Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

SK TARGET GROUP LIMITED
瑞強集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8427)

ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 AUGUST 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small & medium sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small & medium sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The board of Directors (the "**Board**") of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the three months ended 31 August 2019 together with the unaudited comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 August 2019

		Three months ended 31 August	
		2019	2018
	Note	***RM'000***	*RM'000*
		(unaudited)	(unaudited)
Revenue	*3*	**6,872**	8,319
Cost of sales		**(4,655)**	(6,254)
Gross profit		**2,217**	2,065
Other income		**252**	255
Administrative expenses		**(2,357)**	(2,319)
Selling and distribution expenses		**(258)**	(310)
Finance costs	*4*	**(55)**	(5)
Loss before taxation		**(201)**	(314)
Taxation	*5*	**(258)**	(188)
Loss for the period	*6*	**(459)**	(502)
Other comprehensive income items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**20**	226
Total comprehensive loss for the period		**(439)**	(276)
Loss per share			
Basic *(RM cents)*	*8*	**(0.07)**	(0.08)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 August 2019

	Share capital *RM'000*	Share premium *RM'000*	Other reserve *RM'000*	Translation reserve *RM'000*	Retained profits *RM'000*	Total *RM'000*
At 31 May 2018 (audited)	3,382	19,891	8,579	(974)	6,814	37,692
Loss for the period	–	–	–	–	(502)	(502)
Exchange differences arising on translation of foreign operations	–	–	–	226	–	226
Total comprehensive loss for the period	–	–	–	226	(502)	(276)
At 31 August 2018 (unaudited)	3,382	19,891	8,579	(748)	6,312	37,416
At 31 May 2019 (audited)	**3,382**	**19,891**	**8,579**	**(583)**	**4,165**	**35,434**
Loss for the period	**–**	**–**	**–**	**–**	**(459)**	**(459)**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**20**	**–**	**20**
Total comprehensive loss for the period	**–**	**–**	**–**	**20**	**(459)**	**(439)**
At 31 August 2019 (unaudited)	**3,382**	**19,891**	**8,579**	**(563)**	**3,706**	**34,995**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 August 2019

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of The Stock Exchange since 19 July 2017. The Company was incorporated in the Cayman Islands as a private limited liability company on 28 October 2016. The addresses of the Company's registered office in Cayman Islands and headquarters and principal place of business in Malaysia are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and 18, Jalan LP 2A/2, Taman Lestari Perdana, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia, respectively. The principal place of business in Hong Kong is Room 101, 1/F, Chung Nam Building, 1 Lockhart Road, Wanchai, Hong Kong.

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

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

The unaudited condensed consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), which is also the functional currency of the Company. All values are rounded to nearest thousands (RM'000), unless otherwise stated.

2. BASIS OF PREPARATION AND PRESENTATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 August 2019 have been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed 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 each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The basis of preparation and accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are consistent with those adopted in the annual report for the year ended 31 May 2019, except for the new and revised IFRSs described below. The condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Company.

Application of new and amendments to IFRSs

In the current period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 June 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015 — 2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current period. IFRS 16 superseded IAS 17 Leases and the related interpretations.

2.1.1. Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Applies practical expedient and includes non-lease components in right-of-use assets/lease liabilities

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Excludes non-lease components

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of assets that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 June 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 June 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

On transition, the Group has made the following adjustments upon application of IFRS 16:

The Group recognised lease liabilities of RM2,572,000 and right-of-use assets of RM2,572,000 at 1 June 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.5%.

	At 1 June 2019 *RM'000*
Operating lease commitments disclosed as at 31 May 2019	**2,541**
Lease liabilities discounted at relevant incremental borrowing rates	**2,572**
Lease liabilities as at 1 June 2019	**2,572**
Analysed as	
Current	**1,358**
Non-current	**1,214**
	2,572

The carrying amount of right-of-use assets as at 1 June 2019 comprises the following:

	Right-of-use assets *RM'000*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	**2,572**
	2,572
By class:	
Properties	**2,572**
	2,572

3. REVENUE

Revenue represents the invoiced values of goods sold during the report periods.

	Three months ended 31 August	
	2019	2018
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Manufacturing and trading	**5,113**	5,104
Other building materials and services	**901**	2,497
Japanese catering services	**782**	718
Sourcing services	**76**	—
	6,872	8,319

4. FINANCE COSTS

	Three months ended 31 August	
	2019	2018
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Interest expense on:		
Other facilities	**1**	3
Commitment fees	**2**	2
Leased liabilities interest	**52**	—
	55	5

5. TAXATION

	Three months ended 31 August	
	2019	2018
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Malaysia corporate income tax:		
Current period	**258**	188
Underprovision in prior periods	**—**	—
Deferred tax	**—**	—
	258	188

