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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

RIFA Securities Limited

THE PLACING

The Board is pleased to announce that on 14 March 2019 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 237,120,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.183 per Placing Share.

The Placing Price of HK\$0.183 per Placing Share represents (i) a discount of approximately 8.5% to the closing price of HK\$0.2 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 9.6% to the average of the closing prices per Share of HK\$0.202 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 237,120,000 Placing Shares represents (i) 20% of the existing 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 Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

* For identification purpose only

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to dealing the Placing Shares.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$43,393,000 and the net proceeds will be approximately HK\$42,800,000 (after deduction of commission and other expenses of the Placing). The Directors intend to use the net proceeds as to HK\$25.7 million as working capital for the Group's solar power business in the PRC; and (ii) the remaining balance of approximately HK\$17.1 million will be used as general working capital of the Group.

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

The Board is pleased to announce that on 14 March 2019 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement in relation to the Placing.

The Placing Agreement

Date: 14 March 2019

Parties: Issuer: The Company

Placing Agent: Rifa Securities Limited

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

The Placing Agent will charge the Company a placing commission of 1% of the gross proceeds from the Placing. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to the prevailing market rates. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares of up to 237,120,000 Shares under the Placing represents (i) 20% of the existing 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 Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$2,371,200.

Ranking of Placing Shares

The Placing Shares shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of this announcement.

Placing Price

The Placing Price of HK\$0.183 per Placing Share represents:

- (i) a discount of approximately 8.5% to the closing price of HK\$0.2 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 9.6% to the average of the closing prices per Share of HK\$0.202 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Condition of the Placing

The Placing is conditional upon the Listing Committee of the Stock Exchange granting to the Company the approval for the listing of, and the permission to deal in, the Placing Shares.

Completion of the Placing

Completion of the Placing shall take place within five Business Days after the fulfilment of the condition as set out in paragraph headed "Condition of the Placing" (or such other date as may be agreed between the Company and the Placing Agent in writing).

If the above condition is not fulfilled on or before the Long Stop Date (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Application for listing

The Company will make an application to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 237,120,000 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholder's approval. The General Mandate will be fully utilised upon the allotment and issue of all the Placing Shares.

Termination

The Placing Agent may terminate the Placing Agreement by notice in writing given to the Company at any time prior to 8:00 a.m. on the date of Completion of the Placing upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions or prospects of the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing if:

- (a) there develops, occurs or comes into force:
 - (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
 - (ii) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

- (iii) any change in conditions of local, national or international securities markets occurs; or
 - (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
- (b) 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 of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement 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.

If notice is given pursuant to the paragraph above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) supply and installation of solar photovoltaic plants and equipments; (ii) provision of electrical engineering services; and (iii) trading of consumer products and accessories.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$43,393,000, and the net proceeds will be approximately HK\$42,800,000 (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.180 per Placing Share.

Out of the net proceeds, the Directors intend that (i) approximately HK\$25.7 million will be used as working capital for the Group's solar power business in the PRC; and (ii) the remaining balance of HK\$17.1 million will be used as general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding for the business 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 fundraising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may incur 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.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) the effect on the shareholding structure upon completion (assuming all the Placing Shares are fully placed out and that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after completion of the Placing) of the Placing are set out below:

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Directors				
Mr. Liu Yancheng	7,600,000	0.64	7,600,000	0.53
Ms. Zhang Juanying (<i>Note 1</i>)	5,000,000	0.42	5,000,000	0.35
Mr. Yao Runxiong	3,980,000	0.34	3,980,000	0.28
Ms. Zhuang Yanzhu (<i>Note 2</i>)	18,630,000	1.57	18,630,000	1.31
Public Shareholders				
The Placees	–	–	237,120,000	16.67
Other public Shareholders	1,150,390,000	97.03	1,150,390,000	80.86
Total	<u>1,185,600,000</u>	<u>100.00</u>	<u>1,422,720,000</u>	<u>100.00</u>

Notes:

1. 5,000,000 shares of the Company are legally and beneficially owned by Ms. Zhang Juanying, the spouse of Mr. Liu Yancheng. Mr. Liu Yancheng is therefore deemed to be interested in the 5,000,000 shares of the Company for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
2. 18,630,000 shares of the Company are legally and beneficially owned by Ms. Zhuang Yanzhu, the spouse of Mr. Yao Runxiong. Mr. Yao Runxiong is therefore deemed to be interested in the 18,630,000 shares of the Company for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any fund raising activity involving issue of its securities in the past 12 months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares 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 7 December 2018
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday or public holidays) on which commercial banks are generally open for business in Hong Kong
“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 Date”	within five Business Days after the fulfilment of the condition set out in the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent in writing)
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue 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)”	any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Last Trading Day”	13 March 2019, being the last trading day of the Shares on the Stock Exchange immediately before the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	2 April 2019 or such later date as may be agreed between the Company and the Placing Agent in writing
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 237,120,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	RIFA Securities Limited, a licensed corporation to carry on business 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 entered into between the Company and the Placing Agent dated 14 March 2019 in relation to the Placing
“Placing Price”	HK\$0.183 per Placing Share (exclusive of any brokage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Share(s)”	up to 237,120,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Kingbo Strike Limited
Liu Yancheng
Chairman and Executive Director

Hong Kong, 14 March 2019

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

Executive Directors

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

Non-executive Director

Mr. Tam Tak Wah

Independent Non-executive Directors

Mr. Leung Po Hon
Mr. Li Jin
Dr. Luo Xiadong