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 2019

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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 2019 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 2019

	Notes	2019 RM'000	2018 RM'000
Revenue	3	**29,451**	38,194
Cost of sales		**(21,859)**	(29,433)
Gross profit		**7,592**	8,761
Other income		**379**	356
Administrative expenses		**(8,737)**	(7,469)
Selling and distribution expenses		**(1,125)**	(1,195)
Listing expenses		**–**	(2,336)
Finance costs	4	**(14)**	(26)
Loss before taxation		**(1,905)**	(1,909)
Taxation	5	**(744)**	(1,181)
Loss for the year		**(2,649)**	(3,090)
Other comprehensive loss items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**391**	(974)
Total comprehensive loss for the year		**(2,258)**	(4,064)
Loss per share:			
Basic (RM cent)	6	**(0.43)**	(0.58)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 May 2019

	Notes	2019 RM'000	2018 RM'000
Non-Current Assets			
Property, plant and equipment		**4,854**	4,380
Investment property		**381**	391
Deferred tax assets		**74**	32
Total Non-Current Assets		**5,309**	4,803
Current Assets			
Inventories	*8*	**1,780**	1,350
Receivables, deposits and prepayments	*9*	**13,501**	19,897
Amount owing from ultimate holding company		**9**	9
Amount owing from a shareholder		**7**	3
Tax recoverable		**527**	369
Short-term bank deposits	*10*	**6,034**	401
Cash on hand and at bank	*10*	**14,909**	21,075
Total Current Assets		**36,767**	43,104
Current Liabilities			
Payables and accrued charges	*11*	**6,361**	9,937
Amount owing to a director		**–**	12
Tax payable		**–**	43
Total Current Liabilities		**6,361**	9,992
Net Current Assets		**30,406**	33,112
Total Assets Less Current Liabilities		**35,715**	37,915
Non-Current Liability			
Deferred tax liabilities		**281**	223
Total Non-Current Liability		**281**	223
Net Assets		**35,434**	37,692

	Notes	**2019**	2018
		RM'000	*RM'000*
Capital and Reserves			
Share capital	*12*	**3,382**	3,382
Share premium		**19,891**	19,891
Other reserve		**8,579**	8,579
Translation reserve		**(583)**	(974)
Retained profits		**4,165**	6,814
Total Equity		**35,434**	37,692

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 May 2019

	Share capital	Share premium	Other reserve	Translation reserve	Retained profits	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 1 June 2017	–	–	8,579	–	9,904	18,483
Loss for the year	–	–	–	–	(3,090)	(3,090)
Exchange differences arising on translation of foreign operations	–	–	–	(974)	–	(974)
Total comprehensive loss for the year	–	–	–	(974)	(3,090)	(4,064)
Issuance of new shares through:						
Capitalisation *(Note 12b)*	2,400	(2,400)	–	–	–	–
Placement of and public offering *(Note 12b)*	982	26,511	–	–	–	27,493
Transaction costs attributable to issue of new shares	–	(4,220)	–	–	–	(4,220)
At 31 May 2018	3,382	19,891	8,579	(974)	6,814	37,692

	Share capital	Share premium	Other reserve	Translation reserve	Retained profits	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 1 June 2018	**3,382**	**19,891**	**8,579**	**(974)**	**6,814**	**37,692**
Loss for the year	**–**	**–**	**–**	**–**	**(2,649)**	**(2,649)**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**391**	**–**	**391**
Total comprehensive loss for the year	**–**	**–**	**–**	**391**	**(2,649)**	**(2,258)**
At 31 May 2019	**3,382**	**19,891**	**8,579**	**(583)**	**4,165**	**35,434**

NOTES TO THE FINANCIAL STATEMENTS

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 of Hong Kong Limited 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 registered office and principal place of business 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 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, Japanese catering services and sourcing service of materials in Hong Kong.

The consolidated 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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

In the current financial year, the Group adopted all the new and revised IFRSs and amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") that are effective for annual financial periods beginning on or after 1 June 2018 as follows:

IFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
IFRS 15	Revenue from Contract with Customers
Clarifications to IFRS 15	Revenue from Contract with Customers
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 40	Transfers of Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to IFRSs 2014 – 2016 Cycle

The adoption of these new and revised IFRSs and amendments to IFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group, except for the below:

IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 June 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 June 2018. The difference between carrying amounts as at 31 May 2018 and 1 June 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 Financial Instruments: Recognition and Measurement.

