended 31 May 2023 has been adjusted for the effect of placing which occurred during the year ended 31 May 2023.

Diluted earnings/(loss) per share information equals basic earnings/(loss) per share for the years ended 31 May 2022 and 2023 as there were no potential ordinary shares outstanding during both years.

9. DIVIDENDS

The directors of the Company do not recommend the payment of dividend for the years ended 31 May 2022 and 2023.

10. INVENTORIES

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
At cost:		
Raw materials and consumables	826	1,510
Finished goods	1,178	1,625
	2,004	3,135

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

	2023 <i>RM'000</i>	2022 <i>RM'000</i>
Carrying amount of inventories sold	17,943	13,373

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Trade receivables	14,879	11,170
Less: Allowance for credit losses	(5,662)	(4,224)
	<u>9,217</u>	<u>6,946</u>
Other receivables	198	104
Deposits	2,214	1,955
Prepayments	234	92
	<u>11,863</u>	<u>9,097</u>

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

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

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
1-30 days	2,485	3,320
31-60 days	977	924
61-90 days	657	460
91-120 days	138	76
More than 120 days	4,960	2,166
	<u>9,217</u>	<u>6,946</u>

12. SHORT-TERM BANK DEPOSITS, CASH AND BANK BALANCES

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Current:		
Short-term bank deposits	21,247	10,110
Cash on hand and at bank	6,828	12,687
	<hr/>	<hr/>
Total	28,075	22,797
Less: Deposits pledged as security	(1,127)	(1,110)
	<hr/>	<hr/>
Cash and cash equivalents	26,948	21,687
	<hr/> <hr/>	<hr/> <hr/>

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

The average interest rates of deposits of the Group are ranging from 1.75% to 3.80% (2022: 1.25% to 2.13%) per annum. Included in the short-term bank deposits are amounts totaling approximately RM1,127,000 (2022: RM1,110,000) that have been pledged to secure general banking facilities granted to the Group.

13. PAYABLES AND ACCRUED CHARGES

	2023	2022
	<i>RM'000</i>	<i>RM'000</i>
Trade payables	6,767	4,483
Accrued charges	3,189	1,605
Other payables	286	354
Advance from customers	791	671
Deposit received	–	6
	<hr/>	<hr/>
	11,033	7,119
	<hr/> <hr/>	<hr/> <hr/>

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

	2023	2022
	RM'000	RM'000
1-30 days	1,229	1,633
31-60 days	894	1,508
61-90 days	949	1,331
91-120 days	214	11
Over 120 days	3,481	—
	<u>6,767</u>	<u>4,483</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

	Number of shares	Par value	Share capital	
<i>Note</i>	<i>'000</i>	<i>HK\$</i>	<i>HK\$'000</i>	<i>RM'000</i>
Authorised:				
At 1 June 2021	10,000,000	0.01	100,000	
Share consolidation	(a) (8,750,000)	—	—	
At 31 May 2022, 1 June 2022 and 31 May 2023	<u>1,250,000</u>	<u>0.08</u>	<u>100,000</u>	
Issued and fully paid:				
At 1 June 2021	784,200	0.01	7,842	4,277
Share consolidation	(a) (686,175)	—	—	—
Issue of subscription shares by newly allotted ordinary shares	(b) 5,205	0.08	416	224
At 31 May 2022 and 1 June 2022	103,230	0.08	8,258	4,501
Placing	(c) 20,646	0.08	1,652	937
At 31 May 2023	<u>123,876</u>	<u>0.08</u>	<u>9,910</u>	<u>5,438</u>

Notes:

- (a) On 16 August 2021, an ordinary resolution was passed on share consolidation (“**Share Consolidation**”). According to the resolution, every 8 issued and unissued existing shares of par value HK\$0.01 each in the share capital of the Company would be consolidated into 1 consolidated share of par value HK\$0.08 each (“**Consolidated Share**”). The Share Consolidation became effective on 18 August 2021.
- (b) On 18 August 2021 (after trading hours), the Company entered into the subscription agreement with the subscriber. The Company allotted and issued subscription shares comprising 5,205,000 ordinary shares of HK\$0.36 each. The gross proceeds were HK\$1,873,800 (equivalent to approximately RM1,008,000), of which a sum of HK\$416,000 (equivalent to approximately RM224,000) was credited to share capital and the balance of HK\$1,457,000 (equivalent to approximately RM784,000) was credited to share premium account.
- (c) On 8 July 2022, an aggregate of 20,646,000 shares have been successfully placed to not less than six places at HK\$0.151 per share pursuant to the terms and conditions of the placing agreement.

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

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

For the year ended 31 May 2023, the revenue of the Group significant increased by approximately 42.35%, the increase is mainly due to the increase in the revenue of the manufacturing and trading of precast concrete junctions boxes business as a result of the recovery of the economy.

