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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)**

**(1) MAJOR TRANSACTION  
IN RELATION TO THE ACQUISITION OF THE LAND USE  
RIGHTS; AND  
(2) CHANGE OF UNUTILISED PROCEEDS**

**THE ACQUISITION**

The Board is pleased to announce that on 2 May 2024 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the land use right of the Land at the Consideration of RM7,952,313.00.

**GEM LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratio(s) (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, such transaction constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

**GENERAL**

A circular containing, among other things, further details of the Acquisition is expected to be despatched to the Shareholders in accordance with the GEM Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 31 May 2024, so as to allow sufficient time for the preparation of the aforesaid information for inclusion in the circular.

**BACKGROUND**

On 2 May 2024 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the land use right of Land at the Consideration of RM7,952,313.00.

**THE SALE AND PURCHASE AGREEMENT**

Major terms of the Sale and Purchase Agreement are set out as follows:

- Subject matter** : The Purchaser agreed to purchase, and the Vendor agreed to sell the land use right of Land.
  
- Land** : No. 19, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia
  
- Consideration and payment terms** : The Consideration of RM7,952,313.00 shall be settled by the Purchaser to the Vendor in the following manner:–
  - (i) a fully refundable deposit of RM168,589.00 already paid before signing of Sale and Purchase Agreement
  - (ii) a further deposit of RM626,642.30 already paid upon signing of the Sale and Purchase Agreement; and
  - (iii) the balance of the Consideration (i.e. RM7,157,081.70) shall be paid on or before the Completion Date.
  
- Completion** : Completion shall take place on the Completion Date, which is expected to be on or before 31 October 2024.

## **Information of The Land**

The Land is in vacant possession as at the date of this announcement. The address of the Land is No. 19, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia with land use right area of approximately 13,203 square meters. The land use right of the Land had been granted for a term of 99 years expiring on 9 October 2099 for industrial use.

## **Basis of determination of consideration**

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to the followings:–

- (i) the location of the Land;
- (ii) the prevailing market price of comparable properties in the vicinity of the Land; and
- (iii) the preliminary property valuation on the land use right of Land in the amount of RM8.0 million carried out by an independent professional valuer as at 15 April 2024.

The Consideration shall be fully funded by the internal resources of the Group which is a portion of the Net Proceeds which has been reallocated for the purpose of acquiring the land use right of the Land. Details of which can be found in the section headed “CHANGE IN UNUTILISED PROCEEDS FROM THE SHARE OFFER” below.

## **Conditions Precedent**

Completion is conditional upon the fulfilment of a number of conditions within ninety days from the date of the Sale and Purchase Agreement or any other extended period as mutually agreed by the parties in writing (the “**Long Stop Date**”):

- (a) the Sale and Purchase Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the extraordinary general meeting;
- (b) the Purchaser having obtained the approval of the relevant state authority pursuant to the relevant laws and regulations; and
- (c) the Vendor having obtained the relevant written state authority consent to transfer the Property in favour of the Purchaser.



	<b>Net proceeds from the Share Offer</b>	<b>Amount utilised from the Listing Date to 30 November 2023</b>	<b>Unutilised Proceeds up to 30 November 2023</b>	<b>Reallocated Unutilised Proceeds during the year ending 31 May 2024</b>
				<i>HK\$ million (approximately)</i>
(H) Acquisition of land use right of the Land in Selangor, Malaysia	–	–	–	13.2 <sup>note</sup>
(I) Development cost of self-used factory on the Land and purchase of equipment and fixtures	–	–	–	3.4
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>29.6</u>	<u>(12.2)</u>	<u>17.4</u>	<u>17.4</u>

*Note:* For avoidance of doubt, the fully refundable deposit of RM168,589 already paid and the further deposit of RM626,642.30 have not been taken into account as utilised.

During the nine months ended 28 February 2024, the Net Proceeds of approximately HK\$17.4 million under item (A) to (E) remained unutilised. In light of the opportunity brought by the growing momentum and economic recovery from the relief of COVID-19 pandemic measures in Malaysia, the Group has identified the Land and considered that it is deemed suitable for the purpose of developing a self-used factory. Despite the Land is not located within the Southern Malaysia (as defined in the Prospectus, being Johor Darul Ta'zim, Malacca and Negeri Sembilan Darul Khusus of West Malaysia), it is located in few miles away from the border of Negeri Sembilan Darul Khusus. For prudence sake, the Directors have reallocated the amount of approximately HK\$13.2 million of Unutilised Proceeds from the items (A), (B) and (E) to facilitate the Acquisition. To align the interest of the Acquisition, the Board has resolved to reallocated approximately HK\$3.4 million of Unutilised Proceeds to partially fund the development cost of self-used factory on the Land and purchase of equipment and fixtures. The Board intends to fully utilised the Reallocated Unutilised Proceeds by 31 May 2025. Save for the aforesaid change, there is no other change in use of the Unutilised Proceeds.

