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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)

PROPOSED ISSUE OF NEW SHARES TO AN INDEPENDENT SUBSCRIBER UNDER GENERAL MANDATE

THE SUBSCRIPTION AGREEMENT

On 17 April 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company will allot and issue, and the Subscriber will subscribe for, an aggregate of 68,200,000 Subscription Shares at the Subscription Price.

The 68,200,000 Subscription Shares represent (i) approximately 11.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$682,000.

The Subscription Shares will be issued and allotted under the General Mandate.

The gross proceeds from the Subscription are expected to be HK\$8,525,000 (based on the Subscription Price of HK\$0.125 per Subscription Share). The net proceeds of the Subscription (after deducting related expenses) are expected to be approximately HK\$8,500,000 and the net Subscription Price per Subscription Share will be approximately HK\$0.1246. The Company intends to use the net proceeds from the Subscription as general working capital of the Group. The Directors consider that the Subscription will enable the Group to raise capital to strengthen its financial position during the outbreak of COVID-19 epidemic which exert extreme pressure on the Group's operation and broaden its shareholder base.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

On 17 April 2020 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company will allot and issue, and the Subscriber will subscribe for, an aggregate of 68,200,000 Subscription Shares at the Subscription Price.

Principal terms of the Subscription Agreement are set out below.

THE SUBSCRIPTION AGREEMENT

Key terms of the Subscription Agreement are set out below.

Date: 17 April 2020 (after trading hours)

Parties: (i) the Company; and
(ii) the Subscriber – Ho Ivan Siu-Hin

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscriber is an Independent Third Party as at the date of this announcement.

The Subscription Shares

The 68,200,000 Subscription Shares represent (i) approximately 11.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$682,000.

The Subscription Shares to be allotted and issued shall rank pari passu in all respects among themselves and with all existing Shares in issue as at the date of the Completion.

The Subscription Price

The Subscription Price of HK\$0.125 per Subscription Share represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.150 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 18.09% to the average closing price of approximately HK\$0.153 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Subscription Agreement;

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber taking into account, among other things, the current market sentiment, the historical trading performance of the Shares, and the historical financial performance and business prospects of the Group. The Board considers that the terms of the Subscription Agreement (including the Subscription Price) are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Based on the Subscription Price of HK\$0.125 per Subscription Share and the 68,200,000 Subscription Shares to be allotted and issued to the Subscriber, the total subscription amount payable by the Subscriber to the Company pursuant to the Subscription Agreement amounts to HK\$8,525,000.

Conditions precedent of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon fulfilment of the following conditions:

- (i) the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Subscription Shares; and
- (ii) the Subscription Agreement not having been terminated in accordance with its terms.

If the above conditions are not fulfilled by the Long Stop Date, the Subscription Agreement will be terminated forth with and cease to have any effect.

Representation of the Subscriber

Pursuant to the Subscription Agreement, the Subscriber represents and warrants to the Company that he and/or his associates are not existing Shareholders or connected persons of the Company or its associates and the issue of the Subscription Shares to the Subscriber shall not constitute a connected transaction (as defined in the GEM Listing Rules) or result in the Subscriber becoming connected person of the Company, and that the Subscriber and his associates are and will, immediately after completion of the Subscription Agreement, be independent of and not acting in concert with (as defined in the Takeovers Code) any connected persons of the Company in relation to the control of the Company.

Completion

Completion of the Subscription Agreement shall take place on the date falling on or before the fifth Business Day after the date on which all the relevant conditions precedent to the Subscription Agreement set out above have been fulfilled or waived (as the case may be) (or such other date as the Subscriber and the Company may agree in writing), and in any event not later than the Long Stop Date (or such later date as may be agreed by the Subscriber and the Company).

GENERAL MANDATE

The Subscription Shares will be issued and allotted under the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 124,000,000 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Share have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

The Group is principally engaged in manufacturing and trading of precast junction boxes, trading of accessories and pipes and provision of mobile crane rental and ancillary services in Malaysia, Japanese catering services, and sourcing services in Hong Kong.

The Directors consider that the Subscription will enable the Group to raise capital to strengthen its financial position during the outbreak of COVID-19 epidemic which exert extreme pressure on the Group's operation and broaden its shareholder base. The gross proceeds from the Subscription are expected to be HK\$8,525,000 (based on the Subscription Price of HK\$0.125 per Subscription Share). The net proceeds of the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$8,500,000 and the net Subscription Price per Subscription Share will be approximately HK\$0.1246. The Company intends to use the net proceeds from the Subscription as general working capital of the Group.

EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately upon the Completion (assuming no other change in the shareholding of the Company):

	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares</i>	<i>Approximate. %</i>	<i>Number of Shares</i>	<i>Approximate. %</i>
Mr. Loh Swee Keong (<i>Note 1</i>)	238,620,000	38.49	238,620,000	34.67
Greater Elite Holdings Limited	122,980,000	19.84	122,980,000	17.87
Subscriber – Ho Ivan Siu-Hin	–	–	68,200,000	9.91
Other public Shareholders	<u>258,400,000</u>	<u>41.67</u>	<u>258,400,000</u>	<u>37.55</u>
Total	<u><u>620,000,000</u></u>	<u><u>100.00</u></u>	<u><u>688,200,000</u></u>	<u><u>100.00</u></u>

Notes:

1. These Shares are held by Merchant World Investments Limited, a company wholly owned by Mr. Loh Swee Keong, an executive Director and chief executive officer of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted any fund raising activities involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“AGM”	the annual general meeting of the Company held on 25 November 2019
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong
“Company”	SK Target Group Limited (stock code: 8427), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed and traded on the GEM of the Stock Exchange
“Completion”	completion of the Subscription
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of the Company and its connected persons
“Last Trading Day”	17 April 2020, being the last trading day of the Shares immediately prior to the entering into of the Subscription Agreement

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Long Stop Date”	8 May 2020
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ho Ivan Siu-Hin, an individual investor procured by the Company to subscribe for Subscription Shares pursuant to the Subscription Agreement
“Subscription”	the conditional subscription of the Subscription Shares by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 17 April 2020 entered into between the Company and the Subscriber in relation to the issue of the Subscription Shares to the Subscriber by the Company
“Subscription Price”	the subscription price of HK\$0.125 per Subscription Share
“Subscription Shares”	an aggregate of 68,200,000 new Shares to be allotted and issued to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 17 April 2020

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

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

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