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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  
INDEPENDENT SUBSCRIBER UNDER GENERAL MANDATE**

**THE SUBSCRIPTION AGREEMENT**

On 18 August 2021 (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 5,205,000 Subscription Shares at the Subscription Price.

The Subscription Shares represent (i) approximately 5.31% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.04% 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\$416,400.

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

The gross proceeds from the Subscription are expected to be approximately HK\$1.87 million. The net proceeds of the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$1.85 million and the net Subscription Price per Subscription Share will be approximately HK\$0.36. 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.

## **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.**

## **THE SUBSCRIPTION AGREEMENT**

The Company entered into the Subscription Agreement with the Subscriber, details are set out below.

Date: 18 August 2021 (after trading hours)

Parties: (i) the Company; and

(ii) the Subscriber

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 Subscription Shares represent (i) approximately 5.31% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.04% 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\$416,400.

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\$0.36 per Subscription Share represents:

- (i) a discount of approximately 11.11% to the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 16.36% to the theoretical average closing price of HK\$0.4304 per Share (after taking into account the effect of the Share Consolidation) 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\$0.36 per Subscription Share and 5,205,000 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\$1,873,800.

## **Conditions precedent of the Subscription Agreement**

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

- (i) the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked approval for the listing of, and permission to deal in the Subscription Shares to be issued under the Subscription;
- (ii) the compliance of any other requirements under the GEM Listing Rules and the Takeovers Code or otherwise of the Stock Exchange and the Securities and Futures Commission which requires compliance in relation to the Subscription and the issue of the Subscription Shares;

- (iii) there being no material breach of the representations and warranties of the Company under the terms of the Subscription Agreement; and
- (iv) the Subscription Agreement not having been terminated in accordance with its terms.

If the conditions (i) and (ii) are not fulfilled on or prior to the Long Stop Date (or such later date as may be agreed between the Company and the Subscriber) and the conditions (iii) and (iv) do not remain fulfilled as at the date of Completion, the Subscription Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise apart from any antecedent breaches of any provisions hereof. The Company shall confirm to the Subscriber in writing that the conditions (i) and (ii) have been fulfilled.

### **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 a connected person (as defined in the GEM Listing Rules) 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.

### **Termination**

Without prejudice to any other rights or remedies of the Subscriber arising under the Subscription Agreement or otherwise, if at any time before Completion:

- (a) any of the representations, warranties and undertakings on the part of the Company given pursuant to the Subscription Agreement is found to be incorrect; or
- (b) any undertaking or representation made by the Company has not been duly and promptly fulfilled or performed or is incapable of due and prompt fulfilment or performance; or
- (c) any event occurs which constitutes a Material Adverse Change,

then the Subscriber may without any liability on its part, by notice in writing to the Company, terminate the Subscription Agreement and no party shall be under any liability to any other in respect of the Subscription Agreement provided that the exercise of any such right by the Subscriber shall not affect or prejudice or constitute a waiver of any other right, remedy or claim which the Subscriber may have in respect of any prior or existing breach by the Company of any term the Subscription Agreement.

### **Completion**

Completion of the Subscription Agreement shall take place within seven Business Days after the date on which all the relevant conditions precedent to the Subscription Agreement set out above have been fulfilled or waived.

### **GENERAL MANDATE**

The Subscription Shares will be issued under the General Mandate to allot, issue and deal with shares granted to the Directors by resolution of the Shareholders passed on 25 November 2020 subject to the limit up to 20% of the then issued share capital of the Company as at 25 November 2020.

Under the General Mandate, the Company is authorized to issue up to 137,760,000 Old Shares. After adjusting for the effect of the Share Consolidation, the Company is authorized to issue up to 17,205,000 Shares under the General Mandate.

Up to the date of this announcement, 96,000,000 Old Shares, or 12,000,000 Shares after adjusting for the effect of the Share Consolidation, have been issued under the General Mandate. Thus the maximum number of new Shares which could be issued by the Company under the General Mandate is 5,205,000 Shares. As such, the General Mandate is sufficient for allotment and issue of the 5,205,000 Subscription Shares. Accordingly, the issue of the Placing Subscription is not subject to the approval of the Shareholders.

### **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 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 and sourcing service of materials in Hong Kong.

The Directors consider that the Subscription represent an opportunity to raise capital for the Company to broaden the capital base of the Company. Accordingly, the Directors consider the terms of the Subscription Agreement are fair and reasonable and the Subscription are in the interest of the Company and the Shareholders as a whole.

The gross proceeds raised from the Subscription will be approximately HK\$1.87 million, and the net proceeds, after deduction of all relevant expenses, will be approximately HK\$1.85 million, which are intended to be used for the Group's general working capital.

The net Subscription Price will be approximately HK\$0.36 per Share.

## 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	
	Number of Shares	Approx. % (Note 1)	Number of Shares	Approx. % (Note 1)
Merchant World Investments Limited (Note 2)	29,827,500	30.43	29,827,500	28.89
Greater Elite Holdings Limited (Note 3)	13,622,500	13.90	13,622,500	13.20
The Subscriber	–	–	5,205,000	5.04
Other public Shareholders	54,575,000	55.67	54,575,000	52.87
Total	<u>98,025,000</u>	<u>100.00</u>	<u>103,230,000</u>	<u>100.00</u>

*Notes:*

1. The percentage figures have been subjected to rounding adjustments. Any discrepancies between totals and sum of amounts listed herein are due to rounding adjustments.
2. 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.
3. These Shares are held by Greater Elite Holdings Limited, a company wholly owned by Mr. Law Fung Yuen Paul.

**FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS**

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds to be raised (approximately)</b>	<b>Proposed use of net proceeds</b>	<b>Actual use of net proceeds</b>
4 March 2021 and 5 March 2021 (completed on 11 March 2021)	Subscription of new Shares under general mandate granted on 25 November 2020	HK\$4,967,000	For general working capital of the Group	Use as intended

Save for the fund raising activity disclosed above, the Company had not conducted any fund raising activities in the past 12 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 2020
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general banking business
“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
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“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”	18 August 2021, being the last trading day of the Shares immediately prior to the entering into of the Subscription Agreement
“Long Stop Date”	8 September 2021
“Material Adverse Change”	<p>means (a) any change, event, circumstance or other matter that has or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on (i) the ability of the Company to perform its obligations under the Subscription Agreement; or (ii) the business, operation, assets and liabilities, condition (financial or otherwise), results of operations or prospects of the Group as a whole, or the listing status of the Company; or</p> <p>(b) the occurrence of any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, social unrest or disobedience, act of God or epidemic (save and except COVID-19)) as would be likely to materially and adversely affect the operations or prospects of the Group as a whole</p>
“Old Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation becoming effective
“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\$0.08 each in the share capital of the Company
“Share Consolidation”	the consolidation of every 8 issued and unissued shares of the Company of par value of HK\$0.01 each into 1 share of par value of HK\$0.08 effective from 18 August 2021, details of which were disclosed in the announcements of the Company dated 23 July 2021 and 16 August 2021 and the circular of the Company dated 30 July 2021
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Cheng Chek Kay, being an Independent Third Party to the Company
“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 18 August 2021 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\$0.36 per Subscription Share
“Subscription Shares”	an aggregate of 5,205,000 new Shares to be issued by the Company to the Subscriber on the terms set out in 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, 18 August 2021

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