

# SK TARGET GROUP LIMITED

## 瑞強集團有限公司

*(incorporated in the Cayman Islands with limited liability)*

*(於開曼群島註冊成立的有限公司)*

Stock Code 股份代號 : 8427

Annual Report 年報 2018

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# Contents

## 目錄

Corporate Information 公司資料	2-3
Chairman's Statement 主席報告書	4-6
Management Discussion and Analysis 管理層討論及分析	7-16
Directors and Senior Management Profiles 董事及高級管理層簡介	17-24
Report of the Directors 董事會報告	25-37
Corporate Governance Report 企業管治報告	38-53
Independent Auditors' Report 獨立核數師報告	54-60
Consolidated Statement of Profit or Loss and Other Comprehensive Income 綜合損益及其他全面收益表	61
Consolidated Statement of Financial Position 綜合財務狀況表	62-63
Consolidated Statement of Changes in Equity 綜合權益變動表	64
Consolidated Statement of Cash Flows 綜合現金流量表	65-67
Notes to the Consolidated Financial Statements 綜合財務報表附註	68-138
Four Years Financial Summary 四年財務概要	139

## CORPORATE INFORMATION

### 公司資料

#### REGISTERED OFFICE IN CAYMAN ISLANDS

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

#### HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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

#### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 101, 1/F,  
Chung Nam Building,  
1 Lockhart Road, Wanchai, Hong Kong

#### EXECUTIVE DIRECTORS

Mr. Loh Swee Keong (*Chairman and Chief Executive Officer*)  
Mr. Tan Cheng Siong (*resigned on 13 June 2018*)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

#### COMPANY SECRETARY

Ms. Chau Wing Kei, CPA

#### COMPLIANCE OFFICER

Mr. Tan Cheng Siong (*resigned on 13 June 2018*)  
Mr. Loh Swee Keong (*appointed on 13 June 2018*)

#### AUDIT COMMITTEE

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

#### REMUNERATION COMMITTEE

Mr. Yau Ka Hei (*Chairman*)  
Mr. Tan Cheng Siong (*resigned on 13 June 2018*)  
Mr. Chu Kin Ming  
Mr. Loh Swee Keong (*appointed on 13 June 2018*)

#### 開曼群島註冊辦事處

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

#### 總部及馬來西亞主要營業地點

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

#### 香港主要營業地點

香港灣仔駱克道1號  
中南大廈  
1樓101室

#### 執行董事

Loh Swee Keong先生(*主席兼行政總裁*)  
Tan Cheng Siong先生(*於2018年6月13日辭任*)

#### 獨立非執行董事

邱家禧先生  
朱健明先生  
李明鴻先生

#### 公司秘書

周詠淇女士·執業會計師

#### 合規主任

Tan Cheng Siong先生(*於2018年6月13日辭任*)  
Loh Swee Keong先生(*於2018年6月13日獲委任*)

#### 審核委員會

朱健明先生(*主席*)  
邱家禧先生  
李明鴻先生

#### 薪酬委員會

邱家禧先生(*主席*)  
Tan Cheng Siong先生(*於2018年6月13日辭任*)  
朱健明先生  
Loh Swee Keong先生(*於2018年6月13日獲委任*)

# CORPORATE INFORMATION

## 公司資料

### NOMINATION COMMITTEE

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

### AUTHORIZED REPRESENTATIVE

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

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### PRINCIPAL BANKER

CIMB Bank Berhad  
Public Bank Berhad

### COMPLIANCE ADVISER

RHB Capital Hong Kong Limited

### AUDITORS

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

### LEGAL ADVISERS

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

### COMPANY'S WEBSITE ADDRESS

[www.targetprecast.com](http://www.targetprecast.com)

### STOCK CODE

8427

### 提名委員會

Loh Swee Keong 先生(主席)  
邱家禧先生  
李明鴻先生

### 授權代表

Loh Swee Keong 先生  
周詠淇女士·執業會計師

### 開曼群島股份過戶登記總處

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

### 香港股份過戶登記分處

卓佳證券登記有限公司  
香港  
皇后大道東183號  
合和中心22樓

### 主要往來銀行

CIMB Bank Berhad  
Public Bank Berhad

### 合規顧問

興業金融融資有限公司

### 核數師

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

### 法律顧問

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

### 公司網址

[www.targetprecast.com](http://www.targetprecast.com)

### 股份代號

8427

# CHAIRMAN'S STATEMENT

## 主席報告書

Dear Shareholders,

I am pleased to present the annual results of SK Target Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 May 2018.

The Company was successfully listed on the GEM of the Stock Exchange on 19 July 2017 (the “**Listing Date**”). I would like to take this opportunity and thank the professional parties and our staffs involved in the listing again.

### FINANCIAL REVIEW

For the year ended 31 May 2018, the revenue of the Group increased by approximately 14% as compared to the financial year ended 31 May 2017. The revenue generated from the manufacturing and trading of precast concrete junction boxes decreased by approximately 11% while those from the Building Material and Services Business Segment increased by approximately 152%.

In view of the decrease in revenue in the manufacturing and trading of precast junction boxes segment, the Group is exploring opportunities in the diversification of business risk with a view to maximising returns to the Group and the shareholders of the Company as a whole in the long run. As part of the Company's diversification plan, the Company has expanded into the Japanese catering services in Hong Kong. The business commenced in May 2018.

### BUSINESS REVIEW

During the year ended 31 May 2018, the overall market condition of the precast concrete junction box industry (i.e. the industry in relation to the manufacturing of both precast concrete telecommunication junction box and precast concrete electrical junction box) in Malaysia was relatively stable. However, following a change in the Malaysian Government in May 2018, there are changes in policies to fulfil the election mandates of Mr. Mahathir Mohamad, the Prime Minister. The potential changes in policies may create more uncertainty to the growth of the economy of Malaysia in the foreseeable future. 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.

各位股東：

本人欣然提呈瑞強集團有限公司(「**本公司**」)及其附屬公司(統稱「**本集團**」)截至2018年5月31日止年度的全年業績。

本公司股份於2017年7月19日(「**上市日期**」)在聯交所GEM成功上市。本人謹藉此機會再次向參與上市的專業人士及我們的員工致以謝意。

### 財務回顧

截至2018年5月31日止年度，本集團收入較截至2017年5月31日止財政年度增加約14%。製造及買賣預製混凝土接線盒所得的收入減少約11%，而建築材料及服務業務分部的收入則增加約152%。

鑒於製造及買賣預製混凝土接線盒分部的收入出現下降，本集團現正尋求機遇分散業務風險，以長遠而言實現對本集團及本公司股東整體回報的最大化。作為本公司分散風險計劃的一環，本公司已拓展至香港的日本餐廳。該業務於2018年5月開始。

### 業務回顧

於截至2018年5月31日止年度，馬來西亞預製混凝土接線盒行業(即與製造預製混凝土電信接線盒及預製混凝土電力接線盒有關的行業)的整體市況相對穩定。然而，隨著2018年5月馬來西亞的政府更替，政策已發生變動以完成總理馬哈蒂爾·穆罕默德(Mahathir Mohamad)先生的選舉任務。政策的潛在變動可能於可預見的將來為馬來西亞的經濟增速帶來更多變數。此外，勞工短缺、倚賴外勞以及生產及運輸成本上升等其他因素可能對本集團的業務經營施加壓力。然而，本集團仍對整體業務前景持審慎樂觀態度。



## CHAIRMAN'S STATEMENT

### 主席報告書

On 24 February 2017, the Group entered into a legally-binding collaboration agreement with a ready-mix concrete supplier (the “**Ready-mix Concrete Supplier**”), a company which holds a valid batching plant licence for the supply of ready-mix concrete. The estimated production capacity of the mini-batching plant operated by the Ready-mix Concrete Supplier is approximately 26,400 m<sup>3</sup> per annum. However, the management of the Group considered there is no imminent need to commence the collaboration arrangement. As such, as at 31 May 2018, the Group continued to source ready-mix concrete from third party suppliers, and the Group and the Ready-mix Supplier had not implemented the collaboration agreement.

To optimise the Group's competitive advantages, in the future, the Group intends to continue the implementation of its strategies, namely (i) expansion of the Group's production capacity to meet the increasing future demand for precast concrete junction boxes in Malaysia; (ii) expansion of the Group's business vertically by acquiring companies which manufacture junction box covers and other accessories in Malaysia; and (iii) diversification of the customer base for the Group's precast concrete telecommunication junction boxes and its precast concrete electrical junction boxes by penetrating its sales into other regions of Malaysia.

Also, the Group commenced its Japanese catering services in May 2018 in order to broaden the income stream. The management of the Group is committed to looking for business opportunities that would generate long-term returns to the shareholders of the Company.

於2017年2月24日，本集團與一家預拌混凝土供應商（「**預拌混凝土供應商**」）（為一間持有供應預拌混凝土有效配料廠執照的公司）訂立一份具法律約束力的合作協議。該預拌混凝土供應商所經營的小型配料廠的預估產能約為每年26,400立方米。然而，本集團的管理層認為並無迫切需要開始合作安排。因此，於2018年5月31日，本集團繼續自第三方供應商中採購預拌混凝土，且本集團及該預拌混凝土供應商尚未實施該合作協議。

為提升本集團的競爭優勢，本集團日後擬持續實行其策略，即(i)擴大本集團產能以滿足馬來西亞未來對預製混凝土接線盒持續增加的需求；(ii)透過收購在馬來西亞製造接線盒蓋及其他配件的公司垂直擴展本集團的業務；及(iii)透過將銷售滲透至馬來西亞其他地區，多元化擴展本集團預製混凝土電信接線盒及其預製混凝土電力接線盒的客戶基礎。

此外，本集團於2018年5月開始經營日本餐廳，以擴寬收入來源。本集團的管理層致力於尋求可為本公司股東帶來長期回報的商機。

# CHAIRMAN'S STATEMENT

## 主席報告書

### PROSPECT

The Group is taking positive steps to maintain the Group's business operation and to build sustainable business operation for the Group in order to maximize the shareholders' return of the Company.

The continued government interest and investment to expand power distribution, telecommunication, civil infrastructures coupled with the development of new commercial, industrial, and residential areas remains the key drivers and opportunities for the precast concrete telecommunication junction box and electrical junction box manufacturing industry in Malaysia. The Malaysian Government has already implemented changes in policies to fulfil the election mandates declared by Mr. Mahathir Mohamad (the current Prime Minister) during the General Election held in May 2018. The Board expects that more changes in policies may be forthcoming as certain policies are being reviewed for the time being. The potential changes in policies may create more uncertainty to the growth of the economy of Malaysia. The Board will continue to monitor the business environment in Malaysia and make appropriate adjustments to the Group's operations should there be a need.

The Directors are also looking for appropriate investment opportunities, especially on the vertical integration opportunity.

### APPRECIATION

Finally, on behalf of the Board, I would like to thank all shareholders and Board members for their support and efforts to the Group. I also express my sincere gratitude to our customers and business partners for continued support, as well as to my colleagues and staffs for all their dedication, loyalty and contribution to the Group.

**Loh Swee Keong**

*Chairman*

Hong Kong, 24 August 2018

### 前景

本集團正積極採取措施來維持本集團的業務經營，實現本集團業務經營可持續發展，從而最大化本公司股東之回報。

政府對於擴大配電、電信、民用基建的持續興趣和投資，加上新商業、工業及住宅地區的發展，仍然是馬來西亞預製混凝土電信接線盒及電力接線盒製造行業的主要動力和機遇。馬來西亞政府已實施政策變動以完成現任總理馬哈蒂爾·穆罕默德(Mahathir Mohamad)先生於2018年5月舉行的大選中宣佈之選舉任務。董事會預期，鑑於現時若干政策正處於檢討階段，未來政策可能歷經更多變動。政策的潛在變動可能為馬來西亞的經濟增速帶來更多變數。董事會將繼續監控馬來西亞的業務環境，並於需要時對本集團的經營作出恰當調整。

董事亦在物色合適的投資機遇，特別是垂直整合方面的商機。

### 致謝

最後，本人謹代表董事會就所有股東及董事會成員對本集團的支持及努力衷心致謝。本人亦衷心感謝客戶及業務夥伴的持續支持，以及董事會同仁及職員對本集團的熱誠、忠誠及貢獻。

*主席*

**Loh Swee Keong**

香港，2018年8月24日



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### BUSINESS REVIEW AND OUTLOOK

The Group manufactures and sells precast concrete telecommunication junction boxes and precast concrete electrical junction boxes under 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 2018, the revenue of the Group increased slightly by approximately 14% mainly due to an increase in the revenue generated from trading of accessories and pipes and the provision of mobile crane rental and ancillary services. On the other hand, the demand for the Group’s precast concrete junction boxes dropped slightly compared to the previous year. This was mainly due to the fact that the delay and the decreased in sales orders from several customers in the first half of the financial year. Orders were gradually picking up in the second half of the year and consequently the decrease has been narrowed.

### 業務回顧及展望

本集團於馬來西亞製造及銷售「Target」品牌的預製混凝土電信接線盒及預製混凝土電力接線盒。本集團的預製混凝土接線盒用於馬來西亞的(i)電信及電力基建升級及擴建工程；及(ii)建築項目。它們埋藏於地下以防止損害，以及用作放置及保護與電信及電力設施連接的接線點以及分佈式接入點，免受天氣及地下高標轉變的影響，並提供通道方便維修。

本集團自2008年起為多家知名電信公司(如 Celcom Axiata Berhad及Telekom Malaysia (「Telekom」))的註冊供應商或認可供應商，以及自2012年起為Tenaga National Bhd. (「TNB」，馬來西亞唯一的電力公用事業公司)的註冊供應商。因此，本集團的預製混凝土接線盒可用於涉及電信公司及TNB的基建或建築項目。

截至2018年5月31日止年度，主要由於配件及管道貿易以及提供移動式起重機租賃及配套服務所產生的收入增加，故本集團的收入輕微增加約14%。另一方面，本集團的預製混凝土接線盒的需求較上年輕微下跌。此乃主要由於本財政年度上半年，來自多個客戶的銷售訂單推遲及減少。本年度下半年的訂單正逐步增加，因此減幅收窄。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

During the year ended 31 May 2018, the overall market condition of the precast concrete junction box industry (i.e. the industry in relation to the manufacturing of both precast concrete telecommunication junction box and precast concrete electrical junction box) in Malaysia was relatively stable. However, following a change in the Malaysian Government in May 2018, there are/ will be changes in policies to fulfil the election mandates of Mr. Mahathir Mohamad, the Prime Minister. The potential changes in policies may create more uncertainty to the growth of the economy of Malaysia in the foreseeable future. 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 increased from approximately RM33.6 million for the year ended 31 May 2017 to approximately RM38.2 million for the year ended 31 May 2018, representing a growth of approximately 14%. Such increase was mainly due to the increase in the revenue generated from the trading of accessories and pipes and provision of mobile crane rental and ancillary services.

The Group's revenue generated from the trading of accessories and pipes and the provision of mobile crane rental and ancillary services increased by approximately 152%, from approximately RM5.0 million for the year ended 31 May 2017 to approximately RM12.6 million for the year ended 31 May 2018. The increase was mainly caused by the increase in sales of scrap irons 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 RM0.2 million income to the Group.

於截至2018年5月31日止年度，馬來西亞預製混凝土接線盒行業(即與製造預製混凝土電信接線盒及預製混凝土電力接線盒有關的行業)的整體市況相對穩定。然而，隨著2018年5月馬來西亞的政府更替，政策已／將發生變動以完成總理馬哈蒂爾·穆罕默德(Mahathir Mohamad)先生的選舉任務。政策的潛在變動可能於可預見的將來為馬來西亞的經濟增速帶來更多變數。此外，勞工短缺、倚賴外勞以及生產及運輸成本上升等其他因素可能對本集團的業務經營施加壓力。然而，本集團仍對整體業務前景持審慎樂觀態度。

### 財務回顧

#### 收入

收入由截至2017年5月31日止年度約33.6百萬令吉增加至截至2018年5月31日止年度約38.2百萬令吉，增幅約14%。有關增加乃主要由於配件及管道貿易以及提供移動式起重機租賃及配套服務所產生的收入增加所致。

本集團配件及管道貿易以及提供移動式起重機租賃及配套服務所產生的收入由截至2017年5月31日止年度約5.0百萬令吉增加約152%至截至2018年5月31日止年度約12.6百萬令吉。有關增加乃主要由於廢鐵及管道銷售增加所致。

本集團現正尋求機遇分散業務風險，以長遠而言實現對本集團及本公司股東整體回報的最大化。本集團已於2018年5月拓展至香港的日本餐廳，其已為本集團產生約0.2百萬令吉的收入。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### 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 RM23.2 million for the year ended 31 May 2017 to approximately RM29.4 million for the year ended 31 May 2018, representing an increase of approximately 27%. Such change was mainly attributable the increase in material wage and sales of other building materials during the year ended 31 May 2018.

The total cost of sales from the manufacturing and sale of precast concrete junction boxes decreased from approximately RM18.3 million for the year ended 31 May 2017 to approximately RM17.4 million for the year ended 31 May 2018.

The Gross Profit decreased from approximately RM10.4 million for the year ended 31 May 2017 to approximately RM8.7 million for the year ended 31 May 2018.

### Administrative expenses

Administrative expenses of the Group increased by approximately RM4.2 million or 127% from approximately RM3.3 million for the year ended 31 May 2017 to approximately RM7.5 million for the year ended 31 May 2018.

The Group's administrative expenses mainly consisted of salaries, welfare and other benefits, rent and rates, general office expenses, depreciation and professional service fees. The increase was mainly attributable to the increase in staff costs paid to Directors and staff due to business expansion and audit fee and other professional costs in relation to the compliance with the GEM Listing Rules during the year.

### Selling and distribution expenses

Selling and distribution expenses of the Group decreased by approximately RM0.1 million or 10% from approximately RM1.3 million for the year ended 31 May 2017 to approximately RM1.2 million for the year ended 31 May 2018.

The Group's selling and distribution expenses mainly consisted of salaries, welfare and other benefits for sales and marketing staff and travelling and entertainment expenses. The slight decrease of selling and distribution expenses was mainly due to the decrease in incentive bonus and commission associated with the decrease in sales of the manufacturing and trading business.

### 銷售成本及毛利

銷售成本主要包括(i)原材料及貿易產品成本；(ii)製造費用；(iii)直接勞工；及(iv)起重機租用成本。銷售成本由截至2017年5月31日止年度約23.2百萬令吉增加至截至2018年5月31日止年度約29.4百萬令吉，增幅約27%。有關變動乃主要由於截至2018年5月31日止年度材料價格及其他建築材料銷售上升。

製造及銷售預製混凝土接線盒的總銷售成本由截至2017年5月31日止年度約18.3百萬令吉減少至截至2018年5月31日止年度約17.4百萬令吉。

毛利由截至2017年5月31日止年度約10.4百萬令吉減少至截至2018年5月31日止年度約8.7百萬令吉。

### 行政開支

本集團的行政開支由截至2017年5月31日止年度約3.3百萬令吉增加約4.2百萬令吉或127%至截至2018年5月31日止年度約7.5百萬令吉。

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

### 銷售及分銷開支

本集團的銷售及分銷開支由截至2017年5月31日止年度約1.3百萬令吉減少約0.1百萬令吉或10%至截至2018年5月31日止年度約1.2百萬令吉。

本集團的銷售及分銷開支主要包括銷售及市場推廣員工的薪金、福利及其他福利以及差旅及招待開支。銷售及分銷開支輕微減少乃主要由於激勵花紅減少及製造及貿易業務銷售減少導致有關佣金減少所致。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### Loss for the year

The Group recorded a net loss of approximately RM3.1 million for the year ended 31 May 2018 due to the net effect of (i) the recognition of a non-recurring Listing expenses of approximately RM2.3 million for its Listing exercise during the year ended 31 May 2018; (ii) the increase in the administrative expenses incurred by the Group for the year ended 31 May 2018; (iii) the slight increase in the cost of sales of the Group for the year ended 31 May 2018 and (iv) the slight increase in revenue of the Group for the year ended 31 May 2018.

### 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**").

### 年內虧損

本集團於截至2018年5月31日止年度錄得淨虧損約3.1百萬令吉，乃由於以下各項的淨影響所致：(i) 確認截至2018年5月31日止年度就籌備上市而產生的非經常性上市開支約2.3百萬令吉；(ii) 截至2018年5月31日止年度本集團產生的行政開支增加；(iii) 截至2018年5月31日止年度本集團的銷售成本輕微增加；及(iv) 截至2018年5月31日止年度本集團的收入輕微增加。

### 主要風險及不確定因素

#### 經營風險

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

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

有關本集團面臨的其他風險及不確定因素，請參閱本集團日期為2017年7月6日的招股章程（「招股章程」）「風險因素」一節。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### 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 2018, the Group recorded trade receivables amounting to approximately RM18.3 million, 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 112 days. The Group is exposed to credit risk and liquidity risk. For further details, please refer to note 27 to the consolidated financial statements.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 31 May 2018, the Group's cash and cash equivalents was approximately RM21.5 million (31 May 2017: approximately RM8.3 million).

As at 31 May 2018, the Group has no borrowings (31 May 2017: approximately RM0.6 million).

As at 31 May 2018, the Group current ratio was 4.3 (31 May 2017: 2.6), which is calculated based on the total current assets divided by the total current liabilities. The gearing ratio was approximately Nil as at 31 May 2018 (31 May 2017: 3.2%), which is calculated based on the total interest-bearing loans divided by the total equity.

As at 31 May 2017 and 31 May 2018, 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.

### 財務風險

作為一家預製混凝土接線盒製造商，本集團須根據其採購政策不時向供應商採購原材料。本集團依賴來自客戶的現金流入以履行向供應商付款的責任。本集團的現金流入取決於迅速結清付款。於2018年5月31日，本集團錄得貿易應收款項約18.3百萬令吉，而貿易應收款項週轉日數約為175日，超過本集團與客戶訂立的服務協議所規定的信貸期，平均貿易應付款項週轉日數則約為112日。本集團面臨信貸風險及流動資金風險。進一步詳情請參閱綜合財務報表附註27。

### 流動資金及財務資源

於2018年5月31日，本集團的現金及現金等價物約為21.5百萬令吉（2017年5月31日：約8.3百萬令吉）。

於2018年5月31日，本集團並無借款（2017年5月31日：約0.6百萬令吉）。

於2018年5月31日，本集團的流動比率為4.3倍（2017年5月31日：2.6倍），乃按總流動資產除以總流動負債計算。於2018年5月31日，資本負債比率約為零（2017年5月31日：3.2%），乃按總計息貸款除以權益總額計算。

於2017年5月31日及2018年5月31日，本集團並無銀行借款。本集團的財務狀況穩健強大。憑藉可用的銀行結餘以及現金及銀行信貸融資，本集團擁有充裕的流動資金以滿足其資金需要。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CAPITAL STRUCTURE

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

As at 31 May 2018, the share capital and equity attributable to owners of the Company amounted to approximately RM3.4 million and approximately RM34.3 million respectively (31 May 2017: RM57 and RM18.5 million respectively). Details of the capital risk management are set out in the note 26 to the consolidated financial statements.

### CAPITAL COMMITMENTS

As at 31 May 2018, the Group had capital commitments in respect of the acquisition of property, plant and equipment is Nil (31 May 2017: RM117,000).

### 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 HK\$ to our Shareholders. Furthermore, fluctuations in the RM’s value against other currencies will create foreign currency translation gains or losses and may have an adverse effect on our Group’s business, financial condition and results of operations. Any imposition, variation or removal of foreign exchange controls may adversely affect the value, translated or converted into HK\$, of our Group’s net assets, earnings or any declared dividends. Consequently, this may adversely affect our Group’s ability to pay dividends or satisfy other foreign exchange requirements. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

### 資本架構

本公司股份於2017年7月19日在聯交所GEM成功上市。本集團的資本架構自此概無變動。本集團的股本僅以普通股組成。

於2018年5月31日，本公司擁有人應佔股本及股權分別約為3.4百萬令吉及34.3百萬令吉（2017年5月31日：分別為57令吉及18.5百萬令吉）。資本風險管理的詳情載於綜合財務報表附註26。

### 資本承擔

於2018年5月31日，本集團有關收購物業、廠房及設備的資本承擔為零（2017年5月31日：117,000令吉）。

### 匯率波動風險

由於本集團大部分收入及溢利均以馬來西亞令吉（「令吉」）計值，令吉價值的任何波動均可能會對以港元計值股份的應付股東股息（如有）金額造成不利影響。再者，令吉兌其他貨幣的價值波動將會產生外匯匯兌收益或虧損，並可能會對本集團的業務、財務狀況及經營業績造成不利影響。任何外匯管制的實施、變動或解除均可能會對將本集團的淨資產、盈利或任何已宣派股息換算或兌換成港元的價值造成不利影響。因此，這可能會對本集團派付股息或滿足其他外匯需求的能力造成不利影響。本集團將密切監控其外幣風險，並於需要時考慮對沖重大外幣風險。



# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### CHARGE OVER ASSETS OF THE GROUP

As at 31 May 2018, the Group had bank deposits pledged with banks totalling approximately (RM0.4 million) million (31 May 2017: approximately RM1.1 million). These deposits were pledged to secure general banking facilities granted to the Group.

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

Save for the reorganisation in relation to the listing of the shares of the Company, there were no significant investment held, nor other material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 May 2018. There is no specific future plan for material investments or capital assets as at the date of the report.

### CONTINGENT LIABILITIES

As at 31 May 2017 and 31 May 2018, the Group had no material contingent liabilities.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 May 2018, we had 79 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.

### 本集團的資產抵押

於2018年5月31日，本集團抵押予銀行的銀行存款合共約為(0.4百萬令吉)(2017年5月31日：約1.1百萬令吉)。該等存款乃抵押用作為授予本集團的一般銀行信貸提供擔保。

### 重大投資、收購及出售以及重大投資或資本資產計劃

除就本公司股份上市而進行的重組外，於截至2018年5月31日止年度，概無持有任何重大投資，或附屬公司及聯營公司的其他重大收購及出售事項。於本報告日期，概無重大投資或資本資產的特定未來計劃。

### 或然負債

於2017年5月31日及2018年5月31日，本集團概無任何重大或然負債。

### 僱員及薪酬政策

於2018年5月31日，我們在馬來西亞及香港特別行政區有79名僱員。本集團通常透過刊登招聘廣告從公開市場招聘僱員。本集團根據馬來西亞及香港特別行政區的適用勞動法例與每名僱員訂立個別的勞工合約，當中涵蓋工資、僱員福利及終止理由等事宜。本集團向僱員提供的薪酬方案包括薪金、花紅、津貼及醫療福利。一般而言，本集團按照每名僱員的資格、經驗及能力以及當前的市場薪酬水平釐定僱員的薪金。本集團已設計一個審核制度，以就僱員表現每年進行一次評估，此構成我們對薪金調整、花紅及晉升方面所作決定的基準。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

### 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 the Listing Date to 31 May 2018 is set out as below:

#### Business Objectives

##### 業務目標

Expansion on production capacity  
擴大產能

Expansion on marketing and sales team  
擴大市場推廣及銷售團隊

#### Progress

##### 進展

The funds have been used to purchase a few cranes and junction box moulds. The Group also recruited 12 new staffs for the expansion  
有關資金已用於購置幾部起重機及接線盒模具。本集團亦為擴張招聘了12名新員工

The funds have been used to recruit a new General Sales Manager  
有關資金已用於招聘一名新銷售總經理

### 業務目標與實際業務進展的比較

於招股章程披露的業務目標與本集團自上市日期起至2018年5月31日止期間的實際業務進展的比較分析載列如下：

### USE OF PROCEEDS FROM THE SHARE OFFER

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

The net proceeds from the Listing have not been utilised up to the date of report 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 report.

### 股份發售所得款項的用途

本公司股份於2017年7月19日以股份發售方式在GEM上市。發售價為每股發售股份0.28港元。本公司自股份發售收取的所得款項淨額（扣除包銷費用及其他開支後）約為29.6百萬港元。

直至報告日期，上市所得款項淨額尚未根據「發售價及配發結果」公佈中的「股份發售所得款項淨額」一節所載的擬定用途動用。下表載列直至報告日期所得款項淨額的擬定用途及使用情況。

# MANAGEMENT DISCUSSION AND ANALYSIS

## 管理層討論及分析

	Net proceeds from the share offer	Amount utilised up to 31 May 2018 直至 股份發售 所得款項淨額 HK\$ million 百萬港元	Unutilised balance up to 31 May 2018 直至 2018年5月31日 未動用結餘 HK\$ million 百萬港元 (Note a) (附註a)
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Expansion of production capacity through	透過以下方式擴大產能			
(i) expanding our Existing Selangor Plant	(i) 擴充現有雪蘭莪廠房	7.0	(1.0)	6.0 (Note 附註b & d)
(ii) completing the establishment of our New Kulajaya Plant and	(ii) 完成建立新古來再也廠房；及	7.3	(1.1)	6.2 (Note 附註c & d)
(iii) recruiting new staff	(iii) 聘請新員工	2.6	(0.3)	2.3 (Note 附註e)
Acquisition of a parcel of land in Southern Malaysia	收購馬來西亞南部的地塊	8.4	—	8.4 (Note 附註f)
Expansion of our business vertically in the supply chain of the precast concrete junction box industry through mergers and acquisitions	透過併購在預製混凝土接線盒行業的供應鏈垂直拓展我們的業務	2.7	—	2.7 (Note 附註g)
Expansion of our sales and marketing team	擴大銷售及市場推廣團隊	0.8	(0.2)	0.6 (Note 附註h)
General working capital	一般營運資金	0.8	(0.8)	—
<b>Total</b>	<b>總計</b>	<b>29.6</b>	<b>3.4</b>	<b>26.2</b>

Notes:

- (a) The unused listing proceeds have been deposited in licensed banks in Malaysia and Hong Kong.
- (b) The listing proceeds of approximately HK\$6.0 million have not been utilised as at 31 May 2018. The Group intends to use up the remaining fund for expanding our Existing Selangor Plant by 30 November 2019.

