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KINGBO STRIKE LIMITED

工蓋有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1421)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus (the “**Prospectus**”) of Kingbo Strike Limited (the “**Company**”) dated 11 April 2024 in relation to the Rights Issue and the announcement (the “**Announcement**”) of the Company dated 8 May 2024 in relation to the results of the Rights Issue. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

As disclosed in the Announcement, the net proceeds from the Rights Issue were approximately HK\$16.0 million (the “**Net Proceeds**”), which were intended to be used by the Company in the follow manner:

- (i) approximately 70% of the net proceeds (approximately HK\$11.2 million) will be used for developing solar power and electrical distribution system business; and
- (ii) approximately 30% of the net proceeds (approximately HK\$4.8 million) will be used as general working capital of the Group.

As at the date of this announcement, a total of HK\$5.5 million of the Net Proceeds had been utilised by the Group according to the allocation as set out in the Prospectus.

CHANGE IN USE OF PROCEEDS

On 11 June 2024, after careful consideration and detailed evaluation of the Group’s operations and business strategies, the Board has resolved to change the use of the Net Proceeds as follows:

- (i) approximately HK\$7.5 million for developing its sale of cosmetic products business;
- (ii) approximately HK\$3.7 million for developing solar power and electrical distribution system business; and
- (iii) approximately HK\$4.8 million for general working capital of the Group.

The utilisation of the Net Proceeds from the Rights Issue up to the date of this announcement and the revised use of net proceeds from the Rights Issue after the change in use of proceeds are set forth below:

	Original planned use of the Net Proceeds <i>HK\$ million</i>	Actual use of the Net Proceeds as at the date of this announcement <i>HK\$ million</i>	Remaining balance of the Net Proceeds as at the date of this announcement <i>HK\$ million</i>	Revised use of remaining balance of the Net Proceeds <i>HK\$ million</i>	Expected timeline of full utilisation of the Net Proceeds
Developing its sale of cosmetic products business	–	–	–	7.5	End of June 2025
Developing solar power and electrical distribution system business	11.2	2.2	9.0	1.5	End of December 2024
General working capital of the Group	4.8	3.3	1.5	1.5	End of December 2024
Total	<u>16.0</u>	<u>5.5</u>	<u>10.5</u>	<u>10.5</u>	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Over the last few years, the Group has devoted time and effort in purporting to expand its business segments to healthcare and beauty industry. In July 2023, through its wholly-owned subsidiary, the Group has prepared and applied for 3 patents registration at the China National Intellectual Property Administration in relation to 3 cosmetic products. As at the date of this announcement, 2 out of the 3 patents has already been obtained and it is expected that the Group will commence its sale of cosmetic products business in the second half of 2024. To accommodate the Group's development of this business segment and in order to enhance the value the Group, more funding and resources are needed to be allocated accordingly.

Hence, the Board is of the view that, the above change in use of the Net Proceeds will (i) allow the Group to deploy its financial resources more effectively; (ii) enable the Group to capture other business opportunities in healthcare and beauty industry for the Group's revenue growth; and (iii) be in the best interests of the Company and its Shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

Save as disclosed in this announcement, the Board confirms that there are no other changes to the use of the Net Proceeds.

By order of the Board
Kingbo Strike Limited
Liu Yancheng
Chairman

Hong Kong, 12 June 2024

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

Executive Directors

Mr. Liu Yancheng (*Chairman*)

Mr. Yao Runxiong

Independent Non-executive Directors

Dr. Luo Xiaodong

Mr. Chen Yeung Tak

Mr. Wang Haoyuan

Ms. Ye Jieting

* *For identification purposes only*