The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus. The Board considered that the reallocation of the Unutilised Proceeds will not have any material adverse impact on the operations of the Group, and will enable the Group to deploy its financial resources more effectively, and is therefore in the interest of the Group and the shareholders of the Company as a whole.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO THE SALE AND PURCHASE AGREEMENT AND CHANGE IN USE OF PROCEEDS**

The Company is an investment holding company and the principal activities of the Group are manufacturing and trading of precast concrete junction boxes, trading of accessories and pipes and provision of mobile crane rental and ancillary services in Malaysia and sourcing service of materials in Hong Kong.

The Board is of the view that the Acquisition provides an opportunity for the Group to acquire a land in Malaysia for development of a self-used factory to manufacture precast concrete junction boxes and facilitate trading of accessories. The Company is now renting a factory in Selangor, Malaysia that the rental expenses of approximately RM504,000 per year. In addition, the land of the current factory is approximately 8,093 sq.m. which is smaller than the land use right of the Land of approximately 13,230 sq.m. The larger area will enable the Group to increase its production capacity by expanding its production lines. Having considered the cost of acquiring a land and self-developing the factory, the Board is of the view that having completed the development, the benefits and long-term rental saving from owning a self-owned factory outweighs the capital expenditure in relation to the Acquisition and self-development of factory on the said Land. The Acquisition will be fully funded by internal resources of the Group which is a portion of Unutilised Proceeds (after reallocation).

The Directors (including the independent non-executive Directors) consider that the Acquisition is carried out on normal commercial terms, and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **GENERAL INFORMATION OF THE PARTIES**

### **The Group**

The Company is an exempted company incorporated in the Cayman Islands with limited liability, and the shares which are listed on GEM of the Stock Exchange. The Group primarily manufacturing and trading of precast concrete junction boxes, trading of accessories and pipes and provision of mobile crane rental and ancillary services in Malaysia and sourcing service of materials in Hong Kong.

The Purchaser is a company limited by shares incorporated under the laws of Malaysia, and a wholly-owned subsidiary of the Company. The Purchaser is a main operating subsidiary of the Company which engages in production of concrete junction boxes.

## **The Vendor**

The Vendor is a company limited by shares incorporated in Malaysia and principally engages in the manufacturing of conveyer chain parts. As at the date of the Sale and Purchase Agreement, the Vendor is wholly-owned by VIP Gloves Limited, the shares of which are listed on the Australian Securities Exchange (ASX code: VIP).

To the best of Director's knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) (as defined in the GEM Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, such transaction constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the relevant resolutions in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, as at the date of this announcement, no Shareholder has a material interest in the Acquisition which is different from the other Shareholders. Therefore, no Shareholder would be required to abstain from voting on the proposed resolutions in relation to the Acquisition at the EGM.

## **GENERAL**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Acquisition; (ii) valuation report on the Land; and (iii) notice of EGM, will be despatched to the Shareholders on or before 31 May 2024, to allow sufficient time for the preparation of the aforesaid information for inclusion in the circular.

**Completion is conditional upon the satisfaction of the conditions set out in the section headed "Conditions Precedent" in this announcement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise cautions when dealing in the securities of the Company and, if in any doubt, are recommended to consult their professional adviser(s).**

## DEFINITIONS

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

“Acquisition”	the acquisition of the land use right of the Land by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	SK Target Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange (Stock code: 8427)
“Completion”	completion of the Acquisition
“Completion Date”	the date of the Completion, which is expected to be on or before 31 October 2024
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration of RM7,952,313 payable by the Purchaser in relation to the Acquisition
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the transactions as contemplated under the Sale and Purchase Agreement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries



“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) (and in case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Land”	land parcel located No. 19, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, 43700 Beranang, Selangor Darul Ehsan, Malaysia with a total land use right area of approximately 119,063.9 sq.m.
“Net Proceeds”	the net proceeds received by the Company from its initial public offering on GEM of the Stock Exchange on 19 July 2017
“percentage ratio(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Purchaser”	Target Precast Industries Sdn. Bhd., a company limited by shares incorporated in Malaysia and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 2 May 2024 entered into among the Purchaser and the Vendor in respect of the Acquisition
“Share(s)”	ordinary share(s) with nominal value of HK\$0.08 each in the capital of the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor” KLE Products SDN. BHD., a company limited by shares incorporated in the Malaysia and an Independent Third Party to the Company

“%” per cent

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

Hong Kong, 2 May 2024

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

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

*This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and on the website of the Company at [www.sktargetgroup.com](http://www.sktargetgroup.com).*