附註：

- (a) 未動用上市所得款項已存放於馬來西亞及香港持牌銀行。
- (b) 上市所得款項約6,000,000港元於2018年5月31日尚未動用。本集團擬於2019年11月30日前將全部餘下資金用作擴張我們的現有雪蘭莪廠房。

## MANAGEMENT DISCUSSION AND ANALYSIS

### 管理層討論及分析

- (c) The listing proceeds of approximately HK\$6.2 million have not been utilised as at 31 May 2018. The Group will use up the remaining fund for completing the establishment of the New Kulaijaya Plant by 30 November 2019.
- (c) 上市所得款項約6,200,000港元於2018年5月31日尚未動用。本集團將於2019年11月30日前將全部餘下資金用作完成建立新古來再也廠房。
- (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.
- (d) 鑒於製造及買賣預製混凝土接線盒分部收入下滑，本集團管理層已對擴大本集團產能的目前時間表持保留意見。本集團將密切監控內部及外部因素，並將決定適時擴大產能。
- (e) The listing proceeds of approximately HK\$2.3 million have not been utilised as at 31 May 2018. The Group intends to use up the remaining fund by 30 November 2019.
- (e) 上市所得款項約2,300,000港元於2018年5月31日尚未動用。本集團擬於2019年11月30日前動用全部餘下資金。
- (f) The listing proceeds of approximately HK\$8.4 million have not been utilised as at 31 May 2018. The Group intends to use up the remaining fund by 30 November 2019.
- (f) 上市所得款項約8,400,000港元於2018年5月31日尚未動用。本集團擬於2019年11月30日前動用全部餘下資金。
- (g) The listing proceeds of approximately HK\$2.7 million have not been utilised as at 31 May 2018. The Group intends to use up the remaining fund by 30 November 2018. As at 31 May 2018, the Directors had not identified any acquisition target.
- (g) 上市所得款項約2,700,000港元於2018年5月31日尚未動用。本集團擬於2018年11月30日前動用全部餘下資金。於2018年5月31日，董事尚未確定任何收購目標。
- (h) The listing proceeds of approximately HK\$0.6 million have not been utilised as at 31 May 2018. The Group intends to use up the remaining fund by 30 November 2019.
- (h) 上市所得款項約600,000港元於2018年5月31日尚未動用。本集團擬於2019年11月30日前動用全部餘下資金。

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.

董事將持續評估本集團的業務目標，並將因應不斷轉變的市況更改或修改計劃，以確保本集團的業務增長。

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

於本報告日期，董事預計所得款項用途的計劃將不會出現任何變動。

### SUBSEQUENT EVENTS

There are no significant event after the reporting period.

### 結算日後事項

報告期後並無重大事項。

## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### 董事及高級管理層簡介

#### EXECUTIVE DIRECTORS

**Mr. Loh Swee Keong**, aged 51, is the founder of the group. He was appointed to the Board on 28 October 2016 and is the chairman of the Nomination Committee of the Company. He is responsible for the overall business strategy, approving annual budget proposals, and major business decisions of the group. Mr. Loh has over 20 years of work experience in the precast concrete junction box industry. Mr. Loh completed his secondary school from five level education in Tsung Wah National Type Secondary School, Kuala Kangsar, Perak, Malaysia in November 1985.

Before establishing the group, Mr. Loh established a sole proprietorship under the name Jackon Trading in 1989, where he was primarily involved in the supply of ready-mix concrete to construction companies in Malaysia. In March 1993, Mr. Loh co-founded Target Precast, an indirect wholly-owned subsidiary of the group which was at that time primarily involved in the supply of ready-mix concrete to construction companies, negotiating business with customers and responsible for the daily operations of the group. In 1995, Mr. Loh, for the first time, manufactured the moulds using the then existing technology for precast concrete junction boxes and commenced the production and manufacturing of precast junction concrete boxes to customers.

#### 執行董事

**Loh Swee Keong**先生，51歲，為本集團的創辦人。彼於2016年10月28日獲委任加入董事會，並為本公司提名委員會主席。彼負責整體業務策略、審批年度預算建議書及本集團的主要業務決策。Loh先生於預製混凝土接線盒行業擁有超過20年工作經驗。Loh先生於1985年11月於馬來西亞霹靂州江沙縣的Tsung Wah National Type Secondary School完成中學第五級課程。

於成立本集團前，Loh先生於1989年以Jackon Trading的名稱成立一家獨資企業，當中彼主要向馬來西亞的建築公司供應預拌混凝土。1993年3月，Loh先生共同創辦Target Precast（本集團的間接全資附屬公司），當時主要向建築公司供應預拌混凝土、與客戶洽談業務及負責本集團的日常營運。1995年，Loh先生採用當時現有技術首次製造預製混凝土接線盒模具，並開始為客戶生產及製造預製混凝土接線盒。

## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### 董事及高級管理層簡介

**Mr. Tan Cheng Siong**, aged 38, is an Executive Director of the group. Mr. Tan was appointed to the Board on 9 December 2016 and is a member of the Remuneration Committee of the Company. He is responsible for reviewing the planning, and management of the business. He is also involved in the sales and marketing activities which include negotiating business with customers. Mr. Tan joined the group as a business development executive in November 2014. Mr. Tan graduated with a Bachelor's degree of Commerce majoring in Accounting and Finance from the Curtin University of Technology in Australia in February 2002.

In May 2002, Mr. Tan worked as an audit assistant with Y C Tan & Co, a public accounting firm in Singapore. He was later promoted to the post of senior audit officer in May 2004. Mr. Tan later joined Kuek Brothers Furniture Sdn. Bhd. in 2005, a manufacturer distributors and exporters in home furnishing in Malaysia, as a marketing executive where he was responsible for handling the company's export markets. In 2006, Mr. Tan was subsequently promoted as a branch assistant manager in both the Muar and Kulai branches of Malaysia where he was responsible for handling the company's retail businesses. From September 2007 to February 2008, Mr. Tan worked as a sales and marketing manager in T & L Office Solution Sdn. Bhd., a supplier in all kind of office equipment. In 2008, Mr. Tan set up Billion Tree Asia, a consulting firm providing financial analytical coaching services to clients. Mr. Tan had been a director of Billion Tree Asia from 2008 to 2015. The company became inactive since 2015.

Subsequent to the reporting period, Mr. Tan resigned as an Executive Director, the Compliance Officer and a member of the Remuneration Committee of the Company with effect from 13 June 2018.

**Tan Cheng Siong**先生，38歲，為本集團的執行董事。Tan先生於2016年12月9日獲委任加入董事會，並為薪酬委員會成員。彼負責檢討業務規劃和管理。彼亦參與銷售及市場推廣活動，當中包括與客戶洽談業務。Tan先生於2014年11月加入本集團為業務發展專員。Tan先生於2002年2月在澳洲的科廷科技大學畢業，獲商業學士學位，主修會計及財務。

於2002年5月，Tan先生於Y C Tan & Co（一家新加坡公共會計師事務所）工作任職審計助理。彼其後於2004年5月晉升至高級審計主任的職位。Tan先生其後於2005年加入Kuek Brothers Furniture Sdn. Bhd.（一家馬來西亞家具製造商、分銷商及出口商）任職市場推廣主任，負責處理公司的出口市場事宜。2006年，Tan先生其後晉升至馬來西亞麻坡及古來分公司的分公司助理經理，負責處理公司的零售業務。於2007年9月至2008年2月，Tan先生於T & L Office Solution Sdn. Bhd.（各類型辦公設備的供應商）任職銷售及市場推廣經理。2008年，Tan先生成立Billion Tree Asia（一家向客戶提供財務分析指導服務的諮詢公司）。Tan先生於2008年至2015年為Billion Tree Asia的董事。該公司自2015年起暫無營業。

於報告期後，Tan先生已自2018年6月13日起辭任本公司執行董事、合規主任及薪酬委員會成員。



## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### 董事及高級管理層簡介

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Yau Ka Hei (邱家禧)**, aged 34, was appointed as our Independent Non-executive Director of the Company with effect from 27 June 2017 and is a member of the Audit Committee, and Nomination Committee and chairman of the Remuneration Committee of the Company. Mr. Yau is a member of the Hong Kong Institute of Certified Public Accountants since October 2016. He obtained his Bachelor's degree of Business Administration in Business Economics from the City University of Hong Kong in November 2007.

In September 2007, Mr. Yau was employed as an associate of the assurance department of PricewaterhouseCoopers where he was responsible for evaluating internal control environments and system processes, and identifying opportunities for improving companies' internal controls, operation workflows and integrity of financial records. He then joined the Bank of Communications in August 2010 as an officer of the company's finance department where he was responsible for, among others, preparing IFRS financial reports to the head office in the PRC and external auditors. From February 2011 to November 2011, he worked as a senior accountant at the assurance department of Ernst & Young. From June 2012 to August 2016, Mr. Yau worked as an internal auditor of Kaisun Energy Group Limited (a company listed on the Stock Exchange with stock code 8203) a company engaged in (i) mining and metallurgical machineries production; (ii) provision of supply chain management for mineral business; (iii) exploitation and production of coal; and (iv) securities investment where he was responsible for among others, (a) preparing internal control report of operational and financial processes and reporting to the audit committee of the company; and (b) performing due diligence providing advice of the operational and financial arrangements for merger and acquisition projects.

#### 獨立非執行董事

邱家禧先生，34歲，獲委任為本公司獨立非執行董事，自2017年6月27日起生效，並為本公司審核委員會及提名委員會成員以及薪酬委員會主席。邱先生自2016年10月起為香港會計師公會的會員。彼於2007年11月於香港城市大學取得工商管理(商業經濟學)學士學位。

於2007年9月，邱先生受僱於羅兵咸永道會計師事務所，任職審計部門的助理，負責評估內部監控環境及系統進程，以及為改善公司的內部監控、運作流程及財務記錄的完整性物色機會。彼其後於2010年8月加入交通銀行擔任公司財務部的主任，負責(其中包括)編製符合國際財務報告準則的財務報告並呈交中國總辦事處及外部核數師。於2011年2月至2011年11月，彼於安永會計師事務所審計部擔任高級會計師。於2012年6月至2016年8月，邱先生任職凱順能源集團有限公司(一家於聯交所上市的公司，股份代號8203)(一家從事(i)採礦及冶金機械生產；(ii)為礦產業務提供供應鏈管理；(iii)開採及生產煤炭；及(iv)證券投資的公司)的內部核數師，負責(其中包括)(a)編製營運及財務過程的內部監控報告並向該公司審核委員會報告；及(b)就併購項目進行盡職調查並提供營運及財務安排的建議。

## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### 董事及高級管理層簡介

From October 2016 to February 2017, Mr. Yau worked in Deckers Asia Pacific Limited, a wholly-owned subsidiary of Deckers Outdoor Corporation (a company listed on the New York Stock Exchange) as an internal auditor, where he was responsible for validating audit on operation and finance management. From June 2017 to August 2017, Mr. Yau worked as an assistant account manager of Magico Group Limited, an indirect wholly-owned subsidiary of China Properties Group Limited (a company listed on the Stock Exchange with stock code 1838), a company engaged in property development and property investment in the PRC, where he is responsible for overseeing accounting activities of the company. Mr. Yau is currently finance manager of Hong Kong company, which engaged in energy trading business.

**Mr. Chu Kin Ming (朱健明)**, aged 38, was appointed as our Independent Non-executive Director on 27 June 2017 and is a member of Remuneration Committee and Chairman of the Audit Committee of the Company. Mr. Chu obtained his Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University in November 2003. Mr. Chu has more than 15 years working experience in the accounting and company secretarial field.

Mr. Chu was a chief financial officer and company secretary of KEE Holding Company Limited (a company listed on the Stock Exchange with stock code 2011) which is a subsidiary of ZhongHong Holdings Limited (a company listed on Shenzhen Stock Exchange with stock code 979) and Ascent International Holdings Limited (formerly known as Chanco International Group Limited) (a company listed on the Stock Exchange with stock code 264).

Mr. Chu is a member of (i) the Association of Chartered Certified Accountants; (ii) the Hong Kong Institute of Certified Public Accountants; (iii) the Hong Kong Chartered Secretaries; and (iv) the Institute of Chartered Secretaries and Administrators.

於2016年10月至2017年2月，邱先生於Deckers Outdoor Corporation (一家於紐約證券交易所上市的公司)的全資附屬公司Deckers Asia Pacific Limited任職內部核數師，負責驗證營運及財務管理的審計。於2017年6月至2017年8月，邱先生擔任偉岸集團有限公司(China Properties Group Limited (一家於聯交所上市的公司，股份代號1838，於中國從事物業開發及物業投資)的間接全資附屬公司)的助理會計經理，負責監察公司的會計活動。邱先生現時為一家香港公司的財務經理，從事能源交易業務。

**朱健明先生**，38歲，於2017年6月27日獲委任為獨立非執行董事，並為本公司薪酬委員會成員及審核委員會主席。朱先生於2003年11月於香港理工大學取得會計文學士學位。朱先生於會計及公司秘書領域擁有逾15年工作經驗。

朱先生曾於開易控股有限公司(一家於聯交所上市的公司，股份代號2011，為中弘控股股份有限公司(一家於深圳證券交易所上市的公司，股份代號979)的附屬公司)及中壘國際控股有限公司(前稱卓高國際集團有限公司)(一家於聯交所上市的公司，股份代號264)擔任財務總監及公司秘書。

朱先生為(i) 特許公認會計師公會會員；(ii) 香港會計師公會會員；(iii) 香港特許秘書公會會員；及(iv) 特許秘書及行政人員公會會員。

## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### 董事及高級管理層簡介

**Mr. Lee, Alexander Patrick (李明鴻)**, aged 37, was appointed as our Independent Non-executive Director on 27 June 2017 and is a member of Audit Committee and Nomination Committee of the Company. Mr. Lee obtained his Bachelor of Arts degree in Economics and Music from Emory University, United States in December 2007. Further, he is a member of The Hong Kong Institute of Directors since July 2017.

From May 2005 to April 2008, Mr. Lee worked in various institutions whereby he, inter alia, advised on business strategies in relation to acquisition or investment opportunities. For the period between April 2011 to May 2012, Mr. Lee worked for the group companies of Morgan Stanley, Hong Kong as an analyst in the international wealth management division in Hong Kong where he was responsible for expanding PRC client base. Mr. Lee then worked in the capacity of vice president of the private banking department for Credit Suisse, Hong Kong for the period between August 2012 to January 2013. From February 2014 to June 2015, Mr. Lee worked for BOCI-Prudential Asset Management Limited as vice president of the quantitative strategy business unit of the company. He is currently an investment director of First Impression Limited, a consulting firm, where he was responsible for, inter alia, advising on investment structures and implementing investment strategy aimed to enhance risk management.

Mr. Lee is currently an Executive Director of Gain Plus Holdings Limited (a company listed on Stock Exchange with stock code 8522), a company principally engaged in the provision of building services and RMAA Services in Hong Kong.

李明鴻先生，37歲，於2017年6月27日獲委任為獨立非執行董事，並為本公司審核委員會及提名委員會成員。李先生於2007年12月在美國埃默里大學取得經濟及音樂文學士學位。此外，自2017年7月起，彼為香港董事學會的成員。

於2005年5月至2008年4月，李先生任職於多間機構，彼(其中包括)就收購或投資機會的業務戰略提供意見。於2011年4月至2012年5月期間，李先生任職於香港摩根士丹利集團公司，擔任香港國際財富管理業務分析師，負責拓展中國客戶群。李先生其後於2012年8月至2013年1月期間，於香港瑞信任職私人銀行業務部副總裁。於2014年2月至2015年6月，李先生任職於中銀國際英國保誠資產管理有限公司，擔任該公司定量策略業務部門的副總裁。彼現時任職一家諮詢公司First Impression Limited的投資總監，負責(其中包括)就投資架構提供意見及實施投資策略，旨在改善風險管理。

李先生目前於德益控股有限公司(一家於聯交所上市的公司，股份代號8522，主要從事在香港提供建築服務及RMAA服務)擔任執行董事。

## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### 董事及高級管理層簡介

#### SENIOR MANAGEMENT

**Mr. Phang Xue Zun**, aged 33, is the chief project officer of the group. He is responsible for providing pre-sales support to our customers and handling technical supporting activities with our sales and marketing team. Mr. Phang obtained his Diploma in Construction Management from the Imperia Institute of Technology, Malaysia in February 2006.

Mr. Phang joined the group in November 2005 as a production supervisor where he was responsible for handling our production activities in our production plant. He was subsequently promoted as the sales engineer in May 2008 where he was primarily responsible for sales and marketing activities of the group and managing projects for customers in Klang Valley and the eastern coast of West Malaysia. Mr. Phang was then promoted as the assistant sales manager in September 2014 and was further promoted as the chief project officer in January 2016. In October 2013, Mr. Phang and other Independent Third Parties established Five Stars Laundry Sdn. Bhd., a company engaged in the business of providing laundry, washing, cleaning and drying services. Mr. Phang is currently a director and shareholder of the company.

**Ms. Chau Wing Kei (周詠淇)**, aged 31, joined the group and was appointed as the company secretary of the group on 9 December 2016. She graduated from The University of Hong Kong with a Bachelor's degree in Science in November 2008. She has been a fellow member of Hong Kong Institute of Certified Public Accountants since March 2014.

She possesses over seven years of experience in aspect of financial reporting, accounting, compliance, and auditing. From September 2010 to July 2014, Ms. Chau had worked as an auditor in Deloitte Touche Tohmatsu and her work mainly involved audit and assurance services. In February 2015, Ms. Chau joined Illinois Tool Works Inc. and her last position was senior internal auditor and she was responsible for performing financial and operational reviews of the subsidiaries.

#### 高級管理層

**Phang Xue Zun**先生，33歲，為本集團的項目總監。彼負責向客戶提供售前支援及與銷售及市場推廣團隊處理技術支援活動。Phang先生於2006年2月從馬來西亞的英博理工學院獲得建造管理文憑。

Phang先生於2005年11月加入本集團任職生產主管，負責處理生產廠房的生產活動。彼其後於2008年5月晉升為銷售工程師，主要負責本集團的銷售及市場推廣活動，以及為巴生谷及西馬來西亞東岸的客戶管理項目。Phang先生繼而於2014年9月晉升為助理銷售經理，並於2016年1月進一步晉升至項目總監。2013年10月，Phang先生與其他獨立第三方成立Five Stars Laundry Sdn. Bhd.，該公司是一家從事提供洗衣、洗滌、清潔及乾衣服務業務的公司。Phang先生目前為該公司的董事及股東。

**周詠淇**女士，31歲，於2016年12月9日加入本集團並獲委任為本集團的公司秘書。彼於2008年11月畢業於香港大學，取得理學士學位。彼自2014年3月起為香港會計師公會的資深會員。

彼於財務報告、會計、合規及審計方面擁有逾七年經驗。於2010年9月至2014年7月，周女士於德勤•關黃陳方會計師行任職核數師，工作主要涉及審計及保證服務。於2015年2月，周女士加入Illinois Tool Works Inc.，最後職位為高級內部核數師，負責對附屬公司進行財務及營運審閱。

## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### 董事及高級管理層簡介

**Mr. Albert Wong Mun Sum**, aged 55, is the chief financial officer of the group. He is responsible for the daily operations and the financial and accounting activities of the group. Mr. Wong obtained his Bachelor 's degree of commerce from the University of New South Wales in April 1986 where he further obtained a Master 's degree of commerce in accounting in April 1988. Mr. Wong has been a member of the Malaysian Institute of Accountants since October 1993. He was admitted as a fellow of the Institute of Financial Accountants in the United Kingdom and the Institute of Public Accountants in November 2012 in Melbourne, Australia. He is also a registered GST agent in Malaysia since 2015. Mr. Wong has over 20 years of experience in the banking and accounting field.

Before joining our Group in December 2015, Mr. Wong worked as a senior manager in the finance and accounts division of S&P Food Manufacturing (M) Berhad for the period from September 1997 to November 1999. In April 2000, Mr. Wong joined the Econstates Berhad as its senior manager and then promoted as the general manager of the finance department of the company. In July 2004, Mr. Wong worked as the finance controller of the finance department of Haisan Resources Berhad. He then joined the Ireka Development Management Sdn. Bhd. in April 2008 and worked as a senior vice president of the corporate finance department. In December 2009, Mr. Wong joined the Quill Construction Sdn. Bhd. as the Chief Accountant. In July 2010, he was transferred to Quill Automobiles (M) Sdn. Bhd. as the finance director of the finance department of the company. In October 2011, Mr. Wong joined the Montprimo Sdn. Bhd. (formerly known as Macrodon Sdn. Bhd.) as the general manager of the finance department and was transferred to Fivestar Development (Puchong) Sdn. Bhd. where all the terms and conditions of his employment remain unchanged. He subsequently joined the Hatten Asset Management Sdn. Bhd. as the financial controller in December 2013.

黃文心先生，55歲，為本集團的財務總監。彼負責本集團的日常營運及財務和會計活動。黃先生於1986年4月於新南威爾士大學取得商業學士學位，彼於1988年4月在該校進一步取得會計學商業碩士學位。黃先生自1993年10月起為馬來西亞會計師協會的會員。彼獲認許為英國財務會計師公會的資深會員，並於2012年11月獲認許為澳洲墨爾本公共會計師公會的資深會員。彼自2015年起亦為註冊消費稅代理。黃先生於銀行及會計業擁有超過20年經驗。

於2015年12月加入本集團前，黃先生於1997年9月至1999年11月期間於S&P Food Manufacturing (M) Berhad的財務及會計分部任職高級經理。2000年4月，黃先生加入Econstates Berhad任職高級經理，其後晉升至該公司財務部的總經理。2004年7月，黃先生任職Haisan Resources Berhad財務部的財務總監。彼其後於2008年4月加入Ireka Development Management Sdn. Bhd.，任職企業財務部高級副總裁。於2009年12月，黃先生加入Quill Construction Sdn. Bhd.，任職總會計師。2010年7月，彼調職至Quill Automobiles (M) Sdn. Bhd.，擔任該公司的財務部財務董事。2011年10月，黃先生加入Montprimo Sdn. Bhd.（前稱Macrodon Sdn. Bhd.）任職財務部總經理，其後調職至Fivestar Development (Puchong) Sdn. Bhd.（彼所有僱傭條款及條件維持不變）。彼後來於2013年12月加入Hatten Asset Management Sdn. Bhd.任職財務總監。



## DIRECTORS AND SENIOR MANAGEMENT PROFILES

### 董事及高級管理層簡介

**Mr. Ma Hong Chee**, aged 50 is the operations manager of the group. He is responsible for overseeing the production activities of our production plant. Mr. Ma completed SRP, Malaysia Sekolah Menengah Tanah Putih, Kuantan, Pahang.

From October 1996 to April 2010, Mr. Ma joined Grobest Frozen (M) Sdn., Bhd. where he was responsible for (i) setting up the processing plant operation system; (ii) in production planning and operation; (iii) monitoring purchasing flow and supplier management flow; and (iv) implementing and managing marketing programmes. His last position with the company was manager.

**Ms. Siew Poi Voon**, aged 40 is the factory manager. She is responsible for overseeing the manufacturing and operations of the production activities of the group. Ms. Siew joined the group as a human resource and administration executive in March 2013 and was promoted as our assistant factory manager in April 2015. Ms. Siew was subsequently appointed as our factory manager in August 2016. Ms. Siew obtained a Bachelor's degree in Human Development from the University Putra Malaysia in July 2001.

From August 2001 to March 2003, Ms. Siew worked as the human resource officer of YP Precision (M) Sdn. Bhd. where she was responsible for general human resource functions which include payroll, training and development, recruitment as well as matters pertaining to foreign workers in the company. She subsequently joined the Delcol Water Solution Sdn. Bhd. in April 2003 as a human resource executive. In December 2007, Ms. Siew joined Jordone Corporation Sdn. Bhd. as a human resource and administration executive. She was subsequently promoted to the post of assistant administrative manager in August 2009 where she was responsible for the company's purchasing, advertising and branding (including media and branding) as well as general administration duties.

**Ma Hong Chee**先生，50歲，為本集團的營運經理。彼負責監督生產廠房的生產活動。Ma先生於Malaysia Sekolah Menengah Tanah Putih, Kuantan, Pahang完成SRP。

於1996年10月至2010年4月，Ma先生加入Grobest Frozen (M) Sdn., Bhd.，負責(i)設立加工廠營運系統；(ii)參與生產規劃及營運；(iii)監察採購流程及供應商管理流程；及(iv)執行及管理市場推廣計劃。彼於該公司的最後職位為經理。

**Siew Poi Voon**女士，40歲，為廠長。彼負責監督本集團的製造事宜及生產活動營運。Siew女士於2013年3月加入本集團任職人力資源及行政主任，並於2015年4月晉升為我們的助理廠長。Siew女士其後於2016年8月獲委任為廠長。Siew女士於2001年7月從馬來西亞博特拉大學獲得人力資源發展學士學位。

於2001年8月至2003年3月，Siew女士擔任YP Precision (M) Sdn. Bhd. 的人力資源主任，負責一般人力資源職能，當中包括發薪、培訓和發展、招聘以及與公司的外國工人有關的事宜。彼其後於2003年4月加入Delcol Water Solution Sdn. Bhd. 任職人力資源主任。2007年12月，Siew女士加入Jordone Corporation Sdn. Bhd. 任職人力資源及行政主任。彼後來於2009年8月晉升至助理行政經理的職位，負責公司的採購、廣告宣傳及品牌推廣(包括媒體及品牌推廣)以及一般行政職責。



# REPORT OF THE DIRECTORS

## 董事會報告

The Board is pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 May 2018.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiary are set out in note 33 to the consolidated financial statements. The Group is principally engaged in (i) manufacturing and trading of precast junction boxes, (ii) trading of accessories and pipes and provision of mobile crane rental and ancillary services in Malaysia and (iii) Japanese catering services in Hong Kong.

### 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.

### CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" on pages 38 to 53 of this annual report.

### SEGMENT INFORMATION

Analysis of the Group's turnover and contribution by principal business segments during the Year are set out in note 5 to the consolidated financial statements.

### BUSINESS REVIEW

Details of business review of the Group for the year ended 31 May 2018 is set out in the section headed "Chairman's Statement" on pages 4 to 6 and the business review and outlook of the Group is set out in the section headed "Management Discussion and Analysis" on pages 8 to 16 of this annual report. The discussion and analysis of the Group's performance during the Year and the material factor underlying its financial performance and financial position are set out in the "Four Years Financial Summary" and "Management Discussion and Analysis" on page 139 and pages 7 to 16 respectively.

董事會欣然提呈其年報，連同本集團截至2018年5月31日止年度的經審核綜合財務報表。

### 主要業務

本公司的主要業務為投資控股。本公司附屬公司的主要業務及其他詳情載於綜合財務報表附註33。本集團主要從事(i)預製接線盒的製造及貿易；(ii)配件及管道貿易以及於馬來西亞提供移動式起重機租賃及配套服務；及(iii)香港的日本餐廳。

### 遵守相關法例及規例

年內，本集團一直遵守對其業務有重大影響的相關法例及規例。

### 企業管治

本公司採納的企業管治常規詳情載於本年報第38至53頁的「企業管治報告」。

### 分部資料

本集團於年內的主要業務分部營業額及貢獻的分析載於綜合財務報表附註5。

### 業務回顧

本集團截至2018年5月31日止年度的業務回顧詳情載於本年報第4至6頁的「主席報告書」一節，而本集團的業務回顧及前景則載於第8至16頁的「管理層討論及分析」一節。本集團年內表現的討論及分析以及有關其財務表現及財務狀況的重大因素分別載於第139頁的「四年財務概要」及第7至16頁的「管理層討論及分析」。

# REPORT OF THE DIRECTORS

## 董事會報告

### RESULTS AND DIVIDENDS

The result of the Group for the year ended 31 May 2018 and the state of the affairs of the Group as at that date are set out in the Consolidated Statement of Profit and Loss and Other Comprehensive Income on page 61.

The Board does not recommend the payment of final dividend for the year ended 31 May 2018 (2017: Nil).

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

### FINANCIAL SUMMARY

A summary of published results, assets and liabilities of the Group for the last four financial years, as extracted from the audited financial statement and the Prospectus, is set out on page 139 on this annual report. This summary does not form part of the audited consolidated financial statements.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

### SHARE CAPITAL

Details of the Company's share capital and movements of during the Year are set out in note 22 to the consolidated financial statements.

### RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in the Consolidated Statement of Financial Position and in the Consolidated Statement of Changes in Equity set out on pages 62 to 64 respectively.

### 業績及股息

本集團截至2018年5月31日止年度的業績及其於該日的事務狀況載於第61頁的綜合損益及其他全面收益表。

截至2018年5月31日止年度，董事會建議不派付末期股息(2017年：無)。

概無本公司股東放棄或同意放棄任何股息的安排。

### 財務概要

本集團於過去四個財政年度刊發的業績、資產及負債概要(摘錄自經審核財務報表及招股章程)載於本年報第139頁。此概要並非經審核綜合財務報表的一部分。

### 物業、廠房及設備

本集團於年內的物業、廠房及設備的變動詳情載於綜合財務報表附註13。

### 股本

本公司的股本及年內變動詳情載於綜合財務報表附註22。

### 儲備

本公司及本集團於年內的儲備變動詳情分別載於第62至64頁所載的綜合財務狀況表及綜合權益變動表。

## REPORT OF THE DIRECTORS

### 董事會報告

#### DISTRIBUTION RESERVES

As at 31 May 2018, the Company's reserve available for distribution which consists of retained profit and the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to approximately RM6.8 million (2017: RM9.9 million).

#### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the law of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

#### 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 2018.

#### 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.

#### 分派儲備

於2018年5月31日，本公司可分派儲備包括保留溢利及可分派予本公司權益股東的儲備總額約為6.8百萬令吉(2017年：9.9百萬令吉)。

#### 優先購買權

本公司組織章程細則或開曼群島法例並無有關優先購買權的條文，致使本公司須按比例向現有股東發售新股。

#### 購買、出售或贖回上市證券

截至2018年5月31日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

#### 與利益相關者的關係

本集團瞭解，僱員、客戶及供應商為本集團取得成功的關鍵利益相關者。本集團透過激勵僱員、向客戶提供優質產品及服務、與供應商合作以提供優質及可持續的產品及服務，以及支持社區發展，致力實現企業可持續性。

## REPORT OF THE DIRECTORS

### 董事會報告

#### MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the top five customers together accounted for approximately 24.5% of the Group's revenue and the Group's largest customer accounted for approximately 8.7% of the Group's revenue.

During the Year, the top five suppliers together accounted for approximately 42.3% of the Group's purchases and the Group's largest supplier accounted for approximately 14.6% of the Group's purchases.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in these major customers and suppliers.

#### DIRECTORS

During the Year and up to the date of this annual report, the Directors were:

##### Executive Directors

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

Mr. Tan Cheng Siong (*resigned on 13 June 2018*)

##### Independent Non-Executive Directors

Mr. Yau Ka Hei

Mr. Chu Kin Ming

Mr. Lee, Alexander Patrick

By virtue of Article 108 of the articles of association of the Company, Mr. Yau Ka Hei and Mr. Chu Kin Ming shall retire at the forthcoming AGM and, being eligible, shall offer themselves for re-election at the said meeting.

#### DIRECTORS' SERVICE CONTRACT

Each of the Executive Directors, namely Mr. Loh Swee Keong and Mr. Tan Cheng Siong has entered into a service or an appointment letter with the Company for a fixed term of three years, which may be terminated by not less than three months' written notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in Articles.

#### 主要客戶及供應商

年內，五大客戶合共佔本集團收入約24.5%，而本集團最大客戶則佔本集團收入約8.7%。

年內，五大供應商合共佔本集團採購額約42.3%，而本集團最大供應商則佔本集團採購額約14.6%。

概無董事、彼等任何緊密聯繫人或任何股東（據董事所盡悉，擁有超過本公司已發行股本的5%）於該等主要客戶及供應商擁有任何實益權益。

#### 董事

於年內及直至本年報日期為止，董事為：

##### 執行董事

Loh Swee Keong 先生 (*主席兼行政總裁*)

Tan Cheng Siong 先生 (*於2018年6月13日辭任*)

##### 獨立非執行董事

邱家禧先生

朱健明先生

李明鴻先生

根據本公司組織章程細則第108條，邱家禧先生及朱健明先生將於應屆股東週年大會上退任，而彼等符合資格及願意於該大會上重選連任。

#### 董事的服務合約

各執行董事（即Loh Swee Keong先生及Tan Cheng Siong先生）已與本公司訂立服務合約或委任書，固定年期為期三年，可由任何一方向另一方發出不少於三個月的書面通知終止，並須受當中所述終止條文及細則所載董事輪值退任條文所規限。

# REPORT OF THE DIRECTORS

## 董事會報告

Each of the Independent Non-executive Directors has entered into a service or an appointment letter with the Company for a fixed term of three years, which may be terminated by not less than one month's written notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in Articles.

None of the Directors (including those proposed for re-election at the forthcoming annual general meeting) has a service contract or an appointment letter which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographies details of Directors and senior management are set out on pages 17 to 24.

### DIRECTORS', CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

Details of the Directors' remuneration and the five highest paid individual's remuneration are set out in notes 6 and 7 to the consolidated financial statements.

### DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENT 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.

### INTERESTS OF CONTROLLING SHAREHOLDERS IN CONTRACTS

No contract of significance has been entered during the Year between the Company or any of its subsidiaries and the controlling shareholders or any its subsidiaries.

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

各獨立非執行董事已與本公司訂立服務合約或委任書，固定年期為期三年，可由任何一方向另一方發出不少於一個月的書面通知終止，並須受當中所述終止條文及細則所載董事輪值退任條文所規限。

概無董事(包括於應屆股東週年大會上獲提名重選連任的董事)訂有本集團不可於一年內終止而不作補償(法定補償除外)的服務合約或委任書。

### 董事及高級管理層履歷詳情

董事及高級管理層履歷詳情載於第17至24頁。

### 董事、主要行政人員及五名最高薪酬人士的薪酬

董事及五名最高薪酬人士的薪酬詳情載於綜合財務報表附註6及7。

### 董事於交易、安排及合約的權益

本公司或其任何附屬公司概無訂定一名董事直接或間接於其中擁有重大權益，並且於年終或於年內任何時間仍然生效的重大交易、安排或合約。

### 控股股東於合約的權益

本公司或其任何附屬公司及控股股東或其任何附屬公司於年內概無訂立任何重大合約。

概無就本公司或其任何附屬公司控股股東向本公司或其任何附屬公司提供服務而訂立任何重大合約。

# REPORT OF THE DIRECTORS

## 董事會報告

### MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

### 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 2018. 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 report, 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.

### DIRECTORS' INTEREST COMPETING BUSINESS

As at 31 May 2018, none of the Directors, nor the substantial shareholders of the Company and any 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.

### INTEREST OF THE COMPLIANCE ADVISER

As notified by RHB Capital Hong Kong Limited ("RHB Capital"), compliance adviser of the Company, except for (i) RHB Capital's participation as the sole sponsor in relation to the Listing; and (ii) the compliance adviser agreement entered into between the Company and RHB Capital dated 27 June 2017, neither RHB Capital nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of RHB Capital had any interest in the share capital of our Company or any member of our Group (including options or rights to subscribe for such securities, if any) which is required to be notified to our Company pursuant to Rule 6A.32 of the GEM Listing Rules as of 31 May 2018.

### 管理合約

年內，概無訂立或存續有關本公司全部或任何大部分業務的管理及行政合約。

### 不競爭契據

控股股東(即Loh Swee Keong先生及彼透過其持有本公司股權的公司Merchant World Investments Limited)已於2017年6月27日與本公司訂立不競爭契據。不競爭契據的詳情已於招股章程披露。

控股股東已向本公司確認，彼等於截至2018年5月31日止年度一直遵守不競爭承諾。董事(包括獨立非執行董事)已審閱及確認控股股東遵守不競爭承諾的情況。

### 足夠公眾持股量

根據本公司公開可得資料及就董事所知，截至本報告日期，本公司有足夠公眾持股量或不少於25%股份按GEM上市規則規定由公眾持有。

### 董事於競爭業務的權益

於2018年5月31日，概無董事、本公司主要股東或彼等各自的任何緊密聯繫人在與本集團業務造成或可能造成直接或間接競爭的業務中擁有任何權益。

### 合規顧問的權益

誠如本公司合規顧問興業金融融資有限公司(「興業金融融資」)告知，於2018年5月31日，除(i)興業金融融資作為獨家保薦人參與上市；及(ii)本公司與興業金融融資訂立日期為2017年6月27日的合規顧問協議外，興業金融融資、其任何緊密聯繫人(定義見GEM上市規則)及興業金融融資的董事或僱員概無於本公司或本集團任何成員公司的股本中，擁有根據GEM上市規則第6A.32條須知會本公司的任何權益(包括認購有關證券的購股權或權利(如有))。



# REPORT OF THE DIRECTORS

## 董事會報告

### DIRECTORS' AND CHIEF EXECUTIVE INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

As at 31 May 2018, the interests and short position of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or/short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Sections 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

### 董事及主要行政人員於本公司及相聯法團的股份、相關股份及債權證的權益及淡倉

於2018年5月31日，本公司董事及主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中，擁有(i)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益及淡倉(包括根據證券及期貨條例有關條文彼等被當作或視為擁有的權益及/或淡倉)，或(ii)須記錄於本公司根據證券及期貨條例第352條存置的登記冊的權益及淡倉，或(iii)根據GEM上市規則第5.46條所述上市發行人董事進行交易的規定標準須知會本公司及聯交所的權益及淡倉如下：

### Ordinary Shares of the Company

### 本公司普通股

Name	Capacity/ Nature of Interest	Number of issued ordinary shares held (Note 1) 所持已發行 普通股數目 (附註1)	Approximate percentage of issued share capital of the Company 佔本公司 已發行股本 概約百分比
Mr. Loh Swee Keong (Note 2) Loh Swee Keong先生(附註2)	Interest in controlled corporation 受控制法團權益	317,020,000 (L)	51.13%

#### Notes:

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

#### 附註：

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

## REPORT OF THE DIRECTORS

### 董事會報告

Save for disclosed above, as at 31 May 2018, none of the Directors and chief executive of the Company had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provision of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 May 2018, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept under Section 336 and SFO were as follows:

除上文所披露者外，於2018年5月31日，概無董事及本公司主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的任何股份、相關股份或債權證中，擁有(i)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的任何權益或淡倉(包括根據證券及期貨條例有關條文彼等被當作或視為擁有的權益及／或淡倉)，或(ii)須記錄於本公司根據證券及期貨條例第352條存置的登記冊的任何權益或淡倉，或(iii)根據GEM上市規則第5.46條所述本公司董事進行交易的規定標準須知會本公司及聯交所的任何權益或淡倉。

### 主要股東及其他人士於本公司股份及相關股份的權益及淡倉

於2018年5月31日，以下人士(董事或本公司主要行政人員除外)於本公司股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司披露的權益及淡倉，或須記錄於根據證券及期貨條例第336條須予存置的登記冊的權益或淡倉如下：

# REPORT OF THE DIRECTORS

## 董事會報告

### Ordinary Shares of the Company

### 本公司普通股

Name 姓名／名稱	Capacity/ Nature of Interest 身份／權益性質	Number of Shares (Note 1) 股份數目 (附註1)	Approximate percentage of shareholding 概約股權 百分比
Merchant World Investments Limited	Beneficial owner 實益擁有人	317,020,000 (L)	51.13%
Ms. Woon Sow Sum (Note 2) Woon Sow Sum女士(附註2)	Interest of spouse 配偶權益	317,020,000 (L)	51.13%
Greater Elite Holdings Limited	Beneficial owner 實益擁有人	122,980,000 (L)	19.84%
Mr. Law Fung Yuen Paul (Note 3) 羅鳳原先生(附註3)	Interest in controlled corporation 受控制法團權益	122,980,000 (L)	19.84%
Ms. Cheng Lai Wah Christina (Note 4) Cheng Lai Wah Christina女士(附註4)	Interest of spouse 配偶權益	122,980,000 (L)	19.84%

#### Notes:

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

#### 附註：

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

Save for disclosed above, as at 31 May 2018, the Company has not been notified by any person (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

除上文所披露者外，於2018年5月31日，本公司並無得悉任何人士（董事或本公司主要行政人員除外）於本公司股份或相關股份中，擁有或視為擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司及聯交所披露的權益或淡倉，或須記錄於本公司根據證券及期貨條例第336條須存置的登記冊的權益或淡倉。

# REPORT OF THE DIRECTORS

## 董事會報告

### SHARE OPTION SCHEME

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

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

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue upon the date of the shares of the Company listed on the GEM, being 62,000,000 shares (or such numbers of shares as shall result from a subdivision or a consolidation of such 62,000,000 from time to time) (the “**Scheme Limit**”). Subject to shareholders’ approval in general meeting, the Board may (i) renew this limit at any time to 10% of the shares in issue as at the date of the approval by the shareholders in general meeting; and/or (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board.

The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company at any time shall not exceed 30% of the shares in issue from time to time. No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the limit being exceeded.

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

### 購股權計劃

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

於2017年6月27日，本公司有條件採納購股權計劃，據此，董事會獲授權按其絕對酌情權，依照購股權計劃的條款向合資格參與人士授出可認購本公司股份的購股權。購股權計劃將由授出購股權當日起計十年期間有效及生效。

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

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

於任何12個月期間，且根據購股權計劃及本公司任何其他購股權計劃向各參與人士授出的購股權獲行使而可予發行的股份總數不得超過已發行股份的1%。任何額外授出購股權須於股東大會上獲股東批准，而有關合資格參與人士及其聯繫人須放棄投票。

## REPORT OF THE DIRECTORS

### 董事會報告

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

An offer for the grant must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an options is HK\$1.

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

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

Save for disclosed above, at no time during the Year was the Company, its or any of its holding companies or any of its subsidiaries a party to any arrangement to enable the Directors and the Chief Executives (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

購股權可於董事會可能釐定而不得超過授出日期起計十年的期間內，在有關提前終止條文的規限下，隨時根據購股權計劃的條款行使。

授出購股權的要約必須於七日內(包括作出該要約的日期)獲接納。購股權承授人於接納授出購股權的要約時應向本公司支付1港元。

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

#### 董事收購股份或債權證的權利

除上文所披露者外，於年內任何時間，本公司、其任何控股公司或其任何附屬公司並無訂立任何安排，致使董事及主要行政人員(包括彼等的配偶及18歲以下的子女)於本公司或其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中持有任何權益或淡倉。



# REPORT OF THE DIRECTORS

## 董事會報告

### CONNECTED TRANSACTIONS

During the Year, there were no connected transactions or continuing connected transactions of the Company (as defined under Chapter 20 of the GEM Listing Rules) which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules. Details of the significant related party transactions undertaken in the usual course of business are set out in note 36 to the consolidated financial statements. None of these related party transactions constitute a connected transaction or a continuing connected transaction, which needs to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

### RETIREMENT BENEFITS PLAN

Details of the retirement benefits plan of the Group as at 31 May 2018 are set out in the note 6 to the consolidated financial statements.

### PERMITTED INDEMNITY PROVISION

Pursuant to the memorandum and articles of association ("Articles of Association") of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

### EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme are set out above, the Company has not entered into any equity-linked arrangement during the Year.

### 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.

### 關連交易

年內，本公司並無須遵守GEM上市規則的任何申報、公告或獨立股東批准規定之關連交易或持續關連交易(定義見GEM上市規則第20章)。於日常業務過程中進行的重大關連方交易詳情載於綜合財務報表附註36。概無該等關連方交易構成須遵守GEM上市規則的任何申報、公告或獨立股東批准規定之關連交易或持續關連交易。

### 退休福利計劃

本集團於2018年5月31日的退休福利計劃詳情載於綜合財務報表附註6。

### 獲准許彌償條文

根據本公司的組織章程大綱及細則(「組織章程細則」)以及適用法例及規例，各董事將獲以本公司資產及溢利作為彌償保證，並確保其不會因彼等或彼等任何一方於執行彼等於有關職位的職責時可能招致或遭受的一切訴訟、費用、收費、損失、損害及開支而受到損害。本公司已為董事及本集團的高級職員安排購買適當的董事及高級職員責任保險。

### 股本掛鈎協議

除上文所載購股權計劃外，本公司於年內並無訂立任何股本掛鈎協議。

### 環保政策及表現

本公司深知其於業務活動中負有保護環境的責任。本公司力求實現環境及社會的可持續發展。本集團一直致力遵守有關環保的法例及規例，並採用有效的環保政策，以確保其業務符合環保方面的所需標準及操守。



## REPORT OF THE DIRECTORS

### 董事會報告

#### DONATION

During the Year, the Group had made charitable and other donation for approximately RM22,043 (2017: RM31,417).

#### CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the Year.

#### AUDITORS

The financial statements for the year ended 31 May 2018 have been audited by Deloitte PLT (LLP0010145-LCA) who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Deloitte PLT (LLP0010145-LCA) as auditor of the Company will be proposed at the forthcoming AGM.

By Order of the Board

**SK Target Group Limited**

**Loh Swee Keong**

*Chairman*

Hong Kong, 24 August 2018

#### 捐贈

年內，本集團已作出慈善及其他捐贈約22,043令吉(2017年：31,417令吉)。

#### 獨立性確認書

本公司已收到各獨立非執行董事根據GEM上市規則第5.09條發出的獨立性確認書，並認為全體獨立非執行董事於年內均為獨立人士。

#### 核數師

截至2018年5月31日止年度的財務報表已由Deloitte PLT (LLP0010145-LCA) 審核，其將告退並符合資格及願意接受續聘。重新委任Deloitte PLT (LLP0010145-LCA)為本公司核數師的決議案將於應屆的股東週年大會上提呈。

承董事會命

**瑞強集團有限公司**

*主席*

**Loh Swee Keong**

香港，2018年8月24日

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### CORPORATE GOVERNANCE PRACTICES

Since the Listing, the Board has recognised that transparency and accountability is important to a listed company. Therefore, 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 Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. Upon the Listing date and up to 31 March 2018 (the "Reporting Period"), the Board is of the opinion that the Company has complied with all the code provisions of the CG code. 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, since the Listing Date and up to the date of this report, in the opinion of the Directors, the Group has complied with the code provision of the CG Code.

### 企業管治常規

自上市以來，董事會已意識到透明度及問責性對上市公司的重要性。因此，董事會及本集團高級管理層致力達致高標準的企業管治水平，制定良好的企業管治常規以改善營運的問責性及透明度，並不時加強內部監控及風險管理系統，以保障股東權利及提升股東價值。董事認為，良好的企業管治為有效的管理、成功的業務發展及健全的企業文化提供至關重要的框架，從而令本集團利益相關者整體受惠。

董事會已採納及除以下段落所披露者外，遵守GEM上市規則附錄十五所載的企業管治守則（「企業管治守則」）。於上市日期起及直至2018年3月31日（「報告期」），董事會認為，本公司一直遵守企業管治守則的所有守則條文。董事將繼續檢討及監察其企業管治常規，以提高企業管治標準，遵守不時收緊的監管要求，以及滿足本集團股東及其他利益相關者日益提高的期望。

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

Loh先生為本公司董事會主席兼行政總裁。鑑於Loh先生自1993年起一直經營及管理本集團的營運附屬公司，故董事會相信，由Loh先生兼任兩個職位以達致有效的管理及業務發展乃符合本集團的最佳利益。因此，董事認為，偏離企業管治守則條文第A.2.1條在該情況下乃屬合適。

除上文所披露者外，自上市日期起至本報告日期止，董事認為，本集團一直遵守企業管治守則的守則條文。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and all Directors confirmed that they have complied with the required standards of dealings regarding securities transactions by the Directors since the Listing Date (19 July 2017) to the date of this report.

### BOARD OF DIRECTORS

The Board currently comprises four Directors, including one Executive Director, namely Mr. Loh Swee Keong and three Independent Non-executive Directors are Mr. Yau Ka Hei, Mr. Chu Kin Ming and Mr. Lee, Alexander Patrick.

Mr. Loh Swee Keong is the chairman (the “**Chairman**”) of the Board.

### Overall Accountability

The Board is committed to providing effective and responsible leadership for the Company. The Board is accountable to the Shareholders and in discharging its corporate accountability. The Directors, individually and collectively, must act in good faith in the best interests of the Company and the Shareholders and fulfill his fiduciary duties by applying the required level of skills, care and diligence to a standard in accordance with the statutory requirements. The Board has the full support from the Executive Directors and the senior management of the Company to discharge its responsibilities.

The biographical details of the Directors and other senior management are set out in the section headed with “Directors and Senior Management Profiles” of this report.

### 董事進行證券交易

本公司已採納有關董事進行證券交易的行為守則，其條款不遜於GEM上市規則第5.48至5.67條所載規定交易準則。本公司亦已向全體董事作出具體查詢，而全體董事確認彼等自上市日期(2017年7月19日)起至本報告日期止一直遵守有關董事進行證券交易的規定交易準則。

### 董事會

董事會目前由四名董事組成，其中包括一名執行董事(即Loh Swee Keong先生)及三名獨立非執行董事(分別為邱家禧先生、朱健明先生及李明鴻先生)。

Loh Swee Keong先生為董事會主席(「主席」)。

### 全面問責

董事會致力為本公司提供有效及負責任的領導。董事會對股東負責，並履行其企業責任。董事須個別及共同地為本公司及股東的最佳利益真誠行事，並按照符合法定規定的標準應用必要水平的技能，謹慎盡忠地履行其董事受信責任。執行董事及本公司高級管理層會全力支持董事會履行職責。

董事及其他高級管理層的履歷詳情載於本報告「董事及高級管理層簡介」一節。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Board Responsibilities

The Board is responsible for formulating the Group's policies and business plans, and monitoring internal controls and performances. The overall management of the Company's business is vested in the Board which assumes the responsibility for promoting the success of the Company by supervising its affairs. The Board focuses on formulating the Group's overall strategies, approving the annual development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system and supervising the management's performance. Regarding the Group's corporate governance, the Board is responsible for performing following duties:

- (a) determined and reviewed the policies and practices on corporate governance of the Group and make recommendations;
- (b) reviewed and monitored the training and continuous professional development of Directors and senior management; and
- (c) reviewed and monitored the Group's policies and practices on compliance with legal and regulatory requirements.

### 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 from the Listing Date and up to 31 May 2018.

### 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.

### 董事會責任

董事會負責制定本集團的政策及業務計劃，以及監察內部監控及表現。本公司的整體業務由董事會負責管理。董事會負責監督本公司的事務，以促使其取得成功。董事會專注制定本集團的整體策略；審批年度發展計劃及預算；監察財務及營運表現、檢討內部監控制度的成效及監督管理層的表現。就本集團的企業管治而言，董事會負責履行以下職責：

- (a) 釐定及檢討本集團的企業管治政策及常規，並提出推薦建議；
- (b) 檢討及監察董事及高級管理人員的培訓及持續專業發展；及
- (c) 檢討及監察本集團在遵守法律及監管規定方面的政策及常規。

### 進行證券交易的標準守則

本集團已採納有關董事進行證券交易的行為守則（「標準守則」），其條款不遜於GEM上市規則第5.48至5.67條所載董事進行證券交易的規定交易準則。本公司亦定期提醒各董事於標準守則下須履行的責任。經本集團作出具體查詢後，全體董事確認彼等自上市日期起至2018年5月31日止一直遵守標準守則所載的規定準則。

### 主席及行政總裁

企業管治守則條文第A.2.1條訂明，主席及行政總裁的職務應予區分，不應由同一人士擔任。Loh先生為本公司董事會主席兼行政總裁。鑑於Loh先生自1993年起一直經營及管理本集團的營運附屬公司，故董事會相信，由Loh先生兼任兩個職位以達致有效的管理及業務發展乃符合本集團的最佳利益。因此，董事認為，偏離企業管治守則條文第A.2.1條在該情況下乃屬合適。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD MEETING, GENERAL MEETING AND PROCEDURES

The Board meets regularly and, in addition to regular meetings, it meets as and when warranted by particular circumstances.

During the year, 6 Board meetings have been held for the discussion and approval of important matters such as the approval of quarterly results, interim results, annual results and dividends, etc. The attendance record of each Director during the year at Board meetings is as follows:

### 董事會會議、股東大會及程序

董事會定期召開會議，而除例會外，其亦在有特殊情況需要時召開會議。

年內，董事會舉行了6次會議，以討論及批准季度業績、中期業績、全年業績及股息等重要事項。各董事年內出席董事會會議的記錄如下：

Name of Director	董事姓名	Number of Attendance Attended/ Eligible to Attend 出席/合資格出席次數
<b>Executive Directors</b>	<b>執行董事</b>	
Mr. Loh Swee Keong	Loh Swee Keong 先生	6/6
Mr. Tan Cheng Siong ( <i>resigned on 13 June 2018</i> )	Tan Cheng Siong 先生(於2018年6月13日辭任)	6/6
<b>Independent Non-executive Directors</b>	<b>獨立非執行董事</b>	
Mr. Yau Ka Hei	邱家禧先生	6/6
Mr. Chu Kin Ming	朱健明先生	6/6
Mr. Lee, Alexander Patrick	李明鴻先生	6/6

### 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.

### 企業管治職能

本集團並無成立企業管治委員會。因此，董事會負責履行企業管治守則第D.3.1條所載的企業管治職務，例如檢討及釐定本集團的企業管治政策及常規、制定本集團的企業管治政策及常規、董事及高級管理人員的培訓及持續專業發展，以及本集團在遵守法律及監管規定方面的政策及常規。

## CORPORATE GOVERNANCE REPORT

### 企業管治報告

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. Yau Ka Hei and Mr. Chu Kin Ming shall retire at the AGM and being eligible, offer themselves for re-election.

The biographical details of above mentioned Directors proposed to be re-elected at the forthcoming annual general meeting are set out in the section headed “Directors and Senior Management Profiles” on pages 17 to 24 of this annual report.

董事會不時在有需要時舉行會議。為使全體董事能夠出席會議，本公司確保全體董事就於董事會會議上討論的事項獲得適當簡報，並及時收到足夠、完整而可靠的資料。全體董事就定期董事會會議獲發通知，而彼等可將其認為適合的討論事項納入會議議程。董事會會議記錄的草稿須向全體董事傳閱，以便彼等於確認會議記錄前給予意見。經簽署的會議記錄會由公司秘書保存。各董事會成員均可全面獲得公司秘書的意見及服務，以確保董事會的程序以及所有適用規則及規例均獲遵從。彼等亦有權全面查閱董事會文件及相關資料，以作出知情決定。

根據本公司組織章程細則(「細則」)第108(a)條，於每屆股東週年大會上，當時在任的三分之一董事須輪值退任，惟每名董事(包括該等以特定任期獲委任的董事)須至少每三年輪值退任一次。退任董事符合資格重選連任。

故此，邱家禧先生及朱健明先生須於股東週年大會上退任且符合資格並願意重選連任。

上述建議於應屆股東週年大會上重選連任的董事之履歷詳情載於本年報第17至24頁「董事及高級管理層簡介」一節。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

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 Director 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.

### CONTINUOUS PROFESSIONAL DEVELOPMENT

To ensure the Directors' contribution to the Board remains informed and relevant, the Directors are encouraged to participate in professional development courses and seminars to develop and refresh their knowledge and skills relating to the roles, functions and duties of a director of a listed company. During the year ended 31 May 2018, the Directors have read relevant materials on topics relating to corporate governance and regulatory updates on discloseable transactions and connected transactions etc.

### BOARD COMMITTEES

The Board has established three board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"). The terms of reference of the Board's committee are posted on the Company's website and the website of the Stock Exchange and are available to shareholders upon request.

獨立非執行董事乃按特定任期獲委任，惟須根據細則輪值退任及重選連任。如出現任何可能影響其獨立性的變動，各獨立非執行董事須於切實可行情況下盡快通知本集團。本公司已接獲各獨立非執行董事根據GEM上市規則第5.09條發出的年度獨立性確認書，且本公司認為該等獨立非執行董事均屬獨立人士。

### 持續專業發展

為確保董事一直在具備全面資訊及切合所需的情況下對董事會作出貢獻，本公司鼓勵董事參與專業發展課程及研討會，以增進及重溫彼等有關上市公司董事的角色、職能及職責之知識及技能。截至2018年5月31日止年度，董事已閱覽有關企業管治議題的相關材料以及有關須予披露交易及關連交易等的監管更新。

### 董事會委員會

董事會已成立三個董事會委員會，分別為審核委員會（「**審核委員會**」）、薪酬委員會（「**薪酬委員會**」）及提名委員會（「**提名委員會**」）。董事會委員會的職權範圍於本公司網站及聯交所網站刊登，並於股東提出要求時可供查閱。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

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

The Audit Committee is mainly responsible for the followings:

- (a) to act as the key representative body for overseeing the Company's relations with the external auditor, and be primarily responsible for making recommendations to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review with the Group's management, external auditors and internal auditor, where an internal audit function exists in the Company, the adequacy of the Group's policies and system regarding internal controls (including financial, operational and compliance controls), risk management system and any statement by the Directors of the Company to be included in the annual accounts prior to endorsement by the Board;
- (c) to review and monitor the integrity of the Company's financial statements and the annual, quarterly and interim financial reports, and to review significant financial reporting judgements contained in them prior to approval by the Board, with particular focus on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustment resulting from the audit/review;
  - (iv) the going concern assumption and any qualifications;
  - (v) compliance with the accounting and auditing standards; and

### 審核委員會

本集團已於2017年6月27日成立審核委員會，並遵照GEM上市規則第5.28至5.33條及GEM上市規則附錄十五所載的企業管治守則及企業管治報告第C.3段，制定其書面職權範圍。

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

審核委員會的主要職責如下：

- (a) 擔任本公司與外聘核數師之主要代表，負責監察兩者之間的關係；及主要負責就外聘核數師之委任、重新委任及罷免向董事會提供建議、批准外聘核數師之薪酬及聘用條款，及處理任何有關該核數師辭任或辭退該核數師之問題；
- (b) 於董事會核准前，與本集團管理層、外聘核數師及內部核數師(倘本公司設有內部審核職能)檢討本集團有關內部監控的政策及系統(包括財務、營運及合規監控)、風險管理系統以及本公司董事於年度賬目內作出的任何聲明是否充分；
- (c) 在向董事會提交本公司財務報表以及年度、季度及中期財務報告以供批准前，先行審閱及監察該等報表及報告的完整性，並覆核當中所載的重大財務報告判斷，尤其須針對下列各項：
  - (i) 會計政策及慣例的任何改變；
  - (ii) 重大判斷範圍；
  - (iii) 有關核數／審閱結果的重大調整；
  - (iv) 持續經營的假設及任何保留意見；
  - (v) 有否遵守會計及核數準則；及

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

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| <p>(vi) compliance with the listing requirements on the GEM of The Stock Exchange of Hong Kong Limited and legal requirements in relation to financial reporting;</p> <p>(d) Oversee the issuer's financial reporting system, the risk management and the internal control systems;</p> <p>(i) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Company's risk management and internal control systems;</p> <p>(ii) to review arrangements employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;</p> <p>(iii) to review the draft representation letter prior to approval by the Board;</p> <p>(iv) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have an effective system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting and financial reporting function; and</p> <p>(v) to consider major investigation findings on risk management and internal control matters as delegated by the board or on its own initiative and management's response to these findings.</p> | <p>(vi) 有否遵守香港聯合交易所有限公司GEM的上市規定及有關財務報告的法律要求；</p> <p>(d) 監察發行人之財務報告系統、風險管理及內部監控系統；</p> <p>(i) 檢討本公司之財務監控，及除非由另一董事會之風險委員會或董事會本身明確表示，檢討本公司風險管理及內部監控系統；</p> <p>(ii) 檢討本集團僱員以保密方式就財務報告、內部監控或其他事宜可能存在不當情況提出疑問的安排。委員會須確保已作出適善安排，以公平及獨立地調查該等事項及作適當跟進行動；</p> <p>(iii) 經董事會批准前，審閱陳述書的草擬稿；</p> <p>(iv) 與管理層討論風險管理及內部監控系統，以確保管理層已履行其職責建立有效系統。此討論應包括發行人會計及財務報告功能的人力資源、員工資歷及經驗、培訓課程及預算是否充足；及</p> <p>(v) 主動或應董事會的委派，就有關風險管理及內部監控事宜的重要調查結果及管理層對調查結果的回應進行研究。</p> |
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During the period from the Listing Date to the date of this report, four meetings have been being 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 2018 have been reviewed by the Audit Committee.

