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KINGBO STRIKE LIMITED

工蓋有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 1421)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE TARGET COMPANY

On 29 March 2018 (after trading hours of the Stock Exchange), the Purchaser, a 60% owned subsidiary of the Company and the Vendor entered into the Agreement pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the entire registered capital of the Target Company for a total consideration of RMB69,000,000 (equivalent to approximately HK\$82,800,000). Completion will take place after the fulfilment (or waiver as the case may be) of the conditions precedent under the Agreement and within five Business Days (or such later date agreed between the parties in writing) after completion of the registration of the transfer of the entire registered capital of the Target Company from the Vendor to the Purchaser with the competent industrial and commercial department in the PRC.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction under the Agreement are more than 5% but less than 25%, the Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is subject to the fulfilment or waiver of the conditions precedent, the proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

On 29 March 2018 (after trading hours of the Stock Exchange), the Purchaser, a 60% owned subsidiary of the Company and the Vendor entered into the Agreement pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the entire registered capital of the Target Company for a total consideration of RMB69,000,000 (equivalent to approximately HK\$82,800,000). Set out below are the principal terms of the Agreement.

* *For identification purposes only*

THE AGREEMENT

Date: 29 March 2018 (after trading hours of the Stock Exchange)

Parties: (1) 華輝新能源(淮安)有限公司(Huahui New Energy (Huaian) Limited Company*); and
(2) 江蘇輝華投資有限公司(Jiangsu Huihua Investment Limited Company*).

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

The Purchaser is a company established in the PRC with limited liability and a 60% owned subsidiary of the Company. It is principally engaged in solar power business. The Vendor is a company established in the PRC with limited liability. It is principally engaged in investment holding and assets management.

Assets to be acquired

Pursuant to the Agreement, the Purchaser agreed to acquire and the Vendor agreed to sell the entire registered capital of the Target Company. As at the date of this announcement, the registered capital of the Target Company is RMB85,168,250 and the Vendor owns the entire registered capital of the Target Company.

Consideration

The Consideration for the Acquisition is RMB69,000,000 (equivalent to approximately HK\$82,800,000), which will be fully settled by the Purchaser to the Vendor in cash upon Completion.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference to (i) the valuation of the land and properties of the Target Company conducted by an independent professional valuer by way of asset approach in the amount of approximately RMB111,200,000 as at 28 February 2018; and (ii) the carrying amount of the outstanding liabilities of the Target company of approximately RMB42,600,000 as at 28 February 2018.

Conditions precedent

Completion is conditional upon the fulfilment (or waiver as the case may be) of the following conditions precedent:

- (a) the Purchaser being satisfied with the results of the due diligence review of the Target Company;
- (b) the Vendor and the Target Company having obtained all necessary consent and approval relating to the Acquisition;

- (c) a legal opinion having been issued by the PRC legal adviser appointed by the Purchaser in the form and substance to the satisfaction of the Purchaser, on the matters relating to the Acquisition;
- (d) a valuation report having been issued by the independent professional valuer appointed by the Purchaser and the valuation of the land and properties of the Target Company as at 28 February 2018 being not less than RMB110,000,000;
- (e) the warranties remaining true and accurate and not misleading from the date of the Agreement until the date of Completion; and
- (f) there shall be no event that would have a material adverse impact on the financial position of the Target Company from the date of the Agreement until the date of Completion.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions precedent set out in (a), (e) and (f) and such waiver may be made subject to such terms and conditions determined by the Purchaser. All other conditions precedent set out above are not waivable.

If the conditions precedent set out in the Agreement have not been satisfied (or waived as the case may be) on or before 31 May 2018 (or such later date as may be agreed between the parties in writing), the Agreement shall cease and determine, and thereafter none of the parties to the Agreement shall have any obligations and liabilities towards the other save for any antecedent breaches of the terms of the Agreement.

Completion

Completion shall take place after the fulfilment (or waiver as the case may be) of the conditions precedent under the Agreement and within five Business Days (or such later date agreed between the parties in writing) after completion of the registration of the transfer of the entire registered capital of the Target Company from the Vendor to the Purchaser with the competent industrial and commercial department in the PRC.

All the tax to be incurred arising from the transfer of the entire registered capital of the Target Company from the Vendor to the Purchaser will be borne and paid by the Vendor to the relevant authorities in the PRC in accordance with the PRC laws.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in the manufacture and sale of solar power related products.

As at the date of this announcement, the Target Company owns two parcels of land with a total area of 114,168 square metres, which are industrial land and suitable for its manufacturing business. The Target Company also owns two buildings for research and development with a total area of approximately 11,841 square metres and a factory with a total area of approximately 15,963 square metres.

The financial information of the Target Company for the two financial years ended 31 December 2016 and 2017 and two months period ended 28 February 2018 are set out below:

	28 February 2018 <i>(RMB'000)</i> (audited)	31 December 2017 <i>(RMB'000)</i> (audited)	31 December 2016 <i>(RMB'000)</i> (unaudited)
Profit/(loss) before taxation	274	(56,520)	12,570
Profit/(loss) after taxation	274	(56,520)	12,570
Net assets	34,087	33,813	90,333

REASONS FOR AND BENEFITS OF THE AGREEMENT

The Group is principally engaged in (i) solar power business; (ii) electrical engineering services; and (iii) consumer products and accessories.

The Board believes that the entering into of the Agreement will provide a good opportunity for the Company to further develop its solar power business. Upon completion of the Acquisition, the Company will have its own capacity in manufacturing solar power related products for its solar power business. Currently, solar photovoltaic is the third most important renewable energy source in terms of globally installed capacity and PRC is one of the world's fastest growing market. The Directors consider that the Acquisition will provide the Company with an investment opportunity to broaden its income stream, further enhance the value of the Group and maximise the returns to the Shareholders.

Based on the above, the Board is of the view that the terms of the Acquisition are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the transaction under the Agreement are more than 5% but less than 25%, the Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Completion is subject to the fulfilment or waiver of the conditions precedent, the proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings given to them as below:

“Acquisition”	the acquisition of the entire registered capital of the Target Company by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 29 March 2018 and entered into between the Purchaser and the Vendor in respect of the Acquisition
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or 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, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	RMB69,000,000 (equivalent to approximately HK\$82,800,000), the consideration to be satisfied by the Purchaser to the Vendor for the Acquisition
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Purchaser”	華輝新能源(淮安)有限公司 (Huahui New Energy (Huaian) Limited Company*), a company established in the PRC with limited liability, which is owned as to 60% by the Company and 40% by Eternal Green Group Limited (a 40% shareholder of Kahuer Holding Co., Limited)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	江蘇輝華光伏有限公司(Jiangsu Huihua Photovoltaic Limited Company*), a company established in the PRC with limited liability
“Vendor”	江蘇輝華投資有限公司 (Jiangsu Huihua Investment Limited Company*), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.2. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.

By order of the Board
Kingbo Strike Limited
Liu Yancheng
Chairman

Hong Kong, 29 March 2018

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

Executive Directors:

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