KINGBO STRIKE LIMITED
工蓋有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 1421)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the interim results announcement for the six months ended 31 December 2016 (the "**Interim Results Announcement**") dated 27 February 2017 and the annual report for the financial year ended 30 June 2016 (the "**Annual Report**") of Kingbo Strike Limited (the "**Company**", together with its subsidiaries, the "**Group**"). Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Interim Results Announcement and the Annual Report.

HELD-FOR-TRADING INVESTMENTS

As disclosed on page 16 of the Interim Results Announcement, the Company made two equity investments, which were classified as held-for-trading investments. The Company would like to provide further details about the held-for-trading investments for the information of its shareholders.

On 2 June 2016, the Company acquired a total of 36,400,000 shares of Pinestone Capital Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8097) at the cost of HK$20,020,000, which represented approximately 0.741% of the entire issued share capital of Pinestone Capital Limited as at the date of this announcement. Pinestone Capital Limited is principally engaged in provision of bespoke services encompassing securities brokerage, securities-backed lending and placing and underwriting businesses. The Company has not received any dividend in relation to the 36,400,000 shares of Pinestone Capital Limited

On 30 November 2016, the Company acquired a total of 1,830,000 shares of Li Bao Ge Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8102) at the cost of HK$4,976,000 which represented approximately 0.229% of the entire issued share capital of Li Bao Ge Group Limited as at the date of this announcement. Li Bao Ge Group Limited is principally engaged in operation of a chain of Chinese restaurants in Hong Kong and the People's Republic of China. The Company has not received any dividend in relation to the 1,830,000 shares of Li Bao Ge Group Limited.

Due to the drop of trading price of the shares of Pinestone Capital Limited, the Company recorded a loss in relation to the held-for-trading investments. There is no realised loss in relation to the held-for-trading investments and the unrealised losses in relation to the held-for-trading investments for the six months ended 31 December 2016 is HK$19,864,600 (equivalent to approximately S$3,546,553).

* *For identification purposes only*

Set out below is a table showing the size of each stock relative to the Company's net assets, the market value of each stock as at 31 December 2016 and 30 June 2016 respectively and the total gain (loss) of each stock for the six months ended 31 December 2016:

	Size to Company's net assets as at 31 December 2016	Market value as at 31 December 2016 *(HK$)*	Market value as at 30 June 2016 *(HK$)*	Gain (Loss) for the six months ended 31 December 2016 *(HK$)*
36,400,000 shares of Pinestone Capital Limited (stock code: 8097)	2.31%	11,648,000	33,124,000	(21,476,000)
1,830,000 shares of Li Bao Ge Group Limited (stock code: 8102)	1.31%	6,588,000	N/A	1,611,400
Total				(19,864,600)

PROFIT GUARANTEE RECEIVABLE

As disclosed on page 15 of the Interim Results Announcement, the Company recorded a profit guarantee receivable (the "**Profit Guarantee Receivable**") in the amount of S$11,351,363 as at 31 December 2016. The recognition of the Profit Guarantee Receivable is resulted from the profit guarantee ("**Profit Guarantee**") provided by Eternal Green Group Limited (the "**Vendor**") pursuant to the sale and purchase agreement (the "**Agreement**") dated 11 May 2016 entered into by Marvel Skill Holdings Limited (the "**Purchaser**") with the Vendor and Zhang Jie in relation to the acquisition (the "**Acquisition**") of 60% equity interests in Kahuer Holding Co., Limited (the "**Target Company**", together with its subsidiaries, the "**Target Group**"). For details of the Acquisition and the Profit Guarantee, please refer to the announcement of the Company dated 11 May 2016.

The Profit Guarantee Receivable was determined by Peak Vision Appraisals Limited, an independent professional qualified appraiser. The valuer has considered the projected profit before tax and adopted Monte Carlo Simulation, which considers the probability weighted distribution of the possible outcomes and factors and the volatility of those outcomes, to derive the fair value of the Profit Guarantee Receivable.