於上市日期起至本報告日期止期間，審核委員會已舉行四次會議且委員會全體成員均出席會議。本集團截至2018年5月31日止年度的經審核綜合財務報表已由審核委員會審閱。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Remuneration Committee

The Company established the Remuneration Committee on 27 June 2017 with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. Subsequent to the reporting period, on 13 June 2018, Mr. Tan Cheng Siong resigned as a member of Remuneration Committee and Mr. Loh Swee Keong was appointed as a member of Remuneration Committee. As at the date of this report, the Remuneration Committee consists of three members, namely Mr. Yau Ka Hei, Mr. Loh Swee Keong and Mr. Chu Kin Ming. The chairman of the Remuneration Committee is Mr. Yau Ka Hei.

The Remuneration Committee is mainly responsible for the followings:

- (a) to consult the chairman of the Board and/or the chief executive of the Company (where applicable) about their remuneration proposals for other Executive Directors. The Committee should have access to independent professional advice if necessary;
- (b) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) either (i) determine, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management of the Company; or (ii) make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management of the Company. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) make recommendations to the Board on the remuneration of Non-executive Directors and Independent Non-executive Directors of the Company;
- (e) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries; and

### 薪酬委員會

本公司已於2017年6月27日成立薪酬委員會，並遵照GEM上市規則第5.34至5.36條及GEM上市規則附錄十五所載的企業管治守則及企業管治報告第B.1段，制定其書面職權範圍。報告期後，於2018年6月13日，Tan Cheng Siong先生辭任薪酬委員會成員，而Loh Swee Keong先生則獲委任為薪酬委員會成員。於本報告日期，薪酬委員會由三名成員組成，即邱家禧先生、Loh Swee Keong先生及朱健明先生。薪酬委員會主席為邱家禧先生。

薪酬委員會的主要職責如下：

- (a) 就其他執行董事的薪酬建議諮詢董事會主席及／或本公司行政總裁(倘適用)。倘有需要，委員會應可獲取獨立專業意見；
- (b) 因應董事會所訂立的企業方針及目標，檢討及批准管理層的薪酬建議；
- (c) (i)獲董事會轉授責任釐定本公司個別執行董事及高級管理人員的薪酬待遇；或(ii)向董事會建議本公司個別執行董事及高級管理人員的薪酬待遇。此應包括實物利益、退休金權利及賠償金額(包括喪失或終止職務或委任的應付賠償)；
- (d) 就本公司非執行董事及獨立非執行董事的薪酬向董事會提出建議；
- (e) 考慮同類公司支付的薪酬、須付出的時間及職責以及本公司及其附屬公司內其他職位的僱用條件；及

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

(f) review and approve compensation payable to the Executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.

During the period from the Listing Date to the date of this report, one meeting has been held for the Remuneration Committee.

The emolument payable to Directors depends on their respective contractual terms under the service contracts and the appointment letters, and as recommended by the Remuneration Committee. Details of the Directors' emolument are set out in note 6 to the consolidated financial statements.

Further details of the remuneration of the Directors and the 5 highest paid employees required to be disclosed under Appendix 16 of the Listing Rules have been set out in notes 6 and 7 to the consolidated financial statements.

### Nomination Committee

Our Company established the Nomination Committee on 27 June 2017 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The Nomination Committee currently consists of three members, namely Mr. Loh Swee Keong, Mr. Yau Ka Hei and Mr. Lee, Alexander Patrick. The chairman of the Nomination Committee is Mr. Loh Swee Keong.

The main roles and functions of the Nomination Committee include the followings:

- (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(f) 檢討及批准向執行董事及本公司高級管理人員就其喪失或終止職務或委任而須支付的賠償，以確保該等賠償與合約條款一致；若未能與合約條款一致，有關賠償亦須公平合理，不致過多。

於上市日期起至本報告日期止期間，薪酬委員會已舉行一次會議。

應付董事酬金視乎彼等各自的服務合約及委任函件所載合約條款而定，並須參考薪酬委員會的推薦建議。董事酬金詳情載於綜合財務報表附註6。

根據上市規則附錄十六須予披露有關董事酬金及五位最高薪僱員的進一步詳情載於綜合財務報表附註6及7。

### 提名委員會

本公司已於2017年6月27日成立提名委員會，並遵照GEM上市規則附錄十五所載的企業管治守則及企業管治報告第A.5段，制定其書面職權範圍。提名委員會目前由三名成員組成，即Loh Swee Keong先生、邱家禧先生及李明鴻先生。提名委員會主席為Loh Swee Keong先生。

提名委員會的主要角色及職能包括以下各項：

- (a) 每年至少一次檢討董事會的架構、人數及組成(包括技能、知識及經驗)，並向董事會提出任何改動建議，以配合本公司的企業策略；
- (b) 物色合資格成為董事會成員的適當人選，並甄選或就甄選所提名擔任董事職務的人選向董事會提供建議；



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

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| <p>(c) assess the independence of Independent Non-executive Directors of the Company;</p> <p>(d) make recommendations to the Board on the appointment or re-appointment of Directors of the Company and succession planning for Directors of the Company, in particular the chairman of the Board and the chief executive officer of the Company; and</p> <p>(e) have a policy concerning diversity of Board members, review the policy and the progress on achieving the objectives set for implementing the policy and should disclose the policy or a summary of the policy in the corporate governance report annually.</p> | <p>(c) 評核本公司獨立非執行董事的獨立性；</p> <p>(d) 就本公司董事委任或續任以及本公司董事的繼任計劃(尤其是董事會主席及本公司行政總裁)向董事會提出建議；及</p> <p>(e) 制定關於董事會成員多元化的政策、檢討政策及達致有關政策所設定目標的進度，並應每年於企業管治報告內披露有關政策或政策的摘要。</p> |
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The Board recognises the benefits of diversity of the Board members. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including but not limited to educational background, professional qualifications, age, ethnicity, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board. No restrictions, like age, gender, and ethnic origin, will be set for the selection of Board members. The Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the business of the Group. The Nomination Committee will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the business of the Group.

董事會明白董事會成員多元化之裨益。本公司在設定董事會成員組合時，會從多個可計量方面考慮董事會成員多元化，包括但不限於教育背景、專業資格、年齡、種族、知識及服務任期。董事會所有委任均以用人唯才為原則，並在考慮人選時以客觀條件充分顧及董事會成員多元化之裨益。於甄選董事會成員時，本公司不會設立如年齡、性別及種族之限制。本公司將確保董事會在切合本集團業務所需的技能、經驗及不同方面取得平衡。提名委員會將確保董事會在切合本集團業務所需的技能、經驗及不同方面取得平衡。

The Company was listed on 19 July 2017. During the period from the Listing Date to the date of this report, one meeting has been held for the Nomination Committee and all the members of the committee attended the meeting.

本公司於2017年7月19日上市。於上市日期起至本報告日期止期間，提名委員會已舉行一次會議且委員會全體成員均出席會議。

### 2017 ANNUAL GENERAL MEETING

Pursuant to the code provision A.6.7 of the CG code, the Independent Non-executive Directors should attend general meeting and develop a balanced understanding of the visions of shareholders. At the 2017 annual general meeting held on 25 October 2017, all the Independent Non-executive Directors attended the meeting.

### 2017年股東週年大會

根據企業管治守則守則條文第A.6.7條，獨立非執行董事應出席股東大會並對股東的意見有公正瞭解。於2017年10月25日舉行的2017年股東週年大會上，所有獨立非執行董事均已出席大會。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

From the Listing Date to the date of this report, the attendance record of each Director is set out in the table below:

自上市日期起至本報告日期止，各董事的出席記錄載於下表：

Name of Directors 董事姓名	Number of attendance/number of meetings from the Listing Date to the date of this report 自上市日期起至本報告日期止的出席次數／會議次數				
	Board meeting 董事會會議	Audit Committee meeting 審核委員會會議	Remuneration Committee meeting 薪酬委員會會議	Nomination Committee meeting 提名委員會會議	General meeting 股東大會

### Executive Directors

#### 執行董事

Mr. Loh Swee Keong Loh Swee Keong 先生	6/6	N/A 不適用	N/A 不適用	1/1	1/1
Mr. Tan Cheng Siong Tan Cheng Siong 先生	6/6	N/A 不適用	1/1	N/A 不適用	1/1

### Independent Non-executive Directors

#### 獨立非執行董事

Mr. Yau Ka Hei 邱家禧先生	6/6	4/4	1/1	1/1	1/1
Mr. Chu Kin Ming 朱健明先生	6/6	4/4	1/1	N/A 不適用	1/1
Mr. Lee, Alexander Patrick 李明鴻先生	6/6	4/4	N/A 不適用	1/1	1/1

## ACCOUNTABILITY AND AUDITING

The Board acknowledges its responsibility in preparing the Group's consolidated financial statements for each financial year which give a true and fair view of the Group's state of affairs, results and cash flows and in accordance with the relevant accounting standards and principles and the disclosure requirements under applicable laws and regulations in Hong Kong.

The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditor, Deloitte PLT (LLP0010145-LCA), about their reporting responsibility on the financial statements of the Group are set out in the independent auditor's report on pages 54 to 60 of this annual report.

## 問責及核數

董事會確認其有於每個財政年度編製本集團綜合財務報表之責任。綜合財務報表根據相關會計準則及原則，以及香港適用法例及規例之披露規定真實而中肯地反映本集團之事務狀況、業績及現金流量。

外聘核數師的責任為根據審核結果對董事會所編製綜合財務報表提出獨立意見，並向本公司股東匯報彼等的意見。外聘核數師 Deloitte PLT (LLP0010145-LCA) 就其對本集團財務報表的申報責任所發表的聲明，載於本年報第54至60頁的獨立核數師報告。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining effective internal control and risk management systems and for monitoring their effectiveness to safeguard shareholders' investments and the assets of the Group. The internal control system of the Group aims to facilitate efficient operation which in turn reduces the risks to which the Group is exposed. The internal control and risk management systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Group recognises that effective risk management is essential for the long-term development on the Group's business. The management is responsible for establishing, implementing and reviewing the sound and effective internal control system underpinning the risk management framework. The Audit Committee will periodically review the Group's compliance status with the Hong Kong laws and will perform its functions by (i) reviewing the internal control and legal compliance; (ii) discussing the internal control systems with the management of the Group to ensure that the management has performed its duty to have an effective internal control system and (iii) considering the major investigation findings on internal control matters as delegated by the Board or its own initiative and the management's response to these findings. While taking into full account of the new requirements effective from the Listing Date under the GEM Listing Rules brought by Hong Kong Exchanges and Clearing Limited relating to risk management and internal control, the management has formulated the risk management and control framework. All employees are committed to implement the risk management framework into the daily operation.

In addition, the Group engaged an independent internal control consultant ("**Internal Control Consultant**") to conduct an annual review of the effectiveness of the Group's risk management and internal control system in various material aspects including financial, operational and compliance controls. Based upon the recommendations from the Internal Control Consultant, the Group has taken remedial actions. Further, in order to continuously improve the Group's corporate governance in the future the Group will adopt the measures recommended by the Internal Control Consultant.

### 內部監控及風險管理

董事會負責維持有效的內部監控及風險管理制度，並監察其成效以保障股東的投資及本集團的資產。本集團的內部監控制度旨在促使有效營運，從而減少本集團面臨的風險。內部監控及風險管理制度旨在提供合理（而非絕對）的保證，以防出現重大錯誤陳述或損失的情況，並管理（而非完全杜絕）本集團營運系統的失誤及本集團未能達成業務目標的風險。

本集團明白有效的風險管理對本集團業務的長遠發展至關重要。管理層負責制定、實施及檢討健全有效的內部監控系統，並以此為風險管理框架的基礎。審核委員會將定期檢討本集團遵守香港法例的情況，並將透過下列方式履行其職責：(i) 檢討內部監控及遵守法律的情況；(ii) 與本集團的管理層討論內部監控系統以確保管理層已履行其職責設立有效的內部監控系統；及(iii) 審議董事會委託或自發對內部監控事宜進行調查的重大結果及管理層對該等結果的回應。除全面考慮香港交易及結算所有限公司所頒佈GEM上市規則項下自上市日期起生效的風險管理及內部監控相關新規定外，管理層已制定風險管理及監控框架。全體僱員致力在日常營運中實施風險管理框架。

此外，本集團已委聘一名獨立內部控制顧問（「**內部控制顧問**」）以從若干重大方面（包括財務、營運及合規控制）對本集團風險管理及內部控制系統的有效性進行年度審核。根據內部監控顧問的建議，本集團已採取補救措施。此外，務求在日後持續改善本集團的企業管治，本集團將採納內部監控顧問建議的措施。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

Based on the result of the reviews as mentioned above, it is considered that proper internal control and risk management systems are in place and implemented effectively.

根據上述檢討結果，本公司認為內部監控及風險管理系統已妥為制定並有效地實施。

### AUDITORS' REMUNERATION

For the year ended 31 May 2018, the remuneration paid or payable to Deloitte PLT in respect of the statutory audit services and non-audit services for the Group are as follows:

### 核數師酬金

截至2018年5月31日止年度，本集團就法定審核服務及非審核服務已付或應付Deloitte PLT的酬金如下：

Nature of Services		Fee paid/ payables
服務性質		已付／應付 的費用 HK\$'000 千港元
Audit services	審核服務	950
Non-audit services	非審核服務	Nil 無

### COMPANY SECRETARY

Ms. Chau Wing Kei was appointed as the company secretary of the Company on 9 December 2016. All Directors have access to the Company Secretary to ensure that Board procedures and all applicable laws, rules and regulations are followed. Ms. Chau taken no less than 15 hours of relevant professional training for the year ended 31 May 2018. The biographical details of Ms. Chau are set out under the section headed "Directors and Senior Management Profile" on pages 17 to 24 of this annual report.

### 公司秘書

周詠淇女士已於2016年12月9日獲委任為本公司的公司秘書。全體董事均可尋求公司秘書的協助，以確保董事會的程序及所有適用法例、規則及規例已獲遵從。周女士已於截至2018年5月31日止年度接受不少於15小時的相關專業培訓。周女士的履歷詳情載於本年報第17至24頁「董事及高級管理層簡介」一節。

### SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interest and rights, separate resolutions can be proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the website of The Stock Exchange and the Company's website after the relevant shareholders' meeting.

### 股東權利

作為其中一項保障股東利益及權利的措施，可於股東大會就各項重大議題(包括推選個別董事)提呈獨立決議案以供股東考慮及表決。根據GEM上市規則，於股東大會上提呈的所有決議案將以按股數投票方式表決，而投票表決結果將於相關股東大會結束後在聯交所網站及本公司網站刊載。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

#### Procedures for Shareholders to convene an extraordinary general meetings (“EGM”)

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors’ understanding of the Group’s business performance and strategies. The following procedures for shareholders to convene an extraordinary general meeting are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the GEM Listing Rules (as amended from time to time):

- (a) EGM shall be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition (the “**Requisition**”), not less than one tenth of the paid up capital of the Company having the right of voting at general meetings (the “**Eligible Shareholders**”). Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two Months after the deposit of such requisition;
- (b) The Eligible Shareholders must deposit the Requisition to the principal place of business of the Company in Hong Kong at Room 101, 1/F, Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong or to Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for the attention of the Board and/or the Company Secretary;
- (c) If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As a channel to promote effective communication, the Group maintains a website where information on the Company’s announcements, financial information and other information are posted. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong with any enquiries.

### 與股東及投資者的溝通

#### 股東召開股東特別大會(「股東特別大會」)的程序

本公司相信，與股東有效溝通對加深投資者關係以及投資者對本集團業務表現及策略的了解而言至關重要。以下為股東召開股東特別大會的程序，乃受細則(經不時修訂)以及適用法例及規例(特別是GEM上市規則(經不時修訂))所規限：

- (a) 股東特別大會須應一名或多名股東的請求(「**請求**」)召開，該等股東於提出請求當日須持有本公司繳足股本不少於十分之一且擁有在股東大會上投票的權利(「**合資格股東**」)。有關請求須以書面形式向董事會或秘書提出，藉以要求董事會就處理有關要求所指明之任何事務而召開股東特別大會。有關會議須在送交該請求後兩個月內舉行；
- (b) 合資格股東須將有關請求送交本公司香港主要營業地點(地址為香港灣仔駱克道1號中南大廈1樓101室)或本公司的香港股份過戶登記分處卓佳證券登記有限公司(地址為香港皇后大道東183號合和中心22樓)，並註明收件人為董事會及／或公司秘書；
- (c) 如董事會在有關送交日期起計21日內未有進行安排召開有關會議，則請求人(或多名請求人)可用相同方式自行召開會議，且請求人因董事會未有妥為召開會議而產生的所有合理費用須由本公司償付。

作為鼓勵有效溝通的渠道，本集團設立網站以刊登本公司公佈的資料、財務資料及其他資料。股東及投資者可將任何查詢以書面形式直接寄往本公司的香港主要營業地點。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Procedures for putting forward proposals at Shareholders' meeting

There are no provisions in the Articles of the Company or the Companies Law of the Cayman Islands for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

### Procedures for raising enquiries

Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to Room 101, 1/F, Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong or via telephone at (852) 2861 1999.

Should there are any enquiries and concerns from shareholders, they may direct their enquiries about their shareholdings to the Company's Hong Kong share registrar and transfer office, Tricor Investors Limited, by post to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or via telephone at (852) 2980 1333. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

### INVESTORS RELATIONS

The Company has established a shareholders communication policy between itself and its shareholders, and investors which aims to set out the principles of the Company in relation to the shareholders' communications, with the objective of ensuring timely, transparent and accurate communications between the shareholders of the Company and the Company. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at [www.targetprecast.com](http://www.targetprecast.com) and meetings with investors and shareholders. News update of the Group's business development and operation are also available on the Company's website.

### CONSTITUTIONAL DOCUMENTS

The Company adopted an amended and restated memorandum and articles of association of the Company (the "**Constitutional Documents**") on 27 June 2017 and effective upon the Listing. During the year ended 31 May 2018, there has been no changes in the Company's Constitutional documents. A copy of the Company's updated Constitutional Documents is available on the websites of the Company and the Stock Exchange.

### 於股東大會提出建議之程序

本公司細則或開曼群島公司法概無條文規定股東可於股東大會上動議新決議案。有意動議決議案的股東可依據前段所述程序要求本公司召開股東大會。

### 提出查詢的程序

股東可向本公司董事及管理層提出問題、索取公開可得資料並提供意見及建議。該等問題、索求、意見及建議可透過郵寄至香港灣仔駱克道1號中南大廈1樓101室或透過電話(852) 2861 1999傳達至本公司。

股東如有任何查詢及疑問，可透過郵寄至香港皇后大道東183號合和中心22樓或透過電話(852) 2980 1333向本公司的香港股份過戶登記處卓佳證券登記有限公司提出有關其名下持股的問題。股東提出問題時，務請留下詳細聯絡資料以便本公司適時迅速回應。

### 投資者關係

本公司已制定股東通訊政策與股東及投資者溝通，當中旨在列述本公司有關股東通訊的原則，以確保本公司股東與本公司間及時、透明及準確的通訊。該等通訊包括於股東週年大會回答問題、刊發年度、中期及季度報告、通告、公告及通函、本公司網站([www.targetprecast.com](http://www.targetprecast.com))以及與投資者及股東間的會議。本集團業務發展及營運的消息更新亦可於本公司網站查閱。

### 章程文件

本公司於2017年6月27日採納經修訂及重列的本公司組織章程大綱及細則(「章程文件」)，並於上市後生效。截至2018年5月31日止年度，本公司章程文件並無變動。本公司已更新章程文件的文本載於本公司及聯交所網站。



# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

# Deloitte.

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SK TARGET GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of **SK TARGET GROUP LIMITED** (the "**Company**") and its subsidiary companies (collectively referred to as "**the Group**"), which comprise the consolidated statement of financial position as at 31 May 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 May 2018, and a summary of significant accounting policies and other explanatory information as set out on pages 61 to 138.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position as at 31 May 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance.

## 致瑞強集團有限公司

*(於開曼群島註冊成立的有限公司)*

## 全體股東的獨立核數師報告

### 綜合財務報表的審核報告

我們已審核第61至138頁所載瑞強集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，該等綜合財務報表包括於2018年5月31日的綜合財務狀況表與截至2018年5月31日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及重大會計政策概要及其他解釋資料。

我們認為，隨附綜合財務報表已根據國際財務報告準則及香港公司條例的披露規定真實而中肯地反映於2018年5月31日的綜合財務狀況以及截至該日止年度的財務表現及現金流量。

With effect from 3 January 2017, Deloitte, a conventional partnership firm with the Registration No. AF0080, was converted to Deloitte PLT (LLP0010145-LCA) (AF0080).

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# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group in accordance with International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### KEY AUDIT MATTER

Key audit matter is the matters that, in our professional judgement, was of most significance in our audit of the consolidated financial statements for the current year. The matter was addressed in the context of our audit of the consolidated financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

### 意見基礎

我們已根據國際審計準則進行審核。我們在該等準則下的責任於我們報告內核數師就審核綜合財務報表須承擔的責任一節中進一步論述。我們相信，我們所獲得的審核憑證能充足及適當地為我們的意見提供基礎。

### 獨立性及其他道德責任

根據國際會計師職業道德準則理事會的職業會計師道德守則(「IESBA守則」)，我們乃獨立於貴集團，且我們已根據IESBA守則履行其他專業道德責任。

### 關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本年度綜合財務報表的審核最為重要的事項。該事項在我們審核貴集團整體綜合財務報表及出具意見時進行處理。我們不會對該事項提供單獨的意見。

# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### KEY AUDIT MATTER (Continued)

### 關鍵審核事項(續)

#### Impairment of trade receivables

#### 貿易應收款項減值

#### How our audit addressed the key audit matters

#### 我們的審核如何處理關鍵審核事項

We identified the impairment of trade receivables as a key audit matter due to the use of judgement and estimates by the management on the evaluation of the recoverability of trade receivables.

由於管理層於評估貿易應收款項的可回收程度時作出判斷及估計，我們將貿易應收款項減值識別為關鍵審核事項。

To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the counterparty and default or significant delay in payments. The management also considers the creditworthiness, the past collection history of each customer, ageing analysis and subsequent settlement of individual balances.

為釐定是否存在減值的客觀證據，貴集團會考慮多項因素，例如對手方出現無力償債或重大財務困難以及拖欠或明顯延遲付款的可能性。管理層亦會考慮當前信用狀況、每名客戶過往的收款記錄、賬齡分析及個別結餘的其後結付情況。

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

倘有減值的客觀證據，未來現金流量的金額及時間乃按具有類似信貸風險特徵的資產的過往虧損經驗予以估計。

As set out in Note 17 to the consolidated financial statements, the carrying amount of trade receivables is RM18.3 million (net of allowance for doubtful debts of RM0.4 million) as at 31 May 2018.

誠如綜合財務報表附註17所載，貿易應收款項於2018年5月31日的賬面值為18.3百萬令吉(扣除呆賬撥備0.4百萬令吉)。

Our procedures in relation to the recoverability of trade receivables included:

我們有關貿易應收款項可回收程度的程序包括：

- Obtained an understanding of the Group's control over the credit and collection process and monitoring of outstanding receivables;
- 了解 貴集團對信貸及收款流程的控制，並監控未結應收賬款；
- Tested aging of trade receivable balances at year end on a sample basis;
- 抽樣測試年末貿易應收款項的賬齡；
- Obtained a list of long outstanding receivables and identified any debtors with financial difficulty through inquiry with management;
- 透過與管理層查詢，取得長期未償還應收款項的清單，以及識別任何有財政困難的債務人；
- Assessed the recoverability of these outstanding receivables through our discussion with management and with reference to credit profile of the customers; and
- 透過與管理層討論並參考客戶的信用狀況，評估該等未償還應收款項的可回收程度；及
- Assessed the recoverability of the balances by comparing the outstanding amounts at year end against subsequent settlements.
- 透過比較年末未償還金額與其後結付情況，評估該等餘額的可回收程度。

## INDEPENDENT AUDITORS' REPORT

### 獨立核數師報告

#### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements of the Group and our auditors' report thereon.

Our opinion on the consolidated financial statements of the Group does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements of the Group, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements of the Group or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements of the Group that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. The directors of the Company are also responsible for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Group, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### 綜合財務報表及其核數師報告以外的資料

貴公司董事須對其他資料承擔責任。其他資料包括年報所載的資料，惟不包括 貴集團的綜合財務報表及我們就此發出的核數師報告。

我們對 貴集團綜合財務報表發表的意見並未涵蓋其他資料，且我們亦不對該等其他資料發表任何形式的核證結論。

就審核 貴集團的綜合財務報表而言，我們的責任是閱讀其他資料，從而考慮其他資料是否與 貴集團的綜合財務報表或我們在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。

倘若我們基於已完成的工作認為其他資料出現重大錯誤陳述，我們須報告該事實。就此而言，我們並無需要報告的事項。

#### 董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際財務報告準則及香港公司條例的披露規定編製真實而中肯的 貴集團綜合財務報表。貴公司董事亦負責其認為就確保綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所必需的有關內部控制。

在編製 貴集團的綜合財務報表時，貴公司董事須負責評估 貴集團持續經營的能力，並披露與持續經營有關的事項(如適用)。除非 貴公司董事有意將 貴集團清盤或停止營運，或別無其他實際可行的替代方案，否則董事須採用以持續經營為基礎的會計法。

# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We do not assume responsibility towards or accept liability to any other person for the content of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

### 核數師就審核綜合財務報表須承擔的責任

我們的目標是對 貴集團整體綜合財務報表是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們並不就本報告內容向任何其他人士承擔任何責任。合理保證是高水平 的保證，但不能保證按照國際審計準則進行的審核，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

我們根據國際審計準則進行審核的工作之一，是運用專業判斷，在整個審核過程中抱持專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對該等風險，以及取得充足及適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審核相關的內部監控，以設計於相關情況下屬適當的審核程序，但目的並非對 貴集團內部監控的成效發表意見。
- 評估 貴公司董事所採用會計政策的恰當性及所作出會計估計和相關披露的合理性。

# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements of the Group, including the disclosures, and whether the consolidated financial statements of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### 核數師就審核綜合財務報表須承擔的責任(續)

- 總結董事採用以持續經營為基礎的會計法是否恰當，並根據已獲取的審核憑證，總結是否有可能對 貴集團持續經營的能力構成重大疑問的事件或情況等重大不確定因素。倘若我們總結認為有重大不確定因素，我們須在核數師報告中提請注意 貴集團綜合財務報表內的相關披露，或如果相關披露不足，則修訂我們的意見。我們的結論基於截至核數師報告日期所獲得的審核憑證。然而，未來事件或情況可能導致 貴集團不再具有持續經營的能力。
- 評估 貴集團的綜合財務報表(包括資料披露)的整體列報、架構和內容，以及 貴集團的綜合財務報表是否已中肯地列報相關交易及事項。
- 就 貴集團內各實體或業務活動的財務資料獲得充足及恰當的審核憑證，以就 貴集團的綜合財務報表發表意見。我們須負責指導、監督及執行集團的審核工作。我們須為我們的審核意見承擔全部責任。

我們就審核工作的計劃範圍和時間、在審核過程中的主要審核發現(包括內部監控的任何重大缺失)及其他事項與 貴公司董事進行溝通。

我們亦向 貴公司董事作出聲明，確認我們已遵守有關獨立性的專業道德要求，並就所有被合理認為可能影響我們獨立性的關係和其他事宜以及相關保障措施(如適用)，與 貴公司董事進行溝通。

## INDEPENDENT AUDITORS' REPORT

### 獨立核數師報告

#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

*(Continued)*

From the matters communicated with the directors of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Group for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**DELOITTE PLT (LLP0010145-LCA)**

*Chartered Accountants (AF 0080)*

**KHONG SIEW CHIN**

**Partner - 03049/03/2019 J**

*Chartered Accountant*

#### 核數師就審核綜合財務報表須承擔的責任(續)

我們通過與 貴公司董事溝通，確定本年度 貴集團綜合財務報表審核工作的最重要事項，即關鍵審核事項。除非法律或法規不容許公開披露此等事項，或在極罕有的情況下，我們認為披露此等事項可合理預期的不良後果將超過公眾知悉此等事項的利益而不應在報告中予以披露，否則我們會在核數師報告中描述此等事項。

**DELOITTE PLT (LLP0010145-LCA)**

*特許會計師(AF 0080)*

**KHONG SIEW CHIN**

**合夥人 — 03049/03/2019 J**

*特許會計師*



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## 綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 MAY 2018  
截至2018年5月31日止年度

			2018	2017
		Note	2018年	2017年
		附註	RM'000	RM'000
			千令吉	千令吉
Revenue	收入	5	38,194	33,595
Cost of sales	銷售成本		(29,433)	(23,172)
<b>Gross profit</b>	<b>毛利</b>		<b>8,761</b>	<b>10,423</b>
Other income	其他收入		356	948
Administrative expenses	行政開支		(7,469)	(3,342)
Selling and distribution expenses	銷售及分銷開支		(1,195)	(1,331)
Listing expenses	上市開支		(2,336)	(6,048)
Finance costs	融資成本	8	(26)	(57)
Fair value change of financial assets at fair value through profit or loss	按公平值計入損益的金融資產的公平值變動		—	13
(Loss)/Profit before taxation	除稅前(虧損)/溢利	9	(1,909)	606
Taxation	稅項	10	(1,181)	(1,715)
Loss for the year	年內虧損		(3,090)	(1,109)
Other comprehensive loss items that will not be reclassified to profit or loss:	將不會重新分類至損益的其他全面虧損項目：			
Exchange differences arising on translation from functional currency to presentation currency	由功能貨幣換算為呈列貨幣產生的匯兌差額		(974)	—
Total comprehensive loss for the year	年內全面虧損總額		(4,064)	(1,109)
Loss per share:	每股虧損：			
Basic (RM cent)	基本(仙令吉)	11	(0.58)	(0.29)

The accompanying Notes form an integral part of the Consolidated Financial Statements.

