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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 SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes that every ten (10) issued and unissued Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share. As at the date of this announcement, there are 136,263,600 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Existing Shares will be issued or repurchased from the date of this announcement up to the date of the EGM, upon the Share Consolidation becoming effective, there will be 13,626,360 Consolidated Shares in issue which are fully paid or credited as fully paid.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot of 6,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 6,000 Existing Shares to 1,200 Consolidated Shares upon the Share Consolidation becoming effective.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further details of the Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before Thursday, 18 July 2024.

PROPOSED SHARE CONSOLIDATION

The Board proposes that every ten (10) issued and unissued Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 1,250,000,000 Existing Shares of par value of HK\$0.08 each, of which 136,263,600 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Assuming no further Existing Shares will be issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$100,000,000 divided into 125,000,000 Consolidated Shares of HK\$0.8 each, of which 13,626,360 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

1. the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
2. the Stock Exchange granting listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
3. the compliance with the relevant procedures and requirements under the GEM Listing Rules to effect the Share Consolidation.

Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Tuesday, 6 August 2024, being the second Business Day immediately after the date of the EGM, the Shareholders may during the period from Tuesday, 6 August 2024 to Wednesday, 11 September 2024 (both days inclusive) submit existing share certificates for the Existing Shares (in the colour of orange) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of blue) at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

After 4:10 p.m. on Monday, 9 September 2024, share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 6,000 Existing Shares. The Board proposes to change the board lot size for trading in the Consolidated Shares from 6,000 Existing Shares to 1,200 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.28 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, the current value of each board lot was HK\$1,680 and the value of each board lot of 1,200 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$3,360.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in June 2024 has further stated that (i) market price of the shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For the last year, the closing price of the Company has been frequently below HK\$0.1 and the existing board lot value has been less than HK\$2,000. The Share Consolidation will increase the nominal value of the Existing Shares and would bring about a corresponding upward adjustment in the expected value per board lot. The Share Consolidation would enable the Company to comply with the trading requirements under the GEM Listing Rules. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the shares of the Company as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

Thus, the Board considers that the Share Consolidation would maintain the trading amount for each board lot at a reasonable level in order to attract more investors and to broaden the shareholder base of the Company. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and, save for the subscription as disclosed in the announcement of the Company dated 27 June 2024, the Company does not have any concrete plan to conduct any fundraising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Date (2024)
Expected date of despatch of the Circular in relation to the Share Consolidation to the Shareholders together with notice of EGM and proxy form for EGM	Thursday, 18 July
Latest time for lodging transfer documents to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 26 July
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	From Monday, 29 July to Friday, 2 August
Latest time for lodging proxy forms for the EGM	3:00 p.m. on Wednesday, 31 July
Record date for attendance and voting at the EGM	Friday, 2 August
Expected date of the EGM to approve the Share Consolidation	3:00 p.m. on Friday, 2 August

Event	Date (2024)
Announcement of the poll result of the EGM	Friday, 2 August
Register of members re-opens	Monday, 5 August

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in this announcement.

Effective date of the Share Consolidation	Tuesday, 6 August
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	9:00 a.m. on Tuesday, 6 August
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Tuesday, 6 August
Original counter for trading in the Existing Shares in board lots of 6,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 6 August
Temporary counter for trading in board lots of 600 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 6 August
Effective date of the new board lot size	Tuesday, 20 August
Original counter for trading in Consolidated Shares in board lot of 1,200 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens	9:00 a.m. on Tuesday, 20 August
Parallel trading in the Consolidated Shares (in the form of existing share certificates and new share certificates for the Consolidated Shares) commences	9:00 a.m. on Tuesday, 20 August
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Tuesday, 20 August

Event	Date (2024)
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of Consolidated Shares	4:00 p.m. on Monday, 9 September
Temporary counter for trading in Consolidated Shares in board lot of 600 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Monday, 9 September
Parallel trading in the Consolidated Shares (in the form of existing share certificates and new share certificates for the Consolidated Shares) ends	4:10 p.m. on Monday, 9 September
Last day and time for free exchange of existing share certificates into new share certificates for Consolidated Shares	4:30 p.m. on Wednesday, 11 September

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further details of the Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before Thursday, 18 July 2024.

DEFINITIONS

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Company”	SK Target Group Limited (stock code: 8427), an exempted company incorporated in Cayman Islands with limited liability, the Shares of which are listed and traded on the GEM of the Stock Exchange
“Consolidated Share(s)”	share(s) of par value HK\$0.8 each in the share capital of the Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held for considering and, if thought fit, approving the Share Consolidation by the Shareholders
“Existing Share(s)”	share(s) of par value HK\$0.08 each in the existing share capital of the Company, before the Share Consolidation becoming effective
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“HK\$”

Hong Kong dollar(s), the lawful currency of Hong Kong

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

Hong Kong, 4 July 2024

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. Ma, She Shing Albert and Mr. Kwok Tsz Hin.

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.hkexnews.hk for at least 7 days from the date of its posting and on the website of the Company at www.sktargetgroup.com.