The adoption of IFRS 9 has no material financial impact other than disclosures made in the financial statements. There is no cumulative effect affecting retained profits as at 1 June 2018.

Accounting policies resulting from application of IFRS 9 are disclosed in note 3 in the 2019 annual report.

Summary of effects arising from initial application of IFRS 9

Below illustrates the classification and measurement of financial assets and liabilities and other items subject to ECL under IFRS 9 at the date of initial application, 1 June 2018.

(a) Loans and receivables

The Group's receivables and deposits, amount owing from ultimate holding company, amount owing from a shareholder, short-term bank deposits and cash on hand and at bank previously classified as loans and receivables under IAS 39 that were reclassified to financial assets at amortised cost upon the application of IFRS 9 because they were held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

There were no measurement impact to the carrying amount upon the adoption of IFRS 9 at the date of initial application on 1 June 2018.

(b) *Impairment under ECL model*

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. AII trade receivables have been assessed individually.

ECL for other financial assets at amortised cost, including other receivables and deposits, amount owing from ultimate holding company, amount owing from a shareholder, short-term bank deposits and cash at bank, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

The initial application of IFRS 9 has had no material cumulative effect affecting retained profits and basic and diluted earnings per share as at 1 June 2018.

(c) Classification and measurement of financial liabilities. The adoption of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initial applying this standard recognised at the date of initial application, 1 June 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 June 2018.

Accounting policies resulting from application of IFRS 15 are disclosed in note 3 in the 2019 annual report.

The adoption of IFRS 15 has no impact on the financial positions and financial performance of the Group for the current and prior year.

The initial application of IFRS 15 has had no impact on the basic and diluted earnings per share as of 1 June 2018.

Standards in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised IFRSs and amendments to IFRSs which were in issue but not yet effective and not early adopted by the Group are as listed below:

IFRS 16	Leases[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 19	Plan Amendments, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IAS 1 and IAS 8	Definition of Material[2]
IFRS 17	Insurance Contracts[3]
Annual Improvements to IFRSs 2015 – 2017 Cycle[1]	
Amendments to References to the Conceptual Framework in IFRS Standards[2]	

1 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

4 Effective date deferred to a date to be determined and announced by IASB.

The directors of the Company anticipate that the application of the new IFRSs, revised IFRSs and IFRIC will have no material impact on the financial performance and the financial position of the Group in the period of initial application except for the below:

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows.

Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 May 2019, the Group has non-cancellable operating lease commitments of RM2,541,000 as disclosed in note 29 in the 2019 annual report. A preliminary assessment indicated that these arrangements will meet the definition of lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RM414,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payment, relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 determining whether an Arrangement contains a lease and not apply this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. REVENUE AND SEGMENTAL INFORMATION

A. For the year ended 31 May 2019

Disaggregation of revenue from contracts with customers under IFRS 15:

	Year ended 31 May 2019 Total *RM'000*
Manufacturing and trading:	
Sales of manufactured goods	**19,437**
Other building materials and services:	
Sales of building materials	**6,654**
Rental of crane services	**26**
Japanese catering services	**3,043**
Sourcing services	**291**
Total	**29,451**

	Year ended 31 May 2019 Total RM'000
Geographical market:	
Malaysia	**26,117**
China-Hong Kong	**3,334**
Total	**29,451**
Timing of revenue recognition	
At point in time	**29,425**
Over time	**26**
Total	**29,451**

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.

Rental of crane services

Revenue from rental of crane services is recognised over time, and the progress measured using the output method based on the amount the Group has right to invoice with application of practical expedient in IFRS 15:B16 as the Group has right to consideration from a customer in an amount corresponds directly with the value to the customer of the Group's performance completed to date. The rental of crane services are billed to client on daily basis.

Japanese catering services

The Group provides Japanese food on catering basis to customer. Revenue is recognised at point in time when the customer obtains the control of the food and catering services 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.

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. For the year ended 31 May 2018

An analysis of the Group's revenue for the year is as follows:

	Total revenue
	RM'000
Manufacturing and trading:	
Sales of manufactured goods	25,382
Other building materials and services:	
Sales of building materials	12,454
Sales of crane services	116
Japanese catering services	242
Total	38,194

D. 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; and

(c) Japanese catering services – provision of Japanese catering services.

