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 2020

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 2020, together with comparative figures for the year ended 30 June 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 30 June 2020

	Notes	**2020** **HK$'000**	2019 HK$'000 (Restated)
REVENUE	*4*	**302,532**	470,690
Cost of sales	*6(b)*	**(277,448)**	(421,680)
Gross profit		**25,084**	49,010
Other gains and losses, net	*5*	**(1,002)**	(1,666)
Administrative expenses		**(25,409)**	(26,110)
Change in fair value of financial assets at fair value through profit or loss, net	*6(d)*	**(10,976)**	(35,225)
Allowance for expected credit loss recognised in respect of financial assets at amortised cost, net		**(8,060)**	(3,551)
Impairment loss recognised in respect of goodwill	*9*	**(48,356)**	(22,159)
Finance costs		**(51)**	–
Other operating expenses		**(1,226)**	(2,773)
Share of results of joint ventures		**924**	12,188
Share of results of an associate		**(700)**	(1,147)
LOSS BEFORE TAXATION	*6*	**(69,772)**	(31,433)
Taxation	*7*	**(4,028)**	(9,524)
LOSS FOR THE YEAR		**(73,800)**	(40,957)

	Notes	**2020**	2019
		HK$'000	*HK$'000*
			(Restated)
ATTRIBUTABLE TO:			
Owners of the Company		**(74,903)**	(52,575)
Non-controlling interests		**1,103**	11,618
		(73,800)	(40,957)
LOSS FOR THE YEAR		**(73,800)**	(40,957)
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR			
Items that will not reclassified to profit or loss:			
Exchange differences on translation to presentation currency		**(1,300)**	320
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(7,824)**	(9,002)
Other comprehensive expenses for the year, net of income tax		**(9,124)**	(8,682)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR		**(82,924)**	(49,639)
ATTRIBUTABLE TO:			
Owners of the Company		**(81,354)**	(58,550)
Non-controlling interests		**(1,570)**	8,911
		(82,924)	(49,639)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDINGS OF THE COMPANY			
Basic and diluted (HK cents)	*8*	**(5.39)**	(3.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Notes	2020 HK$'000	2019 HK$'000 (Restated)	2018 HK$'000 (Restated)
NON-CURRENT ASSETS				
Goodwill	9	**9,659**	59,344	84,435
Interests in joint ventures		**–**	22,589	13,228
Interest in an associate		**–**	1,586	2,726
Plant and equipment		**668**	1,530	2,440
Right-of-use asset		**2,579**	–	–
Deferred tax asset		**95**	–	–
Total non-current assets		**13,001**	85,049	102,829
CURRENT ASSETS				
Inventories		**53**	83	57
Trade receivables, deposits and other receivables	10	**231,134**	218,971	225,879
Contract assets	11	**10,956**	10,791	67,587
Loan receivables	12	**29,473**	18,866	–
Prepayments		**31,793**	25,168	19,120
Financial assets at fair value through profit or loss		**13,089**	24,065	48,607
Cash and cash equivalents		**86,730**	98,042	84,575
Total current assets		**403,228**	395,986	445,825
CURRENT LIABILITIES				
Income tax payable		**17,517**	14,082	30,758
Trade and other payables	13	**48,631**	36,419	74,632
Lease liability		**1,445**	–	–
Total current liabilities		**67,593**	50,501	105,390
NET CURRENT ASSETS		**335,635**	345,485	340,435
TOTAL ASSETS LESS CURRENT LIABILITIES		**348,636**	430,534	443,264

	Notes	**2020**	2019	2018
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
NON-CURRENT LIABILITIES				
Lease liability		**1,026**	–	–
Deferred tax liability		**–**	–	174
Total non-current liabilities		**1,026**	–	174
NET ASSETS		**347,610**	430,534	443,090
EQUITY				
Share capital		**13,903**	13,903	11,856
Reserves		**274,550**	355,904	379,418
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**288,453**	369,807	391,274
Non-controlling interests		**59,157**	60,727	51,816
TOTAL EQUITY		**347,610**	430,534	443,090

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 registered 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; design, supply and installation of solar photovoltaic parts and equipment and electrical distribution system business in the People's Republic of China (the "**PRC**").