隨附附註構成此等綜合財務報表的一部分。

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

AS AT 31 MAY 2018  
於2018年5月31日

			2018	2017
			2018年	2017年
		Note	RM'000	RM'000
		附註	千令吉	千令吉
<b>Non-Current Assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	13	4,380	3,218
Investment property	投資物業	14	391	401
Deferred tax assets	遞延稅項資產	15	32	—
<b>Total Non-Current Assets</b>	<b>非流動資產總值</b>		<b>4,803</b>	<b>3,619</b>
<b>Current Assets</b>	<b>流動資產</b>			
Inventories	存貨	16	1,350	651
Receivables, deposits and prepayment	應收款項、按金及預付款	17	19,897	15,873
Amount owing from ultimate holding company	應收最終控股公司款項	18	9	9
Amount owing from a shareholder	應收股東款項	18	3	7
Tax recoverable	可收回稅項		369	166
Short-term bank deposits pledged with banks	抵押予銀行的短期銀行存款	19	401	1,059
Cash on hand and at bank	手頭及銀行現金		21,075	7,248
<b>Total Current Assets</b>	<b>流動資產總值</b>		<b>43,104</b>	<b>25,013</b>
<b>Current Liabilities</b>	<b>流動負債</b>			
Payables and accrued charges	應付款項及應計費用	20	9,937	8,450
Amount owing to a director	應付董事款項	18	12	570
Finance leases	融資租賃	21	—	172
Tax payable	應付稅項		43	399
<b>Total Current Liabilities</b>	<b>流動負債總額</b>		<b>9,992</b>	<b>9,591</b>
<b>Net Current Assets</b>	<b>淨流動資產</b>	33	<b>33,112</b>	<b>15,422</b>
<b>Total Assets Less Current Liabilities</b>	<b>總資產減流動負債</b>		<b>37,915</b>	<b>19,041</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

AS AT 31 MAY 2018  
於2018年5月31日

			2018	2017
			2018年	2017年
		Note	RM'000	RM'000
		附註	千令吉	千令吉
<b>Non-Current Liabilities</b>	<b>非流動負債</b>			
Finance leases	融資租賃	21	—	411
Deferred tax liabilities	遞延稅項負債		223	147
<b>Total Non-Current Liabilities</b>	<b>非流動負債總額</b>		<b>223</b>	<b>558</b>
<b>Net Assets</b>	<b>淨資產</b>		<b>37,692</b>	<b>18,483</b>
<b>Capital and Reserves</b>	<b>股本及儲備</b>			
Share capital	股本	22	3,382	—
Share premium	股份溢價	23	19,891	—
Other reserve	其他儲備	24	8,579	8,579
Translation reserve	匯兌儲備	25	(974)	—
Retained profits	保留溢利		6,814	9,904
<b>Total Equity</b>	<b>權益總額</b>		<b>37,692</b>	<b>18,483</b>

The consolidated financial statements on pages 61 to 138 were approved and authorised for issue by the Board of Directors on 24 August 2018 and are signed on its behalf by:

載於第61至138頁的綜合財務報表由董事會於2018年8月24日批准並授權刊發，並由下列董事代表簽署：

**Loh Swee Keong**

Director  
董事

**Chu Kin Ming**

朱健明  
Director  
董事

The accompanying Notes form an integral part of the Consolidated Financial Statements.

隨附附註構成此等綜合財務報表的一部分。

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

		Share capital	Share premium	Other reserve	Retained profits	Total
		股本	股份溢價	其他儲備	保留溢利	總計
		RM'000	RM'000	RM'000	RM'000	RM'000
		千令吉	千令吉	千令吉	千令吉	千令吉
<b>At 31 May 2016</b>	<b>於2016年5月31日</b>	—	—	570	11,013	11,583
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	—	—	—	(1,109)	(1,109)
Acquisition of the equity interest in subsidiary companies by an intermediate holding company of the Company pursuant to the reorganisation	本公司中間控股公司根據重組購入附屬公司股權	—	—	(570)	—	(570)
Capital injection and issuance of shares	注資及發行股份	—	—	8,579	—	8,579
<b>At 31 May 2017</b>	<b>於2017年5月31日</b>	—	—	8,579	9,904	18,483

		Share capital	Share premium	Other reserve	Translation reserve	Retained profits	Total
		股本	股份溢價	其他儲備	匯兌儲備	保留溢利	總計
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		千令吉	千令吉	千令吉	千令吉	千令吉	千令吉
<b>At 1 June 2017</b>	<b>於2017年6月1日</b>	—	—	8,579	—	9,904	18,483
Loss for the year	年內虧損	—	—	—	—	(3,090)	(3,090)
Exchange differences arising on translation from functional currency to presentation currency	由功能貨幣換算為呈列貨幣產生的匯兌差額	—	—	—	(974)	—	(974)
Total comprehensive loss for the year	年內全面虧損總額	—	—	—	(974)	(3,090)	(4,064)
Issuance of new shares through:	透過以下方式發行新股：						
Capitalisation (Note 22(d))	資本化(附註22(d))	2,400	(2,400)	—	—	—	—
Placement of and public offering (Note 22(d))	配售及公開發售(附註22(d))	982	26,511	—	—	—	27,493
Transaction costs attributable to issue of new shares	發行新股應佔交易成本	—	(4,220)	—	—	—	(4,220)
<b>At 31 May 2018</b>	<b>於2018年5月31日</b>	3,382	19,891	8,579	(974)	6,814	37,692

The accompanying Notes form an integral part of the Consolidated Financial Statements.

隨附附註構成此等綜合財務報表的一部分。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
<b>OPERATING ACTIVITIES</b>	<b>經營活動</b>		
(Loss)/Profit before taxation	除稅前(虧損)/溢利	(1,909)	606
Adjustments for:	就以下各項作出調整:		
Depreciation of:	以下各項折舊:		
Property, plant and equipment	物業、廠房及設備	535	426
Investment property	投資物業	10	10
Bad debts written off	壞賬撇銷	245	18
Finance costs	融資成本	26	57
Loss/(Gain) on disposal of property, plant and equipment	出售物業、廠房及設備的虧損/(收益)	11	(13)
Fair value change of financial assets at fair value through profit or loss	按公平值計入損益的金融資產的公平值變動	—	(13)
Unrealised loss/(gain) on foreign exchange	未變現外匯虧損/(收益)	982	(15)
Allowance for doubtful debts	呆賬撥備	200	—
Allowance for doubtful debts no longer required	毋須再作呆賬撥備	(3)	—
Impairment of goodwill	商譽減值	10	—
Interest income	利息收入	(35)	(54)
Operating profit before working capital changes	營運資金變動前的經營溢利	72	1,022
Movements in working capital:	營運資金變動:		
(Increase)/Decrease in:	下列各項(增加)/減少:		
Inventories	存貨	(699)	(398)
Receivables, deposits and prepayment	應收款項、按金及預付款	(4,466)	(4,292)
Increase in:	下列各項增加:		
Payables and accrued charges	應付款項及應計費用	1,476	2,320
Amount due to a director	應付董事款項	12	—
Net Cash Used In Operations	營運所用現金淨額	(3,605)	(552)
Income tax paid	已付所得稅	(1,696)	(1,727)
Net Cash Used In Operating Activities	經營活動所用現金淨額	(5,301)	(2,279)

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
<b>INVESTING ACTIVITIES</b>			
Proceed from disposal of property, plant and equipment	投資活動 出售物業、廠房及設備所得款項	104	113
Interest received	已收利息	35	14
Repayment from/(Advance to) a shareholder	股東還款/(向股東墊款)	4	(7)
Proceed from disposal of financial assets at fair value through profit or loss	出售按公平值計入損益的金融資產所得款項	—	848
Advance to ultimate holding company	提供予最終控股公司的墊款	—	(9)
Repayment (to)/from a director	(向董事還款)/董事還款	(570)	197
Purchase of property, plant and equipment (Note)	購買物業、廠房及設備(附註)	(1,811)	(754)
Net Cash (Used In)/From Investing Activities	投資活動(所用)/所得現金淨額	(2,238)	402
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	融資活動 發行股份所得款項	23,273	—
Decrease in short-term bank deposits pledged with banks	抵押予銀行的短期銀行存款減少	658	330
Dividend paid	已付股息	—	(2,000)
Repayment of bank borrowings	償還銀行借款	—	(1,312)
New bank borrowings raised	新造銀行借款	—	697
Investment from pre-IPO investor	首次公開發售前投資者的投資	—	8,579
Finance costs paid	已付融資成本	(26)	(57)
Repayment of financial leases	償還融資租賃	(583)	(308)
Net Cash From Financing Activities	融資活動所得現金淨額	23,322	5,929



## CONSOLIDATED STATEMENT OF CASH FLOWS

### 綜合現金流量表

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	現金及現金等價物增加淨額	15,783	4,052
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	年初現金及現金等價物	7,248	3,181
Effects of exchange differences	匯兌差額的影響	(1,956)	15
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR REPRESENTED BY</b>	年末現金及現金等價物		
Cash on hand and at bank	指手頭及銀行現金	21,075	7,248

Note: Purchases of property, plant and equipment during the year have been financed as below:

附註：年內購置物業、廠房及設備透過以下方式提供資金：

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
By cash	以現金	1,811	754
By finance leases	透過融資租賃	—	729
		1,811	1,483

The accompanying Notes form an integral part of the Consolidated Financial Statements.

隨附附註構成此等綜合財務報表的一部分。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 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. The principal activities and other particulars of the subsidiary companies are set out in Note 33.

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.

### 1. 一般資料

本公司為於開曼群島註冊成立的公眾有限公司，其股份已自2017年7月19日起於香港聯合交易所有限公司GEM上市。本公司於2016年10月28日在開曼群島註冊成立為一家私人有限公司。註冊辦事處地址及主要營業地點分別為P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands及18, Jalan LP 2A/2, Taman Lestari Perdana, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia。

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

本公司是一家投資控股公司，而本集團的主要業務為於馬來西亞從事預製混凝土接線盒的製造和貿易、配件及管道貿易以及提供移動式起重機租賃及配套服務。附屬公司的主要業務及其他詳情載於附註33。

綜合財務報表乃以馬來西亞令吉〔令吉〕呈列，其亦為本公司的功能貨幣。除另有說明外，所有數值均約整至最接近千位數(千令吉)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 1. GENERAL INFORMATION (continued)

#### Group reorganisation and basis of preparation of the consolidated financial statements

In 2017, in preparation for the proposed initial listing of the shares of the Company on the GEM of The Stock Exchange of Hong Kong Limited, the Group underwent a reorganisation (the “**Reorganisation**”) as described below.

The Reorganisation involved the setting up of the Company, Gallant Empire Ltd (“**Gallant Empire**”), SK Target Holdings Sdn. Bhd. (“**SK Target Holdings**”) and Loyal Earn Ltd (“**Loyal Earn**”), and interspersing the Company, Gallant Empire, SK Target Holdings and Loyal Earn between Target Precast Industries Sdn. Bhd. (“**Target Precast**”), Target Sales & Marketing Sdn. Bhd. (“**Target S&M**”), and Target Crane & Logistic Sdn. Bhd. (“**Target C&L**”) and Mr. Loh Swee Keong, the director and sole beneficial owner of these group of entities. The Company, Gallant Empire, SK Target Holdings, Loyal Earn, Target Precast, Target S&M, and Target C&L were under common control by Mr. Loh Swee Keong throughout the year ended 31 May 2017 or since their respective dates of incorporation, where there is a shorter period. The Company is the holding company after the Reorganisation and forming part of the Group. The Group comprising the Company and its subsidiary companies resulted from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements have been prepared using the principles of merger accounting. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group have been prepared as if the group structure upon completion of the Reorganisation had been in existence throughout the year or since their date of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as of 31 May 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure upon completion of the Reorganisation had been in existence at those dates taking into account the respective date of incorporation, where applicable.

### 1. 一般資料(續)

#### 集團重組及編製綜合財務報表的基準

於2017年，為籌備本公司股份於香港聯合交易所有限公司GEM進行建議首次上市，本集團進行了重組(「**重組**」)，詳述如下。

重組涉及成立本公司、Gallant Empire Ltd(「**Gallant Empire**」)、SK Target Holdings Sdn. Bhd.(「**SK Target Holdings**」)及Loyal Earn Ltd(「**Loyal Earn**」)，以及由本公司、Gallant Empire、SK Target Holdings及Loyal Earn介入Target Precast Industries Sdn. Bhd.(「**Target Precast**」)、Target Sales & Marketing Sdn. Bhd.(「**Target S&M**」)及Target Crane & Logistic Sdn. Bhd.(「**Target C&L**」)與Loh Swee Keong先生(集團實體董事兼唯一實益擁有人)之間。本公司、Gallant Empire、SK Target Holdings、Loyal Earn、Target Precast、Target S&M及Target C&L於截至2017年5月31日止年度或自彼等各自的註冊成立日期起(以期間較短者為準)均受Loh Swee Keong先生的共同控制。本公司於重組後為控股公司並為本集團的一部分。由重組產生的本集團(包括本公司及其附屬公司)被視為持續實體。故此，綜合財務報表乃採用合併會計準則而編製。本集團的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表乃假設於重組完成後的集團架構於本年度或自其註冊成立日期起(以期間較短者為準)一直存在而編製。已編製本集團於2017年5月31日的綜合財務狀況表以呈列現時組成本集團的公司的資產及負債，猶如於重組完成後的集團架構於該等日期一直存在，當中考慮到各自的註冊成立日期(如適用)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

#### New and Revised IFRS in Issue but Not Yet Effective

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 2017 as follows:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
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, other than the following:

#### Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group’s liabilities arising from financing activities consist of finance lease in Note 21. A reconciliation between the opening and closing balances of this item is provided in Note 28. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 28, the application of these amendments has had no impact on the Group’s consolidated financial statements.

### 2. 採納新訂及經修訂國際財務報告準則(「國際財務報告準則」)

#### 已頒佈但尚未生效的新訂及經修訂國際財務報告準則

於本財政年度，本集團已採納於2017年6月1日或之後開始的年度財政期間生效的由國際會計準則理事會(「國際會計準則理事會」)頒佈的所有新訂及經修訂國際財務報告準則及國際財務報告準則的修訂如下：

國際會計準則第7號的修訂	披露計劃
國際會計準則第12號的修訂	就未實現虧損確認 遞延稅項資產
國際財務報告準則2014–2016週期的年度改進	

除下述者外，採納該等新訂及經修訂國際財務報告準則及國際財務報告準則的修訂並無造成本集團會計政策的重大變動，且對本集團的財務表現或狀況並無重大影響：

#### 國際會計準則第7號的修訂披露計劃

本集團已於本年度首次應用該等修訂。該等修訂要求實體提供披露事項以使財務報表使用者可評估因融資活動而產生的負債變動，包括現金及非現金變動。

本集團自融資活動產生的負債包括附註21的融資租賃。該項目期初及期末結餘的對賬於附註28提供。根據修訂之過渡條文，本集團並無披露去年之比較資料。除附註28額外披露外，應用該等修訂並無對本集團的綜合財務報表造成影響。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued) 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 9	Financial Instruments (IFRS 9 issued by IASB in July 2014) <sup>1</sup>
IFRS 15	Revenue from Contract with Customers <sup>1</sup>
Clarifications to IFRS 15	Revenue from Contract with Customers <sup>1</sup>
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts <sup>2</sup>
Amendments to IAS 40	Transfers of Investment Property <sup>1</sup>
IFRIC 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
IFRS 16	Leases <sup>3</sup>
Amendments to IFRS 9	Prepayment Features with Negative Compensation <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendments to IAS 19	Plan Amendments, Curtailment or Settlement <sup>3</sup>
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures <sup>3</sup>
IFRIC 23	Uncertainty over Income Tax Treatments <sup>3</sup>
IFRS 17	Insurance Contracts <sup>5</sup>
Annual Improvements to IFRSs 2014 – 2016 Cycle <sup>2</sup>	
Annual Improvements to IFRSs 2015 – 2017 Cycle <sup>3</sup>	
Amendments to References to the Conceptual Framework in IFRS Standards <sup>4</sup>	

- 1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- 2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date.

### 2. 採納新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

#### 已頒佈但尚未生效的準則

於授權刊發該等財務報表當日，已頒佈但尚未生效以及本集團並無提早採納的新訂及經修訂國際財務報告準則及國際財務報告準則的修訂載列如下：

國際財務報告準則第9號	金融工具(國際會計準則理事會於2014年7月頒佈的國際財務報告準則第9號) <sup>1</sup>
國際財務報告準則第15號	來自客戶合約的收入 <sup>1</sup>
國際財務報告準則第15號的澄清	來自客戶合約的收入 <sup>1</sup>
國際財務報告準則第2號的修訂	以股份為基礎付款的交易的分類及計量 <sup>1</sup>
國際財務報告準則第4號的修訂	與國際財務報告準則第4號保險合約一併應用國際財務報告準則第9號金融工具 <sup>2</sup>
國際會計準則第40號的修訂	轉讓投資物業 <sup>1</sup>
國際財務報告詮釋委員會詮釋第22號	外幣交易及預先交收代價 <sup>1</sup>
國際財務報告準則第16號	租賃 <sup>3</sup>
國際財務報告準則第9號的修訂	具有負補償之預付款項特性 <sup>3</sup>
國際財務報告準則第10號及國際會計準則第28號的修訂	投資者與其聯營公司或合營企業之間之資產銷售或注資 <sup>6</sup>
國際會計準則第19號的修訂	計劃修訂、縮減或清償 <sup>3</sup>
國際會計準則第28號的修訂	於聯營公司及合營公司的長期權益 <sup>3</sup>
國際財務報告詮釋委員會詮釋第23號	所得稅不確定性的處理 <sup>3</sup>
國際財務報告準則第17號	保險合同 <sup>5</sup>
國際財務報告準則2014-2016週期的年度改進 <sup>2</sup>	
國際財務報告準則2015-2017週期的年度改進 <sup>3</sup>	
參考國際財務報告準則的概念框架的修訂 <sup>4</sup>	

- 1 於2018年1月1日或之後開始的年度期間生效，允許提早應用。
- 2 於2018年1月1日或之後開始的年度期間生效，允許提早應用。於首次應用國際財務報告準則第9號時將應用重疊方法。遞延方法於2018年1月1日或之後開始的年度期間生效，且僅可於該日起計三年內適用。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued) Standards in Issue but Not Yet Effective (continued)

- 3 Effective for annual periods beginning on or after 1 January 2019.
- 4 Effective for annual periods beginning on or after 1 January 2020.
- 5 Effective for annual periods beginning on or after 1 January 2021.
- 6 Effective date deferred to a date to be determined and announced by MASB.

The directors of the Company anticipate that the application of the new and revised IFRSs will have no material impact on the financial performance and the financial position of the Group other than the following:

#### IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9:

- (a) All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at 'fair value through other comprehensive income' (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

### 2. 採納新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

#### 已頒佈但尚未生效的準則(續)

- 3 於2019年1月1日或之後開始的年度期間生效。
- 4 於2020年1月1日或之後開始的年度期間生效。
- 5 於2021年1月1日或之後開始的年度期間生效。
- 6 生效日期遞延至馬來西亞會計準則理事會將予釐定及公佈的日期。

除下述者外，本公司董事預期應用新訂及經修訂國際財務報告準則將不會對本集團的財務業績及財務狀況造成重大影響：

#### 國際財務報告準則第9號金融工具

國際財務報告準則第9號引入分類及計量金融資產、金融負債、一般對沖會計處理及金融資產減值要求的新規定。

國際財務報告準則第9號的主要規定：

- (a) 於國際財務報告準則第9號範圍內所有已確認的金融資產其後須按攤銷成本或公平值計量。具體而言，於目的為收回合約現金流的業務模式中持有的債務投資，以及合約現金流純為支付本金及未償還本金的利息的債務投資，一般按其後會計期間結算日的攤銷成本計量。於目的為同時收回合約現金流及出售金融資產的業務模式中持有的債務工具，以及金融資產合約條款令於特定日期產生的現金流純為支付本金及未償還本金的利息的債務工具，按「公平值計入其他全面收益」(按公平值計入其他全面收益)的方式計量。所有其他債務投資及股權投資則以其後報告期結算日的公平值計量。此外，根據國際財務報告準則第9號，實體可以不可撤回地選擇於其他全面收益內呈列股權投資(並非持作買賣者)其後的公平值變動，僅有股息收入會於損益中確認。



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

##### IFRS 9 Financial Instruments (continued)

- (b) With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39 Financial Instruments: Recognition and Measurement, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- (c) In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

#### 2. 採納新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

##### 國際財務報告準則第9號金融工具(續)

- (b) 就按公平值計入損益的金融負債的計量而言，國際財務報告準則第9號規定，除非於其他全面收益確認該負債信貸風險變動的影響，會產生或增加損益之會計錯配，否則，因負債的信貸風險改變而導致金融負債公平值金額的變動乃於其他全面收益呈列。因金融負債的信貸風險而導致其公平值變動其後不會重新分類至損益。根據國際會計準則第39號金融工具：確認與計量，指定為按公平值計入損益的金融負債的全部公平值變動款額均於損益中確認。
- (c) 就金融資產的減值而言，與國際財務報告準則第39號項下按已產生信貸虧損模式計算，相反國際財務報告準則第9號規定按預期信貸虧損模式計算。預期信貸虧損模式需要實體於各報告日期將預期信貸虧損及該等信貸虧損的預期變動入賬，以反映信貸風險自初始確認以來的變動。換言之，毋須再待發生信貸事件即可確認信貸虧損。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

##### IFRS 9 Financial Instruments (continued)

- (d) The new general hedge accounting requirements retain the three types of hedge accounting mechanism currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of nonfinancial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of IFRS 9 in the future may have impact on the amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group completes a detailed review.

#### 2. 採納新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

##### 國際財務報告準則第9號金融工具(續)

- (d) 一般對沖的新會計處理規定保留現時國際會計準則第39號的三類對沖會計機制。根據國際財務報告準則第9號，同時已為符合對沖會計處理的交易類型引入更大的靈活性，特別是擴闊符合對沖工具的工具類型及符合對沖會計處理的非金融項目的風險組成部分的類型。此外，效益性測試已經徹底修改及以「經濟關係」原則取代。對沖效益性亦不需再作追溯評估。有關實體風險管理活動亦已引入加強披露要求。

本公司董事預期，日後採納國際財務報告準則第9號可能會對就本集團金融資產及金融負債呈報的金額產生影響。然而，在本集團進行詳細審閱前對國際財務報告準則第9號的影響提供合理估計並不切實可行。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

### 2. 採納新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

#### 國際財務報告準則第15號客戶合約收入

國際財務報告準則第15號制定單一全面模式，供實體用作將自客戶合約所產生之收益入賬。於國際財務報告準則第15號生效後，其將取代國際會計準則第18號收入、國際會計準則第11號建築合約及相關詮釋現時所載的收益確認指引。

國際財務報告準則第15號的核心原則為實體所確認描述向客戶轉讓承諾貨品或服務的收入金額，應為能反映該實體預期就交換該等貨品或服務有權獲得的代價。具體而言，該準則引入確認收入的五個步驟：

- 第一步：識別與客戶訂立的合約
- 第二步：識別合約中的履約責任
- 第三步：釐定交易價
- 第四步：將交易價分配至合約中的履約責任
- 第五步：於(或當)實體完成履約責任時確認收入

根據國際財務報告準則第15號，一間實體於(或當)完成履約責任時(即於與特定履約責任相關的商品或服務的「控制權」轉讓予客戶時)確認收入。國際財務報告準則第15號已就特別情況的處理方法加入更明確的指引。此外，國際財務報告準則第15號要求更詳盡之披露。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

##### IFRS 15 Revenue from Contracts with Customers (continued)

In 2017, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company do not anticipate that the adoption of IFRS 15 in the future to have a material impact on the amounts reported and disclosure made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group completes a detailed review.

##### 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.

#### 2. 採納新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

##### 國際財務報告準則第15號客戶合約收入(續)

於2017年，國際會計準則理事會頒佈國際財務報告準則第15號有關確認履約義務、主理人與代理人的考量及授權應用指引澄清。

本公司董事預期，日後採納國際財務報告準則第15號不會對就該等財務報表呈報的金額及所作披露產生影響。然而，在本集團進行詳細審閱前對國際財務報告準則第15號的影響提供合理估計並不切實可行。

##### 國際財務報告準則第16號租賃

國際財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一個綜合模式。國際財務報告準則第16號於生效日期起將取代國際會計準則第17號租賃及有關詮釋。

國際財務報告準則第16號根據所識別資產是否由客戶控制來區分租賃及服務合約。除短期租賃及低值資產租賃外，經營租賃及融資租賃的差異自承租人會計處理中移除，並由承租人須就所有租賃確認使用權資產及相應負債的模式替代。使用權資產初步按成本計量，隨後按成本(若干例外情況除外)減累計折舊及減值虧損計量，經租賃負債任何重新計量調整。租賃負債初步按當時未支付租賃付款現值計量。隨後，租賃負債經(其中包括)利息及租賃付款以及租賃修改影響予以調整。就現金流分類而言，本集團現時呈列經營租賃付款為經營現金流量。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

##### IFRS 16 Leases (continued)

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. Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

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.

The directors of the Company anticipate that the adoption of IFRS 16 in the future may have impact on the amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Group completes a detailed review.

#### 2. 採納新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

##### 國際財務報告準則第16號租賃(續)

根據國際財務報告準則第16號，有關租賃負債租賃付款將分配至本金及利息部分，此將呈列為融資現金流。根據國際會計準則第17號，本集團已就融資租賃安排(本集團作為承租人)確認一項資產及一項相關融資租賃負債。應用國際財務報告準則第16號可能導致該等資產分類的潛在變動，其分類視乎本集團是否將使用權資產分開呈列或於相應有關資產(倘擁有)的同一項目內呈列。

相比承租人會計法而言，國際財務報告準則第16號大致上轉承國際會計準則第17號的出租人會計法規定，並繼續要求出租人將租賃分類為經營租賃或融資租賃。

此外，國際財務報告準則第16號要求廣泛披露。

本公司董事預期，日後採納國際財務報告準則第16號可能會對就本集團金融資產及金融負債呈報的金額產生影響。然而，在本集團進行詳細審閱前對國際財務報告準則第16號的影響提供合理估計並不切實可行。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. In addition, the consolidated financial statements have included applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

### 3. 重大會計政策

綜合財務報表乃根據與國際會計準則理事會頒佈的國際財務報告準則一致的會計政策編製。此外，綜合財務報表載有香港聯合交易所有限公司GEM證券上市規則及香港公司條例規定的適用披露。

綜合財務報表乃按歷史成本法編製，惟若干金融工具以報告期末的公平值計量。歷史成本一般按交換貨品及服務時給予代價的公平值計量。

公平值是指市場參與者之間於計量日期進行的有序交易中出售資產所收取的價格或轉讓負債所支付的價格，不論該價格是直接觀察到的結果或是採用其他估值技術作出的估計。在對資產或負債的公平值作出估計時，本集團考慮市場參與者於計量日期為該資產或負債進行定價時將會考慮的該等特徵。於綜合財務報表中作計量及／或披露用途的公平值乃按此基準釐定，惟屬國際會計準則第17號「租賃」範疇內的租賃交易以及與公平值計量具有若干相似之處惟並非公平值計量（如國際會計準則第2號「存貨」的可變現淨值或國際會計準則第36號「資產減值」的可使用價值）除外。

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第一、第二或第三層級，概述如下：

- 第一層級輸入數據為實體於計量日期可取得的相同資產或負債於活躍市場的報價（未經調整）；



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary company begins when the Group obtains control over the subsidiary company and ceases when the Group loses control over the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary company.

Where necessary, adjustments are made to the financial statements of a subsidiary company to bring its accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 3. 重大會計政策(續)

- 第二層級輸入數據為資產或負債可直接或間接觀察的輸入數據，第一級報價除外；及
- 第三層級輸入數據為資產或負債的不可觀察輸入數據。

已採納的主要會計政策載於下文。

#### 合併基準

綜合財務報表包括本公司及其附屬公司的財務報表。當本公司符合下列情況，則視為取得控制權：

- 有權力控制投資對象；
- 參與投資對象的業務而取得或有權取得可變回報；及
- 有能力以其權力影響其回報。

倘有事實及情況顯示上述三項控制因素中有一項或多項出現變化，則本集團會重新評估其是否對投資對象擁有控制權。

附屬公司的綜合入賬於本集團取得附屬公司的控制權起開始，並於本集團失去附屬公司的控制權時終止。具體而言，年內所收購或出售附屬公司的收入及開支乃自本集團取得控制權的日期起計入綜合全面收益表，直至本集團不再控制附屬公司的日期為止。

如有需要，會對附屬公司的財務報表作出調整，使其會計政策與本集團的會計政策相符。

有關本集團成員公司之間交易的所有集團內公司間的資產、負債、股權、收入、開支及現金流量於綜合時悉數對銷。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing carrying amounts from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless the date of the common control combination.

#### Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for the sales related tax (e.g. goods and services tax).

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

##### (i) Sales of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

### 3. 重大會計政策(續)

#### 涉及受共同控制實體業務合併的合併會計處理

綜合財務報表包括發生共同控制合併的合併實體或業務的財務報表項目，猶如自該等合併實體或業務首次受控制方控制日期起已進行合併。

合併實體或業務的淨資產乃按控制方認為的現有賬面值合併入賬。在控制方持續擁有權益的情況下，於共同控制合併時並無就商譽或收購方於被收購方可識別資產、負債及或然負債的公平淨值中的權益超出成本的部分確認任何金額。

綜合損益及其他全面收益表包括自最早呈列日期起或自該等合併實體或業務首次受共同控制之日起(以期間較短者為準而不論共同控制合併的日期)各合併實體或業務的業績。

#### 收入確認

收入按已收或應收代價的公平值計量。收入已就銷售相關稅項(如商品及服務稅)作出扣減。

當收入金額能可靠地計量；當未來經濟利益將流入本集團且當本集團以下各業務達到特定標準時，方會確認收入。

##### (i) 貨品銷售

貨品銷售的收入在貨品交付及所有權轉移時確認，屆時已符合下列各項條件：

- 本集團已向買家轉讓貨品擁有權的重大風險及回報；

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue recognition (Continued)

##### (i) Sales of goods (Continued)

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### (ii) Rendering of services

Service income is recognised when services are provided.

##### (iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (iv) Interest income

Interest income is recognised on an accruals basis using the effective interest method.

### 3. 重大會計政策(續)

#### 收入確認(續)

##### (i) 貨品銷售(續)

- 本集團既不保留擁有權通常涉及對管理的持續參與，亦不保留對已售貨品的有效控制權；
- 收入金額能可靠地計量；
- 該項交易涉及的經濟利益有可能流入本集團；及
- 就交易已產生或將產生的成本能可靠地計量。

##### (ii) 提供服務

服務收入於提供服務時確認。

##### (iii) 租金收入

租金收入於租期內按直線法列賬。向承租人提供的獎勵成本總額於租期內按直線法確認為租金收入的扣減。

##### (iv) 利息收入

利息收入按應計基準使用實際利息法確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued) Employee benefits

#### (i) Short-term employee benefits

Wages, salaries, bonuses and non-monetary benefits are recognised as expense in the period in which the associated services are rendered by employees of the Group. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Retirement benefits costs

Contributions to defined contribution retirement plans are recognised as an expense when employees have rendered services entitling them to the contributions. The Group has no further payment obligations once these contributions have been paid.

### Foreign currency

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### 3. 重大會計政策(續) 僱員福利

#### (i) 短期僱員福利

工資、薪金、花紅及非金錢利益於本集團僱員提供相關服務的期間確認為開支。短期非累積有薪休假(如病假)於休假時確認。

#### (ii) 退休福利成本

向界定供款退休計劃作出的供款於僱員提供服務致使彼等合資格享有供款時確認為開支。本集團一經繳付該等供款後再無進一步付款責任。

### 外幣

#### (i) 功能及呈列貨幣

本集團各實體的財務報表所載項目乃採用實體經營所在主要經濟環境的貨幣(「功能貨幣」)計量。財務報表以本公司的功能及呈列貨幣令吉列賬。

#### (ii) 交易及結餘

外幣交易已採用交易日前現行匯率兌換為功能貨幣。該等交易結算以及以外幣計值之貨幣資產及負債按年底匯率交易所產生的外匯收益及虧損乃於損益確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Foreign currency (continued)

##### (iii) Translation reserve

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

#### Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from '(loss)/profit before taxation' as reported in the consolidated statement of profit or loss and other statement of comprehensive income because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

### 3. 重大會計政策(續)

#### 外幣(續)

##### (iii) 匯兌儲備

就呈列綜合財務報表而言，本集團海外業務的資產及負債乃採用報告期末現行匯率以令吉列賬。收入及開支項目乃按年內平均匯率兌換，除非該年內匯率大幅波動，在此情況下採用交易日期的匯率計算。所產生匯兌差額(如有)乃於其他全面收益確認並於匯兌儲備項下權益累計。

#### 稅項

所得稅開支是指即期應付稅項與遞延稅項的總和。

##### 即期稅項

即期應付稅項乃根據年內的應課稅溢利計量。應課稅溢利與綜合損益及其他全面收益表中呈報的「除稅前(虧損)/溢利」不同，原因在於其他年度的應課稅收入或可扣稅開支項目，及從未課稅或不可扣稅的項目。本集團的即期稅項以各報告期末已頒佈或實質已頒佈的稅率計算。

##### 遞延稅項

遞延稅項按綜合財務報表中資產及負債賬面值與其用於計算應課稅溢利的相應稅基之間的暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額予以確認。遞延稅項資產一般於有可能有應課稅溢利可動用以抵銷可扣減暫時差額的情況下，就所有可扣減暫時差額確認。倘暫時差額來自不影響應課稅溢利或會計溢利的交易的資產及負債的初步確認(惟業務合併除外)，則不會確認有關遞延稅項資產及負債。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Taxation (Continued)

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### 3. 重大會計政策(續)

##### 稅項(續)

遞延稅項資產賬面值(如有)於各報告期末審閱，並在不再可能有足夠應課稅溢利以供收回全部或部分資產的情況下調減。

遞延稅項負債及資產根據各報告期末已頒佈或實際頒佈的稅率(及稅法)，按預期償付負債或變現資產期內適用的稅率計算。

遞延稅項負債及資產的計量反映按照本集團於各報告期末收回或清償其資產及負債賬面值所預期方式的稅務後果。

即期及遞延稅項於損益內確認，惟倘其涉及於其他全面收益或直接於權益內確認的項目，則即期及遞延稅項亦分別於其他全面收益或直接於權益內確認。

倘有合法執行權利可將即期稅項資產對銷即期稅項負債以及倘其與同一稅務機關徵收的所得稅相關，而本集團有意按淨額基準結算其即期稅項資產及負債時，則遞延稅項資產及負債予以對銷。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property, plant and equipment

Property, plant and equipment including buildings, leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress for manufacturing purposes is carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are reclassified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3. 重大會計政策(續)

#### 物業、廠房及設備

持作生產或供應貨品或服務用途，或持作行政用途的物業、廠房及設備(包括樓宇、租賃土地(分類為融資租賃)，但不包括下述在建工程)，乃按成本減其後累計折舊及其後累計減值虧損(如有)於綜合財務狀況表列賬。

持作生產用途的在建工程按成本減任何已確認減值虧損列賬。成本包括專業費用，而就合資格資產而言，包括根據本集團會計政策撥充資本的借貸成本。該等物業於竣工並可作擬定用途時重新歸入適當的物業、廠房及設備類別。該等資產的折舊乃於資產可作其擬定用途時開始計算。

確認折舊是用直線法在資產(在建工程除外)的估計可使用年期內撇銷其成本減其剩餘價值。估計可使用年期、剩餘價值及折舊方法均於各報告期末時檢討，而估計的任何變動的影響則預先入賬。

根據融資租賃持有的資產於其預期可使用年期內按與自有資產相同的基準進行折舊。然而，倘不能合理確定於租期結束時將獲得所有權，則資產於租期與其可使用年期兩者當中的較短者進行折舊。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何未來經濟利益時終止確認。物業、廠房及設備項目於出售或報廢時產生的任何盈虧，乃按銷售所得款項與該資產的賬面值兩者間的差額釐定，並於損益中確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

#### Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

### 3. 重大會計政策(續)

#### 投資物業

投資物業是持有以用來賺取租金及／或資本增值的物業。

投資物業初步按成本計量，包括任何直接應佔開支。於初步確認後，投資物業乃按成本減其後累計折舊及任何累計減值虧損列賬。折舊獲確認以按投資物業的估計可使用年期以直線法撇銷其成本。

投資物業於出售時或於投資物業永久不再使用且預期出售不會產生未來經濟利益時取消確認。取消確認物業產生的任何收益或虧損(按出售所得款項淨額與資產賬面值之間差額計算)會計入取消確認物業期間的損益。

#### 業務合併

業務收購乃採用收購法進行列賬。業務合併轉讓代價乃按公平值計算，計算方式為本集團所轉讓資產、本集團所產生的負債予被收購方前擁有人及本集團為換取被收購方的控制權發行的股權的收購日公平值總和。收購相關成本通常於產生時在損益中確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Business combination (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

#### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, that amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Following initial recognition, goodwill is measured at cost less any accumulated impairment.

### 3. 重大會計政策(續)

#### 業務合併(續)

於收購日期，所收購可識別資產及所承擔負債按其公平值確認，惟下列除外：

- 遞延稅項資產或負債以及與僱員福利安排有關之資產或負債分別根據國際會計準則第12號*所得稅*及國際會計準則第19號*僱員福利*確認及計量；
- 於收購日期，被收購方以股份為基礎的付款安排或本集團以股份為基礎的付款安排替代被收購方以股份為基礎的付款安排之負債或股權工具，應根據國際財務報告準則第2號*以股份為基礎之付款*計量(見下文會計政策)；及
- 根據國際財務報告準則第5號*持作出售之非流動資產及已終止經營業務*分類為持作出售之資產(或出售組合)根據該準則計量。

#### 商譽

商譽按所轉讓代價、於被收購方之任何非控股權益金額及收購方先前所持被收購方股本權益之公平值(如有)之總和超出可識別所收購資產及所承擔負債於收購日期之淨額之部分計量。倘於重新估值後，可識別所收購資產及所承擔負債於收購日期之淨額超出所轉讓代價、於被收購方之任何非控股權益金額及收購方先前所持被收購方權益之公平值(如有)之總和，超出金額即時於損益中確認為議價收購收益。首次確認後，商譽按成本減任何累計減值計量。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Goodwill (continued)

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

### 3. 重大會計政策(續)

#### 商譽(續)

就減值測試而言，所收購商譽自收購日期起分配至預期受益於合併協同效應的本集團各現金產生單位(「現金產生單位」)。

倘商譽構成現金產生單位的一部分及現金產生單位內的業務部分出售，在釐定出售該業務盈虧時，與其相關之商譽將計入該業務之賬面值內。在此情況下出售之商譽按現金產生單位業務出售部分及保留部分之相對公平值計量。

#### 存貨

存貨按成本及可變現淨值兩者中的較低者列賬。存貨成本採用加權平均成本法計算。可變現淨值代表存貨估計售價減所有估計完成成本及進行銷售所需成本。

#### 非金融資產減值

本集團於各報告期末審閱其非金融資產的賬面值，以釐定是否有任何跡象顯示該等資產有減值虧損。如有任何該等跡象，則估計該項資產的可收回金額以釐定減值虧損(如有)的程度。倘無法估計個別資產的可收回金額，則本集團會估計該資產所屬現金產生單位的可收回金額。當可確定合理一致的分配基準時，則公司資產亦分配至個別現金產生單位，否則，公司資產將分配至能確定合理一致分配基準的最小現金產生單位組別。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment of non-financial assets (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3. 重大會計政策(續)

#### 非金融資產減值(續)

可收回金額為公平值減出售成本與使用價值兩者的較高者。於評估使用價值時，估計未來現金流量會採用稅前折現率折現至其現值，而該稅前折現率可反映對貨幣時間價值及資產(其未來現金流量估計未經調整)特定風險的現時市場評估。

倘估計資產(或現金產生單位)的可收回金額低於其賬面值，則資產(或現金產生單位)的賬面值將減少至其可收回金額。減值虧損即時於損益確認。

倘減值虧損其後撥回，則有關資產(或現金產生單位)的賬面值會調高至經修訂的估計可收回金額，惟調高後的賬面值不可超過有關資產(或現金產生單位)於過往年度並無確認減值虧損時應釐定的賬面值。減值虧損撥回即時於損益確認。

#### 金融工具

金融資產及金融負債於集團實體成為金融工具契約條款的一方時確認。

金融資產及金融負債初步以公平值計量。初步確認後，金融資產及金融負債(按公平值計入損益的金融資產及金融負債除外)的收購或發行應佔的直接交易成本加於金融資產或金融負債的公平值或從金融資產或金融負債的公平值中扣除(倘適用)。收購按公平值計入損益的金融資產或金融負債應佔的直接交易成本即時於損益確認。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued) Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including receivables, amount owing from ultimate holding company, amount owing from a shareholder and cash on hand and at bank) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL, of which interest income is included in net gains or losses.

### 3. 重大會計政策(續) 金融資產

本集團的金融資產分為貸款及應收款項。分類視乎金融資產的性質及用途而定，並且於初步確認時釐定。所有以一般方式買賣的金融資產均按買賣日期基準確認及終止確認。一般方式買賣指須於市場規管或慣例所設定時限內交付的金融資產買賣。

#### 貸款及應收款項

貸款及應收款項為有固定或可釐定款額且並無於活躍市場報價的非衍生金融資產。於初步確認後，貸款及應收款項(包括應收款項、應收最終控股公司款項、應收股東款項，以及手頭及銀行現金)採用實際利息法按攤銷成本減任何減值計量(見下文有關金融資產減值的會計政策)。

#### 實際利息法

實際利息法乃計算債務工具的攤銷成本及分配有關期間利息收入的方法。實際利率為於初步確認時透過債務工具的預計年期或較短期間(如適用)將估計未來現金款項(包括已付或已收構成實際利率整體部分的所有費用、交易成本及其他溢價或折價)準確折現至賬面淨值的利率。

除了分類為按公平值計入損益的金融資產的利息收入計入收益或虧損淨額外，債務工具的利息收入按實際利率基準確認。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial assets (Continued)

##### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 3. 重大會計政策(續)

#### 金融資產(續)

##### 金融資產減值

金融資產於各報告期末評估減值跡象。倘有客觀證據顯示於初步確認貸款及應收款項後因發生一項或多項事件而導致貸款及應收款項的估計未來現金流量受到影響，則金融資產被視為出現減值。

就貸款及應收款項而言，減值的客觀證據包括：

- 發行人或對手方出現嚴重財務困難；或
- 拖欠或無力支付利息或本金；或
- 借款人有可能破產或進行財務重組；或
- 財務困難導致該金融資產的活躍市場消失。

就按攤銷成本入賬的金融資產而言，已確認的減值虧損金額為資產賬面值與按金融資產原實際利率折現的估計未來現金流量現值之間的差額。

就按攤銷成本計量的金融資產而言，倘於往後期間，減值虧損的金額減少而該減幅可客觀地與確認減值後所發生的事件有關，則過往確認的減值虧損透過損益撥回，惟資產於撥回減值當日的賬面值不得超過並無確認減值的原有攤銷成本。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued) Financial assets (Continued)

#### Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

#### Other financial liabilities

The Group's other financial liabilities including payables and accrued charges and amount owing to a director are subsequently measured at amortised cost, using the effective interest method.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for debt instruments.

### 3. 重大會計政策(續) 金融資產(續)

#### 金融資產減值(續)

就所有金融資產而言，金融資產的賬面值乃根據減值虧損直接扣減，惟貿易應收款項除外，其賬面值乃利用撥備賬扣減。倘貿易應收款項被視為無法收回，則從撥備賬撇銷。此前被撇銷的款項於隨後收回後，在撥備賬對銷。撥備賬賬面值的變動乃於損益確認。

#### 金融負債及股本工具

一間集團實體發行的債務及股本工具乃根據合約安排內容及就金融負債及股本工具的定義分類為金融負債或股本。

#### 股本工具

股本工具是證明任何在扣除所有負債後實體的資產剩餘權益的合約。集團實體發行的股本工具乃按已收所得款項(扣除直接發行成本)確認。

#### 其他金融負債

本集團的其他金融負債(包括應付款項及應計費用以及應付董事款項)其後以實際利息法按攤銷成本計量。

#### 實際利息法

實際利息法乃計算金融負債的攤銷成本及分配有關期間利息開支的方法。實際利率為於初步確認時透過金融負債的預計年期或較短期間(如適用)將估計未來現金款項(包括已付或已收構成實際利率整體部分的所有費用、交易成本及其他溢價或折價)準確折現至賬面淨值的利率。

就債務工具而言，利息開支按實際利息基準確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### 3. 重大會計政策(續)

#### 終止確認

當從資產收取現金流量的合約權利屆滿或本集團將金融資產及資產擁有權絕大部分風險及回報轉移至另一實體時，方會終止確認金融資產。倘本集團並未轉移亦未保留擁有權的絕大部分風險及回報，並繼續控制已轉移資產，則本集團會就其可能需要支付的金額確認其於資產及相關負債的保留權益。倘本集團仍保留已轉移金融資產的擁有權的絕大部分風險及回報，本集團將繼續確認該金融資產以及確認已收所得款項的已抵押借款。

終止確認金融資產時，資產賬面值與已收取及應收代價總額之間的差額於損益確認。

僅當本集團的責任獲解除、撤銷或屆滿時，本集團方會終止確認金融負債。終止確認金融負債的賬面值與已付及應付代價之間的差額於損益確認。

#### 租賃

當租賃條款將擁有權的絕大部分風險及回報轉移至承租人時，租賃歸類為融資租賃。所有其他租賃則歸類為經營租賃。

#### 本集團作為出租人

經營租賃的租金收入按直線法於有關租期內在損益確認。於協商及安排經營租賃時產生的初始直接成本乃加至租賃資產的賬面值，並按租期以直線法確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leases (Continued)

##### The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 3. 重大會計政策(續)

#### 租賃(續)

##### 本集團作為承租人

根據融資租賃持有的資產於租賃開始時以其公平值或以最低租賃款項的現有價值(以較低者為準)確認為本集團的資產。付予出租人的相關負債於綜合財務狀況表中當作一項融資租賃。

租賃付款在融資開支與租賃承擔減少之間分配，從而達到負債餘額的常數定期利率。

經營租賃款項按直線法在租賃期內確認為開支，然而倘另有系統性基準較時間性模式更具代表性，租賃資產的經濟效益據此被消耗則除外。經營租賃產生的或然租金於其產生期間確認為開支。

倘訂立經營租賃可以獲得租賃優惠，該等優惠則確認為負債。優惠整體利益以直線法確認為租金開支扣減，然而倘另有系統性基準較時間性模式更具代表性，租賃資產的經濟效益據此被消耗則除外。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that the Group will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not only wholly within the control of the Group.

#### Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

### 3. 重大會計政策(續) 撥備

當本集團須就過往事件承擔現時責任(法定或推定)，而本集團很可能須履行該責任，並可就責任金額作出可靠之估計，便會確認撥備。

確認為撥備之金額為於報告期末履行現時責任所需代價之最佳估計，當中計及與責任有關之風險及不確定性。當撥備使用履行現時責任所需估計現金流量計量，其賬面值為該等現金流量之現值。

或然負債或資產是因過往事件而可能引起的責任或可能產生的資產，此等責任或資產的存在僅視乎本集團並不能完全控制的不確定未來事件的發生或不發生而確定。

#### 租賃土地及樓宇

倘租賃同時包含土地及樓宇元素，本集團會根據對各元素的擁有權所附帶的絕大部分風險和回報是否已轉移予本集團所作評估，分別評估各元素應歸類為融資或經營租賃，除非上述兩項元素顯然是經營租賃，則整項租賃歸類為經營租賃。具體而言，最低租賃付款(包括任何一次性前期付款)乃按租賃的土地及樓宇元素於租賃開始時的租賃權益的相對公平值比例，在土地及樓宇元素之間分配。

倘租賃付款不能在土地及樓宇元素之間可靠地分配，則整項租賃一般分類為融資租賃，併入賬列為物業、廠房及設備。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months.

#### Impairment of trade receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the counterparty and default or significant delay in payments. The management also considers the creditworthiness, the past collection history of each customer, ageing analysis and subsequent settlement of individual balances.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of receivables at the reporting date are disclosed in Note 17.

#### 4. 估計不確定因素的主要來源

於應用本集團會計政策(於附註3載述)時，本公司董事須就並非顯然從其他來源得到的資產及負債賬面值作出判斷、估計及假設。估計及相關假設按照過往經驗及其他視為相關的因素作出。實際結果可能有別於該等估計。

估計及相關假設按持續基準審閱。如修訂僅影響該期間，則會計估計修訂會於估計作出修訂的期間確認，或倘修訂影響本期間及未來期間，則於修訂期間及未來期間確認。

以下為有關未來的主要假設，及於各報告期末的估計不確定因素其他主要來源，其重大風險為會對未來12個月內的資產及負債賬面值構成重大調整。

#### 貿易應收款項減值

本集團於各報告期末評估是否有任何客觀證據證明應收款項已減值。為釐定是否存在減值的客觀證據，本集團考慮多個因素，例如對手方出現無力償債或重大財務困難以及拖欠或明顯延遲付款的可能性。管理層亦會考慮每名客戶的信用狀況及過往的收款記錄、賬齡分析及個別結餘的其後結付情況。

倘有減值的客觀證據，未來現金流的金額和時間乃按具有類似信貸風險特徵的資產的過往虧損經驗予以估計。應收款項於報告日期的賬面值於附註17披露。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 5. REVENUE AND SEGMENTAL INFORMATION

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

- (a) Manufacturing and trading – manufacturing and trading of precast concrete junction boxes;
- (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.

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 2018

### 5. 收入及分部資料

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

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

於達致本集團的可報告分部時，並無匯集計算由首席經營決策人識別的经营分部。

#### 分部收入及業績

截至2018年5月31日止年度

		Manufacturing and trading	Other building materials and services	Japanese catering services	Total
		製造及貿易	其他建築材料及服務	日本餐廳	總計
		RM'000	RM'000	RM'000	RM'000
		千令吉	千令吉	千令吉	千令吉
Revenue	收入				
External sales	外部銷售	25,375	12,577	242	38,194
Inter-segment sales	分部間銷售	7,167	3,313	—	10,480
Segment revenue	分部收入	32,542	15,890	242	48,674
Elimination	抵銷				(10,480)
Group revenue	集團收入				38,194
Segment result	分部業績	7,982	632	147	8,761
Administrative expenses	行政開支				(7,469)
Selling and distribution expenses	銷售及分銷開支				(1,195)
Listing expenses	上市開支				(2,336)
Finance costs	融資成本				(26)
Other income	其他收入				356
Loss before taxation	除稅前虧損				(1,909)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 5. REVENUE AND SEGMENTAL INFORMATION

(Continued)

#### Segment revenues and results (Continued)

For the year ended 31 May 2017

### 5. 收入及分部資料(續)

#### 分部收入及業績(續)

截至2017年5月31日止年度

		Manufacturing and trading 製造及貿易 RM'000 千令吉	Other building materials and services 其他建築 材料及服務 RM'000 千令吉	Total 總計 RM'000 千令吉
Revenue	收入			
External sales	外部銷售	28,604	4,991	33,595
Inter-segment sales	分部間銷售	8,479	1,240	9,719
Segment revenue	分部收入	37,083	6,231	43,314
Elimination	抵銷			(9,719)
Group revenue	集團收入			33,595
Segment result	分部業績	10,263	160	10,423
Administrative expenses	行政開支			(3,342)
Selling and distribution expenses	銷售及分銷開支			(1,331)
Listing expenses	上市開支			(6,048)
Finance costs	融資成本			(57)
Other income	其他收入			948
Fair value change of financial assets at fair value through profit or loss	按公平值計入損益的 金融資產的公平值 變動			13
Profit before taxation	除稅前溢利			606

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 5. REVENUE AND SEGMENTAL INFORMATION

(Continued)

#### Segment revenues and results (Continued)

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, listing expenses, selling and distribution expenses, finance costs, other income, fair value change of financial assets at fair value through profit or loss and taxation. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

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

#### 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 2018

### 5. 收入及分部資料(續)

#### 分部收入及業績(續)

經營分部的會計政策與附註3所述的本集團會計政策相同。分部業績乃指未分配行政開支、上市開支、銷售及分銷開支、融資成本、其他收入、按公平值計入損益的金融資產的公平值變動及稅項前各分部的溢利。此為就資源分配及表現評估目的而報告予首席經營決策人的計量方法。

分部間銷售以當前市場利率及就若干大宗採購給予的折扣計算。

#### 分部資產及負債

下文為按可報告及經營分部劃分的本集團資產及負債分析：

於2018年5月31日

		Manufacturing and trading	Other building materials and services	Japanese Catering Services	Segment assets (liabilities)	Unallocated	Consolidated assets (liabilities)
		製造及貿易	其他建築材料及服務	日本餐廳	分部資產(負債)	未分配	綜合資產(負債)
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		千令吉	千令吉	千令吉	千令吉	千令吉	千令吉
Non-current assets	非流動資產	3,757	405	356	4,518	285	4,803
Current assets	流動資產	19,109	9,091	595	28,795	14,309	43,104
Non-current liabilities	非流動負債	—	—	—	—	(223)	(223)
Current liabilities	流動負債	(7,886)	(1,294)	(197)	(9,377)	(615)	(9,992)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 5. REVENUE AND SEGMENTAL INFORMATION

(Continued)

#### Segment assets and liabilities (Continued)

As at 31 May 2017

### 5. 收入及分部資料(續)

#### 分部資產及負債(續)

於2017年5月31日

		Manufacturing and trading 製造及貿易 RM'000 千令吉	Other building materials and services 其他建築材料 及服務 RM'000 千令吉	Segment assets (liabilities) 分部資產 (負債) RM'000 千令吉	Unallocated 未分配 RM'000 千令吉	Consolidated assets (liabilities) 綜合資產 (負債) RM'000 千令吉
Non-current assets	非流動資產	3,203	416	3,619	—	3,619
Current assets	流動資產	14,013	6,849	20,862	4,151	25,013
Non-current liabilities	非流動負債	(411)	—	(411)	(147)	(558)
Current liabilities	流動負債	(6,031)	(621)	(6,652)	(2,939)	(9,591)

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

除若干手頭及銀行現金、遞延上市開支、其他應付款項、流動及遞延稅項資產及負債外，所有資產及負債分配至經營分部。

#### Other segment information

For the year ended 31 May 2018

#### 其他分部資料

截至2018年5月31日止年度

		Manufacturing and trading 製造及貿易 RM'000 千令吉	Other building materials and services 其他建築 材料及服務 RM'000 千令吉	Japanese catering services 日本餐廳 RM'000 千令吉	Unallocated 未分配 RM'000 千令吉	Total 總計 RM'000 千令吉
Amounts included in the measure of segment profit or loss or segment assets:	包括在計算分部溢利或虧損或分部資產的金額：					
Additions to non-current assets	添置非流動資產	1,172	—	359	280	1,811
Factory rental	工廠租賃	480	—	—	—	480
Shop rental	店鋪租賃	—	—	56	—	56

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 5. REVENUE AND SEGMENTAL INFORMATION

(Continued)

Other segment information (Continued)

For the year ended 31 May 2017

### 5. 收入及分部資料(續)

其他分部資料(續)

截至2017年5月31日止年度

	Manufacturing and trading 製造及貿易 RM'000 千令吉	Other building materials and services 其他建築材料及服務 RM'000 千令吉	Total 總計 RM'000 千令吉
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to non-current assets	1,483	—	1,483
Factory rental	440	—	440

Amounts included in the measure of segment profit or loss or segment assets:

    Additions to non-current assets  
    Factory rental

包括在計算分部溢利或虧損或分部資產的金額：

    添置非流動資產  
    工廠租賃

#### 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

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

#### 地區資料

本集團自兩個主要地區外部客戶賺取收入：

- (i) 馬來西亞 – 製造及貿易；及其他建築材料及服務
- (ii) 中國 – 香港 – 日本餐廳

有關本集團來自外部客戶收入的資料乃按業務地點呈列如下：

	2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
Malaysia China – Hong Kong	37,952 242	33,595 —
	38,194	33,595

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 5. REVENUE AND SEGMENTAL INFORMATION

(Continued)

#### Other segment information (Continued)

##### Geographical information (Continued)

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	
		資產總值		物業、廠房及設備增資	
		2018	2017	2018	2017
		2018年	2017年	2018年	2017年
		RM'000	RM'000	RM'000	RM'000
		千令吉	千令吉	千令吉	千令吉
Malaysia	馬來西亞	32,377	24,481	1,172	1,483
China – Hong Kong	中國 — 香港	951	—	359	—
Unallocated	未分配	14,579	4,151	280	—
		47,907	28,632	1,811	1,483

##### Information about major customers

No customer contributes over 10% of total sales of the Group for each of the reporting periods.

### 5. 收入及分部資料(續)

#### 其他分部資料(續)

##### 地區資料(續)

以下為按資產所在地區劃分的分部資產、就物業、廠房及設備增資的賬面值分析：

##### 主要客戶資料

在每個報告期間概無客戶貢獻本集團總銷售額逾10%。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 6. DIRECTORS' EMOLUMENTS

Details of the emoluments paid or payable to the Directors of the Company (including emoluments for their services as employees or Directors at the Group prior to becoming the directors of the Company) are as follows:

For the year ended 31 May 2018

		Executive Directors 執行董事		Independent Non-executive Directors 獨立非執行董事			
		Mr. Loh Swee Keong Loh Swee Keong 先生	Mr. Tan Siong Tan Cheng Siong 先生	Mr. Chu Kin Ming 朱健明先生	Mr. Yau Ka Hei 邱家禧先生	Mr. Alexander Patrick Lee 李明鴻先生	Total 總計
		RM'000 千令吉	RM'000 千令吉	RM'000 千令吉	RM'000 千令吉	RM'000 千令吉	RM'000 千令吉
Directors:	董事:						
Other emoluments:	其他酬金:						
Salaries	薪金	312	169	68	68	68	685
Contributions to Employees Provident Fund ("EPF") (Note)	僱員公積金供款(附註)	38	18	—	—	—	56
Total	總計	350	187	68	68	68	741

### 6. 董事酬金

已付或應付本公司董事的酬金(包括彼等成為本公司董事前在本集團任職僱員或董事的服務酬金)詳情如下:

截至2018年5月31日止年度

For the year ended 31 May 2017

		Mr. Loh Swee Keong Loh Swee Keong 先生	Mr. Tan Cheng Siong Tan Cheng Siong 先生	Total 總計
		RM'000 千令吉	RM'000 千令吉	RM'000 千令吉
Directors:	董事:			
Other emoluments:	其他酬金:			
Salaries	薪金	192	84	276
Bonuses	花紅	—	11	11
Contributions to EPF (Note)	僱員公積金供款(附註)	35	13	48
Total	總計	227	108	335

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 6. DIRECTORS' EMOLUMENTS (Continued)

Note:

The Group is required by Malaysian law to make monthly contributions to the EPF, a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' applicable remuneration. Contributions are charged to profit or loss in the period in which they relate. The contributions to EPF are disclosed separately and the contributions to EPF are included in salaries, bonuses, allowances and other staff benefits. Once the contributions have been paid, the Group has no further payment obligations.

