KINGBO STRIKE LIMITED
工蓋有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1421)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The board (the "**Board**") of directors (the "**Directors**") of Kingbo Strike Limited (the "**Company**") presents the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 30 June 2019, together with comparative figures for the year ended 30 June 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2019

	Notes	**2019** *S$*	2018 *S$*
REVENUE	*4*	**81,694,685**	68,328,311
Cost of sales		**(73,188,217)**	(62,880,366)
Gross profit		**8,506,468**	5,447,945
Other gains and losses, net	*5*	**(64,889)**	(167,324)
Administrative expenses		**(4,532,176)**	(4,478,442)
Change in fair value of financial assets at fair value through profit or loss/held-for-trading investments, net	*6*	**(6,114,786)**	309,980
Impairment of financial assets at amortised cost, net		**(616,371)**	–
Impairment loss recognised in respect of goodwill	*9*	**(3,845,968)**	(1,792,785)
Other operating expenses		**(481,189)**	(314,116)
Share of results of joint ventures		**2,115,660**	1,280,807
Share of results of an associate		**(199,151)**	(11,067)
(LOSS) PROFIT BEFORE TAX	*6*	**(5,232,402)**	274,998
Income tax expense	*7*	**(1,652,936)**	(976,071)
LOSS FOR THE YEAR		**(6,885,338)**	(701,073)
ATTRIBUTABLE TO			
Owners of the Company		**(8,901,827)**	(1,840,146)
Non-controlling interests		**2,016,489**	1,139,073
		(6,885,338)	(701,073)

* *For identification purposes only*

	Notes	**2019**	2018
		S$	*S$*
LOSS FOR THE YEAR		**(6,885,338)**	(701,073)
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(1,932,098)**	693,854
Other comprehensive (expense) income for the year, net of income tax		**(1,932,098)**	693,854
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(8,817,436)**	(7,219)
ATTRIBUTABLE TO			
Owners of the Company		**(10,332,814)**	(1,205,991)
Non-controlling interests		**1,515,378**	1,198,772
		(8,817,436)	(7,219)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDINGS OF THE COMPANY			
Basic and diluted (Singapore cents)	*8*	**(0.72)**	(0.18)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Notes	2019 S$	2018 S$
NON-CURRENT ASSETS			
Goodwill	9	**10,283,476**	14,679,058
Interests in joint ventures		**3,915,427**	2,738,762
Interest in an associate		**274,850**	479,712
Plant and equipment		**265,214**	424,185
Trade receivables	10	**–**	2,096,300
Total non-current assets		**14,738,967**	20,418,017
CURRENT ASSETS			
Gross amount due from customers for contract work in progress		**–**	744,104
Inventories		**14,306**	9,956
Trade receivables, deposits and other receivables	10	**37,944,960**	50,577,838
Contract assets	11	**1,870,384**	–
Loan receivables	12	**3,270,089**	–
Prepayments		**4,361,304**	3,324,082
Held-for-trading investments		**–**	8,450,399
Financial assets at fair value through profit or loss		**4,171,262**	–
Cash and cash equivalents		**16,992,937**	14,703,511
Total current assets		**68,625,242**	77,809,890
CURRENT LIABILITIES			
Income tax payable		**2,440,163**	5,347,239
Trade and other payables	13	**6,311,798**	14,308,345
Total current liabilities		**8,751,961**	19,655,584
NET CURRENT ASSETS		**59,873,281**	58,154,306
TOTAL ASSETS LESS CURRENT LIABILITIES		**74,612,248**	78,572,323

	2019	2018
	S$	*S$*
NON-CURRENT LIABILITY		
Deferred tax liability	**–**	30,222
Total non-current liability	**–**	30,222
NET ASSETS	**74,612,248**	78,542,101
EQUITY		
Share capital	**2,353,555**	2,000,400
Reserves	**61,735,473**	67,197,813
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**64,089,028**	69,198,213
Non-controlling interests	**10,523,220**	9,343,888
TOTAL EQUITY	**74,612,248**	78,542,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Kingbo Strike Limited (the "**Company**") was incorporated in the Cayman Islands on 19 June 2013 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The Company's registered office address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is registered with the Companies Registry in Hong Kong as a non-Hong Kong company under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) on 5 September 2013 and the principal place of business in Hong Kong is at Room 1011, 10th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of electrical engineering services in Singapore, supply and installation of solar photovoltaic parts and equipment in the People's Republic of China (the "**PRC**") and trading of consumer products and accessories.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**", which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss/held-for-trading investments which have been measured at fair value. These financial statements are presented in Singapore Dollars ("**S$**").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has applied, for the first time, a number of the new and amendments to standards, amendments and interpretations ("**new and amendments to IFRSs**") (which included all IFRSs, IAS and interpretations) issued by the IASB that are relevant to its operations and effective for annual periods beginning on or after 1 July 2018. A summary of the new and amendments to IFRSs are set out as below:

Amendments to IAS 1	Annual improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 28	Annual improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 15	Revenue from Contracts with Customers (Clarifications to IFRS 15)
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC-lnt 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

(a) **Impact on the consolidated financial statements**

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the application of new IFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below:

Consolidated statement of financial position (extract)	**30 June 2018** *S$*	**IFRS 15** *S$*	**IFRS 9** *S$*	**1 July 2018** *S$*
NON-CURRENT ASSETS				
Trade receivables	**2,096,300**	**(2,096,300)**	**–**	**–**
Interests in joint ventures	**2,738,762**	**(438,995)**	**–**	**2,299,767**
Interest in an associate	**479,712**	**(5,711)**	**–**	**474,001**
CURRENT ASSETS				
Trade receivables, deposits and other receivables	**50,577,838**	**(10,623,263)**	**(685,414)**	**39,269,161**
Contract assets	**–**	**11,943,889**	**(193,830)**	**11,750,059**
Gross amount due from customers for contract work-in-progress	**744,104**	**(744,104)**	**–**	**–**
Held-for-trading investments	**8,450,399**	**–**	**(8,450,399)**	**–**
Financial assets at fair value through profit or loss	**–**	**–**	**8,450,399**	**8,450,399**
CURRENT LIABILITY				
Trade and other payables	**14,308,345**	**(1,333,196)**	**–**	**12,975,149**
NET CURRENT ASSETS	**58,154,306**	**(1,909,718)**	**(879,244)**	**55,365,344**
TOTAL ASSETS LESS CURRENT LIABILITIES	**78,572,323**	**(631,288)**	**(879,244)**	**77,061,791**
NET ASSETS	**78,542,101**	**(631,288)**	**(879,244)**	**77,031,569**
EQUITY				
Reserves	**69,198,213**	**(631,288)**	**(543,198)**	**68,023,727**
Non-controlling interests	**9,343,888**	**–**	**(336,046)**	**9,007,842**
TOTAL EQUITY	**78,542,101**	**(631,288)**	**(879,244)**	**77,031,569**

(b) IFRS 9 Financial Instruments – Impact of adoption

In the current year, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities; 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of IFRS 9

(i) Classification and measurement

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("**FVTOCI**") and at fair value through profit or loss ("**FVTPL**"). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial assets is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other income.