(d) Sourcing services – provision of sourcing services.

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

Segment revenues and results

For the year ended 31 May 2019

	Manufacturing and trading *RM'000*	Other building materials and services *RM'000*	Japanese catering services *RM'000*	Sourcing services *RM'000*	Total *RM'000*
Revenue					
External sales	**19,437**	**6,680**	**3,043**	**291**	**29,451**
Inter-segment sales	**7,174**	**943**	**–**	**–**	**8,117**
Segment revenue	**26,611**	**7,623**	**3,043**	**291**	**37,568**
Elimination					**(8,117)**
Group revenue					**29,451**
Segment result	**5,195**	**502**	**1,754**	**141**	**7,592**
Administrative expenses					**(8,737)**
Selling and distribution expenses					**(1,125)**
Finance costs					**(14)**
Other income					**379**
Loss before taxation					**(1,905)**

For the year ended 31 May 2018

	Manufacturing and trading *RM'000*	Other building materials and services *RM'000*	Japanese catering services *RM'000*	Total *RM'000*
Revenue				
External sales	25,382	12,570	242	38,194
Inter-segment sales	7,167	3,313	–	10,480
Segment revenue	32,549	15,883	242	48,674
Elimination				(10,480)
Group revenue				38,194
Segment result	7,982	632	147	8,761
Administrative expenses				(7,469)
Selling and distribution expenses				(1,195)
Listing expenses				(2,336)
Finance costs				(26)
Other income				356
Loss before taxation				(1,909)

The accounting policies of the operating segments are the same as the Group's accounting policies as described in Note 3 in the 2019 annual report. 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 2019

	Manufacturing and trading *RM'000*	Other building materials and services *RM'000*	Japanese Catering Services *RM'000*	Sourcing services *RM'000*	Segment assets (liabilities) *RM'000*	Unallocated *RM'000*	Consolidated assets (liabilities) *RM'000*
Non-current assets	**4,325**	**396**	**184**	**330**	**5,235**	**74**	**5,309**
Current assets	**17,651**	**8,118**	**628**	**9,720**	**36,117**	**650**	**36,767**
Non-current liabilities	**–**	**–**	**–**	**–**	**–**	**(281)**	**(281)**
Current liabilities	**(4,487)**	**(487)**	**(403)**	**(291)**	**(5,668)**	**(693)**	**(6,361)**

As at 31 May 2018

	Manufacturing and trading *RM'000*	Other building materials and services *RM'000*	Japanese Catering Services *RM'000*	Segment assets (liabilities) *RM'000*	Unallocated *RM'000*	Consolidated assets (liabilities) *RM'000*
Non-current assets	3,757	405	356	4,518	285	4,803
Current assets	19,109	9,091	595	28,795	14,309	43,104
Non-current liabilities	–	–	–	–	(223)	(223)
Current liabilities	(7,886)	(1,294)	(197)	(9,377)	(615)	(9,992)

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 2019

	Manufacturing and trading	Other building materials and services	Japanese catering services	Sourcing services	Unallocated	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	**1,179**	**5**	**30**	**114**	**–**	**1,328**
Factory rental	**498**	**–**	**–**	**–**	**–**	**498**
Shop rental	**–**	**–**	**650**	**–**	**–**	**650**

For the year ended 31 May 2018

	Manufacturing and trading	Other building materials and services	Japanese catering services	Unallocated	Total
	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	1,172	–	359	280	1,811
Factory rental	480	–	–	–	480
Shop rental	–	–	56	–	56

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 – Japanese catering services; and sourcing services

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

	2019	2018
	RM'000	*RM'000*
Malaysia	**26,117**	37,952
China – Hong Kong	**3,334**	242
	29,451	38,194

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:

	Total assets		**Capital addition property, plant and equipment**	
	2019	2018	**2019**	2018
	RM'000	*RM'000*	***RM'000***	*RM'000*
Malaysia	**30,490**	32,362	**1,184**	1,172
China – Hong Kong	**10,862**	951	**144**	359
Unallocated	**724**	14,594	**–**	280
	42,076	47,907	**1,328**	1,811

Information about major customers

There is one customer from manufacturing and trading segment contributing over 10% of the total revenue of the Group for the year ended 31 May 2019.

