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SK TARGET GROUP LIMITED
瑞強集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8427)

**ANNOUNCEMENT OF THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 28 FEBRUARY 2018**

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given that the companies listed on the GEM are generally small and mid-sized companies, there is a risk that securities traded on the 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 the 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 the 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 nine months ended 28 February 2018 together with the unaudited comparative figures for the corresponding period in 2017 as follows:

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

For the nine months ended 28 February 2018

	<i>Note</i>	Three months ended		Nine months ended	
		28 February	2017	28 February	2017
		2018	2017	2018	2017
		<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	9,709	7,817	25,558	24,520
Cost of sales		(7,437)	(4,605)	(19,471)	(16,253)
Gross profit		2,272	3,212	6,087	8,267
Other income		45	48	198	100
Administrative expenses		(1,629)	(1,043)	(4,748)	(2,022)
Selling and distribution expenses		(283)	(467)	(813)	(1,088)
Listing expenses		–	(4,292)	(2,365)	(4,292)
Finance costs	4	(4)	(19)	(43)	(50)
Fair value change of financial assets at fair value through profit or loss		–	–	–	13
Profit/(Loss) before taxation		401	(2,561)	(1,684)	928
Taxation	5	(133)	(477)	(734)	(1,314)
Profit/(Loss) and total comprehensive (loss)/income for the period	6	268	(3,038)	(2,418)	(386)
Earnings/(Loss) per share					
— Basic (<i>RM cents</i>)	8	0.04	(0.69)	(0.41)	(0.11)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

For the nine months ended 28 February 2018

	Share capital <i>RM'000</i>	Share premium <i>RM'000</i>	Other reserve <i>RM'000</i>	Accumulated profits <i>RM'000</i>	Total <i>RM'000</i>
At 31 May 2016 (audited)	–	–	570	11,013	11,583
Loss and total comprehensive income for the period	–	–	–	(386)	(386)
Acquisition of the equity interest in subsidiaries by an intermediate holding company of the Company pursuant to the reorganisation	–	–	(570)	–	(570)
Capital injection and issuance of Shares	–	–	8,579	–	8,579
At 28 February 2017 (unaudited)	–	–	8,579	10,627	19,206
At 31 May 2017 (audited)	–	–	8,579	9,904	18,483
Loss and total comprehensive income/expense for the period	–	–	–	(2,418)	(2,418)
Capitalisation issue	2,400	(2,400)	–	–	–
Placing and offer of shares	982	26,511	–	–	27,493
Transaction costs attributable to issue of shares	–	(4,220)	–	–	(4,220)
At 28 February 2018 (unaudited)	3,382	19,891	8,579	7,486	39,338

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 28 February 2018

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 the Cayman Islands and the headquarters and the 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.

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, who is the ultimate controlling party of the Company wholly owned 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 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 nine months ended 28 February 2018 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 2017, except for the new and revised IFRSs. The condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee of the Company.

3. REVENUE

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

	Three months ended 28 February		Nine months ended 28 February	
	2018 <i>RM'000</i> (unaudited)	2017 <i>RM'000</i> (unaudited)	2018 <i>RM'000</i> (unaudited)	2017 <i>RM'000</i> (unaudited)
Manufacturing and trading	6,057	6,586	17,787	21,063
Other building materials and services	3,652	1,231	7,771	3,457
	9,709	7,817	25,558	24,520

4. FINANCE COSTS

	Three months ended 28 February		Nine months ended 28 February	
	2018 <i>RM'000</i> (unaudited)	2017 <i>RM'000</i> (unaudited)	2018 <i>RM'000</i> (unaudited)	2017 <i>RM'000</i> (unaudited)
Interest on finance leases	3	11	39	21
Interest on trust receipt loan	–	4	–	8
Interest on bank overdraft	1	4	4	12
Interest on term loan	–	–	–	9
	4	19	43	50

5. TAXATION

	Three months ended 28 February		Nine months ended 28 February	
	2018 <i>RM'000</i> (unaudited)	2017 <i>RM'000</i> (unaudited)	2018 <i>RM'000</i> (unaudited)	2017 <i>RM'000</i> (unaudited)
Malaysia corporate income tax:				
Current period	89	477	690	1,252
Underprovision in prior periods	44	–	44	27
Deferred tax	–	–	–	50
Over-provision in prior periods	–	–	–	(15)
	133	477	734	1,314

Malaysia corporate income tax is calculated at the statutory tax rate of 18%–24% (Note) on the estimated assessable profits.