There is no impact on the Group's accounting for financial liabilities. The Group accounts for the accruals, trade and other payables as financial liabilities that are designated at fair value through profit or loss. The derecognition rules have been transferred from IAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group's financial liabilities previously carried at amortised costs remained to be measured at amortised costs under IFRS 9.

(ii) Impairment under ECL model

The Group applies the IFRS 9 general approach to measure ECL. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a "**12-month ECL**"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "**lifetime ECL**"). Except for those which had been determined as credit impaired under IAS 39, the remaining balances are grouped based on credit rating. The Group has therefore estimated the expected loss rates for the trade receivables, deposits and other receivables on the same basis.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology is as follow.

Loss allowances of contract assets, trade, deposits and other receivables as at 30 June 2018 reconciled to the opening loss allowances as at 1 July 2018 are as follows:

	Contract assets	**Trade receivables, deposits and other receivables**
	S$	*S$*
At 30 June 2018 – IAS 39	–	–
Amounts re-measured through opening		
– accumulated losses	116,298	426,900
– non-controlling interests	77,532	258,514
At 1 July 2018 – IFRS 9	193,830	685,414

(c) IFRS 15 Revenue from Contracts with Customers and the related amendments

IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The Group has elected to apply the standard to contracts that are not completed as at 1 July 2018.

Set out below are the amounts by which each financial statement line item was affected as at 1 July 2018 as a result of the adoption of IFRS 15:

	IAS 18 carrying amount as at 30 June 2018	**Reclassification**	**Remeasurement**	**IFRS 15 carrying amount as at 1 July 2018**
	S$	*S$*	*S$*	*S$*
Interests in joint ventures	2,738,762	(438,995)	–	2,299,767
Interest in an associate	479,712	(5,711)	–	474,001
Gross amount due from customers for contract work-in-progress	744,104	(744,104)	–	–
Held-for-trading investments	8,450,399	–	(8,450,399)	–
Financial assets at fair value through profit or loss	–	–	8,450,399	8,450,399
Contract assets	–	11,943,889	–	11,943,889
Trade receivables (non-current)	2,096,300	(2,096,300)	–	–
Trade receivables, deposits and other receivables	50,577,838	(10,623,263)	–	39,954,575
Trade and other payables	14,308,345	(1,333,196)	–	12,975,149
Reserves	69,198,213	(631,288)	–	68,566,925

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective in the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IAS 19	Employee Benefits[1]
Amendments to IAS 28	Investments in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle[2]
Amendments to IFRS 3	Business Combination[4]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[5]
IFRIC – Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted.
2 Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided IFRS 15 Revenue from Contracts with Customers is also applied.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted.
5 Effective for annual periods beginning on or after 1 January 2021.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 June 2019, the Group as lessee has non-cancellable operating lease commitments of approximately S$197,999 (2018: S$582,344). A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Except for the new and amendments to IFRSs mentioned as above, the Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) provision of electrical engineering services (the "**engineering services**");

(b) supply and installation of solar photovoltaic parts and equipment (the "**solar power business**"); and

(c) trading of consumer products and accessories ("**trading business**").

Management considers the business from product type perspective. Management monitors the results of engineering services, solar power business and trading business separately for the purpose of making decisions about resource allocation and performance assessment. Management was of the view that these three segments were mutually exclusive and distinguished from each other.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit/loss before tax from continuing operations except that unallocated gains as well as head office and corporate expenses are excluded from such measurement.

There were no inter-segment sales in the two financial years ended 30 June 2018 and 30 June 2019.

Segment assets exclude unallocated head office and corporate assets such as financial assets at fair value through profit or loss/held-for-trading investments, certain prepayments, deposits and other receivables, loan receivables and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities such as certain other payables as these liabilities were managed on a group basis.

Year ended 30 June 2019	**Engineering services** *S$*	**Solar power business** *S$*	**Trading business** *S$*	**Total** *S$*
Segment revenue:				
Sales to external customers	**3,156,126**	**78,538,559**	**–**	**81,694,685**
Segment results:	**1,516,811**	**2,844,755**	**–**	**4,361,566**
Unallocated losses				**(6,376,690)**
Corporate and other unallocated expenses				**(3,217,278)**
Loss before tax				**(5,232,402)**
Segment assets:	**17,889,948**	**55,310,727**	**–**	**73,200,675**
Corporate and other unallocated assets				**10,163,534**
Total assets				**83,364,209**
Segment liabilities:	**3,041,092**	**5,456,101**	**–**	**8,497,193**
Corporate and other unallocated liabilities				**254,768**
Total liabilities				**8,751,961**

Year ended 30 June 2018	Engineering services *S$*	Solar power business *S$*	Trading business *S$*	Total *S$*
Segment revenue:				
Sales to external customers	14,631,021	43,295,704	10,401,586	68,328,311
Segment results:	1,617,959	2,033,538	129,229	3,780,726
Unallocated gains				128,120
Corporate and other unallocated expenses				(3,633,848)
Profit before tax				274,998
Segment assets:	21,441,908	61,339,719	5,006,968	87,788,595
Corporate and other unallocated assets				10,439,312
Total assets				98,227,907
Segment liabilities:	7,458,195	11,798,406	–	19,256,601
Corporate and other unallocated liabilities				429,205
Total liabilities				19,685,806

Other segment information	Engineering services S$	Solar power business S$	Trading business S$	Unallocated S$	Total S$
Year ended 30 June 2019					
Depreciation	**89,115**	**793**	**–**	**177,177**	**267,085**
Capital expenditure	**204,251**	**–**	**–**	**145,016**	**349,267**
Impairment loss recognised in respect of goodwill	**–**	**3,845,968**	**–**	**–**	**3,845,968**
Year ended 30 June 2018					
Depreciation	79,973	363	–	144,117	224,453
Capital expenditure	67,894	2,003	–	1,864	71,761
Impairment loss recognised in respect of goodwill	–	1,792,785	–	–	1,792,785

Geographical information

(a) *Revenue from external customers*

	2019 *S$*	2018 *S$*
The PRC	**78,538,559**	43,295,704
Singapore	**3,156,126**	14,631,021
Hong Kong	**–**	10,401,586
	81,694,685	68,328,311

The revenue information of continuing operations above is based on the locations of the customers.

(b) *Non-current assets**

	2019 *S$*	2018 *S$*
Hong Kong	**167,641**	200,354
Singapore	**4,286,083**	3,439,648
The PRC	**10,285,243**	14,681,715
	14,738,967	18,321,717

* Non-current assets excluding trade and other receivables.

The non-current assets information is presented based on the geographical location of the assets.

Information about major customers

Revenue from major customers for the two financial years ended 30 June 2018 and 30 June 2019 contributing over 10% of the total revenue of the Group were as follows:

	2019	2018
	S$	*S$*
Customer A[2]	**36,890,000**	36,298,000
Customer B[2]	**28,124,000**	N/A[3]
Customer C[2]	**12,131,000**	N/A[3]
Customer D[2]	**N/A[3]**	6,997,000
Customer E[1]	**N/A[3]**	9,678,000

1 Engineering services

2 Solar power business

3 Revenue from the relevant customer is less than 10% of the total revenue of the Group.

4. REVENUE

Revenue represents an appropriate proportion of contract revenue of construction contracts, provision for solar power business and the value of goods sold during the year.