No customer contributes over 10% of total revenue of the Group for the year ended 31 May 2018.

4. FINANCE COSTS

	2019	2018
	RM'000	*RM'000*
Interest expense on:		
Finance leases	**–**	21
Other facilities	**5**	–
Commitment fees	**9**	5
	14	26

5. TAXATION

	2019	2018
	RM'000	*RM'000*
Malaysia corporate income tax:		
Current year	**683**	1,095
Underprovision in prior years		
Deferred tax:	**45**	42
Current year	**110**	41
(Over)/Under provision in prior years	**(94)**	3
	16	44
	744	1,181

Malaysia corporate income tax is calculated at the statutory tax rate on the estimated assessable profits for each of the assessable year.

The taxation for the year can be reconciled to the loss before taxation as follows:

	2019	2018
	RM'000	*RM'000*
Loss before taxation	**(1,905)**	(1,909)
Statutory tax rate	**24%**	24%
Taxation at applicable statutory tax rate	**(457)**	(458)
Tax saving of 7% (2018: 6%) *(Note)*	**(70)**	(60)
Tax effects of:		
Expenses not deductible for tax purpose	**1,046**	1,579
Income not taxable for tax purpose	**(6)**	(6)
Effect of different tax rate of entities operating in other jurisdictions	**280**	83
Utilisation of deferred tax assets previously not recognised	**–**	(2)
Underprovision of income tax payable in prior years	**45**	42
(Over)/Under provision of deferred tax in prior years	**(94)**	3
Taxation for the year	**744**	1,181

Note: Under the Income Tax Act, 1967 of Malaysia, small and medium enterprises in Malaysia with paid-up capital amounting to RM2,500,000 or less are subject to income tax at the rate of 18% and 17% for the year ended 31 May 2018 and 31 May 2019, on chargeable income amounting to RM500,000 or less. For chargeable income in excess of RM500,000, the corporate income tax rate is 24% for the year ended 31 May 2018 and 31 May 2019 respectively.

6. LOSS PER SHARE

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

	2019	2018
	RM'000	*RM'000*
Loss for the purpose of basic loss per share:		
Loss for the year attributable to the owners of the Company	**(2,649)**	(3,090)

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	620,000,000	536,768,465

No diluted loss per share information has been presented for the year ended 31 May 2018 and 31 May 2019 as there were no potential ordinary shares outstanding during both years.

7. DIVIDENDS

The Directors of the Company do not recommend the payment of dividend for the year ended 31 May 2018 and 31 May 2019.

8. INVENTORIES

	2019	2018
	RM'000	*RM'000*
At cost:		
Raw materials and consumables	**1,025**	636
Finished goods	**755**	714
	1,780	1,350

9. RECEIVABLES, DEPOSITS AND PREPAYMENT

	2019	2018
	RM'000	*RM'000*
Trade receivables	**10,060**	18,724
Less: Allowance for credit losses	**(129)**	(373)
	9,931	18,351
Other receivables	**2,755**	550
Deposits	**746**	595
Prepayments	**69**	324
Advance to suppliers	**–**	77
	13,501	19,897

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

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

	2019	2018
	RM'000	*RM'000*
1–30 days	**3,373**	5,787
31–60 days	**1,264**	4,298
61–90 days	**1,037**	3,309
91–120 days	**296**	1,812
More than 120 days	**3,961**	3,145
	9,931	18,351

As of 31 May 2018, trade receivables of RM10,013,000, were past due but not impaired. These relate to a number of diversified customers for whom there was no recent history of default and have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as these balances were either subsequently settled or there has not been a significant change in credit quality and the balances are still considered recoverable.

The following is an ageing of trade receivables which are past due but not impaired based on invoice date.

	2018*
	RM'000
31–60 days	3,526
61–90 days	2,467
91–120 days	1,202
More than 120 days	2,818
	10,013

The movement in allowance for doubtful debts:

	2018
	RM'000
At beginning of year	176
Impairment losses made during the year	200
Impairment losses no longer required	(3)
At end of year	373

Included in the allowance for doubtful debts are fourteen individually impaired trade receivable with balance of approximately RM373,000 as at 31 May 2018, which has been placed in severe financial difficulties. The Group does not hold any collateral over this balance.

