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KINGBO STRIKE LIMITED

工蓋有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1421)

INSIDE INFORMATION PROVISION FOR ASSET IMPAIRMENT

This announcement is made by Kingbo Strike Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that based on the preliminary review of the Board, there is provision for asset impairment for certain assets of the Company to be accounted for in the financial statements of the Group for the year ended 30 June 2017 (the “**FY 2017**”).

PROVISION FOR IMPAIRMENT OF ASSETS

On 27 May 2016, the Group acquired 60% equity interests in Kahuer Holding Co., Limited and its wholly-owned subsidiaries (the “**Acquisition**”), which are principally engaged in the construction, operation and sale of solar power station projects in the PRC. The goodwill generated from the Acquisition was allocated to construction, operation and sale of solar power station projects cash-generating unit (the “**CGU**”).

As a result of the Acquisition, the Company is required to assess the carrying value of the goodwill allocated to the CGU annually. Accordingly, the Company engaged an independent valuer (“**Valuer**”) to provide an opinion on the recoverable amount of the CGU and conducted impairment testing for the goodwill which arose from the Acquisition. According to the Valuer, the recoverable amount of the CGU is approximately S\$16 million, which is lower than its carrying value as shown in the books of the Company.

Pursuant to the requirements of International Accounting Standards 36 – Impairment of Assets and the Company’s accounting policy, the assets has to be carried at no more than their recoverable amounts (i.e. the higher of the “fair value less costs to sell” and the “value in use”). In assessing value in use, the estimated future cash flows are discounted to their present value. The Company will recognize provision for impairment for the shortfall between the recoverable amount of assets and the carrying value.

* *For identification purposes only*

In light of the above, the Company made a provision of not less than S\$40 million for goodwill impairment.

IMPACT OF THE PROVISION ON THE FINANCIAL POSITION OF THE COMPANY

The said provision for impairment of goodwill will cause the Group to record a loss of not less than S\$29 million for FY 2017 as compared to a profit for the corresponding period in 2016.

The Board believes that the said provision for impairment of goodwill is based on the principle of prudence, and provide a full, true and fair reflection of the financial position of the Group and the value of its assets as at 30 June 2017. The Board also considers that the said provision for impairment of goodwill is in line with the relevant provision of International Accounting Standards and the Company's accounting policies to reflect the fair value of the Company's assets and to ensure the proper operation of the Company.

The Board wishes to emphasize that the information contained in this announcement is based on the preliminary review of the Board on the latest unaudited consolidated management accounts of the Company for FY 2017, which have not been confirmed and finalised by the Company's independent external auditor and audit committee of the Company and may be subject to further adjustments. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for FY 2017 which is expected to be published in due course.

Shareholders and potential investors are advised to exercise caution when dealing in shares of the Company.

By Order of the Board
Kingbo Strike Limited
Liu Yancheng
Chairman

Hong Kong, 2 August 2017

As of the date of this announcement, the directors of the Company are:

Executive Directors

Mr. Liu Yancheng (*Chairman*)
Mr. Liu Xinsheng
Mr. Peng Rongwu

Independent Non-executive Directors

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

Non-executive Director

Mr. Tam Tak Wah