Mr. Tan Cheng Siong resigned on 13 June 2018.

Mr. Chu Kin Ming, Mr. Yau Ka Hei and Mr. Lee, Alexander Patrick were appointed as Independent Non-executive Directors of the Company on 27 June 2017.

During both periods, no emoluments were paid by the Group to the Directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of the office.

No Directors' emoluments were waived during both periods.

The executive directors' emoluments shown were mainly for their services in connection with the management of the affairs of the Group and of the Company. The independent non-executive directors' emoluments were for their services as directors of the Company.

### 6. 董事酬金(續)

附註：

馬來西亞法例要求本集團按月向僱員公積金供款，其為根據僱員適用薪酬的若干訂明比率，為所有符合資格僱員提供法定界定供款的計劃。供款於相關期內的損益扣除。僱員公積金的供款為各別披露，而向僱員公積金作出的供款計入薪金、花紅、津貼及其他僱員福利。一旦作出供款，本集團概無進一步供款責任。

Tan Cheng Siong 先生於2018年6月13日辭任。

朱健明先生、邱家禧先生及李明鴻先生乃於2017年6月27日獲委任為本公司獨立非執行董事。

於兩個期間內，本集團並無向本公司董事支付任何酬金，作為加入本集團或於加入本集團時的獎勵或作為離職補償。

於兩個期間內，概無董事放棄酬金。

所列示的執行董事酬金乃主要為彼等就提供有關管理本集團及本公司事務的服務所得酬金。獨立非執行董事之酬金乃為彼等作為本公司董事所提供服務之所得酬金。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 7. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included 1 and 2 Directors for the year ended 31 May 2017 and 31 May 2018 respectively, details of whose remuneration are set out in Note 6. Details of the remuneration for the remaining 4 and 3 highest paid employees who are neither a Director nor chief executive of the Company are as follows:

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
Salaries and allowances	薪金及津貼	723	564
Bonuses	花紅	—	38
Contributions to EPF	僱員公積金供款	66	66
		789	668

The number of the highest paid employees whose remuneration fell within the following bands is as follows:

		2018 2018年	2017 2017年
Nil to RM500,000 (equivalent to HK\$ nil to HK\$1,000,000)	零至500,000令吉 (相當於零港元至 1,000,000港元)	5	5

During both periods, no emoluments were paid by the Group to the five highest paid employees of the Company as an inducement to join or upon joining the Group or as compensation for loss of the office.

#### 7. 五名最高薪酬僱員

本集團五名最高薪酬僱員分別包括截至2017年5月31日及2018年5月31日止年度的1名及2名董事，有關薪酬詳情載於附註6。餘下4名及3名最高薪酬僱員（非本公司董事或主要行政人員）的薪酬詳情載列如下：

以下載列最高薪酬僱員（薪酬介乎以下範圍）的人數：

於兩個期間內，本集團並無向本公司五名最高薪酬僱員支付任何酬金，作為加入本集團或於加入本集團時的獎勵或作為離職補償。

#### 8. FINANCE COSTS

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
Interest expense on:	下列各項的利息開支：		
Finance leases	融資租賃	21	27
Trust receipt loan	信託收據貸款	—	12
Bank overdraft	銀行透支	—	10
Term loan	定期貸款	—	8
Commitment fees	承諾費	5	—
		26	57

#### 8. 融資成本

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 9. (LOSS)/PROFIT BEFORE TAXATION

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

### 9. 除稅前(虧損)/溢利

除稅前(虧損)/溢利於扣除/(計入)以下各項後達致：

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
Auditors' remuneration	核數師薪酬	498	425
Cost of inventories recognised as an expense	確認為開支的存貨成本	21,807	15,878
Staff costs, excluding directors' remuneration:	員工成本，不包括董事薪酬：		
— Salaries, wages and other benefits	— 薪金、工資及其他福利	4,203	3,934
— Contributions to EPF	— 僱員公積金供款	356	371
		4,559	4,305
Minimum lease payments on:	以下各項的最低租賃付款：		
Factory	工廠	480	440
Crane	起重機	115	122
Shop	店鋪	56	—
Staff accommodation	員工宿舍	19	19
Office equipment	辦公室設備	7	8
Depreciation of:	以下各項折舊：		
Property, plant and equipment	物業、廠房及設備	535	426
Investment property	投資物業	10	10
Bad debts written off	壞賬撇銷	245	18
Allowance for doubtful debts	呆賬撥備	200	—
Impairment of goodwill (Note 34)	商譽減值(附註34)	10	—
Unrealised loss/(gain) on foreign exchange	未變現匯兌虧損/(收益)	982	(15)
Loss/(Gain) on disposal of property, plant and equipment	出售物業、廠房及設備的虧損/(收益)	11	(13)
Realised gain on foreign exchange	已變現匯兌收益	(132)	(4)
Interest income	利息收入	(35)	(54)
Allowance for doubtful debts no longer required	毋須再作呆賬撥備	(3)	—
Rental income from investment property	投資物業的租金收入	(2)	(22)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 10. TAXATION

### 10. 稅項

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
Malaysia corporate income tax:	馬來西亞企業所得稅：		
Current year	本年度	1,095	1,647
Underprovision in prior years	過往年度撥備不足	42	27
Deferred tax (Note 15):	遞延稅項(附註15)：		
Current year	本年度	41	57
Under/(Over) provision in prior years	過往年度撥備不足／ (超額撥備)	3	(16)
		44	41
		1,181	1,715

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

馬來西亞企業所得稅就各應課稅年度的估計應課稅溢利按法定稅率計算。

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

年度稅項與除稅前(虧損)／溢利的對賬如下：

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
(Loss)/Profit before taxation	除稅前(虧損)／溢利	(1,909)	606
Statutory tax rate	法定稅率	24%	24%
Taxation at applicable statutory tax rate	按適用法定稅率計算的 稅項	(458)	145
Tax saving of 6% (Note)	省稅6%(附註)	(60)	(60)
Tax effects of:	以下各項的稅務影響：		
Expenses not deductible for tax purpose	不可扣稅開支	1,567	1,585
Income not taxable for tax purpose	毋須課稅收入	(2)	(3)
Effect of different tax rate of entities operating in other jurisdictions	於其他司法權區經營的 實體的不同稅率影響	83	35
Deferred tax assets not recognised	未確認遞延稅項資產	6	2
Underprovision of income tax payable in prior years	過往年度應付所得稅的 撥備不足	42	27
Under/(Over)provision of deferred tax in prior years	過往年度遞延稅項的撥備 不足／(超額撥備)	3	(16)
Taxation for the year	年度稅項	1,181	1,715

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 10. TAXATION (Continued)

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% for the year ended 31 May 2017 and 31 May 2018, 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 2017 and 31 May 2018 respectively.

### 11. LOSS PER SHARE

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

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
Loss for the purpose of basic loss per share:	就每股基本虧損而言的虧損：		
Loss for the year attributable to the owners of the Company	本公司擁有人應佔年度虧損	(3,090)	(1,109)
		Number of shares 股份數目	Number of shares 股份數目
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	用於計算每股基本虧損的普通股加權平均數	536,768,465	384,743,233

In 2017, the weighted average number of ordinary shares for the purpose of calculating basic loss per share has been determined on the assumption that the Reorganisation and the capitalisation on issue of share to the consolidated financial statements has been effective on 1 June 2015.

No diluted loss per share information has been presented for the year ended 31 May 2017 and 31 May 2018 as there were no potential ordinary shares outstanding during both years.

### 10. 稅項(續)

附註：根據馬來西亞1967年所得稅法，截至2017年5月31日及2018年5月31日止年度，於馬來西亞擁有繳足股本2,500,000令吉或以下之中小型企業須分別按稅率18%就最高為500,000令吉的應課稅收入繳納所得稅。至於超過500,000令吉的應課稅收入，截至2017年5月31日及2018年5月31日止年度，企業所得稅稅率分別為24%。

### 11. 每股虧損

每股基本虧損乃根據下列數據計算：

於2017年，用於計算每股基本虧損的普通股加權平均數乃假設綜合財務報表所述重組及資本化發行股份已於2015年6月1日生效而釐定。

由於截至2017年5月31日及2018年5月31日止年度均無流通在外潛在普通股，故並無就該兩個年度呈列每股攤薄虧損的資料。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 12. DIVIDENDS

The directors of the Company do not recommend the payment of dividend for the year ended 31 May 2017 and 31 May 2018.

### 12. 股息

本公司董事不建議派付截至2017年5月31日及2018年5月31日止年度的股息。

### 13. PROPERTY, PLANT AND EQUIPMENT

### 13. 物業、廠房及設備

		Leasehold	Plant and	Motor	Renovation	Mould	Factory	Office	Computer	Construction	Total
		land and	machinery	vehicles				equipment	software	in progress	
		building									
		租賃土地	廠房及	汽車	裝修	模具	工廠	辦公設備	電腦軟件	在建工程	總計
		及樓宇	機械								
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		千令吉	千令吉	千令吉	千令吉	千令吉	千令吉	千令吉	千令吉	千令吉	千令吉
<b>Cost</b>	<b>成本</b>										
At 1 June 2016	於2016年6月1日	365	1,502	1,250	223	258	162	662	19	194	4,635
Additions	添置	—	775	362	175	62	70	39	—	—	1,483
Disposal	出售	—	—	(413)	—	—	—	—	—	—	(413)
Reclassification	重新分類	—	194	—	—	—	—	—	—	(194)	—
At 31 May 2017/ 1 June 2017	於2017年5月31日/ 2017年6月1日	365	2,471	1,199	398	320	232	701	19	—	5,705
Additions	添置	—	547	1,041	42	129	—	52	—	—	1,811
Disposal	出售	—	—	(251)	—	—	—	—	—	—	(251)
At 31 May 2018	於2018年5月31日	365	3,018	1,989	440	449	232	753	19	—	7,265
<b>Accumulated depreciation</b>	<b>累計折舊</b>										
At 1 June 2016	於2016年6月1日	103	990	564	104	150	88	357	18	—	2,374
Depreciation for the year	年內折舊	7	157	124	34	29	22	52	1	—	426
Disposal	出售	—	—	(313)	—	—	—	—	—	—	(313)
At 31 May 2017/ 1 June 2017	於2017年5月31日/ 2017年6月1日	110	1,147	375	138	179	110	409	19	—	2,487
Depreciation for the year	年內折舊	7	206	165	41	39	19	58	—	—	535
Disposal	出售	—	—	(136)	—	—	—	—	—	—	(136)
Exchange differences	匯兌差額	—	—	(1)	—	—	—	—	—	—	(1)
At 31 May 2018	於2018年5月31日	117	1,353	403	179	218	129	467	19	—	2,885
<b>Carrying value</b>	<b>賬面值</b>										
At 31 May 2017	於2017年5月31日	255	1,324	824	260	141	122	292	—	—	3,218
At 31 May 2018	於2018年5月31日	248	1,665	1,586	261	231	103	286	—	—	4,380

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	2%
Plant and machinery	10%
Motor vehicles	10%
Renovation	10%
Mould	10%
Factory	10%
Office equipment	10%
Computer software	20%

The following are the carrying values of the assets held under finance leases included in property, plant and equipment:

#### 13. 物業、廠房及設備(續)

上述物業、廠房及設備項目(在建工程除外)以直線法按以下年率折舊：

租賃土地及樓宇	2%
廠房及機械	10%
汽車	10%
裝修	10%
模具	10%
工廠	10%
辦公設備	10%
電腦軟件	20%

以下為根據融資租賃持有的資產(已計入物業、廠房及設備內)的賬面值：

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
Motor vehicles	汽車	—	344
Plant and machinery	廠房及機械	—	433
		—	777

The Group has pledged leasehold land and building with a carrying value of approximately RM255,000 and RM248,000 as at 31 May 2017 and 31 May 2018 respectively, to secure general banking facilities granted to the Group as disclosed in Note 29.

於2017年5月31日及2018年5月31日，本集團已質押賬面值分別約255,000令吉及248,000令吉的租賃土地及樓宇，作為本集團所獲授的一般銀行融資的抵押(如附註29所披露)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 14. INVESTMENT PROPERTY

### 14. 投資物業

		RM'000 千令吉
<b>Cost</b>	<b>成本</b>	
At 31 May 2017 and 31 May 2018	於2017年5月31日及2018年5月31日	450
<b>Accumulated depreciation</b>	<b>累計折舊</b>	
At 1 June 2016	於2016年6月1日	39
Charge for the year	年內扣除	10
At 31 May 2017	於2017年5月31日	49
Charge for the year	年內扣除	10
At 31 May 2018	於2018年5月31日	59
<b>Carrying value</b>	<b>賬面值</b>	
At 31 May 2018	於2018年5月31日	391
At 31 May 2017	於2017年5月31日	401

The investment property, comprising of a freehold land and building in Malaysia, is depreciated on a straight-line basis over 50 years.

投資物業(包括馬來西亞永久業權土地及樓宇)乃以直線法按50年計算折舊。

Rental income earned by the Group from the investment property which is leased out under operating leases, amounted to approximately RM22,000 and RM2,000 for the year ended 31 May 2017 and 31 May 2018 respectively. Direct operating expenses incurred in respect of the investment property amounted to RM887 and RM798 for the year ended 31 May 2017 and 31 May 2018 respectively.

截至2017年5月31日及2018年5月31日止年度，本集團自投資物業(根據經營租賃出租)賺取的租金收入分別約為22,000令吉及2,000令吉。截至2017年5月31日及2018年5月31日止年度，就投資物業產生的直接經營開支分別為887令吉及798令吉。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 14. INVESTMENT PROPERTY (Continued)

The fair values of the Group's investment property were estimated by the directors at RM690,000 and RM690,000 at 31 May 2017 and 31 May 2018 respectively based on the valuation report on the investment property in prior year and updated to take into consideration certain recent transactions involving similar properties in the vicinity. The fair value is a Level 3 fair value estimation. In estimating the fair value of the property, the highest and best use of the property is its current use.

#### 15. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

#### 14. 投資物業(續)

於2017年5月31日及2018年5月31日，由董事所估計本集團的投資物業公平值分別為690,000令吉及690,000令吉，乃根據去年投資物業的估值報告並更新計及近期涉及於鄰近地區類似物業的交易得出。估值為第三級公平值估算。於估計物業公平值時，物業的最高及最佳用途是指其現行用途。

#### 15. 遞延稅項

倘有合法執行權利可將即期稅項資產對銷即期稅項負債以及倘遞延稅項與同一稅務機關相關，則遞延稅項資產及負債予以對銷。以下數額乃經恰當對銷後釐定，列示於財務狀況表：

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
Deferred tax assets	遞延稅項資產	32	—
Deferred tax liabilities	遞延稅項負債	(223)	(147)
		(191)	(147)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 15. DEFERRED TAXATION (Continued)

### 15. 遞延稅項(續)

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
At beginning of year	於年初	147	106
Charged to profit or loss (Note 10)	自損益扣除(附註10)	44	41
At end of year	於年末	191	147

The deferred tax asset/liability mainly represent the tax effect of (deductible)/taxable temporary differences arising from property, plant and equipment.

遞延稅項資產／負債主要指物業、廠房及設備的稅務影響(可扣減)／應課稅暫時性差額。

As mentioned in Note 3, deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. As of 31 May 2017 and 31 May 2018, the estimated amounts of unused tax losses for which no deferred tax assets, have been recognised in the financial statements due to uncertainty of realisation are RM8,000 and RM33,000 respectively.

誠如附註3所述，遞延稅項資產於可能取得未來應課稅溢利以抵銷可扣減暫時差額、未動用稅項虧損及未吸納資本免稅額時就所有可扣減暫時差額、未動用稅項虧損及未吸納資本免稅額時確認。截至2017年5月31日及2018年5月31日，由於變現的不確定性，並無於財務報表確認遞延稅項資產的未動用稅項虧損估計金額分別為8,000令吉及33,000令吉。

### 16. INVENTORIES

### 16. 存貨

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
At cost:	按成本：		
Raw materials and consumables	原材料及消耗品	636	236
Finished goods	製成品	714	415
		1,350	651

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 17. RECEIVABLES, DEPOSITS AND PREPAYMENT 17. 應收款項、按金及預付款

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
Trade receivables	貿易應收款項	18,724	13,301
Less: Allowance for doubtful debts	減：呆賬撥備	(373)	(373)
		18,351	18,351
Other receivables	其他應收款項	550	25
Deposits	按金	595	278
Prepayments	預付款	324	92
Advance to suppliers	提供予供應商的墊款	77	—
Deferred listing expenses	遞延上市開支	—	2,353
		19,897	15,873

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

應收貿易賬款無抵押且不計息，而本集團所授予的信貸期介乎30至120日。

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

以下為根據發票日期呈列的貿易應收款項(減呆賬撥備)賬齡分析。

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
1-30 days	1至30日	5,787	3,112
31-60 days	31至60日	4,298	4,108
61-90 days	61至90日	3,309	2,747
91-120 days	91至120日	1,812	961
More than 120 days	120日以上	3,145	2,197
		18,351	13,125



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 17. RECEIVABLES, DEPOSITS AND PREPAYMENT

(Continued)

As of 31 May 2017 and 31 May 2018, trade receivables of RM3,409,000 and RM10,013,000 respectively, 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	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
31-60 days	31至60日	3,526	1,204
61-90 days	61至90日	2,467	685
91-120 days	91至120日	1,202	272
More than 120 days	120日以上	2,818	1,248
		<b>10,013</b>	<b>3,409</b>

The movement in allowance for doubtful debts:

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
At beginning of year	於年初	176	176
Impairment losses made during the year	年內已作減值虧損	200	—
Impairment losses no longer required	毋須再作減值虧損	(3)	—
At end of year	於年末	<b>373</b>	<b>176</b>

Included in the allowance for doubtful debts are four and fourteen individually impaired trade receivable with balance of approximately RM176,000 and 373,000 as at 31 May 2017 and 31 May 2018 respectively, which has been placed in severe financial difficulties. The Group does not hold any collateral over this balance.

#### 17. 應收款項、按金及預付款(續)

截至2017年5月31日及2018年5月31日，分別為3,409,000令吉及10,013,000令吉的貿易應收款項已逾期但未減值。有關款項涉及多名不同的客戶，該等客戶並無近期違約記錄，並與本集團擁有良好的往績紀錄。根據過往經驗，本公司董事認為毋須就該等結餘作出減值撥備，因為該等結餘會在後來結清或其信貸質素並無重大變動，而該等結餘仍被視為可以收回。

以下為根據發票日期已逾期但未減值的貿易應收款項的賬齡。

呆賬撥備變動如下：

計入呆賬撥備的金額為四項及十四項個別已減值的貿易應收款項，於2017年5月31日及2018年5月31日的結餘分別約為176,000令吉及373,000令吉，該等賬款的債務人已陷入嚴重財政困難。本集團並無就該結餘持有任何抵押品。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 18. AMOUNTS OWING FROM ULTIMATE HOLDING COMPANY AND A SHAREHOLDER AND AMOUNT OWING TO A DIRECTOR

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

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

The amount owing to a director, Mr. Loh Swee Keong, is non-trade nature, unguaranteed, unsecured, interest-free and repayable on demand. The amount owing to a director of RM570,000 in 2017 represented the unpaid balance of the acquisition of the subsidiary companies and has fully settled on 17 July 2017. The amount owing to a director of RM12,000 in 2018 represents expenses paid of behalf.

#### 19. SHORT-TERM BANK DEPOSITS PLEDGED WITH BANKS

Short-term bank deposits with an original maturity of three months or less carry interest at prevailing market rate of 3.15% and ranging from 2.95% to 3.20% per annum as at 31 May 2017 and 31 May 2018 respectively. The short-term bank deposits are pledged to secure general banking facilities granted to the Group as disclosed in Note 29.

#### 18. 應收最終控股公司及股東款項及應付董事款項

應收最終控股公司款項為非貿易性質、無抵押、免息及須按要求償還。

應收股東款項為非貿易性質、無抵押、免息及須按要求償還。

應付董事Loh Swee Keong先生款項為非貿易性質、無擔保、無抵押、免息及須按要求償還。於2017年，應付董事款項570,000令吉的金額是指收購附屬公司的未付結餘，且已於2017年7月17日悉數結清。於2018年，應付董事款項12,000令吉的金額指代為支付開支。

#### 19. 抵押予銀行的短期銀行存款

於2017年5月31日及2018年5月31日，原定到期日為三個月或以下的短期銀行存款乃按適用市場年利率分別3.15%及介乎2.95%至3.20%計息。短期銀行存款已質押作為授予本集團的一般銀行信貸的抵押(如附註29所披露)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 20. PAYABLES AND ACCRUED CHARGES

### 20. 應付款項及應計費用

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
Trade payables	貿易應付款項	8,143	5,178
Accrued charges	應計費用	993	496
Other payables	其他應付款項	712	600
Advance from customers	客戶墊款	78	119
Customers' deposits	客戶按金	11	—
Accrued listing fees	應計上市費用	—	2,053
Tenants' deposit	租戶按金	—	4
		<b>9,937</b>	<b>8,450</b>

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

貿易應付款項按發票日期呈列的賬齡分析如下：

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
1-30 days	1至30日	1,932	2,270
31-60 days	31至60日	3,141	1,225
61-90 days	61至90日	2,360	1,341
91-120 days	91至120日	462	207
Over 120 days	120日以上	248	135
		<b>8,143</b>	<b>5,178</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 20. PAYABLES AND ACCRUED CHARGES (Continued)

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.

Tenants' deposit in 2017 represent the refundable deposits to tenants upon termination or cancellation of operating lease arrangements. The tenant deposits are refundable to tenants within 60 days upon the termination of the tenancy agreement. This tenants' deposits amounted to RM4,000 as at 31 May 2017 has been refunded during the financial year ended 31 May 2018.

#### 21. FINANCE LEASES

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
Analysed for reporting purposes as:	就報告目的分析如下：		
Current liabilities	流動負債	—	172
Non-current liabilities	非流動負債	—	411
		—	583

It is the Group's policy to lease certain of its motor vehicles, plant and machinery. The Directors determined the leases to be finance leases as the ownership of the relevant assets will be transferred to the Group upon the payment of the last instalment of the individual agreement. The average lease term was 5 years as at 31 May 2017. Interest rates underlying all obligations under finance leases were fixed at respective contract dates ranging from 4.70% to 7.10% per annum for the year ended 31 May 2017.

#### 20. 應付款項及應計費用(續)

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

2017年的租戶按金是指於經營租賃安排終止或取消時可退還租戶的按金。租戶按金可於租賃協議終止後60日內退還租戶。於2017年5月31日的租戶按金4,000令吉已於截至2018年5月31日止財政年度內退還。

#### 21. 融資租賃

本集團的政策是出租其若干車輛、廠房及機械以及辦公設備。董事確定該等租賃為融資租賃，因為相關資產的所有權將於個別協議最後一期付款後轉讓予本集團。於2017年5月31日，平均租賃期為5年。截至2017年5月31日止年度，融資租賃下的所有責任的相關利率乃於各相關合約日期確定，介乎年利率4.70%至7.10%。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 21. FINANCE LEASES (Continued)

### 21. 融資租賃(續)

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
Total outstanding:	未支付總額：		
Not later than one year	不超過一年	—	201
Later than one year and not later than five years	超過一年但不超過五年	—	440
			641
Less: Finance charges	減：財務費用	—	(58)
Principal outstanding	未支付本金	—	583
Less: Amount due for settlement within 12 months (Shown under current liabilities)	減：於12個月內到期結算的款項(列於流動負債項下)	—	(172)
Amount due for settlement after 12 months	於12個月後到期結算的款項	—	411

Finance leases were denominated in RM. Certain finance leases were guaranteed by Mr. Loh Swee Keong, a Director and Ms. Loh Lily, the sibling of Mr. Loh Swee Keong. The guarantee has been released upon the full repayment made during the financial year ended 31 May 2018.

融資租賃乃以令吉計值。若干融資租賃由董事Loh Swee Keong先生及Loh Swee Keong先生的胞妹Loh Lily女士擔保。有關擔保於截至2018年5月31日止財政年度內悉數支付融資租賃後解除。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 22. SHARE CAPITAL

The share capital as at 31 May 2017 represented the issued share capital of the Company. Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 11 November 2016.

### 22. 股本

於2017年5月31日的股本指本公司的已發行股本。根據重組，本公司於2016年11月11日成為現時組成本集團的公司的控股公司。

		Number of shares 股份數目	Share capital 股本	
		'000 千股	HK\$'000 千港元	RM'000 千令吉
Ordinary shares of HK\$0.01 each	每股面值0.01港元的普通股			
<b>Authorised:</b>	<b>法定：</b>			
At date of incorporation/ 31 May 2017 (note a)	於註冊成立日期/ 2017年5月31日 (附註a)	38,000	380	
Increase of authorised share capital (note c)	增加法定股本 (附註c)	9,962,000	99,620	
At 31 May 2018	於2018年5月31日	10,000,000	100,000	
<b>Issued and fully paid:</b>	<b>已發行及繳足：</b>			
At date of incorporation (note a)	於註冊成立日期 (附註a)	—	—	—
Issue of shares on Reorganisation (note b)	重組時發行股份 (附註b)	10	—	—
At 31 May 2017/1 June 2017	於2017年5月31日/ 2017年6月1日	10	—	—
Issue of share by capitalisation (note d)	通過資本化發行股份 (附註d)	439,990	4,400	2,400
Issue of new shares by way of placement and public offering (note d)	通過配售及公開發 售方式發行新股份 (附註d)	180,000	1,800	982
At 31 May 2018	於2018年5月31日	620,000	6,200	3,382



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 22. SHARE CAPITAL (Continued)

Notes:

- (a) On 28 October 2016, the Company was incorporated and registered as an exempted company in the Cayman Islands with an authorised share capital of HK\$380,000 comprising 38,000,000 ordinary shares of HK\$0.01 each and paid up share capital of HK\$0.01 comprising 1 ordinary share of HK\$0.01 each.
- (b) On 11 November 2016, Merchant World and Greater Elite transferred 1,000 and 388 ordinary shares of Gallant Empire to the Company respectively, and in consideration thereof, the Company allotted and issued as fully paid an additional 7,204 ordinary shares to Merchant World and 2,795 ordinary shares to Greater Elite. After the said transfers, Gallant Empire became a wholly-owned subsidiary company of the Company.
- (c) 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.
- (d) 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 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.

### 22. 股本(續)

附註：

- (a) 於2016年10月28日，本公司於開曼群島註冊成立及註冊為獲豁免公司，法定股本為380,000港元(包含38,000,000股每股面值0.01港元的普通股)及繳足股本0.01港元(包含1股每股面值0.01港元的普通股)。
- (b) 於2016年11月11日，Merchant World及Greater Elite分別將1,000股及388股Gallant Empire的普通股轉讓予本公司，而作為有關代價，本公司以繳足股款形式配發及發行額外7,204股普通股予Merchant World及2,795股普通股予Greater Elite。於上述轉讓後，Gallant Empire成為本公司的全資附屬公司。
- (c) 根據本公司股東於2017年6月27日通過的書面決議案，藉增設額外9,962,000,000股每股面值0.01港元的股份，法定股本由380,000港元(包括38,000,000股每股面值0.01港元的股份)增至100,000,000港元(包括10,000,000,000股每股面值0.01港元的股份)。
- (d) 同日，根據本公司股東通過的書面決議案，待本公司的股份溢價賬因就建議本公司股份首次於香港聯合交易所有限公司GEM上市發行公開發售股份及配售股份而錄得進賬後，授權本公司董事將本公司股份溢價賬的進賬金額4,399,000港元撥充資本，方法為利用有關金額按面值全數繳足439,990,000股配發及發行予截至2017年6月27日的股東的股份(「資本化」)。

於2017年7月19日，本公司已成功於香港聯合交易所有限公司GEM上市，並以配售形式提呈發售162,000,000股新股份，及以公開發售形式提呈發售18,000,000股新股份，價格為每股0.28港元(「配售及公開發售」)。同日，本公司於成功在香港聯合交易所有限公司GEM上市後完成向股東進行資本化發行。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 22. SHARE CAPITAL (Continued)

Notes: (Continued)

(d) (Continued)

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 HD6,200,000 (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 report.

### 23. SHARE PREMIUM

### 22. 股本 (續)

附註：(續)

(d) (續)

此舉導致已發行及繳足股本由100港元(包括10,000股每股面值0.01港元的股份)增至6,200,000港元(相當於約3,382,000令吉)(包括620,000,000股每股面值0.01港元的股份)。

所有於年內發行的普通股與當時現有的普通股在各方面享有同等地位。

根據本公司股東於2017年6月27日通過的書面決議案，本公司已有條件採納一項購股權計劃。於本報告日期，概無授出任何購股權。

### 23. 股份溢價

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
Issue of new shares by way of placement and public offering (Note 22(d))	通過配售及公開發售方式發行新股份 (附註22(d))	26,511	—
Less: Capitalisation (Note 22(d))	減：資本化 (附註22(d))	(2,400)	—
Transaction cost attributable to issue of new shares	發行新股應佔的交易成本	(4,220)	—
		19,891	—

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 24. OTHER RESERVE

The other reserve at 31 May 2017 and 31 May 2018 represented the aggregate amount of the fully paid registered or paid-in capital of Target Precast, Target S&M, Target C&L, Gallant Empire, SK Target Holdings and Loyal Earn. As at 31 May 2017, the amount represented the capital contribution from a pre-IPO investor. Pursuant to a subscription agreement, the pre-IPO investor agreed to subscribe for, and Gallant Empire agreed to allot and issue 388 ordinary shares of Gallant Empire, which represented 27.95% equity interest in Gallant Empire, to the pre-IPO investor for a total subscription price of HK\$15,000,000 (equivalent to approximately RM8,579,000).