* This is disclosure requirement before application of IFRS 9: Information about the credit quality of financial assets that are neither past due nor impaired. No such requirement under IFRS 7 after application of IFRS 9.

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

	2019	2018
	RM'000	*RM'000*
Current:		
Short-term bank deposits	**6,034**	401
Cash on hand and at bank	**14,909**	21,075
Total	**20,943**	21,476
Less: Deposits pledged as security	**(1,034)**	(401)
Cash and cash equivalents	**19,909**	21,075

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 2.95% to 3.20% and ranging from 2.19% to 3.60% per annum as at 31 May 2018 and 31 May 2019 respectively. Included in the short-term bank deposits are amounts totaling RM401,000 and RM1,034,000 that have been pledged to secure general banking facilities granted to the Group as at 31 May 2018 and 31 May 2019 respectively.

11. PAYABLES AND ACCRUED CHARGES

	2019	2018
	RM'000	*RM'000*
Trade payables	**4,087**	8,143
Accrued charges	**1,645**	993
Other payables	**616**	712
Advance from customers	**13**	78
Customers' deposits	**–**	11
	6,361	9,937

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

	2019	2018
	RM'000	*RM'000*
1–30 days	**1,628**	1,932
31–60 days	**1,665**	3,141
61–90 days	**698**	2,360
91–120 days	**89**	462
Over 120 days	**7**	248
	4,087	8,143

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.

12. SHARE CAPITAL

	Number of shares	Share capital	
	'000	*HK$'000*	*RM'000*
Ordinary shares of HKD0.01 each			
Authorised:			
1 June 2017	38,000	380	
Increase of authorised share capital *(note a)*	9,962,000	99,620	
At 31 May 2018/31 May 2019	10,000,000	100,000	
Issued and fully paid:			
1 June 2017	10	–	–
Issue of share by capitalisation *(note b)*	439,990	4,400	2,400
Issue of new shares by way of placement and public offering *(note b)*	180,000	1,800	982
At 31 May 2018/31 May 2019	620,000	6,200	3,382

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.

(b) 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 of The Stock Exchange of Hong Kong Limited, the Directors of the Company were authorised to capitalise an amount of HKD4,399,000 (equivalent to approximately RM2,400,000) 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 ("**Capitalisation**").

On 19 July 2017, the Company has successfully listed on the GEM 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 ("**Placement and public offering**"). On the same date, the Company has completed the capitalisation issue to the shareholders after the successful listing on the GEM of The Stock Exchange of Hong Kong Limited.

This has resulted in the issued and paid-up share capital increased from HKD100 comprising 10,000 shares at par value of HKD0.01 each to HKD6,200,000 (equivalent to approximately RM3,382,000) comprising 620,000,000 shares at par value of HKD0.01 each.

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. 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 National 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 2019, the revenue of the Group decreased moderately by approximately 22.9% mainly due to the policy changes implemented by the Malaysian Government and the uncertain economic atmosphere which had impacted on the demand for the Group's precast junction boxes as well as other building materials and services.

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

FINANCIAL REVIEW

Revenue

The revenue decreased from approximately RM38.2 million for the year ended 31 May 2018 to approximately RM29.5 million for the year ended 31 May 2019, representing a drop of approximately 22.9%. Such decrease was mainly due to the decrease in the revenue generated from the manufacturing and trading of precast concrete junction boxes; and the trading of accessories and pipes and provision of mobile crane rental and ancillary services.

For the manufacturing and trading of precast concrete junctions boxes business, the revenue decreased by approximately by 24.2%, from approximately RM25.4 million for the year ended 31 May 2018 to approximately RM19.2 million for the year ended 31 May 2019. The decrease was mainly caused by the uncertainty of Malaysia's economy which had impacted on the progress of our customers' projects and the order they place to our Group.

For the trading of accessories and pipes and the provision of mobile crane rental and ancillary services business, the revenue decreased by approximately 45.3%, from approximately RM12.6 million for the year ended 31 May 2018 to approximately RM6.9 million for the year ended 31 May 2019. The decrease was mainly caused by the decrease in sales of steels and pipes.

The Group is exploring opportunities in the diversification of business risk with a view to maximise returns to the Group and the shareholders of the Company as a whole in the long run. The Group has expanded into the Japanese catering services in Hong Kong in May 2018. It generated approximately RM3.0 million income to the Group for the year ended 31 May 2019. The Group also commenced sourcing services of materials during the year and generated approximately RM0.3 million income to the Group for the year ended 31 May 2019.