Set out below is a table showing the major inputs used in the valuation:

Valuation date	**31 December 2016**	**30 June 2016**
Volatility	64.46%	64.46%
Period (life of the Profit Guarantee) in year	0.41	1
Risk free rate	3.10%	2.34%
Discount rate *(Note 1)*	3.10% and 18.58% *(Note 2)*	2.34%

Notes:

1. The Profit Guarantee Receivable as at 30 June 2016 was discounted at risk free rate since the Profit Guarantee Receivable was fully secured by shares of the Company (consideration shares) and the promissory notes under escrow. However, as at 31 December 2016, the Profit Guarantee Receivable increased and the total value of shares of the Company (consideration shares) and the promissory notes under escrow were insufficient to cover the Profit Guarantee Receivable, and therefore, part of the Profit Guarantee Receivable secured by shares of the Company (consideration shares) and the promissory notes under escrow were discounted at risk free rate, and the remaining part of the Profit Guarantee Receivable were discounted at a higher discount rate.

2. The discount rate of 18.58% was based on build up model by adding risk free rate of 3.10%, non-investment grade bonds spread of 12.48% and liquidity risk premium of 3%. The non-investment grade bonds spread was the spread reflecting credit risk and interest rate risk of comparable corporate bonds. The non-investment grade bonds spread adopted was the average spread of 8 comparable bonds, sourced from Bloomberg.

These are the key assumptions adopted by the valuer in performing the valuation:

(i) the valuer has assumed that the completion of the Acquisition took place on 31 May 2016;

(ii) constant volatility is assumed;

(iii) constant interest rate is assumed;

(iv) it is assumed that the financial information of the Target Company supplied to the valuer has been prepared in a manner which truly and accurately reflect the financial condition of the Target Company as at the respective balance sheet dates; and

(v) in arriving at its opinion of value, the valuer has referred to the projections and business plans provided to the valuer and assumed that such projections were based on the assumptions reflecting the best available estimates, judgment and knowledge of the management of the Target Company in relation to the proposed operations and are reasonable, reflecting market conditions and economic fundamentals.

The increase in the fair value of the profit guarantee receivable was mainly contributed by the decline in projected profit before tax of the Target Group from approximately RMB100,000,000 as at 30 June 2016 to approximately RMB76,000,000 as at 31 December 2016, which was caused by the delay in the construction of certain solar power stations.

UPDATES ON THE ACQUISITION

As disclosed in the Annual Report, on 11 May 2016, the Purchaser entered into the Agreement with the Vendor and Zhang Jie, pursuant to which the Purchaser agreed to buy and the Vendor agreed to sell 60% of the equity interests in the Target Company. 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 and Chengle Zhongxing and Qingdao Qiguang could only be transferred to the Target Group after the release of the Charge. 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 Reorganisation did not complete before the deadline on 27 February 2017. It was due to the reason that, prior to the deadline, the Vendor has identified potential buyer to acquire the solar power station owned by Chengle Zhongxing and Qingdao Qiguang and has proposed to the Purchaser the possibility of transfer of Chengle Zhongxing and Qingdao Qiguang to the potential buyer, instead of completion of the Reorganisation according to the terms of the Agreement (the "**Proposal**"). Under the Proposal, the potential buyer will arrange with the sole shareholder of Qingdao Qiguang for the release of the Charge and the Vendor would procure the transfer of Chengle Zhongxing and Qingdao Qiguang to the potential buyer and would direct the potential buyer to pay the entire consideration to a company within the Target Group. Such transfer (including the terms of the transfer) shall be conducted and completed in such manner as the Purchaser may approve. As 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 Proposal is in the interest of the Company and the Shareholders as a whole. The Company is in the course of seeking advice from professional parties in relation to the Proposal. It is expected that the Purchaser and the Vendor will agree on the terms of the Proposal before the end of March 2017. If the Proposal is materialised, it will be deemed as disposals on the part of the Company. Further announcement will be made by the Company in the event that any formal agreement has been signed between the parties with respect to the Proposal.

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

Hong Kong, 14 March 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