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KINGBO STRIKE LIMITED

工 蓋 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 1421)

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.20 each.

The Existing Shares are currently traded on the Stock Exchange in board lot size of 5,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged at 5,000 Consolidated Shares per board lot.

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, details of the Share Consolidation and a notice convening the EGM will be dispatched to the Shareholders on or before Tuesday, 7 February 2023.

Shareholders and potential investors should take note that the Share Consolidation is conditional upon the fulfilment of the conditions as set out in the paragraphs headed “Conditions of the Share Consolidation” below. Therefore, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.20 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$50,000,000 divided into 5,000,000,000 Existing Shares of HK\$0.01 each, of which 1,390,280,000 Existing Shares have been issued as fully paid or credited as fully paid. Assuming that no further Existing Shares are allotted, issued or repurchased between the date of this announcement and the date of the EGM, the authorised share capital of the Company shall become HK\$50,000,000 divided into 250,000,000 Consolidated Shares of HK\$0.20 each, of which 69,514,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue upon the Share Consolidation becoming effective.

Implementation of the Share Consolidation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Share Consolidation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Conditions of the Share Consolidation

The Share Consolidation is conditional on:

- (1) the passing of the necessary ordinary resolution by the Shareholders approving the Share Consolidation at the EGM;
- (2) the Stock Exchange granting the 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 laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfillment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Wednesday, 1 March 2023, being the second Business Day after the EGM.

As at the date of this announcement, none of the conditions above had been fulfilled.

Listing and dealings

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued arising from the Share Consolidation.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, 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.

Upon the Share Consolidation becoming effective, the Consolidated Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

None of the Existing Shares are listed or dealt in on any other 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, there are outstanding share options (the “**Share Options**”) entitling the holders thereof to subscribe for 98,800,000 Existing Shares under the share option scheme of the Company which was adopted on 20 October 2017 (the “**Share Option Scheme**”). The Share Consolidation will lead to adjustments to the exercise prices of the Share Options and the number of Consolidated Shares to be issued upon the exercise of the outstanding Share Options, such adjustment to be made in accordance with the terms and conditions of the Share Option Scheme, Rule 17.03(13) of the Listing Rules and the Supplementary Guidance on Adjustments to the Exercise Price and Number of Share Options under the Listing Rule Requirements dated 5 September 2005 (the “**Supplementary Guidance**”). Further announcement will be made by the Company regarding the adjustments to the Share Options on or before the effective date of the Share Consolidation.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, Shares.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange on 28 November 2008 and updated on 1 October 2020, (i) market price of the securities of an issuer at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the 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. In view of the recent market price of the Existing Shares, the Directors resolved to propose the Share Consolidation with the view to complying with the trading requirements under the Listing Rules.

In view of the recent trading prices of the Existing Shares at the level of below HK\$0.10 and board lot value of below HK\$2,000, the Share Consolidation would bring about a corresponding upward adjustment in the market price of the Consolidated Shares, which would enable the Company to comply with the trading requirements under the Listing Rules. The Share Consolidation would reduce the overall transaction and handling costs of dealings in the Consolidated Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities transaction.

The Board considers that the Share Consolidation would maintain the transaction amount for each board lot at a reasonable level in order to attract more investors and extend the base of the Shareholders, and thus provide flexibility for equity fund raising of the Company in the future. Accordingly, the Company considers the Share Consolidation is justifiable, notwithstanding the costs incurred by the Company and the impact arising from the creation of odd lots to the Shareholders. The Board considers that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

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 the Company does not have any other concrete plan or arrangement to conduct any other fund raising 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 and/or investment opportunities arise in order to meet its operational needs or support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

NO CHANGE IN BOARD LOT SIZE

The Existing Shares are currently traded on the Stock Exchange in board lot size of 5,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged at 5,000 Consolidated Shares per board lot. Based on the closing price of HK\$0.035 per Existing Share (equivalent to the theoretical closing price of HK\$0.7 per Consolidated Share) as at the date of this announcement, (i) the value per board lot of 5,000 Existing Shares is HK\$175; and (ii) the value per board lot of 5,000 Consolidated Shares would be HK\$3,500 on the assumption that the Share Consolidation becomes effective.