Cost of sales and Gross Profit

Costs of sales mainly consists of (i) cost of raw materials and trading products; (ii) manufacturing overheads; (iii) direct labour; and (iv) crane hiring costs. The cost of sales decreased from approximately RM29.4 million for the year ended 31 May 2018 to approximately RM21.9 million for the year ended 31 May 2019, representing a decrease of approximately 25.7%. Such change was in line with the decrease in revenue during the year ended 31 May 2019.

The total cost of sales from the manufacturing and sale of precast concrete junction boxes decreased from approximately RM17.4 million for the year ended 31 May 2018 to approximately RM14.0 million for the year ended 31 May 2019.

The Gross Profit decreased from approximately RM8.7 million for the year ended 31 May 2018 to approximately RM7.6 million for the year ended 31 May 2019.

Administrative expenses

Administrative expenses of the Group increased by approximately RM1.3 million or 17.0% from approximately RM7.5 million for the year ended 31 May 2018 to approximately RM8.7 million for the year ended 31 May 2019.

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 due to business expansion and audit fee and other cost associated with the development of the Japanese catering services.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased by approximately RM0.1 million or 5.9% from approximately RM1.2 million for the year ended 31 May 2018 to approximately RM1.1million for the year ended 31 May 2019.

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 commission associated with the decrease in sales of the manufacturing and trading business.

Loss for the year

The Group recorded a net loss of approximately RM2.7 million for the year ended 31 May 2019 (31 May 2018: approximately RM3.1 million) due to the net effect of (i) the decrease in revenue for the year ended 31 May 2019; and (ii) the increase in the administrative expenses incurred by the Group for the year ended 31 May 2019.

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**").

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 2019, the Group recorded trade receivables amounting to approximately RM9.9million, the number of trade receivables turnover days was approximately 175 days which exceeded the credit period stipulated on the Group's service agreements with its customers with average trade payable turnover days of approximately 103 days. The Group is exposed to credit risk and liquidity risk.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 May 2019, the Group's cash and cash equivalents was approximately RM20.9 million (31 May 2018: approximately RM21.5 million).

As at 31 May 2019, the Group has no borrowings (31 May 2018: Nil).

As at 31 May 2019, the Group current ratio was 5.8 (31 May 2018: 4.3), which is calculated based on the total current assets divided by the total current liabilities. The gearing ratio was Nil as at 31 May 2019 and 31 May 2018, which is calculated based on the total interest-bearing loans divided by the total equity.

As at 31 May 2018 and 31 May 2019, 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 2019, the share capital and equity attributable to owners of equity of the Company amounted to approximately RM3.4 million and approximately RM32.1 million respectively (31 May 2018: RM3.4 million and RM34.3 million respectively).

CAPITAL COMMITMENTS

As at 31 May 2019, the Group has no capital commitments in respect of the acquisition of property, plant and equipment (31 May 2018: 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 to the Shares 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 2019, the Group had bank deposits pledged with banks totalling approximately RM1.0 million (31 May 2018: approximately RM0.4 million). These deposits were pledged to secure general banking facilities granted to the Group.

SIGNIFICANT INVESTMENTS HELD

As at 31 May 2019, the Company did not have any significant investments held.

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

There were no material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 May 2019. There is no specific future plan for material investments or capital assets as at the date of the announcement.

CONTINGENT LIABILITIES

As at 31 May 2018 and 31 May 2019, the Group had no material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 May 2019, we had 90 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.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as disclosed in the Prospectus with the Group's actual business progresses for the period from 19 July 2019 (the "**Listing Date**") to 31 May 2019 is set out as below:

Business Objectives	Progress
Expansion on production capacity	The funds have been used to purchase a few lorry cranes and junction box moulds. The Group also recruited 24 staffs for the expansion and renovation works.
Expansion on marketing and sales team	The funds have been used to recruit a new General Sales Manager and a Sales Executive

USE OF PROCEEDS FROM THE SHARE OFFER

The shares of the Company were listed on 19 July 2017 on the GEM by a Share Offer (the "**Listing**"). The Offer Price was HKD0.28 per Offer Share. The net proceeds received by the Company from the Share Offer, after deducting underwriting fees and other expenses, were approximately HKD29.6 million.