	2019	2018
	S$	*S$*
Over time:		
– Contract revenue from provision of electrical engineering services	**3,156,126**	14,631,021
At a point in time:		
– Supply and installation of solar photovoltaic parts and equipment	**78,538,559**	43,295,704
– Net invoiced value of goods sold	**–**	10,401,586
	81,694,685	68,328,311

5. OTHER GAINS AND LOSSES, NET

	2019	2018
	S$	*S$*
Foreign exchange loss	**(410,782)**	(272,875)
Bank interest income	**127,050**	57,047
Incentives from the Singapore Government *(Note (a))*	**9,327**	23,167
Gain on disposal of plant and equipment	**28,072**	19,562
Loan interest incomes	**143,103**	–
Others	**38,341**	5,775
	(64,889)	(167,324)

Note:

(a) Incentives from the Singapore Government comprise special employment credit, temporary employment credit and wages credit scheme. There are no unfulfilled conditions or contingencies relating to these incentives.

6. (LOSS) PROFIT BEFORE TAX

The Group's (loss) profit before tax is arrived at after charging (crediting):

		2019	2018
		S$	*S$*
(a)	Cost of sales (Refer to (b) below)	**73,188,217**	62,880,366
	Auditors' remuneration	**243,026**	372,602
	Depreciation of plant and equipment	**267,085**	224,453
	Impairment loss on plant and equipment	**200,943**	–
	Gain on disposal of plant and equipment	**(28,072)**	(19,562)
	Minimum lease payments under operating leases	**339,015**	379,231
	Legal and professional expenses	**437,974**	588,654
	Employee benefits (Refer to (c) below)	**3,600,403**	5,816,593
	Net fair value loss (gain) on financial asset at fair value through profit or loss/held-for-trading investment (Refer to (d) below)	**6,114,786**	(309,980)
(b)	Cost of sales:		
	– Contract cost from provision of electrical engineering services	**2,456,904**	13,307,388
	– Contract cost from provision of solar power business	**70,731,313**	39,324,366
	– Cost of goods sold	**–**	10,248,612
		73,188,217	62,880,366
(c)	Employee benefits (including Directors' remuneration):		
	– Directors' fee	**602,573**	525,601
	– Salaries, wages and bonuses	**2,840,197**	5,079,214
	– Pension scheme contributions	**157,633**	211,778
		3,600,403	5,816,593
(d)	Net fair value loss (gain) on financial asset at fair value through profit or loss/held-for-trading investments:		
	– Unrealised loss (gain) on fair value of financial assets at fair value through profit or loss/held-for-trading investments	**6,114,786**	(1,299,780)
	– Realised loss on fair value of held-for-trading investments	**–**	989,800
		6,114,786	(309,980)

7. INCOME TAX EXPENSE

The Company's profit is not subject to any tax in its country of incorporation, the Cayman Islands. Income tax expense for the Group relates mainly to the assessable profits arising in Hong Kong subject to 8.25%/16.5% (if applicable) tax rate in Hong Kong, profits of the subsidiary in Singapore which is taxed at a statutory tax rate of 17% and corporate income tax which has been provided for subsidiaries in the PRC based on assessable profits arising in the PRC during the year. Subsidiaries located in the PRC are subject to the PRC corporate income tax at a rate of 25% on its assessable profits.

	2019	2018
	S$	*S$*
Current – Singapore		
– Charge for the year	**–**	31,152
– Under/(over)-provision in respect of previous years	**33,658**	(23,613)
Current – Others (the PRC and Hong Kong)		
– Charge for the year	**1,649,500**	978,640
Deferred		
– Origination and reversal of temporary differences	**(30,222)**	(10,108)
Total tax charge for the year	**1,652,936**	976,071

The Group is subject to PRC withholding tax of 10% on the gross interest income from its PRC subsidiaries to the Company.

According to the PRC on Enterprise Income Tax (the "**EIT Law**"), withholding income tax at a rate of 10% would be imposed on dividends relating to profits earned from year 2008 onwards to foreign investors for the companies established in the PRC. Such dividend tax rate may be further reduced by applicable tax treaties or arrangement. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise.

No provision the Hong Kong profits tax has been made as the subsidiaries incorporated in Hong Kong had no assessable profits arising in Hong Kong for the year ended 30 June 2019.

A reconciliation of the tax expense applicable to profit before tax at the applicable statutory tax rates for the countries in which the Company and the subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates for the year, are as follows:

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rate regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

8. LOSS PER SHARE

The weighted average number of equity shares refers to weighted average number of shares in issue during the year. The basic loss per share are based on the weighted average number of ordinary shares outstanding during the year.

The calculation of basic loss per share is based on:

	2019	2018
Loss		
Loss attributable to equity holders of the parent, used in the basic loss per share calculation (S$)	**(8,901,827)**	(1,840,146)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**1,236,069,041**	1,049,799,452
Basic loss per share (Singapore cents)	**(0.72)**	(0.18)

Basic loss per share is the same as diluted loss per share, as the Group had no potentially dilutive ordinary shares (2018: Nil) in issue during the year.

9. GOODWILL

	2019	2018
	S$	*S$*
Cost		
At the beginning of the year	**58,236,407**	57,510,423
Exchange realignment	**(2,509,201)**	725,984
At the end of the year	**55,727,206**	58,236,407
Accumulated impairment loss		
At the beginning of the year	**43,557,349**	41,219,140
Impairment loss recognised during the year	**3,845,968**	1,792,785
Exchange realignment	**(1,959,587)**	545,424
At the end of the year	**45,443,730**	43,557,349
Net carrying amount at the end of the year	**10,283,476**	14,679,058

Impairment assessment

Goodwill acquired through business combinations is allocated to solar power business cash-generating unit (the "**CGU**") for impairment testing. The recoverable amount of the CGU to which the goodwill was allocated has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a four-year period (2018: four-year period) approved by senior management. The Group has appointed an independent professional valuer to perform a value-in-use calculation for impairment assessment on the CGU. Key inputs and assumptions in the valuation are as follows:

For the year ended 30 June 2019

The pre-tax discount rate applied for the cash flow projections is 22.98%. The projected sales for the forecasted was prepared based on (i) budgeted sales for the year ending 30 June 2020; and (ii) prudent annualised growth rate of 5% per year for the year ending 30 June 2021 to year ended 30 June 2023.

