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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION AGREEMENT

On 27 June 2024 (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 27,252,720 Subscription Shares at the Subscription Price.

The Subscription Shares represent (i) 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% 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\$2,180,217.60.

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

The gross proceeds from the Subscription are expected to be HK\$2.18 million (based on the Subscription Price of HK\$0.08 per Subscription Share). The net proceeds of the Subscription (after deducting related professional fees and related expenses) are expected to be approximately HK\$2.10 million and the net Subscription Price per Subscription Share will be approximately HK\$0.0771. The Company intends to use the net proceeds from the Subscription to repay promissory notes and reduce interest expenses. 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: 27 June 2024 (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, its ultimate beneficial owner and its associates are Independent Third Parties.

The Subscription Shares

The Subscription Shares represent (i) 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% 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\$2,180,217.60.

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\$0.08 per Subscription Share represents:

- (i) a discount of approximately 11.1% to the closing price of HK\$0.09 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 9.0% to the average closing price of HK\$0.073 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\$0.08 per Subscription Share and 27,252,720 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\$2,180,217.6.

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 this 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 Completion Date, the Subscription Agreement shall terminate and none of the parties shall have any claim against the others 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.

Completion

Completion of the Subscription Agreement shall take place on the date falling on or before the seventh 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 27,252,720 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 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, sale of health supplement and sourcing service of materials in Hong Kong.

The gross proceeds raised from the Subscription will be approximately HK\$2.18 million, and the net proceeds, after deduction of all relevant expenses, will be approximately HK\$2.10 million, which are intended to be used for the repayment of the principal and interest of promissory notes.

The net Subscription Price will be approximately HK\$0.0771 per Share.

The Directors consider that the Subscription represents an opportunity to raise capital for the Company to broaden the capital base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the Subscription Agreement is fair and reasonable and the Subscription is in the interest of the Company and the Shareholders as a whole.

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)
Substantial Shareholders				
Merchant World Investments Limited (Note 2)	29,827,500	21.89	29,827,500	18.24
Greater Elite Holdings Limited (Note 3)	23,510,100	17.25	23,510,100	14.38
The Subscriber	–	–	27,252,720	16.67
Public Shareholders				
Other public Shareholders	<u>82,926,000</u>	<u>60.86</u>	<u>82,926,000</u>	<u>50.71</u>
Total	<u><u>136,263,600</u></u>	<u><u>100.00</u></u>	<u><u>163,516,320</u></u>	<u><u>100.00</u></u>

Notes:

1. The percentage figures have been subjected to rounding adjustments. Any discrepancies between totals and sums of amount 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 of the Company.
3. These Shares are held by Great Elite Holdings Limited, a company wholly owned by Mr. Law Fung Yuen Paul.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

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

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 22 November 2023
“associate(s)”	has the meaning ascribed to it under the 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, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange (Stock code: 8427)
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) (and in case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	27 June 2024, being the last trading day of the Shares immediately prior to the entering into of the Subscription Agreement
“Long Stop Date”	18 July 2024
“Share(s)”	ordinary share(s) with nominal value of HK\$0.08 each in the capital of the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Lei Meng Fong who is a merchant and Independent Third Party
“Subscription”	the conditional subscription of the Subscription Shares by the Subscribers pursuant to the terms of the Subscription Agreement

“Subscription Agreement”	the conditional agreement dated 27 June 2024 entered into between the Company and the Subscriber in relation to the issue of the Subscription Shares to the Subscriber by the Company
“Subscription Shares”	an aggregate of 27,252,720 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
“%”	per cent

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

Hong Kong, 27 June 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.