In 2017, as part of the Reorganisation, Mr. Loh transferred his equity interest in Target Precast, Target S&M and Target C&L to SK Target Holdings for a total consideration of RM570,000. After the transfer, Target Precast, Target S&M and Target C&L became wholly-owned subsidiary companies of SK Target Holdings.

### 25. TRANSLATION RESERVE

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### 24. 其他儲備

於2017年5月31日及2018年5月31日的其他儲備指Target Precast、Target S&M、Target C&L、Gallant Empire、SK Target Holdings及Loyal Earn的繳足註冊或實收資本總額。於2017年5月31日，有關金額是指首次公開發售前投資者的注資。根據認購協議，首次公開發售前投資者同意認購及Gallant Empire同意向首次公開發售前投資者配發及發行388股Gallant Empire普通股(相當於Gallant Empire的27.95%股權)，總認購價為15,000,000港元(相當於約8,579,000令吉)。

於2017年，作為重組的一部分，Loh先生將其於Target Precast、Target S&M及Target C&L的股權轉讓予SK Target Holdings，總代價為570,000令吉。轉讓後，Target Precast、Target S&M及Target C&L成為SK Target Holdings的全資附屬公司。

### 25. 匯兌儲備

外幣匯兌儲備用於記錄換算功能貨幣不同於本集團呈列貨幣的外國業務的財務報表產生的匯兌差額。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of equity balance. Equity balance consists of equity attributable to owners of the Company, comprising share capital and retained profits.

The management of the Group reviews the capital structure on an on-going annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends as well as the issue of new debt and repayment of debt.

### 26. 資本風險管理

本集團管理其資本以確保本集團各實體可持續經營，並透過優化債務及股權餘額為利益相關者帶來最大回報。年內，本集團整體策略保持不變。

本集團的資本架構由融資租賃、銀行借款及股權餘額組成。股權餘額包括本公司擁有人的應佔股權，包含股本及保留溢利。

本集團管理層一直按年審視資本架構。作為審視的一部分，本集團管理層考慮資本成本及各類資本相關風險。根據本集團管理層的建議，本集團將通過派付股息以及發行新債務及償還債務平衡其整體資本架構。

### 27. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
<b>Financial assets</b>	<b>金融資產</b>		
Loans and receivables (including cash on hand and at bank)	貸款及應收款項(包括手頭及銀行現金)	41,261	21,751
<b>Financial liabilities</b>	<b>金融負債</b>		
Amortised cost	攤銷成本	9,949	9,020

#### (b) Financial risk management objectives and policies

The Group's major financial instruments and details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

### 27. 金融工具

#### (a) 金融工具類別

#### (b) 財務風險管理目標及政策

本集團的主要金融工具及該等金融工具的詳情於相關附註披露。與該等金融工具相關的風險及如何減低該等風險的政策載列如下。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 27. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### Market risk

##### Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to the Group's bank balances.

The Group currently does not have an interest rate hedging policy. However, management closely monitors its exposure to future cash flow interest rate risk as a result of changes in market interest rates and will consider hedging changes in market interest rates should the need arise.

##### Sensitivity analysis

No sensitivity analysis is provided on bank balances as the management of the Company considers that the interest rate fluctuation on bank are minimal and the impact from the exposure to interest rate risk sensitivity is considered insignificant

##### Currency risk

The Group has certain bank balances denominated in HKD other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

### 27. 金融工具(續)

#### (b) 財務風險管理目標及政策(續)

##### 市場風險

##### 利率風險

本集團面對與本集團銀行結餘及浮息銀行借款相關的現金流利率風險。

本集團現時並無利率對沖政策。然而，管理層密切監察因市場利率變動而引致其面對未來現金流利率的風險，並將於有需要時考慮對沖市場利率變動。

##### 敏感度分析

概無就銀行結餘提供敏感度分析，原因為本公司管理層認為銀行的利率波動微不足道，且就面對利率風險的敏感度而言，影響被視為並不重大。

##### 貨幣風險

除各集團實體功能貨幣外，本集團若干銀行結餘以港元計值，從而使本集團面臨外幣風險。

本集團通過密切監控外匯匯率變動管理該風險。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 27. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### Currency risk (Continued)

If the currency of the respective cash and bank balances had been 5% higher/lower, the post-tax profit of the Group for the year will increase/decrease by:

		The Group 本集團	
		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
HKD	港元	742	81

##### Credit risk

The Group's exposure to credit risk is primarily due to the collectability risk of the trade receivables. The length of the credit period granted by the Group will depend on the customers' scale of operation, reputation and credibility. The Group performs ongoing credit evaluation on the financial condition of trade debtors and tightly monitors the overdue debts. The Group will take the necessary follow up action in case of long outstanding debts or when the above credit evaluation results draw the attention of management. In addition, the management reviews the recoverable amount of the trade receivables individually and collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts as set out in Note 4. The credit policies have been followed by the Group and are considered to be effective in limiting the Group's exposure to credit risk.

### 27. 金融工具(續)

#### (b) 財務風險管理目標及政策(續)

##### 貨幣風險(續)

倘各現金及銀行結餘的貨幣升值／貶值5%，則本集團於年內的稅後溢利將增加／減少：

##### 信貸風險

本集團涉及的信貸風險主要是由於貿易應收款項的可收回風險所致。本集團所授予信貸期的期限將視乎客戶的營運規模、聲譽及信譽而定。本集團就貿易債務人的財務狀況進行持續的信貸評估，並緊密監察逾期債務。倘屬長期未償還債項或上述信貸評估結果需要管理層關注，本集團將採取必要的跟進行動。此外，誠如附註4所載，管理層於各報告日期對貿易應收款項的可收回金額進行個別及綜合的審閱，以確保就不可收回金額作出足夠的減值虧損撥備。本集團一直遵從信貸政策，且有關政策被視為有效限制本集團涉及的信貸風險。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 27. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### Credit risk (Continued)

At the end of each reporting period, the Group's maximum exposure to credit risk which might cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has no significant concentration of credit risk with its exposure spread over a large number of customers.

The credit risk on liquid funds of the Group is limited because the counterparties are banks with good credit ratings and the Group has limited exposure to any single financial institution.

##### Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities which has been drawn up based on the undiscounted cash flows of the non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for the financial liabilities are based on the agreed repayment dates.

### 27. 金融工具(續)

#### (b) 財務風險管理目標及政策(續)

##### 信貸風險(續)

於各報告期末，本集團因對手方未能履行責任可能造成本集團財務損失而面對的最高信貸風險，乃源自於綜合財務狀況表所示相關已確認金融資產的賬面值。

本集團並無重大集中的信貸風險，有關風險乃分散至大量客戶。

由於對手方為具有良好信貸評級的銀行，且本集團就任何單一財務機構所面對的風險有限，故本集團流動資金的信貸風險亦有限。

##### 流動資金風險

在管理流動資金風險時，本集團對現金及現金等價物的水平進行監察並將其維持在管理層認為足以為本集團業務營運提供資金的水平，並減少現金流量波動的影響。

下表詳列本集團非衍生金融負債的剩餘合約年期。該表按本集團可被要求付款的最早日期的非衍生金融負債未貼現現金流量列示。金融負債的到期日根據協定還款日期而定。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 27. FINANCIAL INSTRUMENTS (Continued)

#### (b) Financial risk management objectives and policies (Continued)

##### Liquidity risk (Continued)

The table includes both interest and principal cash flows, to the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

### 27. 金融工具(續)

#### (b) 財務風險管理目標及政策(續)

##### 流動資金風險(續)

表中包括利息及本金現金流量。倘利率為浮動利率，則未貼現金額按報告期末的利率曲線計算。

		Weighted average effective interest rate	On demand or less than 12 months	1 to 2 years	Over 2 years	Total undiscounted cash flows	Total carrying amount
		加權平均實 際利率	按 要求或12 個月以下	1至2年	2年以上	未貼現現金 流量總額	總賬面值
		%	RM'000	RM'000	RM'000	RM'000	RM'000
		%	千令吉	千令吉	千令吉	千令吉	千令吉
<b>As at 31 May 2017</b>	<b>於2017年5月31日</b>						
Payables and accrued charges	應付款項及應計費用	—	8,450	—	—	8,450	8,450
Amount owing to a director	應付董事款項	—	570	—	—	570	570
Finance leases	融資租賃	4.70-7.10	201	201	239	641	583
			9,221	201	239	9,661	9,603
<b>As at 31 May 2018</b>	<b>於2018年5月31日</b>						
Payables and accrued charges	應付款項及應計費用	—	9,937	—	—	9,937	9,937
Amount owing to a director	應付董事款項	—	12	—	—	12	12
			9,949	—	—	9,949	9,949

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 27. FINANCIAL INSTRUMENTS (Continued)

#### (c) Fair value of the Group's financial assets and financial liabilities

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statement approximate their fair values. Fair values of the financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

### 28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the reconciliation of opening and closing amounts in the consolidated statement of financial position for each liability for which cash flows have been or would be, classified as financing activities in the consolidated statement of cash flows:

### 27. 金融工具(續)

#### (c) 本集團的金融資產及金融負債的公平值

董事認為，於綜合財務報表按攤銷成本入賬的其他金融資產及其他金融負債的賬面值與其公平值相若。其他金融資產及其他金融負債的公平值已根據公認定價模式按貼現現金流量分析釐定，且最重要輸入數據為反映對手方信貸風險的貼現率。

### 28. 融資活動產生的負債對賬

下表載列於綜合現金流量表已或將分類為融資活動的現金流量各項負債於綜合財務狀況表之期初及期末金額對賬詳情：

			As at 1.6.2017 於2017年 6月1日	Cash Flows 現金流量		As at 31.5.2018 於2018年 5月31日
		Note 附註	RM'000 千令吉	Drawdown 提取	Repayment 償還	RM'000 千令吉
Current liability:	流動負債：					
Finance lease	融資租賃	21	172	—	172	—
Non-current liability:	非流動負債：					
Finance lease	融資租賃	21	411	—	411	—

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 29. BANK FACILITIES

A subsidiary company of the Group has banking facilities amounting to RM1,300,000 and RM5,750,000 as at 31 May 2017 and 31 May 2018 respectively.

These facilities are secured by:

- (i) leasehold land and building with a carrying amount of RM255,000 and RM248,000 as at 31 May 2017 and 31 May 2018 respectively;
- (ii) fixed deposits amounting to RM1,059,000 and RM401,000 as at 31 May 2017 and 31 May 2018 respectively; and
- (iii) corporate guarantee by the Company amounting to RM5,750,000 as at 31 May 2018.

There are utilisation of banking facilities amounted to RM534,000 and RM534,000 as of 31 May 2017 and 31 May 2018 respectively.

#### 30. LEASE COMMITMENT The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of factory, shop, staff accommodation and office equipment under non-cancellable operating leases which fall due as follows:

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
Within one year	一年內	908	30
In the second to third years inclusive	第二至三年(包括首尾 兩年)	589	—
		1,497	30

#### 29. 銀行融資

本集團的一間附屬公司於2017年5月31日及2018年5月31日的銀行融資分別為1,300,000令吉及5,750,000令吉。

該等融資由以下各項抵押：

- (i) 於2017年5月31日及2018年5月31日賬面值分別為255,000令吉及248,000令吉的租賃土地及樓宇；
- (ii) 於2017年5月31日及2018年5月31日分別為1,059,000令吉及401,000令吉的定期存款；及
- (iii) 於2018年5月31日本公司提供的5,750,000令吉公司擔保。

截至2017年5月31日及2018年5月31日，動用的銀行融資分別為534,000令吉及534,000令吉。

#### 30. 租賃承擔 本集團作為承租人

於報告期末，本集團根據不可取消的經營租賃有關工廠、店鋪、員工宿舍及辦公設備的未來最低租賃付款承擔於下列時間到期：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 30. LEASE COMMITMENT (Continued)

#### The Group as lessor

The property held by the Group has committed tenants and lease rentals are negotiated annually.

At the end of the reporting period, the Group had contracted with a tenant for the following future minimum lease receivables:

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
Within one year	一年內	—	2

### 31. CAPITAL COMMITMENT

At the end of the reporting period, the Group had the following capital commitments in respect of the acquisition of property, plant and equipment:

		2018	2017
		2018年	2017年
		RM'000	RM'000
		千令吉	千令吉
Contracted but not provided for	已訂約但未撥備	—	117

### 32. NON CASH TRANSACTION

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

### 30. 租賃承擔(續)

#### 本集團作為出租人

本集團所持物業有每年磋商釐定的已承諾租戶及租賃租金。

於報告期末，本集團已與一名租戶就下列未來最低應收租賃款項訂約：

### 31. 資本承擔

於報告期末，本集團有以下涉及收購物業、廠房及設備的資本承擔：

### 32. 非現金交易

於截至2017年5月31日止年度添置為數729,000令吉的物業、廠房及設備由新融資租賃協議提供資金。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 33. INTERESTS IN SUBSIDIARY COMPANIES

During the year, the Company has direct and indirect shareholders/equity interests in the following subsidiary companies:

### 33. 於附屬公司的權益

年內，本公司於下列附屬公司擁有直接及間接股東／股本權益：

Name of Company 公司名稱	Place of incorporation 註冊成立地點	Equity attributable to the Group 本集團應佔股權			Principal activities 主要業務
		Issued and fully paid-up share capital 已發行及繳足股本	As at 31 May 2017 於2017年5月31日	As at 31 May 2018 於2018年5月31日	
Target Precast Industries Sdn. Bhd.	Malaysia 馬來西亞	RM500,000 500,000令吉	100%	100%	Manufacturing and trading of precast concrete junction boxes 製造及買賣預製混凝土接線盒
Target Sales & Marketing Sdn. Bhd.	Malaysia 馬來西亞	RM70,002 70,002令吉	100%	100%	Trading of precast concrete junction boxes and accessories and pipes 買賣預製混凝土接線盒及配件及管道
Target Crane & Logistic Sdn. Bhd.	Malaysia 馬來西亞	RM100 100令吉	100%	100%	Provision of mobile crane rental and ancillary services 提供移動式起重機租賃及配套服務
Gallant Empire Limited* <sup>1</sup>	British Virgins Island 英屬處女群島	US\$1,000 1,000美元	100%	100%	Investment holding 投資控股
SK Target Holdings Sdn. Bhd. <sup>2</sup>	Malaysia 馬來西亞	RM100 100令吉	100%	100%	Investment holding 投資控股
Loyal Earn Limited <sup>3</sup>	Hong Kong 香港	HK\$1 1港元	100%	100%	Payment centre 支付中心
Target Foundry Sdn Bhd <sup>4</sup>	Malaysia 馬來西亞	RM100 100令吉	100%	—	Inactive 暫無營業
Extra Mega Limited <sup>5</sup>	Hong Kong 香港	HK\$1 1港元	100%	—	Provision of Japanese catering services 提供日料服務

\* Directly held by the Company

\* 由本公司直接持有



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 33. INTERESTS IN SUBSIDIARY COMPANIES

(Continued)

Notes:

- (1) Gallant Empire Limited (“**GEL**”) was incorporated in the BVI with limited liability on 5 June 2016. As at the date of incorporation, GEL was authorised to issue a maximum of 50,000 shares of USD1 each. On 21 July 2016, 1,000 shares (representing the entire issued share capital of GEL) were allotted and issued as fully paid to Merchant World. As part of the Pre-IPO Investment as described in Note 22, GEL allotted and issued as fully paid 388 shares to Greater Elite Limited (“**Greater Elite**”).

On 11 November 2016, as part of the Reorganisation, each of Merchant World and Greater Elite transferred its respective entire shareholding interests in GEL to the Company, in consideration of Company allotting and issuing as fully paid an additional 7,204 ordinary shares to Merchant World and 2,795 ordinary shares to Greater Elite. After the said transfers, GEL became a wholly-owned subsidiary company of the Company.

- (2) SK Target Holdings Sdn. Bhd. (“**SKTH**”) was incorporated in Malaysia on 24 August 2016 with an authorised capital of RM400,000 divided into 400,000 shares of RM1 each, and 99 shares were allotted and issued to Mr. Loh Swee Keong (“**Mr. Loh**”) and one (1) share was allotted and issued to Mr. Ng Thuan Leong (“**Mr. Ng**”), both for cash at par value. Pursuant to a declaration of trust executed by Mr. Ng on 14 December 2016, Mr. Ng confirmed, inter alia, that the one (1) share held by him was held on trust for Mr. Loh with effect from 24 August 2016 and he dealt with the said one (1) share in such manner as Mr. Loh from time to time directed and voted at the shareholders’ meeting and board of directors’ meeting as Mr. Loh from time to time directed. On 6 October 2016, GEL acquired 99 shares of SKTH from Mr. Loh at the consideration of RM99 and acquired one (1) share of SKTH from Mr. Ng at the consideration of RM1. After the said transfers, SKTH became a wholly-owned subsidiary company of GEL.

### 33. 於附屬公司的權益(續)

附註：

- (1) Gallant Empire Limited (「**GEL**」) 於2016年6月5日在英屬處女群島註冊成立為有限公司。於註冊成立日期，GEL獲授權發行最多50,000股每股面值1美元的股份。於2016年7月21日，1,000股股份(相當於GEL的全部已發行股本)以繳足股款形式配發及發行予Merchant World。作為如附註22所述的首次公開發售前投資的一部分，GEL以繳足股款形式配發及發行388股股份予Greater Elite Limited (「**Greater Elite**」)。

於2016年11月11日，作為重組的一部分，Merchant World及Greater Elite各自將其於GEL的全部股權轉讓予本公司，以作為本公司以繳足股款形式配發及發行額外7,204股普通股予Merchant World及2,795股普通股予Greater Elite的代價。上述轉讓後，GEL成為本公司的全資附屬公司。

- (2) SK Target Holdings Sdn. Bhd. (「**SKTH**」) 於2016年8月24日在馬來西亞註冊成立，法定資本為400,000令吉，分為400,000股每股面值1令吉的股份，並均按面值將99股股份配發及發行予Loh Swee Keong先生(「**Loh先生**」)及一(1)股股份配發及發行予Ng Thuan Leong先生(「**Ng先生**」)以換取現金。根據Ng先生於2016年12月14日簽立的信託聲明，Ng先生確認(其中包括)其自2016年8月24日起持有的一(1)股股份乃以信託方式為Loh先生持有，以及其以Loh先生不時指示的方式處置該一(1)股股份，並按Loh先生不時的指示於股東大會及董事會會議上投票。於2016年10月6日，GEL以代價99令吉從Loh先生收購SKTH的99股股份，並以代價1令吉從Ng先生收購SKTH的一(1)股股份。上述轉讓後，SKTH成為GEL的全資附屬公司。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 33. INTERESTS IN SUBSIDIARY COMPANIES

(Continued)

Notes: (Continued)

- (3) Loyal Earn Limited (“LEL”) was incorporated in Hong Kong with limited liability on 1 June 2016. On the date of incorporation, LEL allotted and issued as fully paid one (1) share (representing the entire issued share capital of LEL) to the initial subscriber, which was then transferred to GEL at the consideration of HKD1 on 28 July 2016.
- (4) On 1 September 2017, the Group acquired the entire issued share capital of Target Foundry Sdn Bhd (“**Target Foundry**”), a dormant company incorporated in Malaysia, for a cash consideration of RM100 from Mr. Loh Swee Keong, a director of the Company and his sibling, Ms. Loh Lily. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RM10,338 (Note 34).
- (5) Extra Mega Limited (“EML”) was incorporated in Hong Kong with limited liability on 4 April 2018. On the date of incorporation, EML allotted and issued as fully paid one (1) share (representing the entire share capital of EML) to the initial subscriber, which was then transferred to GEL at the consideration of HKD1 on 26 April 2018. EML is engaged in the provision of Japanese catering services in China – Hong Kong.

None of the subsidiary companies had issued any debt securities at the end of the reporting period.

### 33. 於附屬公司的權益(續)

附註：(續)

- (3) Loyal Earn Limited (「LEL」)於2016年6月1日在香港註冊成立為有限公司。於註冊成立日期，LEL以繳足股款形式配發及發行一(1)股股份(相當於LEL的全部已發行股本)予初步認購人，其後於2016年7月28日以代價1港元轉讓予GEL。
- (4) 於2017年9月1日，本集團自本公司董事Loh Swee Keong先生及其胞妹Loh Lily女士收購Target Foundry Sdn Bhd (「**Target Foundry**」)全部已發行股本，該公司為一間於馬來西亞註冊成立的不活躍公司，現金代價為100令吉。該收購事項乃採用收購法入賬。收購事項所產生的商譽金額為10,338令吉(附註34)。
- (5) Extra Mega Limited (「EML」)於2018年4月4日在香港註冊成立為有限公司。於註冊成立日期，EML以繳足股款形式配發及發行一(1)股股份(相當於EML的全部股本)予初步認購人，其後於2018年4月26日以代價1港元轉讓予GEL。EML於中國香港經營日本餐廳。

概無附屬公司於報告期末發行任何債務證券。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 34. ACQUISITION OF SUBSIDIARY COMPANY

On 1 September 2017, Target Precast acquired Target Foundry for a consideration of RM100.

The assets and liabilities arising from the acquisition are as follows:

### 34. 收購附屬公司

於2017年9月1日，Target Precast 收購 Target Foundry，代價為100令吉。

收購產生資產及負債如下：

		2018 2018年 RM 令吉
Bank balances	銀行結餘	100
Payables and accrued charges	應付款項及應計開支	(10,338)
Net identifiable liabilities	可識別淨負債	(10,238)
Fair value of net identifiable liabilities	可識別淨負債的公平值	(10,238)
Goodwill	商譽	10,338
Fair value of purchase consideration	收購代價的公平值	100
The cash outflow on acquisition is as follow:	收購的現金流出如下：	
Purchase consideration satisfied by cash	以現金支付的收購代價	100
Cash and cash equivalent of subsidiary company acquired	已收購附屬公司的現金及現金等價物	(100)
Net cash outflow of the Group	本集團的現金流出淨額	—

In view of the dormant status of Target Foundry since its date of incorporation, the directors of the Company concluded that the goodwill arising from the acquisition should be impaired in full (Note 9).

鑒於Target Foundry自其註冊成立日期起為不活躍狀態，本公司董事認為，收購產生的商譽應全數減值(附註9)。

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 綜合財務報表附註

#### 35. PERFORMANCE GUARANTEE

At the end of the reporting periods, the Group has provided a performance guarantee in respect of a project signed with Telekom Malaysia Berhad, a customer, amounting to RM534,000 for securing a project. This guarantee will be discharged upon the completion of the project.

#### 36. RELATED PARTIES TRANSACTIONS

- (a) Balances with related parties are disclosed in the consolidated statement of financial position and in Note 18.
- (b) The remuneration paid or payable to the key management personnel, being the directors of the Company, during the year is included in Note 6. The remuneration of key management personnel is determined with reference to the performance of the individuals and market trends.
- (c) Mr. Loh Swee Keong, a Director of the Company and Ms. Loh Lily, the sibling of Mr. Loh Swee Keong, have provided financial guarantees to certain subsidiary companies of the Group as disclosed in Note 21 as at 31 May 2017.
- (d) Acquisition of the entire interest in Target Foundry Sdn. Bhd. from Mr. Loh Swee Keong, a director of the Company and Ms. Loh Lily, the sibling of Mr. Loh Swee Keong as disclosed in Note 33.

#### 37. LITIGATION

On 26 October 2017, a subsidiary company of the Group has filed a writ and statement of claim in Kuala Lumpur High Court to premise the invalidation of the registered patent of precast concrete junction box cover purportedly held by the former supplier.

On 8 June 2018, the suit was withdrawn upon a settlement agreement entered into by both parties on 7 June 2018 that the former supplier shall pay a total of RM80,000 to the subsidiary company.

#### 35. 履約擔保

於報告期末，本集團已就與一名客戶 Telekom Malaysia Berhad 簽署的項目提供履約擔保，金額為 534,000 令吉，以擔保有關項目。該擔保將於項目完成後解除。

#### 36. 關聯方交易

- (a) 與關聯方的結餘於綜合財務狀況表及附註 18 披露。
- (b) 年內已付或應付主要管理人員（即本公司董事）的薪酬載於附註 6。主要管理人員的薪酬乃參考個人表現及市場趨勢釐定。
- (c) 誠如附註 21 所披露，於 2017 年 5 月 31 日，Loh Swee Keong 先生（本公司董事）及 Loh Lily 女士（Loh Swee Keong 先生的胞妹）已向本集團若干附屬公司提供財務擔保。
- (d) 誠如附註 33 所披露，自 Loh Swee Keong 先生（本公司董事）及 Loh Lily 女士（Loh Swee Keong 先生的胞妹）收購 Target Foundry Sdn. Bhd. 的全部權益。

#### 37. 訴訟

於 2017 年 10 月 26 日，本集團一間附屬公司已向吉隆坡高等法院提交一份書面申索陳訴書，理據為據稱由前供應商持有的預製混凝土接線盒蓋的註冊專利無效。

於 2018 年 6 月 8 日，雙方於 2018 年 6 月 7 日訂立和解協議後，其中前供應商須向附屬公司支付合計 80,000 令吉，該訴訟已撤回。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

### 38. 本公司的財務狀況表

本公司於報告期末的財務狀況表的資料包括：

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
<b>Non-Current Asset</b>	<b>非流動資產</b>		
Investment in a subsidiary company	於附屬公司的投資	4	4
<b>Current Assets</b>	<b>流動資產</b>		
Receivables, deposits and prepayment Amount owing from subsidiary companies (Note a)	應收款項、按金及預付款 應收附屬公司款項 (附註a)	93 17,935	2,353 57
Cash on hand and at bank	手頭及銀行現金	592	48
<b>Total Current Assets</b>	<b>流動資產總值</b>	<b>18,620</b>	<b>2,458</b>
<b>Current Liabilities</b>	<b>流動負債</b>		
Payable and accrued charges Amount owing to subsidiary companies (Note a)	應付款項及應計費用 應付附屬公司款項 (附註a)	141 6,427	2,153 6,224
<b>Total Current Liabilities</b>	<b>流動負債總額</b>	<b>6,568</b>	<b>8,377</b>
<b>Net Current Assets/(Liabilities)</b>	<b>淨流動資產/(負債)</b>	<b>12,052</b>	<b>(5,919)</b>
<b>Net Assets/(Liabilities)</b>	<b>淨資產/(負債)</b>	<b>12,056</b>	<b>(5,915)</b>
<b>Capital and Reserves</b>	<b>資本及儲備</b>		
Share capital	股本	3,382	—
Share premium	股份溢價	19,891	—
Accumulated loss (Note b)	累計虧損(附註b)	(11,217)	(5,915)
<b>Total Equity</b>	<b>權益總額</b>	<b>12,056</b>	<b>(5,915)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

The movements of accumulated loss is as follows:

		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉
<b>At beginning of year/date of incorporation</b>	於年初／註冊成立日期	(5,915)	—
Loss and total comprehensive loss for the year/period	年／期內虧損及全面虧損總額	(5,302)	(5,915)
At end of year/period	於年／期末	(11,217)	(5,915)

Notes:

- (a) The amounts owing from/(to) subsidiary companies are unsecured, interest-free and repayable on demand.
- (b) The loss for the reporting period 28 October 2016 (date of incorporation) to 31 May 2017 and period ended 31 May 2018 from mainly comprise the listing fees of RM6,048,000 and RM2,336,000 during the period respectively.

The financial position of the Company was approved and authorised for issue by the board of directors on 24 August 2018 and are signed on behalf by:

**Loh Swee Keong**

Director  
董事

**Chu Kin Ming**

朱健明  
Independent Non-Executive Director  
獨立非執行董事

累計虧損的變動如下：

附註：

- (a) 應收／(應付) 附屬公司款項為無抵押、免息及須按要求償還。
- (b) 自2016年10月28日(註冊成立日期)至2017年5月31日報告期間及截至2018年5月31日止期間的虧損主要包括期內上市費用分別為6,048,000令吉及2,336,000令吉。

本公司的財務狀況表由董事會於2018年8月24日批准並授權刊發，並由下列董事代表簽署：



## FOUR YEARS FINANCIAL SUMMARY

### 四年財務概要

RESULTS 業績		Year ended 31 May 截至5月31日止年度			
		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉	2016 2016年 RM'000 千令吉	2015 2015年 RM'000 千令吉
Revenue	收入	38,194	33,595	33,281	23,165
Gross profit	毛利	8,761	10,423	9,929	7,478
Profit before taxation	除稅前溢利	(1,909)	606	6,566	5,107
(Loss)/Profit for the year	年內(虧損)/溢利	(3,090)	(1,109)	4,895	3,846

  

ASSETS AND LIABILITIES 資產及負債		As at 31 May 於5月31日			
		2018 2018年 RM'000 千令吉	2017 2017年 RM'000 千令吉	2016 2016年 RM'000 千令吉	2015 2015年 RM'000 千令吉
Total assets	資產總值	47,907	28,632	20,862	16,235
Total liabilities	負債總額	10,215	10,149	9,279	7,547
Net assets	淨資產	37,692	18,483	11,583	8,688
<b>CAPITAL AND RESERVES</b> 資本及儲備					
Total equity	權益總額	37,692	18,483	11,583	8,688



**SK TARGET GROUP LIMITED**  
**瑞強集團有限公司**