The estimated forecasted revenue and growth rate of the CGU was prepared by the management of the Company after considering (i) historical operation data; (ii) budgeted sales for the year ending 30 June 2020; (iii) market development during year ended 30 June 2019; (iv) expected market development in future; and (v) the market research obtained by the management. In particular, management of the Group noted that although the CGU, which is mainly engaged in supply and installation of solar photovoltaic parts and equipment, achieved a significant increase in revenue for the financial year ended 30 June 2019 and recognised revenue of approximately RMB389.6 million (equivalent to approximately S$78.5 million) compared to revenue of approximately RMB211.5 million (equivalent to approximately S$43.3 million) for the financial year ended 30 June 2018. For goodwill impairment assessment purposes management of the Group is of the view that under the new policy in the PRC on Photovoltaic Power Generation and the circular on construction of Wind and Photovoltaic ("**PV**") Power Generation projects which was issued by the PRC government in May 2019, the industry in the PRC experienced further adjustment upon transforming to market led and quality enhancement projects, focusing on the development of non-subsidised (grid parity) projects. Therefore, management of the Group expects industry consolidation in the coming years which in the longer term will lead to a more sustainable development after the market consolidation. On these bases, management budgeted a significant decrease in revenue, and hence gross profit, of the CGU to RMB290 million of revenue for the financial year ending 30 June 2020. Furthermore, due to the recent change in the market of solar power business, the Company expects the future revenue will decline in year ending 30 June 2020 which is reference to the Company future contracts on hand and in negotiation, together with market research data. However, the Company believes the business over a longer period will recover, which the management considered the 5% annualised growth rate referred to above for the year ending 30 June 2021 to 30 June 2024 was made after due care and was prudent.

For the year ended 30 June 2018

The pre-tax discount rate applied to the cash flow projections is 21.89%. The projected sales for the forecasted was prepared based on (i) budgeted sales for the year ending 30 June 2019; and (ii) prudent annualised growth rate of 3% per year for the year ending 30 June 2020 to year ended 30 June 2022.

The estimated forecasted revenue and growth rate of the CGU was prepared by the management of the Company after considering (i) historical operation data; (ii) budgeted sales for the year ending 30 June 2019; (iii) market development during year ending 30 June 2018; and (iv) expected market development in future. The management consider 3% annualised growth rate was made after due care and was prudent.

Assumptions were used in the value in use calculation of the solar power business cash-generating unit. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Forecast revenue – the basis used to determine the value assigned to the forecast revenue is the forecast revenue from the supply and installation of solar photovoltaic parts and equipments which the Group has signed certain framework agreements.

Budgeted cost of sales – The budgeted cost of sales have been determined based on management's expected procurement costs for the supply and installation of solar photovoltaic parts and equipments.

Discount rate – The discount rate used is before tax and reflected specific risks relating to the unit.

Growth rate – The growth rate used to extrapolate beyond projections period.

As the recoverable amount of the CGU was calculated to be lower than its carrying amount, an impairment loss of S$3,845,968 (2018: S$1,792,785) was recognised in the consolidated statement of profit or loss and other comprehensive income. The impairment loss arose because of management expectations that there will be industry consolidation in the PRC for PV power generation projects due to the new PRC government policy on such projects and the newly issued government circular referred to above, which caused downward revisions to be made to the budgeted revenue, and hence gross profit, of the CGU for the coming year ending 30 June 2020, and the subsequent years.

As the cash-generating unit has been reduced to its recoverable amount of S$10,283,476 (2018: S$14,679,058), any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

10. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	S$	*S$*
Trade receivables (non-current):		
Retention sum receivables *(Note (a))*	**–**	2,096,300
Trade receivables (current):		
Third parties		
– Gross Amount	**38,472,215**	39,332,270
– Less: Provision for impairment under IFRS 9	**(736,023)**	–
	37,736,192	39,332,270
Retention sum receivables *(Note (a))*	**–**	10,623,263
	–	10,623,263
	37,736,192	49,955,533
Other receivables (current):		
Interest receivables		
– Gross Amount	**76,878**	–
– Less: Provision for impairment under IFRS 9	**(5,820)**	–
	71,058	–
Deposits	**129,709**	146,005
Others	**8,001**	476,300
	208,768	622,305
Total trade receivables, deposits and other receivables *(current)*	**37,944,960**	50,577,838

As at 30 June 2019 and 1 July 2018, trade receivables from contracts with customers amounted to S$37,736,192 and S$38,646,856 respectively.

Note:

(a) Retention sum receivables refer to a retention sum which will be partially billed upon the practical completion of the Groups' projects, and the balance shall be billed upon the final completion of the Group's projects. Retention sum receivables are non-interest bearing and on terms based on the respective contracts' retention periods.

Trade receivables

Trade receivables (excluding retention sum receivables) are non-interest bearing and are generally on terms of 30 to 180 days.

An aging analysis of the trade receivables (excluding retention sum receivables) as at the end of the year, based on the invoice date, is as follows:

	2019	2018
	S$	*S$*
Less than 30 days	**–**	17,415,110
30 to 60 days	**11,402,618**	18,461,728
61 to 90 days	**1,243**	–
91 to 180 days	**17,806,163**	54,899
More than 180 days	**8,526,168**	3,400,533
	37,736,192	39,332,270

11. CONTRACT ASSETS

	30 June 2019	1 July 2018
	S$	*S$*
Contract assets *(Note (a))*	**1,870,384**	11,750,059

Note:

(a) Contract assets primarily relate to the subsidiary, Strike Singapore's rights to consideration for work completed but not yet billed at reporting date for the construction projects. Included in the contract asset is the retention receivables of S$2,254,950 where customers have withheld certain amounts payable as retention money to secure the due performance of the contracts for a period of generally 12 months defect liability period after the completion of the relevant work. Contract assets are transferred to receivables when the rights become unconditional.

There were no significant changes in the contract asset balances during the reporting period.

No allowance for expected credit losses during the year.

Management estimates the loss allowances on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

12. LOAN RECEIVABLES

	2019	2018
	S$	*S$*
Fixed-rate loan receivables *(current)*	**3,553,272**	–
Less: Provision for impairment under IFRS 9	**(283,183)**	–
	3,270,089	–

As at 30 June 2019, loan receivables included amounts of S$3,553,272 (2018: Nil) which are unsecured, interest-bearing at 8.125%–9.125% per annum.

13. TRADE AND OTHER PAYABLES

	2019	2018
	S$	*S$*
Trade payables (current):		
Third parties	**62,987**	4,962,939
Retention sum payables	**–**	580,608
	62,987	5,543,547
Accruals for project costs (Note (a)) (current)	**2,841,246**	5,661,266
Other payables:		
Accrued liabilities	**1,093,510**	724,859
GST/VAT payable	**2,249,569**	1,412,526
Due to a joint venture *(Note (b))*	**–**	900,000
Others	**64,486**	66,147
	3,407,565	3,103,532
Total	**6,311,798**	14,308,345

Notes:

(a) The amount represents the accrued project costs for the provision of electrical engineering services.

(b) The amount due to a joint venture is unsecured, interest-free and has no fixed terms of repayment.

Accrued liabilities refer mainly to accrual for professional fees and employee benefits.

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on terms of 30 to 90 days while other payables have an average term of 30 days.

An aging analysis of the trade payables as at the end of the year, based on the invoice date, is as follows:

	2019	2018
	S$	*S$*
Trade payables:		
Less than 90 days	**8,177**	4,962,939
90 to 180 days	**54,810**	–
	62,987	4,962,939

BUSINESS REVIEW

During the financial year ended 30 June 2019, the performance of the Group in different business lines were as follows:

Solar Power Business

The Group's solar power business mainly engaged in supply and installation of solar photovoltaic parts and equipment. The Group has recognised a revenue of approximately RMB389.6 million (equivalent to approximately S$78.5 million) from the solar power business for the financial year ended 30 June 2019, a significant increase compared to a revenue of approximately RMB211.5 million (equivalent to approximately S$43.3 million) for the financial year ended 30 June 2018, as the Group secured and delivered a larger volume of contracts.