Changes in functional and presentation currencies

Prior to 30 June 2020, Singapore dollars ("**S$**") was regarded as the functional and presentation currencies of the Company. During the current year, the functional currency of the Company was changed from S$ to Hong Kong Dollars ("**HK$**"), HK$ is the currency of the primary economic environment the Company operates. The presentation currency also changed to HK$ for the convenience of shareholders as the Company is a listed company in Hong Kong.

The change in functional and presentation currencies in presenting the operating results and financial positions of the Group effective from 30 June 2020 and is accounted for the change in functional and presentation currencies in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Comparative figures have been re-stated to reflect the change in the Group's presentation currency. The Group has also presented the consolidated statement of financial position as at 1 July 2018 without related notes.

For the purpose of re-presentation of the consolidated financial statements of the Group from S$ to HK$, the assets and liabilities as at 1 July 2018 and 30 June 2018 are translated into HK$ at the closing rate as of the respective reporting dates. Income and expenses are translated at the average exchange rates for the respective years. Share capital, share premium and reserves are translated at the exchange rate at the date when the amount were determined (i.e. historical exchange rates).

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 which have been measured at fair value. These financial statements are presented in "HK$". All values are rounded to nearest thousands (HK$'000) unless otherwise stated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries (collectively referred to as the "**Group**") for the years ended 30 June 2020 and 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the company. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the group the current ability to direct the relevant activities of the investee).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the statement of profit or loss and other comprehensive income. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied, the following new and amendments to standards, amendments and interpretations ("**new and amendments to IFRSs**") issued by the IASB for the first time in the current year:

Amendments to IAS 19	Plan Amendments Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle
Amendments to IFRS 9	Prepayment Features with Negative Compensation
IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments

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 these consolidated financial statements.

The above new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

(a) IFRS 16 Leases – Impact of adoption

Definition of a lease

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 Leases ("**IAS 17**"), and the related interpretations.

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 July 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 modified retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019.

As at 1 July 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

a. Practical expedients applied

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on pervious assessments on whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019.
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-for-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend of terminate the lease.

(b) **Measurement of lease liabilities**

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application, if any.

	2019
	HK$'000
Operating lease commitments disclosed as at 30 June 2019 (Restated)	1,142
Less: leases with lease term ending within 12 months from the date of initial application	(1,142)
Lease liabilities relating to operating lease recognised upon application of IFRS 16	–

There are no significant impact on the adoption of IFRS 16 of the Company's statement of financial position as at 1 July 2019.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

New and amendments to IFRSs that have been issued but are not yet effect

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	Classification of Liabilities as Current or Non-Current[3]
Amendments to IAS 1 and IAS 8	Definition of Material[1]
Amendments to IAS 16	Proceeds before Intended Use[3]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020[3]
Amendments to IFRS 3	Reference to Conceptual Framework[3]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[1]
Amendments to IFRS 16	COVID-19 Related Rent Concession[6]
IFRS 17	Insurance Contracts and the related Amendment[4]

[1] Effective for annual periods beginning on or after 1 January 2020.
[2] Effective for business combination and asset acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
[3] Effective for annual periods beginning on or after 1 January 2022.
[4] Effective for annual periods beginning on or after 1 January 2023.
[5] Effective for annual periods beginning on or after a date to be determined.
[6] Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to IFRSs, a revised *Conceptual Framework for Financial Reporting* was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The Directors anticipate that the application of the 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 ("**Engineering services**");

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

(c) provision of electrical distribution system ("**Electrical distribution system business**").