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

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

6. LOSS FOR THE PERIOD

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

	Three months ended 31 August	
	2019	2018
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Auditor remuneration	**178**	125
Cost of inventories recognised as an expense	**3,513**	4,018
Staff costs, excluding directors' remuneration:		
— Salaries, wages and other benefits	**1,306**	1,447
— Contribution to EPF	**94**	103
	1,400	1,550
Minimum lease payments on:		
Factory	**—**	120
Crane	**—**	4
Shop	**—**	167
Staff accommodation	**5**	5
Office equipment	**2**	2
Amortisation of leased assets	**657**	—
Depreciation on:		
Property, plant and equipment	**165**	161
Investment property	**2**	2
Unrealised loss/(gain) on foreign exchange	**60**	(580)
Interest income	**(71)**	(9)

7. DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 31 August 2019 (2018: Nil).

8. LOSS PER SHARE

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

	Three months ended 31 August	
	2019	2018
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Loss for the purpose of calculating basic loss per share:		
Loss for the period attributable to the owners of the Company	**(459)**	(502)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**620,000,000**	620,000,000

No diluted loss per share information has been presented for the period ended 31 August 2018 and 31 August 2019 as the Company has no potential ordinary shares outstanding during both period ended.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

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

For the three months ended 31 August 2019, the revenue of the Group decreased by approximately 17.4% due to decrease in the revenue generated from the trading of accessories and pipes and the provision of mobile crane rental and ancillary services affected by the uncertain economic atmosphere in Malaysia.

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

FINANCIAL REVIEW

Revenue

The revenue decreased from approximately RM8.3 million for the three months ended 31 August 2018 to approximately RM6.9 million for the three months ended 31 August 2019, representing a decrease of approximately 17.4%. Such decrease was mainly due to the decrease of the trading of accessories and pipes and the provision of mobile crane rental and ancillary services.

For the manufacturing and trading of precast concrete junctions boxes business, the revenue remained relatively stable and slightly increased by approximately 0.2%, from approximately RM5,104,000 for the period ended 31 August 2018 to approximately RM5,113,000 for the period ended 31 August 2019.

For the trading of accessories and pipes and the provision of mobile crane rental and ancillary services business, the revenue decreased by approximately 63.9%, from approximately RM2.5 million for the period ended 31 August 2018 to approximately RM0.9 million for the period ended 31 August 2019. The decrease was mainly caused by the decrease in sales of scrap iron and steels.

For the Japanese catering services, the revenue increased by approximately 8.9%, from approximately RM0.7 million for the period ended 31 August 2018 to approximately RM0.8 million for the period ended 31 August 2019. The increase is mainly due to the effect of advertising.

The Group is exploring opportunities in the diversification of business risk with a view to maximise returns to the Group and shareholders of the Company as a whole in the long run. The Group has expanded into sourcing services and generated approximately RM76,000 for the period ended 31 August 2019.

Cost of sales and Gross Profit

Costs of sales mainly consists of (i) cost of raw materials and trading products; (ii) manufacturing overheads; (iii) direct labour; (iv) crane hiring costs; and (v) food costs. The cost of sales decrease from approximately RM6.3 million for the three months ended 31 August 2018 to approximately RM4.7 million for the three months ended 31 August 2019, representing a decrease of approximately 25.6%. Such change was in consistent with the decrease in revenue during the period ended 31 August 2019.

The gross profit increased from approximately RM2.1 million for the three months ended 31 August 2018 to approximately RM2.2 million for the three months ended 31 August 2019.

Administrative expenses

Administrative expenses of the Group slightly increased by approximately RM0.1 million or 1.6% from approximately RM2.3 million for the three months ended 31 August 2018 to approximately RM2.4 million for the three months ended 31 August 2019.

The Group's administrative expenses mainly consisted of salaries, welfare and other benefits, rent and rates, general office expenses, depreciation and professional service fees. The increase was mainly attributable to general inflation.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased by approximately RM52,000 or 16.8% from approximately RM310,000 for the three months ended 31 August 2018 to approximately RM258,000 for the three months ended 31 August 2019.

The Group's selling and distribution expenses mainly consisted of salaries, welfare and other benefits for sales and marketing staff and travelling and entertainment expenses. The decrease of selling and distribution expenses was mainly due to the decrease in staff cost.

Loss for the period

The Group recorded a net loss of approximately RM0.5 million for the three months ended 31 August 2019 mainly due to the decrease in revenue of the Group for the three months ended 31 August 2019.

SIGNIFICANT INVESTMENTS HELD

During the three months ended 31 August 2019, the Company did not have any significant investments held.

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

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

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

As at 31 August 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Sections 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Director/ Chief Executive	Capacity/ Nature of Interest	Number of ordinary shares in which interested	Percentage of the Company's issued share capital as at 31 August 2019
Mr. Loh Swee Keong *(Note 2)*	Interest in controlled corporation	238,620,000 (L) *(Note 1)*	38.49%

Notes:

(1) The letter (L) denotes the person's long interest in the Shares.