Electrical Engineering Services

For the financial year ended 30 June 2019, the electrical engineering services in Singapore recorded a revenue of approximately S$3.2 million, which represents a decrease of approximately 78.1% over that of approximately S$14.6 million for the financial year ended 30 June 2018. This is mainly attributable to a lower percentage of work completed in projects towards completion during the financial year ended 30 June 2019.

During the financial year ended 30 June 2019, the Group completed 4 projects (2018: 2 projects), all of which (2018: all) are public residential projects. Due to keen competition in the market, the Group did not secured new projects in the financial year ended 30 June 2019 (2018: nil). As at 30 June 2019, there are no outstanding contracts on hand (2018: 4 contracts on hand were related to public residential projects).

Consumer Products and Accessories

When compared with the financial year ended 30 June 2018, the segment recorded a 100% decrease in revenue and profit. The Group recorded a revenue and profit of approximately HK$59.6 million (equivalent to approximately S$10.4 million) and HK$740,000 (equivalent to approximately S$129,000) in financial year ended 30 June 2018. The performance of this segment was mainly due to no new order was placed by the existing customers while the Group had adopted a conservative approach in the selection of new customers and new products in view of the recent unstable trading conditions.

BUSINESS PROSPECT

Although the Group recorded a growth in revenue of solar power business for the year, however, under the new policy and circular issue by governmental bureau, the PV market in the PRC experiencing certain structural adjustment and industry consolidation is expected in the year to come. Together with the fierce competition in public housing development in Singapore and the uncertainty of the upcoming development of the trade war between US and PRC, these bring challenges to the Group.

The Group will continue to take solid efforts in seeking for potential project with higher return potential in order to improve the profitability.

Looking ahead, the Group will continually enhance its principal businesses and will seek for good business opportunities so as to enhance the value of the shareholders of the Company.

FINANCIAL REVIEW

The Group's revenue increased by 19.6% from approximately S$68.3 million for the financial year ended 30 June 2018 to approximately S$81.7 million for the financial year ended 30 June 2019. Loss attributable to owners of the parent and loss per share attributable to ordinary equity holders of the parent for the year ended 30 June 2019 amounted to approximately S$8.9 million and S$0.72 cents respectively compared to approximately S$1.8 million and S$0.18 cent respectively for the financial year ended 30 June 2018.

Financial Results

Revenue

For the financial year ended 30 June 2019, revenue of the Group comprises of revenue generated from the following three business segment of the Group:

Solar Power Business

The Group has recognised a revenue of approximately S$78.5 million from the solar business for the financial year ended 30 June 2019, an increase of 81.3% compared to approximately S$43.3 million from that of last year.

Electrical Engineering Services

For the financial year ended 30 June 2019, this business segment recorded a revenue of approximately S$3.2 million, which represents a decrease of 78.1% from approximately S$14.6 million for the financial year ended 30 June 2018. This is mainly attributable to lack of new project secured during the year, due to fierce competition.

Consumer Products and Accessories

For the financial year ended 30 June 2019, the segment recorded a 100% decrease in revenue and profit compared to approximately S$10.4 million for the financial year ended 30 June 2018. The performance of this segment was mainly due to no new order was placed by the existing customers while the Group had adopted a conservative approach in the selection of new customers and new products in view of the recent unstable trading conditions.

Operating Results

Gross profit margin of the Group increased by 2.4% from 8.0% for the financial year ended 30 June 2018 to 10.4% for the financial year ended 30 June 2019. Improvement in gross profit margin was mainly due to the relatively higher gross profit margin in solar power business, compared to housing projects of the electrical engineering services in Singapore, and the absense of dilution effect from lower profit margin in the trading business.

The operating results of the Group has recorded a significant increase of loss from approximately S$701,000 for the financial year ended 30 June 2018 to approximately S$6.9 million for the financial year ended 30 June 2019. This change is primarily attributable to increase in impairment loss to approximately S$3.8 million (2018: S$1.8 million) during the financial year ended 30 June 2019 on goodwill relating to the solar power business, and the significant fair value loss on financial assets at fair value through profit or loss of approximately S$6.1 million for the financial year ended 30 June 2019.

Other Gains and Losses, net

Other gains and losses decreased by 61.1% from a net loss of approximately S$167,000 for the year ended 30 June 2018 to a net loss of approximately S$65,000 for the financial year ended 30 June 2019 was mainly due to the interest of provision of finance.

Change in Fair Value of Financial Assets at Fair Value through Profit or Loss/Held-for-trading Investments, net

The net loss mostly attributable to fair value loss on financial assets at fair value through profit or loss of approximately S$6.1 million for the year ended 30 June 2019 compared with fair value gain on held for trading investments of approximately S$0.3 million for the year ended 30 June 2018.

Administrative Expenses

Administrative expenses for the financial year ended 30 June 2019 increased by 1.1% to approximately S$4.53 million (2018: S$4.48 million).

Other Operating Expenses

Other operating expenses increased slightly from approximately S$314,000 for the financial year ended 30 June 2018 to approximately S$481,000 for the financial year ended 30 June 2019.

Impairment Loss Recognised in respect of Goodwill

In light of the cash flow projections of the solar power business for the next three years, the recoverable amount of the goodwill in relation to the solar power business at 30 June 2019 was determined to be approximately S$10.3 million (2018: S$14.7 million) taking into account the valuation performed by an independent professional valuer. Accordingly, an impairment loss of approximately S$3.8 million (2018: S$1.8 million) was recognised.

Share of Results of Joint Ventures

The Group's share of results of joint ventures had a gain of S$2.12 million (2018: S$1.28 million) for the financial year ended 30 June 2019 mainly due to more projects secured in the current financial year.

Share of Results of an Associate

The associate has shared a loss of S$199,151 (2018: loss of S$11,067) mainly due to the on-going projects were with relatively lower gross margin.

Income Tax Expense

Income tax expense increased substantially by 69.3% from approximately S$976,000 for the financial year ended 30 June 2018 to approximately S$1.7 million approximately for the financial year ended 30 June 2019. This is primarily attributable to the increase in income tax expense charged on the assessable profit generated from both the solar power business during the year.

Employment and Remuneration Policy

As at 30 June 2019, total number of employees of the Group was 27 (2018: 106). During the financial year ended 30 June 2019, employees costs (including Directors' emoluments) amounted to approximately S$3.6 million (2018: S$5.8 million). Remuneration of the employees which included salary, discretionary bonus and share-based incentives was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel.

Financial Position

As at 30 June 2019, total assets of the Group were approximately S$83.4 million (30 June 2018: S$98.2 million), representing a decrease of 15.1% as compared with that of 2019. In particular, non-current assets decreased by 27.9% to approximately S$14.7 million (30 June 2018: S$20.4 million), whereas current assets decreased by 11.8% to approximately S$68.6 million (30 June 2018: S$77.8 million).

