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KINGBO STRIKE LIMITED

工蓋有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1421)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

ADVENT
宏智證券(香港)
Advent Securities (Hong Kong) Limited

THE PLACING

On 28 November 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners and parties acting in concert with them shall be Independent Third Parties to subscribe for a maximum of 16,680,000 Placing Shares at the Placing Price of HK\$0.2 per Placing Share.

The Placing Shares represent: (a) approximately 13.33% of the total existing issued Shares as at the date of this announcement; and (b) approximately 11.76% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

The Placing Price of HK\$0.2 per Placing Share represents (i) a discount of approximately 19.68% to the closing price of HK\$0.249 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 7.41% over the average closing price per Share of approximately HK\$0.186 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK\$3.34 million, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK\$3.1 million, representing a net issue price of approximately HK\$0.186 per Placing Share.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The Company intends to apply all of the net proceeds from the Placing for general working capital of the Group.

WARNING

As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 28 November 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners and parties acting in concert with them shall be Independent Third Parties to subscribe for a maximum of 16,680,000 Placing Shares at the Placing Price of HK\$0.2 per Placing Share.

The principal terms and conditions of the Placing Agreement are as follows:

Date

28 November 2024 (after trading hours)

Parties

- (1) The Company; and
- (2) The Placing Agent

The Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 7% of the amount which is equal to the Placing Price multiplied by the total number of Placing Shares successfully placed by the Placing Agent in accordance with the Placing Agreement.

The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on current market conditions.

Number of the Placing Shares

The Placing Agent has conditionally agreed to act as agent of the Company to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners and parties acting in concert with them shall be Independent Third Parties to subscribe for up to 16,680,000 new Shares at the Placing Price (excluding brokerage, the SFC transaction levy, the Accounting and Financial Reporting Council transaction levy, the Stock Exchange trading fee and stamp duty(if any)), upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares represent: (a) approximately 13.33% of the total existing issued Shares as at the date of this announcement; and (b) approximately 11.76% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

Rights of the Placing Shares

The Placing Shares will rank pari passu in all respects among themselves and with the other existing Shares upon issuance.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose respective ultimate beneficial owners and parties acting in concert with them are Independent Third Parties.

Pursuant to the Placing Agreement, the Placing Agent warrants and undertakes to the Company that it shall use its best endeavours to procure that the Placees will not become a substantial shareholder (as defined under the Listing Rules) of the Company upon Completion.

Placing Price

The Placing Price is HK\$0.2 per Placing Share and represents:

- (i) a discount of approximately 19.68% to the closing price of HK\$0.249 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 7.41% over the average closing price per Share of approximately HK\$0.186 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$0.186 per Placing Share. Based on a nominal value of HK\$0.2 per Share, the aggregate nominal value of the Placing Shares is HK\$3,336,000.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent after taking into account factors including the recent market price of the Shares and current market conditions.

Conditions of the Placing

The Completion is conditional upon the satisfaction of the following Conditions:

- (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange (and such listing approval not subsequently being revoked prior to Completion); and
- (b) the Placing Agreement not having been terminated in accordance with the terms of the Placing Agreement.

The Conditions are incapable of being waived. In the event any of the Conditions is not fulfilled on or before 19 December 2024 (or such later date as may be agreed between the Company and the Placing Agent in writing), all rights, obligations and liabilities of the parties hereto shall cease and terminate and none of the parties to the Placing Agreement shall have any claim against the other save for any antecedent breach of any right or obligation under the Placing Agreement prior to such termination.

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

Completion

Completion of the Placing shall take place within five Business Days after the day on which the conditions as set out in the paragraph headed "Conditions of the Placing" above are fulfilled (or such other date as the Company and the Placing Agent shall agree).

Termination

The Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, terminate the Placing Agreement at any time prior to the Completion Date provided that such notice is received prior to 8:00 a.m. on the Completion Date:

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (b) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any of its subsidiaries carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (c) any event, or series of events beyond the reasonable control of the Placing Agent, including but not limited to acts of government, strikes, labour disputes, lockouts, fire, explosion, flooding, storm, tempest, typhoon, accident, civil commotion, economic sanctions, epidemic, outbreak of infectious disease, pandemic, outbreak or escalation of hostilities (local, national, international or otherwise), acts of war, terrorism, and acts of God, in the reasonable opinion of the Placing Agent, making it inexpedient or inadvisable to proceed with the Placing;
- (d) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement;
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing; or
- (f) any suspension of dealings in the Shares for any period of five (5) consecutive trading days or more except for suspension relating to any transaction under the Placing Agreement.

