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## **KINGBO STRIKE LIMITED**

**工 蓋 有 限 公 司 \***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1421)**

### **SUPPLEMENTAL AGREEMENT IN RELATION TO THE ACQUISITION OF 60% OF EQUITY INTERESTS IN KAHUER HOLDING CO., LIMITED AND DISCLOSEABLE TRANSACTION IN RELATION TO THE DEEMED DISPOSAL OF CHENGLE ZHONGXING AND QINGDAO QIGUANG**

#### **THE SUPPLEMENTAL AGREEMENT**

On 13 April 2017 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Supplemental Agreement with the Vendor and the Guarantor, pursuant to which the Vendor agreed to procure the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang to a third party and will direct the third party to pay the entire consideration to the Purchaser and the Purchaser is entitled to receive such consideration as its income.

As the Vendor agreed to procure the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang and direct the third party to pay the entire consideration to the Purchaser as its income, it is also agreed under the Supplemental Agreement that the computation of the Actual Profit would be amended such that the Actual Profit includes the actual consolidated profit before tax of the Target Group for the Guarantee Period plus the total proceeds received by the Purchaser resulting from the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang minus the prepayment for acquisition of subsidiaries of the Purchaser.

#### **THE DISPOSAL AGREEMENTS**

On 13 April 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the First Disposal Agreement with Dai Yong as vendor and Tuori Energy as purchaser pursuant to which Dai Yong agreed to sell and Tuori Energy agreed to purchase the entire registered capital of Chengle Zhongxing in the consideration of RMB19,000,000. Pursuant to the First Disposal Agreement, Tuori Energy agreed to pay the consideration directly to the Purchaser.

\* *For identification purposes only*

On 13 April 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the Second Disposal Agreement with Tianjin Kaihe Energy Technology as vendor and Tuori Energy as purchaser pursuant to which Tianjin Kaihe Energy Technology agreed to sell and Tuori Energy agreed to purchase the entire registered capital of Qingdao Qiguang in the consideration of RMB16,000,000. Pursuant to the Second Disposal Agreement, Tuori Energy agreed to pay the consideration directly to the Purchaser.

### **LISTING RULES IMPLICATIONS**

If the Reorganisation is materialised, each of Chengle Zhongxing and Qingdao Qiguang will become a subsidiary of the Company. As such, the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang to Tuori Energy under the Disposal Agreements is deemed to be disposals on the part of the Company. As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the Deemed Disposals are more than 5% but less than 25%, the Deemed Disposals constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

### **BACKGROUND**

Reference is made to the announcement of the Company dated 11 May 2016 (the “**First Announcement**”) in relation to the Acquisition and the announcement of the Company dated 14 March 2017 (the “**Second Announcement**”) in relation to the updates on the Acquisition. Capitalised terms used in this announcement shall have the same meanings as those defined in the First Announcement unless otherwise defined.

As disclosed in the Second Announcement, on 11 May 2016, the Purchaser entered into the Agreement with the Vendor and the Guarantor, pursuant to which the Purchaser agreed to buy and the Vendor agreed to sell 60% of the equity interests in Kahuer Holding Co., Limited. The Agreement was completed on 27 May 2016.

Pursuant to the terms of the Agreement, Chengle Zhongxing and Qingdao Qiguang were not transferred within the Group after completion of the Agreement and the Vendor has undertaken to complete the Reorganisation within six months after completion of the Agreement or such later date as the parties may mutually agree. The reason for not completing the Reorganisation was due to the reason that the entire equity interests of Qingdao Qiguang and 70% equity interests of Chengle Zhongxing were charged (the “**Charge**”) to secure a loan granted to the sole shareholder of Qingdao Qiguang. On 27 November 2016, the parties to the Agreement mutually agreed to extend the deadline for the Reorganisation to take place on or before 27 February 2017.

### **THE SUPPLEMENTAL AGREEMENT**

On 13 April 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the Supplemental Agreement with the Vendor and the Guarantor to amend certain terms of the Agreement.

Pursuant to the Supplemental Agreement, the parties to the Supplemental Agreement agreed not to proceed with the Reorganisation. Instead, the Vendor would (i) procure the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang to a third party; (ii) procure the third party to arrange with the sole shareholder of Qingdao Qiguang for the release of the Charge; and (iii) direct the third party to pay the entire consideration to the Purchaser on or before 30 April 2017 and the Purchaser is entitled to receive such consideration as its income. Such transfer (including the terms of the transfer) shall be conducted and completed in such manner as the Purchaser may approve.