The decrease in non-current assets is mainly attributable to impairment of goodwill, share of results of an associate and decrease in non-current trade receivable during the financial year ended 30 June 2019. On the other hand, the combination effect of decrease in trade receivables, deposits and other receivables of approximately S$12.7 million from approximately S$50.6 million as at 30 June 2018 to approximately S$37.9 million as at 30 June 2019, increase in loan receivable of approximately S$3.3 million, and decrease in financial assets at fair value through profit and loss/held-for-trading investments of approximately S$4.3 million, attribute to the decrease in current assets of the Group.

As at 30 June 2019, total liabilities of the Group amounted to approximately S$8.8 million (30 June 2018: S$19.7 million), a decrease of 55.3% as compared with that of 2018. In particular, current liabilities decreased by 55.3% to S$8.8 million (30 June 2018: S$19.7 million), whereas non-current liabilities reduced by 100% compared with S$30,222 for the financial year ended 30 June 2018. The decrease in current liabilities is mainly due to decrease in trade payable and income tax payable. There is no notable movement for the reduction in non-current liabilities.

Total equity of the Company decreased by 5.0% to approximately S$74.6 million as at 30 June 2019 (30 June 2018: S$78.5 million). This is due to the combination effect from the placing of 204,680,000 placing shares at a price of HK$0.183 per share during the financial year ended 30 June 2019 and the loss of the year of approximately S$6.9 million.

Liquidity, Financial Resources and Gearing

As at 30 June 2019, the Group maintained net current assets of approximately S$59.9 million (30 June 2018: S$58.2 million). Besides, the Group maintained cash and cash equivalents of approximately S$17.0 million, of which 13.5% and 68.6% were denominated in Hong Kong dollars and Singapore dollars respectively (30 June 2018: S$14.7 million, of which 10.1% and 88.3% were denominated in Hong Kong dollars and Singapore dollars respectively).

As at 30 June 2019, the Group had no interest-bearing borrowings (30 June 2018: Nil). The Group's gearing ratio was not applicable as the amount of trade and other payables is less than cash and cash equivalents (30 June 2018: N/A), which was calculated on the basis of net debt over equity attributable to owners of the Company. Net debt is calculated as trade and other payables less cash and cash equivalents.

Charge on Assets

As at 30 June 2019, the Group had no charges on its assets.

Capital Structure

(i) 2017 Placing

On 20 June 2017, the Company entered into a placing agreement (the "**2017 Placing Agreement**") with Pinestone Securities Limited, pursuant to which Pinestone Securities Limited has conditionally agreed, as agent of the Company, to procure on a best effort basis, not less than six placees to subscribe for up to 152,000,000 placing shares at the placing price of HK$0.266 per placing share (the "**2017 Placing**"). The 2017 Placing was completed on 6 July 2017 and 152,000,000 placing shares with an aggregate nominal value of HK$1,520,000 were allotted and issued by the Company to not less than six placees who were professional, institutional or other investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.

The placing price of HK$0.266 per placing share represents: (i) a discount of approximately 8.28% to the closing price of HK$0.29 per share as quoted on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 June 2017, being the date of the 2017 Placing Agreement; and (ii) a discount of approximately 9.83% to the average closing price of HK$0.295 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the 2017 Placing Agreement. The net placing price of the 2017 Placing was approximately HK$0.261 per placing share.

The 2017 Placing was conducted by the Company to raise additional funding for the business operations of the Group and strengthen the financial position of the Group, and enlarge the shareholders' base, which may in turn enhance the liquidity of the shares of the Company. The net proceeds from the 2017 Placing in the amount of approximately HK$39.7 million was previously intended to be applied as to HK$20 million to finance the acquisition of properties situated in Taiwan and the remaining balance as general working capital. As disclosed in the announcement of the Company dated 12 January 2018, the acquisition of properties has lapsed and all the net proceeds from the 2017 Placing would be applied as general working capital of the Group.

As at 30 June 2018, the Group had fully utilised the net proceeds of the 2017 Placing and the following table sets out the breakdown of the use of proceeds:

Intended use of net proceeds	**Allocation of net proceeds** *HK$ (million)*	Utilisation for the financial year ended 30 June 2018 *HK$ (million)*
General working capital of the Group	**39.7**	39.7

	Utilisation for the financial year ended 30 June 2018 *HK$ (million)*
Human resources	2.9
Office utilities	1.2
Other general expenses	6.4
Working capital in respect of trading in consumer products and accessories	29.2
Total	39.7

(ii) 2018 Placing

On 14 February 2018, the Company entered into a placing agreement (the "**2018 Placing Agreement**") with RIFA Securities Limited, pursuant to which RIFA Securities Limited agreed to place 197,600,000 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK$0.195 per placing share (the "**2018 Placing**"). The Placing was completed on 5 March 2018 and 197,600,000 new shares of the Company with an aggregate nominal value of HK$1,976,000 were allotted and issued by the Company to not less than six placees who were independent individuals, corporations and/or institutional investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.

The placing price of HK$0.195 represents (i) a discount of approximately 4.88% to the closing price of HK$0.205 per share as quoted on the Stock Exchange on 14 February 2018, being the date of the 2018 Placing Agreement; and (ii) a discount of approximately 4.41% to the average closing price of HK$0.204 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to date of the 2018 Placing Agreement. The net placing price for the 2018 Placing was approximately HK$0.192 per placing share.

The 2018 Placing was conducted by the Company to raise additional funding for the business operations of the Group and strengthen the financial position of the Group for future development. The net proceeds amounting to approximately HK$38.0 million arising from the 2018 Placing was applied as general working capital of the Group.

As at 30 June 2019, the Group had fully utilised the net proceeds of the 2018 Placing and the following table sets out the breakdown of the use of proceeds:

Intended use of net proceeds	**Allocation of net proceeds** *HK$ (million)*	**Utilisation for the financial year ended 30 June 2018** *HK$ (million)*	**Utilisation up to 30 June 2019** *HK$ (million)*
General working capital of the Group	38.0	23.6	38.0

	Utilisation for the financial year ended 30 June 2018 ***HK$ (million)***	Utilisation up to 30 June 2019 *HK$ (million)*
Human resources	**–**	6.8
Office utilities	**–**	2.8
Other general expenses	**–**	4.8
Working capital in respect of solar power business	**23.6**	23.6
Total	**23.6**	38.0

(iii) 2019 Placing

On 14 March 2019, the Company entered into a placing agreement (the "**2019 Placing Agreement**") with RIFA Securities Limited, pursuant to which RIFA Securities Limited agreed to place up to 237,120,000 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK$0.183 per placing share (the "**2019 Placing**"). The Placing was completed on 2 April 2019 and 204,680,000 new shares of the Company with an aggregate nominal value of HK$2,046,800 were allotted and issued by the Company to not less than six placees who were independent individuals, corporations and/or institutional investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.

The placing price of HK$0.183 represents (i) a discount of approximately 8.5% to the closing price of HK$0.2 per share as quoted on the Stock Exchange on 14 March 2019, being the date of the 2019 Placing Agreement; and (ii) a discount of approximately 9.6% to the average closing price of HK$0.202 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to date of the 2019 Placing Agreement. The net placing price for the 2019 Placing was approximately HK$0.180 per placing share.