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% on chargeable income amounting to RM500,000 or less for the periods ended 28 February 2017 and 28 February 2018. For chargeable income in excess of RM500,000, the corporate income tax rate is 24% for the periods ended 28 February 2017 and 28 February 2018.

6. (LOSS)/PROFIT FOR THE PERIOD

	Three months ended		Nine months ended	
	28 February		28 February	
	2018	2017	2018	2017
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/profit for the period has been arrived at after charging (crediting):				
Auditors' remuneration	31	14	285	42
Cost of inventories recognised as an expense	6,136	2,890	14,363	10,887
Staff costs, excluding Directors' remuneration				
— Salaries, wages and other benefits	1,116	1,000	3,005	2,380
— Contribution to EPF	112	95	277	210
	1,228	1,095	3,282	2,590
Minimum lease payments on rented land	120	110	360	320
Minimum lease payments on rented crane	23	30	67	63
Depreciation of property, plant and equipment	202	111	385	307
Depreciation of investment property	2	2	8	8
Gain on disposal of property, plant and equipment	—	—	—	(13)
Bad debts written off/(recovered)	—	—	—	13
Rental income from investment property	—	(5)	(1)	(16)
Interest income	(7)	(6)	(30)	(48)
Unrealised loss (gain) on foreign exchange	57	(3)	54	(12)

7. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 28 February 2018 (2017: Nil).

8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended		Nine months ended	
	28 February		28 February	
	2018	2017	2018	2017
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/Earnings for the purpose of basic (loss)/earnings per share ((loss)/profit for the period attributable to the owners	<u>268</u>	<u>(3,038)</u>	<u>(2,418)</u>	<u>(386)</u>
	Number of shares	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>620,000,000</u>	<u>440,000,000</u>	<u>588,351,648</u>	<u>366,122,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share for the nine months ended 28 February 2018 and 2017, had been adjusted retrospectively assuming that the group reorganisation and the issue of shares upon capitalisation of the share premium account have been effective from 1 June 2016 and accordingly, the 440,000,000 ordinary shares of the Company which were in issue and outstanding immediately after the group reorganisation and share capitalisation were assumed to have been effective on 1 June 2016.

The calculation of the weighted average number of ordinary shares outstanding for the nine months ended 28 February 2018 also include the effect of the share offer of 180,000,000 new ordinary shares on the Listing Date.

No diluted earnings/(loss) per share information has been presented for either period as the Company has no potential ordinary shares outstanding during both periods.

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 also engages in trading of accessories and pipes and provision of mobile crane rental and ancillary services in Malaysia (the “**Other building materials and services business**”).

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 Nasional 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.

Looking forward, the Directors consider that the future opportunities and challenges facing by the Group will mainly depend on the construction works for utilities infrastructure and for newly developed districts. The Directors are of the view that 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. On the other hand, the Company’s wholly-owned subsidiary, namely Target Precast Industries Sdn Bhd entered into a legally-binding Letter of Award with Telekom in respect of the supply and delivery of concrete junction boxes and junction box covers for a term of three years from 1 January 2017 to 31 December 2019. The formal agreement in this respect had been signed and returned to the Group as 1 August 2017 (the “**Formal Agreement**”). The Directors expect that the growth of the Group will be sustained by the Formal Agreement because it is the first agreement entered directly between the Group and Telekom without the involvement of contractors or subcontractors, therefore it allows the Group to capture a higher profit margin in the sales of its precast concrete junction boxes.

The management of the Group is looking for business and investment opportunities that will generate sustainable returns to the shareholders.

FINANCIAL REVIEW

Revenue

The revenue increased from approximately RM24.5 million for the nine months ended 28 February 2017 to approximately RM25.6 million for the nine months ended 28 February 2018, representing an increase of approximately 4.2%. Such increase was mainly due to the enhanced performance of the segment of other building materials and services business.