Under the Agreement, the Vendor irrevocably warrants and guarantees to the Purchaser that the consolidated profit before tax of the Target Group will not be less than RMB120,000,000 for the Guarantee Period. As a security for the performance of the obligations of the Vendor under the Profit Guarantee, the Purchaser is holding the Promissory Notes and the original share certificates for 43,000,000 Consideration Shares. If the Actual Profit as reviewed by the auditors of the Company shall not be less than RMB120,000,000, the Purchaser shall release the escrow documents to the Vendor.

As the Vendor agreed to procure the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang and direct the third party to pay the entire consideration to the Purchaser as its income, it is also agreed under the Supplemental Agreement that the computation of the Actual Profit would be amended such that the Actual Profit includes the actual consolidated profit before tax of the Target Group for the Guarantee Period plus the total proceeds received by the Purchaser resulting from the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang minus the prepayment for acquisition of subsidiaries of the Purchaser.

Save for the information disclosed above, all relevant terms and conditions of the Agreement shall remain unchanged and continue in full force and effect. Taking into account (i) the sale of solar power station is in the ordinary and usual course of business of the Target Group and the Company would sell the solar power station of the Target Group if suitable opportunities arise; and (ii) both the Purchaser and Vendor have identified potential buyer to acquire the solar power station owned by Chengle Zhongxing and Qingdao Qiguang, the Board considers that the entering into of the Supplemental Agreement is in the interest of the Company and the Shareholders as a whole.

## **THE FIRST DISPOSAL AGREEMENT**

On 13 April 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the First Disposal Agreement with Dai Yong as vendor and Tuori Energy as purchaser pursuant to which Dai Yong agreed to sell and Tuori Energy agreed to purchase the entire registered capital of Chengle Zhongxing. Details of the First Disposal Agreement are set out below:

Date: 13 April 2017 (after trading hours of the Stock Exchange)

Parties: (1) the Purchaser;  
(2) Dai Yong (as vendor); and  
(3) Tuori Energy (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) Tuori Energy is a company established in the PRC with limited liability and is principally engaged in development and operation of power station; (ii) Tuori Energy and its ultimate beneficial owner(s) are Independent Third Parties; (iii) Dai Yong is a shareholder of the Vendor, holding 35% equity interests in the Vendor; and (iv) Dai Yong is an Independent Third Party.

The Purchaser is a company established in the British Virgin Islands with limited liability and is a subsidiary of the Company principally engaged in investment holding.

### **Assets to be disposed of**

Pursuant to the First Disposal Agreement, Tuori Energy agreed to acquire and Dai Yong agreed to sell the entire registered capital of Chengle Zhongxing. Prior to the completion of the First Disposal Agreement, Dai Yong held 100% equity interests in Chengle Zhongxing.

Each of Tuori Energy and Dai Yong will bear its own taxation liabilities in accordance with the PRC laws resulting from the transfer of the entire registered capital of Chengle Zhongxing.

### **Consideration**

The consideration payable for the sale and purchase of the entire registered capital of Chengle Zhongxing is RMB19,000,000, which is payable in the following manner:

- (a) as to RMB1,900,000 has been paid by Tuori Energy to the Purchaser upon the signing of the First Disposal Agreement; and
- (b) as to the remaining balance of RMB17,100,000 to be paid by Tuori Energy to the Purchaser within one week after completion of the First Disposal Agreement.

The consideration for the First Disposal was determined after arms' length negotiations between the parties to the First Disposal Agreement and on a commercial basis with reference to the prepayment for acquisition of subsidiary of the Purchaser in the amount of approximately RMB8,000,000 and future prospects and business development of Chengle Zhongxing.

In view of the above, the Directors consider that the consideration for the First Disposal is fair and reasonable and the First Disposal Agreement is on normal commercial terms and is fair and reasonable, and the entering into the First Disposal Agreement is in the interests of the Company and the Shareholders as a whole.

### **Completion**

The First Disposal Agreement is unconditional and completion of the First Disposal Agreement took place immediately upon the signing of the First Disposal Agreement. If the Reorganisation is materialised, Chengle Zhongxing will become a subsidiary of the Company. Upon completion of the First Disposal Agreement, Chengle Zhongxing will no longer become a subsidiary of the Company.

## **THE SECOND DISPOSAL AGREEMENT**

On 13 April 2017 (after trading hours of the Stock Exchange), the Purchaser entered into the Second Disposal Agreement with Tianjin Kaihe Energy Technology as vendor and Tuori Energy as purchaser pursuant to which Tianjin Kaihe Energy Technology agreed to sell and Tuori Energy agreed to purchase the entire registered capital of Qingdao Qiguang. Details of the Second Disposal Agreement are set out below:

Date: 13 April 2017 (after trading hours of the Stock Exchange)

Parties: (1) the Purchaser;  
(2) Tianjin Kaihe Energy Technology (as vendor); and  
(3) Tuori Energy (as purchaser).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) Tianjin Kaihe Energy Technology is a company established in the PRC with limited liability and is principally engaged in manufacture and sale of power distribution facilities; and (ii) Tianjin Kaihe Energy Technology and its ultimate beneficial owner(s) are Independent Third Parties.