(2) Merchant World Investments Limited is a company incorporated in the BVI and is wholly-owned by Mr. Loh Swee Keong. Mr. Loh Swee Keong is deemed to be interested in all the Shares held by Merchant World Investments Limited for the purpose of the SFO.

Save for disclosed above, as at 31 August 2019, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provision of the SFO), or (ii) as required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

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

As at 31 August 2019, the following persons (other than the Directors or chief executive of the Company) had interests and/or short positions in the shares and underlying shares of the Company which would fall to be disclosed of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Ordinary Shares of the Company

Name of Director/ Chief Executive	**Capacity/ Nature of Interest**	**Number of ordinary shares in which interested**	**Percentage of the Company's issued share capital as at 31 August 2019**
Merchant World Investments Limited	Beneficial owner	238,620,000 (L) *(Note 1)*	38.49%
Ms. Woon Sow Sum *(Note 2)*	Interest of spouse	238,620,000 (L)	38.49%
Greater Elite Holdings Limited	Beneficial owner	122,980,000 (L)	19.84%
Mr. Law Fung Yuen Paul *(Note 3)*	Interest in controlled corporation	122,980,000 (L)	19.84%
Ms. Cheng Lai Wah Christina *(Note 4)*	Interest of spouse	122,980,000 (L)	19.84%
Mr. Fung Tak, Andrew	Beneficial owner	43,800,000 (L)	7.06%
Ms. Lo Pui Chu, Amy *(Note 5)*	Interest of spouse	43,800,000 (L)	7.06%
Mr. Fung Hong, Albert	Beneficial owner	43,800,000 (L)	7.06%
Ms. Cho Ka Lai *(Note 6)*	Interest of spouse	43,800,000 (L)	7.06%

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.

(5) Ms. Lo Pui Chu, Amy is the spouse of Mr. Fung Tak, Andrew and is deemed, or taken to be interested in all the Shares in which Mr. Fung Tak, Andrew has interest under the SFO.

(6) Ms. Cho Ka Lai is the spouse of Mr. Fung Hong, Albert and is deemed, or taken to be interested in all the Shares in which Mr. Fung Hong, Albert has interest under the SFO.

Save for disclosed above, as at 31 August 2019, the Company has not been notified by any person (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under provisions of Division 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

CHARGE ON GROUP'S ASSETS

As at 31 August 2019, the Group had bank deposits pledged with banks totalling approximately RM1.1 million (31 August 2018: approximately RM1.0 million). These deposits were pledged to secure general banking facilities granted to the Group.

FOREIGN CURRENCY RISK

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

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 August 2019.

CORPORATE GOVERNANCE PRACTICES

Under the code provision A.2.1 of the Corporate Governance Code (the "**CG Code**"), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established.

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

Save as disclosed above, for the three months ended 31 August 2019, in the opinion of the Directors, the Group has complied with the code provision of the CG Code.

SHARE OPTION SCHEME

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

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

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 as at 31 August 2019 in issue upon the date of the shares of the Company listed on the GEM, being 62,000,000 shares (or such numbers of shares as shall result from a subdivision or a consolidation of such 62,000,000 from time to time) (the "**Scheme Limit**"). Subject to shareholders' approval in general meeting, the Board may (i) renew this limit at any time to 10% of the shares in issue as at the date of the approval by the shareholders in general meeting; and/or (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board.

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

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

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

An offer for the grant must be accepted not less than five business days from the date on which the Option is granted. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an options is HK$1.

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

During the three months ended 31 August 2019, other than the share option scheme is set out above, the Company did not enter into the other equity-linked agreement, nor did any other equity-linked agreement exist during the period under review.

As at 31 August 2019, no share option was granted, exercised, lapsed or cancelled under the Share Option Scheme of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the section "Share Option Scheme" and "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and associated corporations", at no time during the period was the Company, 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).

DIRECTOR'S 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 enquiries of all the Directors and all Directors confirmed that they have complied with the required standards of dealings regarding securities transactions by the Directors during the three months ended 31 August 2019 and up to the date of this announcement.

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 three months ended 31 August 2019.

DIRECTOR'S INTEREST OF COMPETING BUSINESS

During the three months ended 31 August 2019, the Directors confirm that none of the controlling shareholders or Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business or any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The Group has established the Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The duties of the Audit Committee are to primary review financial statements of the Company and oversee internal control procedures of the Company.

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

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the three months 31 August 2019 and is of the opinion that such statements complied with applicable standards, the GEM Listing Rules and that adequate disclosure had been made.

INTEREST OF THE COMPLIANCE ADVISER

As notified by Ever-Long Securities Company Limited ("**Ever-Long**"), the compliance adviser of the Company, except for the compliance adviser agreement entered into between the Company and Ever-Long dated 17 April 2019, neither Ever-Long nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Ever-Long had any interest in the share capital of our Company or any member of our Group (including options or rights to subscribe for such securities, if any) which is required to be notified to our Company pursuant to Rule 6A.32 of the GEM Listing Rules as of 31 August 2019.

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

Hong Kong, 10 October 2019

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

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