The Group's revenue generated from the manufacturing and trading business decreased by approximately 15.6%, from approximately RM21.1 million for the nine months ended 28 February 2017 to approximately RM17.8 million for the nine months ended 28 February 2018. The decrease was mainly caused by the delayed and the decreased in sales orders from several customers in the first half of the financial year. Moreover, orders were gradually picking up in this quarter and as a result the decrease has been narrowed in this quarter. It is expected that the revenue will continue to improve in the coming quarter.

For the other building materials and services business, revenue increased by approximately 124.8% from approximately RM3.5 million for the nine months ended 28 February 2017 to approximately RM7.8 million for the nine months ended 28 February 2018, which was mainly attributable to the increase in sales of scrap irons and pipes.

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 RM16.3 million for the nine months ended 28 February 2017 to approximately RM19.5 million for the nine months ended 28 February 2018, representing an increase of approximately 19.8%. Such change was mainly attributable to the increase in material usage and sales of other building materials for the nine months ended 28 February 2018.

The Gross Profit decreased from approximately RM8.3 million for the nine months ended 28 February 2017 to approximately RM6.1 million for the nine months ended 28 February 2018. The decrease is mainly due to the decrease in sales orders in the manufacturing and trading business from the first half of the year.

Administrative expenses

Administrative expenses of the Group increased by approximately RM2.7 million or 134.8% from approximately RM2 million for the nine months ended 28 February 2017 to approximately RM4.7 million for the nine months ended 28 February 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 period.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased by approximately RM0.3 million or 25.3% from approximately RM1.1 million for the nine months ended 28 February 2017 to approximately RM0.8 million for the nine months ended 28 February 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.

Loss for the period

The Group recorded a net loss of approximately RM2.4 million for the nine months ended 28 February 2018 due to the net effect of (i) a non-recurring listing expenses of approximately RM2.4 million for its listing exercise during the three months ended 28 February 2018; (ii) the increase in the administrative expenses incurred by the Group for the nine months ended 28 February 2018; and (iii) the decrease in gross profit of the Group for the nine months ended 28 February 2018.

LEGAL PROCEEDINGS

During the current period, there was one legal proceeding against the Company, details are as follow:

(A) As disclosed in the Company's voluntary announcement dated 16 October 2017, Target Precast Industries Sdn Bhd and Target Foundry Sdn Bhd, both wholly-owned subsidiaries of the Group (the "**Subsidiaries**") were served with a writ of summons and a statement of claim filed by one Lum Tseng Engineering Sdn. Bhd. ("**Lum Tseng**") in the High Court of Malaya in Penang under Suit No. PA-22NCVC-206-10/2017 (the "**Suit 206**").

In Suit 206, Lum Tseng alleged that the Subsidiaries' products had infringed Patent No. MY-137345-A ("**Patent 345**"), a registered patent of precast concrete junction box cover purportedly held by Lum Tseng as a licensee (the "**Impugned Patent**") and Lum Tseng is claiming against the Subsidiaries for:

- (i) an injunction restraining the Subsidiaries from infringing the Impugned Patent;
- (ii) an order for the Subsidiaries to surrender or destroy all the products which infringed the Impugned Patent;
- (iii) general damages;
- (iv) exemplary damages of Malaysian Ringgit 1,000,000;