The 2019 Placing was conducted by the Company to raise additional funding for the business operations of the Group and strengthen the financial position of the Group for future development. The net proceeds amounting to approximately HK$36.9 million arising from the 2019 Placing was applied as general working capital of the Group.

As at 30 June 2019, the Group had utilised the net proceeds of the 2019 Placing as follows:

Intended use of net proceeds	**Allocation of net proceeds** *HK$ (million)*	**Utilisation for the financial year ended 30 June 2019** *HK$ (million)*	**Remaining balance of unused net proceeds as at 30 June 2019** *HK$ (million)*
General working capital of the Group	36.9	13.2	23.7

The following table sets out the breakdown of the use of proceeds of the 2019 Placing as general working capital of the Group:

	Utilisation for the financial year ended 30 June 2019 *HK$ (million)*	**Intended use of remaining balance of unused net proceeds as at year ended 30 June 2019** *HK$ (million)*
Human resources	0.5	7.5
Office utilities	0.2	2.5
Other general expenses	0.5	5.7
General working capital in respect of solar power business	12.0	8.0
Total	13.2	23.7

The company expected that remaining balance of unused net proceeds to be utilised by or around 30 June 2020.

The utilised and the intended use of the remaining balance of unused net proceeds was and will be in accordance to the original intention disclosed in the announcement of the Company dated 14 March 2019 in relation to the 2019 Placing.

Capital Expenditure and Commitments

During the financial year ended 30 June 2019, the Group had capital expenditure of S$349,267 (2018: S$71,761).

As at 30 June 2019, the Group do not have commitments contracted for but not provided in the consolidated financial statements (30 June 2018: S$14.2 million).

Contingent Liabilities

As at 30 June 2019, the Group had security bonds to the Singapore Government amounting to S$50,000 (30 June 2018: S$390,000) in relation to foreign workers.

Significant Investments

As at 30 June 2019, the Group held certain listed securities as financial assets at fair value through profit or loss/held-for-trading investments.

The Group identified its investments based on the share price performance and future prospect of the investments. For the financial year ended 30 June 2019, the Group received dividend income of S$720 (2018: S$2,174) from investment in listed securities and made a fair value loss of S$6,114,786 (2018: fair value gain of S$309,980) on held-for-trading investments. This fair value loss is mainly the combination effect of: (i) decrease in share price of 49.4% of Chi Ho Development Holdings Limited ("**Chi Ho**"); (ii) decrease in share price of 25.0% of Li Bao Ge Group Limited ("**Li Bao Ge**"); and (iii) decrease in the share price of Pinestone Capital Limited ("**Pinestone**") of 50.3%; (iv) decrease in share price of 83.2% of China Baoli Technologies Holdings Limited ("**China Baoli**"); and (v) decrease in share price of 97.4% of SingAsia Holdings Limited ("**SingAsia HLDG**") during the financial year ended 30 June 2019.

Stock code	Company name	Percentage of shareholding as at		Market value as at	Approximate percentage to the Group's net assets as at	Market value as at	Approximate percentage to the Group's net assets as at	Change in fair value of held-for-trading instruments for the years ended(Note 6(d))	
		30 June 2019	30 June 2018	30 June 2019	30 June 2019	30 June 2018	30 June 2018	30 June 2019	30 June 2018
				S$		S$		S$	S$
164	China Baoli Technologies Holdings Limited	0.067%	0.071%	42,728	0.06%	363,626	0.46%	(320,289)	(452,110)
804	Pinestone Capital Limited	0.843%	0.843%	602,774	0.81%	1,216,364	1.55%	(610,864)	(708,294)
1869	Li Bao Ge Group Limited	0.104%	0.104%	43,158	0.06%	57,719	0.07%	(14,408)	(1,129,673)
8423	Chi Ho Development Holdings Limited	1.863%	1.863%	3,434,888	4.60%	6,812,690	8.67%	(3,362,442)	3,589,857
8293	SingAsia Holdings Limited	0.154%	–%	47,714	0.06%	–	–%	(1,806,783)	–
				4,171,262	5.59%	8,450,399	10.75%	(6,114,786)	1,299,780

China Baoli is principally engaged in mobile technologies business, tourism and hospitality business, gamma ray irradiation services, and securities trading and investment. Although China Baoli continued to record a loss for the financial year ended 31 March 2019, and the loss had increased as compared to the financial year ended 31 March 2018. Furthermore, they are committed to identifying and evaluating appropriate opportunities to invest in, thereby continuously improving its market competitiveness and maintaining its overall performance.

Pinestone is a Hong Kong-based financial services provider principally engaged in provision of securities brokerage services, securities-backed lending services as well as placing and underwriting services. The loss for the financial year ended 31 December 2018 of Pinestone is approximately HK$3.0 million, which is deteriorated from a profit of approximately HK$14.1 million of the previous year, which was mostly attributable to an impairment provision of approximately HK$9.2 million made in respect of trade receivables and a decreased in interest income relating to securities-backed lending services. Pinestone will continue to cultivate client relationship, strengthen the financial positions and explore business opportunities to maximize the long-term return for the shareholders.

Li Bao Ge is principally engaged in the operation of a chain of Chinese restaurants in Hong Kong and the PRC. The profit attributable to the shareholder for the financial year ended 31 December 2018 of Li Bao Ge is approximately HK$2.3 million, which has a substantial decrease from a HK$23.2 million profit attributable to the shareholder in the previous financial year. As the downtrend of Hong Kong and China Economy, together within the negative effect of China-US trade war on consumption sentiment, it needed to offer more concessions to attract customers, therefore a loss position is noted for the six months ended 30 June 2019.

SingAsia HLDG is principally engaged in the provision of manpower, outsourcing, recruitment, trading and cleaning services. SingAsia HLDG record a increased loss for the nine months ended 30 April 2019 to approximately S$2.8 million, compared with the loss for the nine months ended 30 April 2018 of approximately S$2.1 million.

Chi Ho is an established main contractor for the provision of renovation and maintenance works, alteration and addition works, and fitting-out works in Hong Kong. Chi Ho is responsible for the overall management, implementation and supervision of projects. Chi Ho focuses on the management of projects, development of work programmes, procurement of works materials, operation of site works, co-ordination with the customers or their consultants and quality control of the works carried out by the employees and the subcontractors. The profit for the financial year ended 31 March 2019 of Chi Ho is approximately HK$18.2 million, which has decreased by approximately HK$4.9 million compared to that of the profit of approximately HK$23.1 million previous year.

Although the market value had been significantly declined as of 30 June 2019, and deteriorate in financial performance is noted from their latest published financial statement, the Company still holds positive views in a longer term and will regularly monitor the performance of those listed investment and take suitable action in due course.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 29 March 2018, the Company entered into a conditional sale and purchase agreement ("**Agreement**") in relation to the acquisition of the entire registered capital of Jiangsu Huihua Photovoltaic Limited ("**Jiangsu Huihua**").

On 27 December 2018, due to excessive delay in the registration of the transfer of the registered share capital of Jiangsu Huihua, the Company and the vender entered into a deed of termination ("**Deed of Termination**"), pursuant to which the parties agreed to terminate the Agreement.

No deposit had been paid by the Company to the vender for the above acquisition pursuant to the terms of the Agreement.