OTHER ARRANGEMENTS

Free exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may, on or after Wednesday, 1 March 2023 until Tuesday, 11 April 2023 (both days inclusive), submit share certificates for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares, on the basis of twenty (20) Existing Shares for one (1) Consolidated Share. Thereafter, certificates for 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 Tuesday, 4 April 2023, existing share certificates for the Existing Shares will only remain effective as documents of legal title and may be exchanged for certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

The new share certificates for the Consolidated Shares will be issued in green colour in order to distinguish them from the share certificates for the Existing Shares which are in blue colour.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, 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 benefits 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 existing share certificates held by such holder.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, 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 arrangement relating the matching service for odd lots will be provided in the Circular to be despatched to the Shareholders by the Company as and when appropriate.

Shareholders with odd lot holdings of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is on a best efforts basis. Successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. In addition, odd lots might be sold below the trading price of full board lots of the Shares. Shareholders who are in any doubt about the odd lot arrangement are recommended to consult their own professional advisers.

EXPECTED TIMETABLE

The expected timetable for implementation of the Share Consolidation is set out below:

Event	Date and time
	2023
Expected date of despatch of circular in relation to the Share Consolidation together with the notice of EGM and proxy form for EGM	On or before Tuesday, 7 February
Latest time for lodging transfer documents of the Existing Shares to qualify for attendance and voting at the EGM	4:00 p.m. on Tuesday, 21 February
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)	Wednesday, 22 February to Monday, 27 February
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Saturday, 25 February
Expected date and time of the EGM to approve the Share Consolidation	11:00 a.m. on Monday, 27 February
Announcement of the poll results of the EGM	Monday, 27 February
The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:	
Effective date of the Share Consolidation	Wednesday, 1 March
First day of free exchange of existing share certificates for new share certificates for Consolidated Shares	Wednesday, 1 March
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Wednesday, 1 March
Original counter for trading in Existing Shares in the board lot size of 5,000 Existing Shares (in the form of existing share certificates in blue colour) temporarily closes	9:00 a.m. on Wednesday, 1 March

Temporary counter for trading in the Consolidated Shares in the board lot size of 250 Consolidated Shares (in the form of existing share certificates in blue colour) opens 9:00 a.m. on Wednesday, 1 March

Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates in green colour) re-opens. 9:00 a.m. on Wednesday, 15 March

Parallel trading in the Consolidated Shares (in the form of new share certificates in green colour and existing share certificates in blue colour) commences 9:00 a.m. on Wednesday, 15 March

Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares 9:00 a.m. on Wednesday, 15 March

Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares. 4:00 p.m. on Tuesday, 4 April

Temporary counter for trading in the Consolidated Shares in board lots of 250 Consolidated Shares (in the form of existing share certificates in blue colour) closes. 4:10 p.m. on Tuesday, 4 April

Parallel trading in the Consolidated Shares (in the form of new share certificates in green colour and existing share certificates in blue colour) ends. 4:10 p.m. on Tuesday, 4 April

Last day for free exchange of existing share certificates for new share certificates. Tuesday, 11 April

All times and dates in this announcement refer to Hong Kong local times and dates.

The timetable is indicative only and may be extended or varied. Any change to the expected timetable above will be announced by the Company as and when appropriate.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. In compliance with the Listing Rules, all resolutions will be voted on by way of poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder would have a material interest in the Share Consolidation which is different from other Shareholders, and no Shareholder should be required to abstain from voting on the resolution approving the Share Consolidation at the EGM. A circular containing, among other things, details of the Share Consolidation and a notice convening the EGM is expected to be dispatched to the Shareholders on or before Tuesday, 7 February 2023.

Shareholders and potential investors should take note that the Share Consolidation is conditional upon the fulfilment of the conditions as set out in the paragraphs headed "Conditions of the Share Consolidation" in this announcement. Therefore, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

"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 or "extreme conditions" caused by super typhoons as announced by the Government of Hong Kong in force in Hong Kong 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"	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)
"Consolidated Share(s)"	ordinary share(s) of HK\$0.20 each in the share capital of the Company after the Share Consolidation becoming effective
"Director(s)"	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, the Share Consolidation
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Company prior to the Share Consolidation becoming effective
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	the Existing Share(s) and/or Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Kingbo Strike Limited
Liu Yancheng
Chairman

Hong Kong, 17 January 2023

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 Xiaodong

* *For identification purpose only*