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

FINANCIAL REVIEW

Revenue

The revenue significantly increased from approximately RM21.3 million for the year ended 31 May 2022 to approximately RM30.3 million for the year ended 31 May 2023, representing a significantly increase of approximately 42.35%. Such increase was mainly due to the increase in the revenue generated from the manufacturing and trading of precast junctions boxes business.

For the manufacturing and trading of precast concrete junctions boxes business, the revenue increased by approximately 31.94%, from approximately RM18.5 million for the year ended 31 May 2022 to approximately RM24.4 million for the year ended 31 May 2023. The increase was mainly due to recovery of the economy.

For the trading of accessories and pipes and the provision of mobile crane rental and ancillary services business, the revenue decreased by approximately 37.83%, from approximately RM2.2 million for the year ended 31 May 2022 to approximately RM1.3 million for the year ended 31 May 2023. The decrease was mainly caused by intensive price competition which leads to low profit margin.

In order to diversify the business risk and maximise shareholders return, the Group has expanded into the sale of health supplement business in Hong Kong. The business commenced in May 2023 and recorded a revenue of RM4.6 million for the year ended 31 May 2023.

The sourcing services of materials has contributed a small portion to the Group's revenue.

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 RM17.7 million for the year ended 31 May 2022 to approximately RM23.4 million for the year ended 31 May 2023, representing an increase of approximately 31.94%.

The total cost of sales from the manufacturing and sale of precast concrete junction boxes increased from approximately RM15.6 million for the year ended 31 May 2022 to approximately RM18.7 million for the year ended 31 May 2023, representing an increase of approximately of 20.28%.

The Gross Profit increased from approximately RM3.6 million for the year ended 31 May 2022 to approximately RM6.9 million for the year ended 31 May 2023. The significant increase is mainly due to the recovery of economy.

Administrative expenses

Administrative expenses of the Group increased by approximately RM1.0 million or 32.15% from approximately RM3.3 million for the year ended 31 May 2022 to approximately RM4.3 million for the year ended 31 May 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 increase was mainly attributable to increase in number of employees, resulting in increase in associated expenses.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately RM0.25 million or 25.87% from approximately RM0.98 million for the year ended 31 May 2022 to approximately RM1.23 million for the year ended 31 May 2023. The increase is mainly attributable to the increase in bonus, commission, entertainment and travelling expenses in association with the increase in revenue.

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

Profit/(loss) for the year

The Group recorded a net profit of approximately RM88,000 for the year ended 31 May 2023 (31 May 2022: approximately Loss of RM1.9 million) due to the net effect of (i) the increase in revenue for the year ended 31 May 2023; (ii) the increase in cost of sales for the year ended 31 May 2023; and (iii) the increase in the administrative expenses incurred by the Group for the year ended 31 May 2023.

PRINCIPAL RISK AND UNCERTAINTIES

Operational risk

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

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

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

Financial risks

As a manufacturer of precast concrete junction boxes, the Group has to purchase raw materials from its suppliers from time to time based on its procurement policy. The Group relies on cash inflow from its customers to meet its payment obligations to our suppliers. The Group’s cash inflow is dependent on the prompt settlement of its payments. As at 31 May 2023, the Group recorded trade receivables amounting to approximately RM9.2 million, the number of trade receivables turnover days was approximately 97 days which exceeded the credit period stipulated on the Group’s service agreements with its customers with average trade payable turnover days of approximately 88 days. The Group is exposed to credit risk and liquidity risk.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 May 2023, the Group’s cash and cash equivalents was approximately RM28.1 million (31 May 2022: approximately RM22.8 million).

As at 31 May 2023, the Group has no borrowings (31 May 2022: Nil).

As at 31 May 2023, the Group’s current ratio was 3.61 (31 May 2022: 4.62), which is calculated based on the total current assets divided by the total current liabilities. The gearing ratio was Nil as at 31 May 2023 and 31 May 2022, which is calculated based on the total interest-bearing loans divided by the total equity.

As at 31 May 2022 and 31 May 2023, the Group had no bank borrowings. The Group’s financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

CAPITAL STRUCTURE

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

As at 31 May 2023, the share capital and equity attributable to owners of equity of the Company amounted to approximately RM5.4 million and approximately RM29.7 million respectively (31 May 2022: RM4.5 million and RM28.4 million respectively).

CAPITAL COMMITMENTS

As at 31 May 2023, the Group has no capital commitments in respect of the acquisition of property, plant and equipment (31 May 2022: Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

CHARGE OVER ASSETS OF THE GROUP

As at 31 May 2023, the Group had bank deposits pledged with banks totalling approximately RM1.1 million (31 May 2022: approximately RM1.1 million). These deposits were pledged to secure general banking facilities granted to the Group.

SIGNIFICANT INVESTMENTS HELD

As at 31 May 2023, the Company did not have any significant investments held.