### **Assets to be disposed of**

Pursuant to the Second Disposal Agreement, Tuori Energy agreed to acquire and Tianjin Kaihe Energy Technology agreed to sell the entire registered capital of Qingdao Qiguang. Prior to the completion of the Second Disposal Agreement, Tianjin Kaihe Energy Technology held 100% equity interests in Qingdao Qiguang.

Each of Tuori Energy and Tianjin Kaihe Energy Technology will bear its own taxation liabilities in accordance with the PRC laws resulting from the transfer of the entire registered capital of Qingdao Qiguang.

### **Consideration**

The consideration payable for the sale and purchase of the entire registered capital of Qingdao Qiguang is RMB16,000,000, which is payable in the following manner:

- (a) as to RMB1,600,000 has been paid by Tuori Energy to the Purchaser upon the signing of the Second Disposal Agreement; and
- (b) as to the remaining balance of RMB14,400,000 to be paid by Tuori Energy to the Purchaser within one week after completion of the Second Disposal Agreement.

The consideration for the Second Disposal was determined after arms' length negotiations between the parties to the Second Disposal Agreement and on a commercial basis with reference to the prepayment for acquisition of subsidiary of the Purchaser in the amount of approximately RMB15,000,000 and future prospects and business development of Qingdao Qiguang.

In view of the above, the Directors consider that the consideration for the Second Disposal is fair and reasonable and the Second Disposal Agreement is on normal commercial terms and is fair and reasonable, and the entering into the Second Disposal Agreement is in the interests of the Company and the Shareholders as a whole.

## Completion

The Second Disposal Agreement is unconditional and completion of the Second Disposal Agreement took place immediately upon the signing of the Second Disposal Agreement. If the Reorganisation is materialised, Qingdao Qiguang will become a subsidiary of the Company. Upon completion of the Second Disposal Agreement, Qingdao Qiguang will no longer become a subsidiary of the Company.

## INFORMATION ON CHENGLE ZHONGXING AND QINGDAO QIGUANG

Each of Chengle Zhongxing and Qingdao Qiguang is a company established in the PRC with limited liability and is principally engaged in construction, operation and sale of solar power station projects. As at the date of this announcement, (i) Chengle Zhongxing has completed the construction and installation of first phase of the rooftop distributed solar photovoltaic power system and connected to the national electricity grid; and (ii) Qingdao Qiguang has completed its construction and installation of solar power generation system for an industrial customer and is now generating a stable electricity income by providing reliable and economical power to the customer.

Set out below is the financial information of each of Chengle Zhongxing and Qingdao Qiguang for the two years ended 31 December 2016:

### Chengle Zhongxing

	<b>For the year ended 31 December 2016 (unaudited) RMB</b>	For the year ended 31 December 2015 (unaudited) RMB
Loss before taxation	(194,297)	0
Loss after taxation	(194,297)	0
Net (liabilities) assets	(174,297)	70,000

### Qingdao Qiguang

	<b>For the year ended 31 December 2016 (unaudited) RMB</b>	For the year ended 31 December 2015 (unaudited) RMB
Profit (Loss) before taxation	43,298	(805,818)
Profit (Loss) after taxation	43,298	(805,818)
Net assets	20,837,480	20,794,182

## **FINANCIAL EFFECT OF THE DEEMED DISPOSALS AND THE EFFECT ON THE PROFIT GUARANTEE**

Upon completion of the Deemed Disposals, the Group will record a profit on disposal of approximately S\$2,300,000. Such profit is calculated based on the aggregate of the consideration received from the Deemed Disposals, i.e. RMB35,000,000 (equivalent to S\$7,300,000) less approximately S\$5,000,000, being the amount of prepayment for acquisition of subsidiaries arising from the Acquisition. The proceeds received by the Purchaser resulting from the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang will be applied as the general working capital of the Target Group.

As agreed by the parties to the Supplemental Agreement, the Actual Profit includes the actual consolidated profit before tax of the Target Group for the Guarantee Period plus the total proceeds received by the Purchaser resulting from the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang minus the prepayment for acquisition of subsidiaries of the Purchaser. The auditors of the Company will review and verify the amount of the Actual Profit within three months after the expiry of the Guarantee Period.

## **REASONS FOR AND BENEFITS OF THE DEEMED DISPOSALS**

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.

