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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 DISPOSAL OF THE DISPOSAL COMPANY

THE DISPOSAL AGREEMENT

On 22 November 2019 (after trading hours of the Stock Exchange), the Vendor, being a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire 50% of the issued share capital of the Disposal Company at a total consideration of SGD480,000 (equivalent to approximately HK\$2,765,000). Completion of the Disposal Agreement shall take place on or before 31 December 2019.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes 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.

On 22 November 2019 (after trading hours of the Stock Exchange), the Vendor, being a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire 50% of the issued share capital of the Disposal Company at a total consideration of SGD480,000 (equivalent to approximately HK\$2,765,000). Details of the Disposal Agreement are set out below:

THE DISPOSAL AGREEMENT

Date: 22 November 2019 (after trading hours of the Stock Exchange)

Parties: (1) Strike Electrical Engineering Pte. Ltd., as vendor; and
(2) Mr. Ng Eng Khim, as purchaser

As at the date of this announcement and to the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Purchaser is the beneficial owner of 50% of the issued share capital of the Disposal Company; and (ii) the Purchaser is an Independent Third Party.

The Vendor is a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company. The Vendor is principally engaged in the provision of electrical engineering services in Singapore.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire 50% of the issued share capital of the Disposal Company. Prior to the Completion, each of the Vendor and the Purchaser held 50% of the issued share capital of the Disposal Company and the Disposal Company is a joint venture company (instead of a subsidiary) within our Group. Upon completion of the Disposal Agreement, the Disposal Company will be wholly and beneficially owned by the Purchaser.

Consideration

Pursuant to the Disposal Agreement, the Consideration of 50% of the issued share capital of the Disposal Company is SGD480,000 (equivalent to approximately HK\$2,765,000). Part of the Consideration in the amount of SGD310,000 (equivalent to approximately HK\$1,786,000) shall be settled by the Purchaser in cash upon Completion, and the remaining Consideration of SGD170,000 (equivalent to approximately HK\$979,000) shall be settled by the Purchaser in cash on or before 30 June 2020.

The Consideration as well as the method of settlement of the Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the net asset value of the Disposal Company in the amount of approximately SGD1,357,000 (equivalent to approximately HK\$7,816,000) based on the unaudited management accounts of the Disposal Company as at 31 October 2019; (ii) the interim dividend payment of SGD420,000 (equivalent to approximately HK\$2,419,000) declared and paid by the Disposal Company in November 2019; and (iii) the future business prospects of the Disposal Company.

In view of the above, the Directors consider that the terms and conditions of the Disposal Agreement, including the Consideration, are on normal commercial terms, fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

Completion

The Disposal Agreement is unconditional and Completion shall take place on or before 31 December 2019.

Upon Completion, the Disposal Company will cease to be a joint venture company of the Group.

Warranty

The Purchaser warrants and undertakes that he will not sell, transfer, dispose of, nor enter into any agreement to sell, transfer or dispose of or otherwise create any options, rights, interests, liens, charges, equities, encumbrances or third party interests in respect of any share of the Disposal Company before all the outstanding Consideration under the Disposal Agreement being fully settled.

INFORMATION ON THE DISPOSAL COMPANY

The Disposal Company is a private company incorporated in Singapore with limited liability. It is principally engaged in electrical works and general building engineering services.

Set out below is the financial information of the Disposal Company for the two years ended 30 June 2019 and the four months ended 31 October 2019:

	For the year ended 30 June 2018	For the year ended 30 June 2019	For the four months ended 31 October 2019
	<i>SGD</i>	<i>SGD</i>	<i>SGD</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Profit (Loss) before taxation	108,574	1,415,082	(136,351)
Profit (Loss) after taxation	129,801	1,233,751	(136,351)
Net assets	511,715	1,493,260	1,356,908

FINANCIAL EFFECT OF THE DISPOSAL

It is expected that the Group will record a gain of approximately SGD5,000 (equivalent to approximately HK\$28,000) from the Disposal with reference to the share of net asset value of the Disposal Company as at 31 October 2019 in the amount of approximately SGD678,500 (equivalent to approximately HK\$3,908,000), minus the share of interim dividend payment in the amount of SGD210,000 (equivalent to approximately HK\$1,210,000) received from the Disposal Company in November 2019 and the administrative cost for the Disposal. The actual amount of gain as a result of the Disposal to be recorded by the Company will be subject to review and final audit by the auditors of the Company.

The sale proceeds to be received by the Company under the Disposal Agreement will be applied by the Company as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in the provision of electrical engineering services in Singapore and the construction, operation and sale of solar power station projects in the PRC.

The Disposal Company was incorporated jointly by the Vendor and the Purchaser in 2010. The Group has invested a total of SGD125,000 (equivalent to approximately HK\$720,000) in the Disposal Company. The management of the Company has from time to time reviewed the performance of the Disposal Company and its business prospects. The Directors consider that the Disposal can provide a good opportunity for the Group to reallocate its resources and to strengthen the cash position of the Group. Therefore, the Directors consider the Disposal and the entering into of the Disposal Agreement is in the best interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“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 Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Consideration”	the total consideration for the Disposal
“Directors”	directors of the Company
“Disposal”	the sale of 50% of the issued share capital of the Disposal Company by the Vendor to the Purchaser

“Disposal Agreement”	the agreement dated 22 November 2019 and entered into between the Vendor and the Purchaser in relation to the sale and purchase of 50% of the issued share capital of the Disposal Company
“Disposal Company”	NEK Electrical Engineering Pte. Ltd., a company incorporated in Singapore with limited liability and a joint venture company within the Group prior to the Completion
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Mr. Ng Eng Khim, an Independent Third Party
“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
“Vendor”	Strike Electrical Engineering Pte. Ltd., a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“SGD” Singapore dollar(s), the lawful currency of Singapore

“%” per cent.

In this announcement, amounts in SGD are translated into HK\$ on the basis of SGD1 = HK\$5.76. The conversion rate is for illustration purpose only and should not be taken as a representation that SGD 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, 22 November 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 Xiaodong

* *For identification purpose only*