Upon termination of the Placing Agreement, the Placing Agreement shall thereupon cease to have effect and none of the parties shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

As disclosed in the Company's poll results announcement dated 15 December 2023, the grant of the General Mandate was approved by the Shareholders at the annual general meeting of the Company held on 15 December 2023. Under the General Mandate, the Company is authorised to issue up to 16,683,360 new Shares.

As of the date of this announcement, no new Share has been allotted and issued under the General Mandate. The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) supply and installation of solar photovoltaic plants and equipments; and (ii) provision of electrical distribution system.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK\$3.34 million, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK\$3.1 million, representing a net issue price of approximately HK\$0.186 per Placing Share.

The Company intends to apply all of the net proceeds from the Placing for general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising.

The Board has considered other alternative fund-raising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may incur further interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under General Mandate.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming that all of the 16,680,000 Placing Shares will be placed in full and there will be no change in the issued share capital of the Company between the date of this announcement and the Completion) are set out below:

	As at the date of this announcement		Immediately upon Completion	
	Number of shares	Approximate %	Number of shares	Approximate %
Directors				
Mr. Liu Yancheng (<i>Note 1</i>)	570,000	0.46%	570,000	0.40%
Ms. Zhang Juanying (<i>Note 2</i>)	375,000	0.30%	375,000	0.26%
Mr. Yao Runxiong (<i>Note 3</i>)	2,108,750	1.69%	2,108,750	1.49%
Ms. Zhuang Yanzhu (<i>Note 4</i>)	931,500	0.74%	931,500	0.66%
Mr. Wu Yifeng (<i>Note 5</i>)	6,110,000	4.88%	6,110,000	4.31%
Public Shareholders				
The Placees (<i>Note 6</i>)	–	–	16,680,000	11.76%
Other public Shareholders	115,029,950	91.93%	115,029,950	81.12%
Total	125,125,200	100%	141,805,200	100%

Notes:

- Mr. Liu Yancheng is an executive Director and chairman of the Board.
- Ms. Zhang Juanying is the spouse of Mr. Liu Yancheng.
- Mr. Yao Runxiong is an executive Director.
- Ms. Zhuang Yanzhu is the spouse of Mr. Yao Runxiong.
- Mr. Wu Yifeng is an executive Director.
- Pursuant to the Placing Agreement, the Placing Agent warrants and undertakes to the Company that it shall use its best endeavours to procure that the Placees will not become a substantial shareholder (as defined under the Listing Rules) of the Company upon Completion. Accordingly, the Placees will become the public Shareholders upon Completion.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Set out below are the fund raising activities conducted by the Company in the past twelve months immediately preceding the date of this announcement:

Date of initial announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds as disclosed in the announcement of the Company dated 12 June 2024	Actual use of proceeds as at the date of this announcement
		<i>Approximate (HK\$ million)</i>		<i>(HK\$ million)</i>
22 March 2024	Right Issue on the basis of one rights share for every two shares	7.5	Developing its sale of cosmetic products business	3.0
		3.7	Developing solar power and electrical distribution system business	Fully utilised as intended
		4.8	General working capital of the Group	Fully utilised as intended
	Total	16.0		

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

WARNING

As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as set forth below:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Kingbo Strike Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1421)
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	within five Business Days after the fulfillment of the Conditions (or such other date as the Company and the Placing Agent may agree)
“Condition(s)”	the conditions precedent set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company’s annual general meeting held on 15 December 2023 to allot, issue and deal with up to 20% of the then issued Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and not acting in concert with any of the connected persons of the Company or any of their respective associates
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 16,680,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Advent Securities (Hong Kong) Limited, a licensed corporation to carry out businesses in type 1 regulated activity (dealing in securities), under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 28 November 2024 (after trading hours) entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.2 per Placing Share (exclusive of any brokerage, the SFC transaction levy, the Accounting and Financial Reporting Council transaction levy, the Stock Exchange trading fee and stamp duty as may be payable)
“Placing Share(s)”	a total of up to 16,680,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Kingbo Strike Limited
Liu Yancheng
Chairman

Hong Kong, 28 November 2024

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Liu Yancheng (*Chairman*)
Mr. Yao Runxiong
Mr. Wu Yifeng

Independent non-executive Directors

Dr. Luo Xiaodong
Mr. Chen Yeung Tak
Mr. Wang Haoyuan

* *For identification purpose only*