If the Reorganisation is materialised, each of Chengle Zhongxing and Qingdao Qiguang will become a subsidiary of the Company. As such, the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang to Tuori Energy is deemed to be disposals on the part of the Company. Taking into account the sale of solar power station is in the ordinary and usual course of business of the Target Group and the Company would sell the solar power station of the Target Group if suitable opportunities arise, the Board considers that the entering into of the Disposal Agreements is in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios as calculated under Rule 14.06 of the Listing Rules in respect of the Deemed Disposals are more than 5% but less than 25%, the Deemed Disposals constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

**“Agreement”** the agreement dated 11 May 2016 entered into among the Vendor, the Purchaser and the Guarantor in relation to the acquisition of 60% equity interests in Kahuer Holding Co., Limited

<b>“Board”</b>	the board of Directors
<b>“Chengle Zhongxing”</b>	昌樂中興開合光伏發電有限公司 (Chengle Zhongxing Photovoltaic Energy Company Limited*), a company established in the PRC with limited liability
<b>“Company”</b>	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
<b>“Deemed Disposals”</b>	the sale of the entire registered capital of Chengle Zhongxing and Qingdao Qiguang to Tuori Energy under the Disposal Agreements, which is deemed to be disposals on the part of the Company
<b>“Directors”</b>	directors of the Company
<b>“Disposal Agreements”</b>	the First Disposal Agreement and the Second Disposal Agreement
<b>“First Disposal”</b>	the sale of the entire registered capital of Chengle Zhongxing by Dai Yong to Tuori Energy
<b>“First Disposal Agreement”</b>	the agreement dated 13 April 2017 and entered into among the Purchaser, Dai Yong as vendor and Tuori Energy as purchaser in relation to the sale and purchase of the entire registered capital of Chengle Zhongxing
<b>“Group”</b>	the Company and its subsidiaries
<b>“Guarantor”</b>	Zhang Jie, being the guarantor under the Agreement
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Third Party(ies)”</b>	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)
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“PRC”</b>	the People’s Republic of China



<b>“Profit Guarantee”</b>	the profit guarantee provided by the Vendor to the Purchaser under the Agreement to guarantee the consolidated profit before tax of the Target Group of not being less than RMB120,000,000
<b>“Purchaser”</b>	Marvel Skill Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, being the purchaser under the Agreement
<b>“Qingdao Qiguang”</b>	青島啟光新能源發電有限公司 (Qingdao Qiguang New Energy Electricity Company Limited*), a company established in the PRC with limited liability
<b>“Reorganisation”</b>	the procurement by the Vendor of the transfer of the entire registered capital of Qingdao Qiguang and Chengle Zhongxing to Tianjin Kaihe previously agreed under the terms of the Agreement
<b>“Second Disposal”</b>	the sale of the entire registered capital of Qingdao Qiguang by Tianjin Kaihe Energy Technology to Tuori Energy
<b>“Second Disposal Agreement”</b>	the agreement dated 13 April 2017 and entered into among the Purchaser, Tianjin Kaihe Energy Technology as vendor and Tuori Energy as purchaser in relation to the sale and purchase of the entire registered capital of Qingdao Qiguang
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.01 each in the share capital of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Supplemental Agreement”</b>	the supplemental agreement dated 13 April 2017 and entered into among the Purchaser, the Vendor and the Guarantor to amend certain terms of the Agreement
<b>“Target Group”</b>	Kahuer Holding Co., Limited and its subsidiaries
<b>“Tianjin Kaihe”</b>	天津開合光伏能源科技有限公司 (Tianjin Kaihe Photovoltaic Energy Technology Company Limited*), a company established in the PRC with limited liability
<b>“Tianjin Kaihe Energy Technology”</b>	天津開合電力科技有限公司 (Tianjin Kaihe Energy Technology Company Limited*), a company established in the PRC with limited liability

“Tuori Energy”	拓日能源系統工程(江蘇)有限公司 (Tuori Energy System Engineering (Jiangsu) Company Limited*), a company established in the PRC with limited liability
“Vendor”	Eternal Green Group Limited, a company incorporated in the British Virgin Islands with limited liability, being the vendor under the Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“%”	per cent.

By order of the Board  
**Kingbo Strike Limited**  
**Liu Yancheng**  
*Chairman and Executive Director*

Hong Kong, 13 April 2017

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

**Executive Directors**

Mr. Liu Yancheng (*Chairman*)  
Mr. Peng Rongwu  
Mr. Wong Kee Chung

**Non-executive Director**

Mr. Tam Tak Wah

**Independent Non-executive Directors**

Mr. Lam Kwan Yau Gilbert  
Mr. Leung Po Hon  
Dr. Luo Xiaodong  
Mr. Ng Wai Hung

\* *For identification purpose only*