The net proceeds from the Listing have not been utilised up to the date of this announcement in accordance with the proposed applications set out in the section "Net Proceeds from The Share Offer" of the announcement "Offer Price and Allotment Results". The table below lists out the proposed applications of the net proceeds and usage up to the date of this announcement.

	Net proceeds from the share offer *HKD million*	Amount utilised up to 31 May 2019 *HKD million*	Unutilised balance up to 31 May 2019 *HKD million* *(Note a)*
Expansion of production capacity through			
(i) expanding our Existing Selangor Plant	7	(3)	4.0 *Note (b)*
(ii) completing the establishment of our New Kulaijaya Plant and	7.3	(1.3)	6.0 *Note (c)*
(iii) recruiting new staff	2.6	(0.4)	2.2 *Note (e)*
Acquisition of a parcel of land in Southern Malaysia	8.4	–	8.4 *Note (f)*
Expansion of our business vertically in the supply chain of the precast concrete junction box industry through mergers and acquisitions	2.7	–	2.7 *Note (g)*
Expansion of our sales and marketing team	0.8	(0.4)	0.4 *Note (h)*
General working capital	0.8	(0.8)	–
Total	29.6	(5.9)	23.7

Notes:

(a) The unused Listing proceeds have been deposited in licensed banks in Malaysia and Hong Kong.

(b) The Listing proceeds of approximately HKD4.0 million have not been utilised as at 31 May 2019. The Group intends to use up the remaining fund for expanding our Existing Selangor Plant by 30 November 2020.

(c) The Listing proceeds of approximately HKD6.0 million have not been utilised as at 31 May 2019. The Group will use up the remaining fund for completing the establishment of the New Kulaijaya Plant by 30 November 2020.

(d) In view of the dropping in revenue in the manufacturing and trading of precast concrete junction boxes segment, the management of the Group have a reservation view over the current timetable to expand the Group's production capacity. The Group will closely monitor both the internal and the external factors and will decide on the expansion of production capacity in due course.

(e) The Listing proceeds of approximately HKD2.2 million have not been utilised as at 31 May 2019. The Group intends to use up the remaining fund by 30 November 2020.

(f) The Listing proceeds of approximately HKD8.4 million have not been utilised as at 31 May 2019. The Group intends to use up the remaining fund by 30 November 2020.

(g) The Listing proceeds of approximately HKD2.7 million have not been utilised as at 31 May 2019. The Group intends to use up the remaining fund by 30 November 2020. As at 31 May 2019, the Directors had not identified any acquisition target.

(h) The Listing proceeds of approximately HKD0.4 million have not been utilised as at 31 May 2019. The Group intends to use up the remaining fund by 30 November 2020.

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.

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 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by the Directors (the "**Model Code**") on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Group, all Directors have confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 May 2019.

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 2019.

DIRECTORS' INTEREST COMPETING BUSINESS

As at 31 May 2019, 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 2019. 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 2019 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with code provisions (the "Code Provisions") as set out under the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the Rules Governing the Listing Securities (the "Listing Rules") on the Stock Exchange. Save for disclosed above, the Company has complied with all the Code Provisions of the CG Code throughout the year.

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 THE REPORTING PERIOD

There are no significant event after the reporting period.

RESULTS AND DIVIDENDS

The result of the Group for the year ended 31 May 2019 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.

The Board does not recommend the payment of final dividend for the year ended 31 May 2019 (2018: Nil).

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

INTEREST OF THE COMPLIANCE ADVISER

As notified by Ever-Long Securities Company Limited ("**Ever-Long**"), compliance adviser of the Company, except for the compliance adviser agreement entered into between the Company and Ever-Long dated 17 April 2019, neither Ever-Long nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Ever-Long 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 31 May 2019.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2019 AGM to be held on Monday, 25 November 2019, the register of members of the Company will be closed from Wednesday, 20 November 2019 to Monday, 25 November 2019, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2019 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 19 November 2019.

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 2019, 4 meetings have been held for the Audit Committee and all the members of the Committee attended the meetings. The audited consolidated financial statements of the Group for the year ended 31 May 2019 have been reviewed by the Audit Committee.

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

Hong Kong, 28 August 2019

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 Listed Company Information" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.targetprecast.com.