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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION
TO THE ANNUAL REPORT OF THE COMPANY
FOR THE YEAR ENDED 31 MAY 2021**

Reference is made to the annual report of SK Target Group Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) for the year ended 31 May 2021 (the “**Annual Report**”) published on 31 August 2021. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Annual Report.

Further to the information disclosed in section headed “Management Discussion and Analysis” in the Annual Report, the Company would like to further inform the Shareholders and the potential investors of the Company the following supplemental information:

USE OF PROCEEDS FROM THE SHARE OFFER

The shares of the Company were listed on 19 July 2017 (the “**Listing Date**”) on the GEM by way of a public offer and placing (collectively as the “**Share Offer**”). The net proceeds received by the Company from the Share Offer, after deducting underwriting fees and other expenses, were approximately HK\$29.6 million.

The net proceeds from the Share Offer have not been fully utilized up to the year ended 31 May 2021 in accordance with the expected timeline set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The following table lists out the updated expected timeline of utilization of the net proceeds and the usage up to the year ended 31 May 2021.

	Net proceeds from the Share Offer	Amount utilized from Listing Date to 31 May 2020	Amount utilized for the year ended 31 May 2021	Unutilized balance up to 31 May 2021	Expected timeframe for intended use
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
Expansion of production capacity through					
(i) expanding our Existing Selangor Plant (<i>note b</i>)	7.0	(3.5)	(1.1)	2.4	Intends to utilize the remaining fund by end of 2022
(ii) completing the establishment of our New Kulaijaya Plant and (<i>note b</i>)	7.3	(1.3)	(0.8)	5.2	Intends to utilize the remaining fund by end of 2022
(iii) recruiting new staffs (<i>note b</i>)	2.6	(0.5)	(0.2)	1.9	Intends to utilize the remaining fund by end of 2022
Acquisition of a parcel of land in Southern Malaysia (<i>note c</i>)	8.4	–	–	8.4	Intends to utilize the remaining fund by end of 2022
Expansion of our business vertically in the supply chain of the precast concrete junction box industry through mergers and acquisitions (<i>note c</i>)	2.7	–	–	2.7	Intends to utilize the remaining fund by end of 2022
Expansion of our sales and marketing team (<i>note d</i>)	0.8	(0.6)	(0.2)	–	
General working capital (<i>note e</i>)	0.8	(0.8)	–	–	
	_____	_____	_____	_____	
Total	<u>29.6</u>	<u>(6.7)</u>	<u>(2.3)</u>	<u>20.6</u>	

Notes:

- (a) The unused net proceeds from the Share Offer have been deposited in licensed banks in Malaysia and Hong Kong.
- (b) The funds have been used to purchase and upgrade machineries and equipments. The funds also have been utilized on recruiting and salaries of staffs for the expansion and renovation works.
- (c) The Group had not identified any acquisition target.
- (d) The funds have been fully utilized on recruiting and salaries of sales and marketing staffs.
- (e) The funds have been fully utilized as general working capital.

In view of the continuous outbreak of the COVID-19 and the changes in government in Malaysia, the management of the Group have a reservation view over the current timetable to expand the Group's production capacity, particularly in the acquisition of a piece of land in South Malaysia and vertical business expansion. The Group will closely monitor both the internal and the external factors and will decide on the pace of expansion of our production capacity in due course. The Directors will constantly evaluate the Group's business objectives and will change or modify plans against the changing market conditions to ascertain the business growth of the Group.

As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of proceeds.

The above supplemental information does not affect other information contained in the Annual Report and, save as disclosed in this announcement, the remaining contents of the Annual Report remain unchanged.

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

Hong Kong, 5 January 2022

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 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.