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

On 17 January 2023, Gallant Empire Limited, a direct wholly owned subsidiary of the Company (the “**Gallant Empire**”), entered into an agreement with an independent third party (the “**Vendor**”), pursuant to which, Gallant Empire has agree to acquire and the Vendor has agree to sell 32% equity interest of China Coal Alliances Trading Company Limited (the “**China Coal**”), at the consideration of HK\$5,500,000, which would be settled by the issuance of promissory note by Gallant Empire. China Coal is principally engaged in trading of building material in the PRC and it will help the Group to penetrate the PRC market and achieve synergy and higher overall profitability and diversify the revenue source geographically.

Save for disclosed above, there were no material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 May 2023. There is no specific future plan for material investments or capital assets as at the date of the announcement.

USE OF PROCEEDS FROM THE SHARE OFFER

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

The net proceeds from the Listing have not been fully utilized up to the year ended 31 May 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 year ended 31 May 2023.

	Net proceeds from the Share Offer <i>HK\$ million</i>	Amount utilized from Listing Date to 31 May 2022 <i>HK\$ million</i>	Amount utilized for the year ended 31 May 2023 <i>HK\$ million</i>	Unutilized balance up to 31 May 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	(4.9)	(0.7)	1.4	Intends to use up the remaining fund by end of 2023
(ii) completing the establishment of our New Kulaijaya Plant and (<i>note b</i>)	7.3	(2.2)	(0.1)	5.0	Intends to use up the remaining fund by end of 2023
(iii) recruiting new staffs (<i>note b</i>)	2.6	(1.4)	(0.5)	0.7	Intends to use up the remaining fund by end of 2023
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 2023
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 2023
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)	–	–	
Total	29.6	(10.1)	(1.3)	18.2	

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.

CONTINGENT LIABILITIES

As at 31 May 2022 and 31 May 2023, the Group had no material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 May 2023, we had 68 employees who are located in Malaysia and the Hong Kong Special Administrative Region. The Group generally recruits employees from the open market by placing recruitment advertisements. The Group entered into individual labour contracts with each of the employees in accordance with the applicable labour laws of Malaysia and the Hong Kong Special Administrative Region, which cover matters such as wages, employee benefits and grounds for termination. The remuneration package that the Group offers to the employees includes salary, bonuses, allowances and medical benefits. In general, the Group determines a Director's and an employee's salary based on the Director's and the employee's qualifications, experience and capability and the prevailing market remuneration rate. The Group has designed a review system to assess the performance of our employees once a year, which forms the basis of our decisions with respect to salary adjustments, bonuses and promotions. The long term incentive scheme of the Group include a share option scheme.

FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds to be raised (approximately)	Proposed use of net proceeds	Actual use of net proceeds
7 June 2023 (completed on 16 June 2023)	Subscription of new Shares under general mandate granted on 23 November 2022	HK\$1.02 million	For repayment of promissory note	Not yet utilized

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 May 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and all Directors confirmed that they have complied with the required standards of dealings and the code of conduct regarding securities transactions by the Directors for the year ended 31 May 2023.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year and at any time during the year ended 31 May 2023.

COMPETING BUSINESS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at 31 May 2023, none of the Directors, nor the controlling shareholders of the Company and any of their respective close associates has any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group.

DEED OF NON-COMPETITION

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

The controlling shareholders have confirmed with the Company that they had complied with the non-competition undertakings during the year ended 31 May 2023. The Directors (including the Independent Non-executive Directors) have reviewed and confirmed the compliance with the non-competition undertaking by the controlling shareholders.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

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

Accordingly, Mr. Loh Swee Keong and Mr. Ma, She Shing Albert shall retire at the 2023 AGM and being eligible, offer themselves for re-election.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

RELATIONSHIPS WITH STAKEHOLDERS

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

SUBSEQUENT EVENTS AFTER REPORTING PERIOD

With reference to the announcement dated 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 completed on 16 June 2023.

RESULTS AND DIVIDENDS

The result of the Group for the year ended 31 May 2023 and the state of the affairs of the Group as at that date are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 2 to 3.

The Board does not recommend the payment of final dividend for the year ended 31 May 2023 (2022: Nil).

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

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2023 AGM to be held on Wednesday, 22 November 2023, the register of members of the Company will be closed from Friday, 17 November 2023 to Wednesday, 22 November 2023, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2023 AGM or any adjournment thereof, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investors Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 November 2023.

AUDIT COMMITTEE

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

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

For the year ended 31 May 2023, 4 meetings have been held for the Audit Committee and all the members of the Committee attended the meetings. The Group's quarterly, interim and annual results have been reviewed by the Audit Committee.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.sktargetgroup.com. The 2023 annual report will also be published on the website of Stock Exchange at www.hkexnews.hk and the website of Company at www.sktargetgroup.com and will be despatched to the Shareholders in due course.

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

Hong Kong, 31 August 2023

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

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