- (v) interest of 5% on damages from the filing date of the suit till the date of full payment; and
 - (vi) costs of the action.
- (B) On 12 October 2017, Lum Tseng filed under Suit 206 an application seeking an interim injunction to restrain the Subsidiaries from infringing Patent 345. On 14 October 2017, the Subsidiaries filed an affidavit in reply and Lum Tseng withdrew its application for interim injunction on 6 December 2017.
- (C) On 26 October 2017, the Subsidiaries filed an application to strike out Suit 206 on the ground that Lum Tseng is not the registered owner of Patent 345 and Lum Tseng had failed to fulfil the statutory requirement to commence Suit 206 as a licensee of Patent 345. The application has been fixed for hearing on 18 January 2018.
- (D) On 26 October 2017, the Subsidiaries also filed a writ of summons and a statement of claim in the High Court of Malaya in Penang under Suit No. WA-22IP-42-10/2017 (“**Suit 42**”) against Lum Tseng and Loh Soo Tiak, the registered owners of Patent 345 and directors of Lum Tseng seeking for:
- (a) a declaration under Sections 56 and 57 of the Patents Act 1983 that Patent 345 is invalid;
 - (b) an order that Patent 345 be invalidated and removed from the Register of Patents;
 - (c) a declaration that Subsidiaries are entitled to use and/or manufacture, market, distribute, offer for sale and/or sell their manhole covers without interference from the Lum Tseng and Loh Soo Tiak and/or their agents and/or nominees;
 - (d) a permanent injunction to restrain Lum Tseng and Loh Soo Tiak, whether jointly or severally and/or acting by themselves, or through their directors, officers, employees, servants, agents or assignees or otherwise from:
 - (i) publishing and/or causing to be published, dissemination, printing and/or assisting in publication in any manner whatsoever defamatory statements that the Subsidiaries had infringed Patent 345 (“**Defamatory Statements**”) and/or any similar words defamatory of the Subsidiaries; and
 - (ii) Conspiring the injure the Subsidiaries; and
 - (iii) Unlawfully interfering with the Subsidiaries’ trade and business;

- (e) an order to compel Lum Tseng and Loh Soo Tiak, at its own costs cause to be published a letter to the third party:
 - (i) a full and complete retraction of the Defamatory Statements above; and
 - (ii) an apology in such terms as this Honourable Court deems fit;
 - (f) general damages;
 - (g) aggravated and/or exemplary damages;
 - (h) interests on all such amounts as may be ordered to be paid by Lum Tseng and Loh Soo Tiak to the Subsidiaries;
 - (i) costs; and
 - (j) Such further or other relief as the Court deems fit and proper to grant.
- (E) Lum Tseng and Loh Soo Tiak are required to file their statement of defence in Suit 42 on or before 15 January 2018.

As stated in the Company's announcement dated on 12 February 2018, the Company has on 9 February 2018 received a sealed judgement of the Court dismissing the Legal Proceedings filed by the Lum Tseng. The Court also ordered Lum Tseng to pay to the Subsidiaries a sum of RM12,000 as legal costs.

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

Save for the reorganization 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 nine months ended 28 February 2018. 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 28 February 2018, 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:

Ordinary Shares of the Company

Name of Director/ Chief Executive	Capacity/Nature of Interest	Number of Shares	Percentage of the Company's issued share capital as at 28 February 2018
Mr. Loh Swee Keong (<i>Note 2</i>)	Interest in controlled corporation	317,020,000 (L) (<i>Note 1</i>)	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.

Save for disclosed above, as at 28 February 2018, 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 28 February 2018, 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 and SFO were as follows:

Ordinary Shares of the Company

Name	Capacity/Nature of Interest	Number of Shares	Percentage of the Company's issued share capital as at 28 February 2018
Merchant World Investments Limited	Beneficial owner	317,020,000 (L) (Note 1)	51.13%
Ms. Woon Sow Sum (Note 2)	Interest of spouse	317,020,000 (L)	51.13%
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%

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.

Save for disclosed above, as at 28 February 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.

CHARGE ON GROUP'S ASSETS

The Group did not have any charge on its assets as at 28 February 2018 (2017: Nil).

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 28 February 2018 (2017: Nil).

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 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 nine months ended 28 February 2018, 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 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 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.

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 nine months ended 28 February 2018 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 nine months ended 28 February 2018.

DIRECTOR'S INTEREST OF COMPETING BUSINESS

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.

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. Lee, Alexander Patrick. 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 nine months ended 28 February 2018 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 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 28 February 2018.

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

Hong Kong, 10 April 2018

As at the date of this announcement, the Executive Directors are Mr. Loh Swee Keong and Mr. Tan Cheng Siong; the Independent Non-executive Directors are Mr. Yau Ka Hei, Mr. Chu Kin Ming and Mr. Lee, Alexander Patrick.

This announcement will remain on the “Latest Company Announcements” 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.