There was no material acquisitions or disposals of subsidiaries and associated companies during the financial year ended 30 June 2019.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statement for the year ended 30 June 2019.

In our opinion, except for the possible effects on the corresponding figures of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Corresponding figures

The comparative figures presented in the consolidated financial statements are based on the consolidated financial statements of the Group for the year ended 30 June 2018 (the "**2018 Financial Statements**"), on which we expressed a disclaimer of opinion in our auditors' report dated 27 September 2018. Details of the matters that gave rise to the disclaimer of opinion are set out in our independent auditors' report dated 27 September 2018 included in the Company's annual report for the year ended 30 June 2018 and included the matters described in paragraphs (1) and (2) below.

The matters described in paragraphs (1) and (2) below caused us to be unable to determine whether adjustments might have been necessary in respect of the financial performance and cash flows used in operating activities of the Group for the year ended 30 June 2018, which are presented as comparative figures in the consolidated statements of profit or loss and other comprehensive income and cash flows, in the manner described in paragraphs (1) and (2) below, and hence we were unable to determine the possible effects of these matters on the comparability of the current year's figures and the corresponding figures in the consolidated financial statements. Accordingly, our opinion on the current year's consolidated financial statements is modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

1. Identifiable assets and liabilities of the Kahuer Group

The Group acquired 60% equity interest of Kahuer Holding Co., Limited ("**Kahuer**") on 27 May 2016 (the "**Acquisition**"). The Group had engaged an independent external professional valuer to assist in the determination of the fair values of the identifiable assets and liabilities of Kahuer and its subsidiaries (the "**Kahuer Group**") for the purpose of purchase price allocation at the date of Acquisition. The fair value measurements during the purchase price allocation were carried out based on cash flow forecast of the Kahuer Group projects which was prepared using financial budgets covering a five-year period (the "**Forecast**"). As a result, goodwill of approximately RMB282.6 million (equivalent to approximately S$58.2 million), being the residual value from the purchase price allocation, was recognised.

We were unable to satisfy ourselves as to whether the fair value of inventories of Kahuer Group as at the date of the Acquisition of approximately S$3.5 million and the related deferred tax liability of approximately S$0.8 million included in the purchase price allocation referred to above were appropriately stated, as the reasonableness of the Forecast could not be ascertained. Any adjustments found to be necessary in respect of this matter might materially affect the opening balances of the Group's inventories and deferred tax liability in respect thereof as at 1 July 2017 and hence the amounts recognised in consolidated profit or loss in respect of the inventories and deferred tax liability for the year ended 30 June 2018 and other related elements in the consolidated financial statements for the year ended 30 June 2018. Our audit opinion on the 2018 Financial Statements was accordingly modified in respect of this matter.

2. Impairment loss of goodwill

As detailed in notes to the consolidated financial statements and paragraph 1 above, included in the 2018 Financial Statement of the Group was goodwill of gross carrying amount (before provision of impairment) of approximately RMB282.6 million (equivalent to approximately S$58.2 million) as at 30 June 2018 which arose from the Acquisition. During the year ended 30 June 2018, the Group performed impairment assessment on the goodwill based on valuation report prepared by an independent external professional valuer. Provision for impairment loss on the goodwill amounting to approximately RMB8.8 million (equivalent to approximately S$1.8 million) was recognised in consolidated profit or loss during the year ended 30 June 2018.

We were unable to satisfy ourselves that certain key assumptions adopted in the valuation of the value in use as at 30 June 2017 of the solar power station projects cash generating unit, to which the whole amount of the goodwill referred to above was allocated for impairment testing purpose, were reasonable and supportable. In the absence of sufficient appropriate evidence regarding whether the key assumptions adopted were reasonable and supportable, we were unable to satisfy ourselves as to the appropriateness and sufficiency of the amount of impairment loss on the goodwill recognised as at 30 June 2017.

Any adjustments found to be necessary in respect of the scope limitation referred to above might materially affect the opening balance of the Group's goodwill as at 1 July 2017 and hence the amount recognised in consolidated profit or loss in respect of the impairment loss on goodwill for the year ended 30 June 2018 and other related elements in the consolidated financial statements for the year ended 30 June 2018. Our audit opinion on the 2018 Financial Statements was accordingly modified in respect of this matter.

CORPORATE GOVERNANCE PRACTICES

Kingbo Strike Limited (the "**Company**", together with its subsidiaries, the "**Group**") is committed to establish and maintain high standard of corporate governance. The Company believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximise shareholders' interests.

The Company has applied the principles of Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and complied with all applicable code provisions of the CG Code throughout the financial year ended 30 June 2019, save and except for the deviations from code provisions A.2.1.

Code provision A.2.1

Code provision A.2.1 of the CG Code stated that the roles of chairman and managing director should be separate and should not be performed by the same individual. On 13 February 2017, Mr. Yeo Jiew Yew ("**Mr. Yeo**") retired and did not offer himself for re-election as an executive Director and also ceased to be the managing director (the "**Managing Director**") of the Group. As the Company did not appoint any person to replace Mr. Yeo as the Managing Director, this deviates from code provision A.2.1 of the CG Code.

The chairman of the board (the "**Board**") of directors of the Company (the "**Chairman**"), Mr. Liu Yancheng is responsible for the general operations of the Board and the overall strategy of the Group whereby the ex-Managing Director, Mr. Yeo, who remains as the director of Strike Singapore continues to be responsible for the overall management, strategic planning and business development of the Group's business operations in Singapore. The roles and functions of Mr. Yeo for the Group thereby has not changed subsequent to his retirement as the Managing Director. The Board therefore considers that this structure would not impair the balance of power and authority between the directors and the management of the Group.

The Board understands the importance of complying with the code provision A.2.1 of the CG Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate persons will be nominated to take up the different roles of the Chairman and the Managing Director.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2019.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirmed that all Directors have fully complied with the relevant standards stipulated in the Model Code during the financial year ended 30 June 2019.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the code provisions of the Code as set out in Appendix 14 to the Listing Rules. The primarily duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group.

As at 30 June 2019, the Audit Committee consists of four non-executive Directors, of whom three are independent, namely, Mr. Leung Po Hon (chairman of the Audit Committee"), Mr. Li Jin, Dr. Luo Xiaodong and Mr. Tam Tak Wah.

The Group's final results for the financial year ended 30 June 2019 and this announcement have been reviewed with no disagreement by the Audit Committee before submission to the Board for approval.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the financial year ended 30 June 2019 have been agreed by the Company's auditor, HLB Hodgson Impey Cheng Limited ("**HLB**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB on the preliminary announcement.

PROPOSED FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the financial year ended 30 June 2019.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This preliminary final results announcement is published on the websites of the Company (www.kingbostrike.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the financial year ended 30 June 2019 will be despatched to the Company's shareholders and available on the abovementioned websites in due course.

By Order of the Board
Liu Yancheng
Chairman and Executive Director

Hong Kong, 27 September 2019

As at the date of this announcement, the executive Directors are Mr. Liu Yancheng and Mr. Yao Runxiong, the non-executive Director is Mr. Tam Tak Wah, the independent non-executive Directors are Mr. Leung Po Hon, Mr. Li Jin and Dr. Luo Xiaodong.