Management considers the business from product type perspective. Management monitors the results of Engineering services, Solar power business and Electrical distribution system 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, including change in fair value of financial assets of fair value through profit or loss, finance cost, 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 2019 and 30 June 2020.

Segment assets exclude unallocated head office and corporate assets such as certain of plant and equipment, financial assets at fair value through profit or loss, certain of 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 of income tax payable, other payables and lease liabilities as these liabilities were managed on a group basis.

Year ended 30 June 2020	**Engineering services** *HK$'000*	**Solar power business** *HK$'000*	**Electrical distribution system business** *HK$'000*	**Total** *HK$'000*
Segment revenue:				
Sales to external customers	**2,652**	**152,916**	**146,964**	**302,532**
Segment results:	**(3,251)**	**(47,917)**	**6,274**	**(44,894)**
Unallocated losses				**(12,501)**
Corporate and other unallocated expenses				**(12,377)**
Loss before tax				**(69,772)**
Segment assets:	**69,252**	**108,634**	**181,199**	**359,085**
Corporate and other unallocated assets				**57,144**
Total assets				**416,229**
Segment liabilities:	**6,473**	**33,909**	**23,813**	**64,195**
Corporate and other unallocated liabilities				**4,424**
Total liabilities				**68,619**

Year ended 30 June 2019	Engineering services *HK$'000* (Restated)	Solar power business *HK$'000* (Restated)	Total *HK$'000* (Restated)
Segment revenue:			
Sales to external customers	18,181	452,509	470,690
Segment results:	8,738	16,390	25,128
Unallocated losses			(38,027)
Corporate and other unallocated expenses			(18,534)
Loss before tax			(31,433)
Segment assets:	103,213	280,440	383,653
Corporate and other unallocated assets			97,382
Total assets			481,035
Segment liabilities:	17,545	27,664	45,209
Corporate and other unallocated liabilities			5,292
Total liabilities			50,501

Other segment information	**Engineering services** *HK$'000*	**Solar power business** *HK$'000*	**Electrical distribution system business** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Year ended 30 June 2020					
Depreciation	**188**	**10**	**–**	**986**	**1,184**
Capital expenditure	**6**	**29**	**–**	**2,971**	**3,006**
Impairment loss recognised in respect of goodwill	**–**	**48,356**	**–**	**–**	**48,356**
Year ended 30 June 2019 (Restated)					
Depreciation	513	5	–	1,021	1,539
Capital expenditure	1,013	–	–	999	2,012
Impairment loss recognised in respect of goodwill	–	22,159	–	–	22,159

Geographical information

(a) *Revenue from external customers*

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
The PRC	**299,880**	452,509
Singapore	**2,652**	18,181
	302,532	470,690

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

(b) *Non-current assets*

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**2,952**	967
Singapore	**390**	24,728
The PRC	**9,659**	59,354
	13,001	85,049

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 2019 and 30 June 2020 contributing over 10% of the total revenue of the Group were as follows:

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Customer A[1]	**91,025**	212,546
Customer B[1]	**–**	162,041
Customer C[1]	**141,487**	69,893
Customer D[1]	**67,368**	N/A[2]

1 Solar power business and electrical distribution system business.
2 Revenue from the relevant customer is less than 10% of the total revenue of the Group.

4. REVENUE

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Over time:		
– Contract revenue from provision of electrical engineering services	**2,652**	18,181
At a point in time:		
– Supply and installation of solar photovoltaic parts and equipment	**152,916**	452,509
– Provision of electrical distribution system	**146,964**	–
	302,532	470,690

5. OTHER GAINS AND LOSSES, NET

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Foreign exchange loss	**(4,192)**	(3,659)
Bank interest income	**491**	732
Incentives from the Singapore Government *(Note (a))*	**54**	54
Gain on disposal of plant and equipment	**104**	162
Gain on disposal of an associate	**307**	–
Net loss on disposal of joint ventures	**(855)**	–
Jobs Support Scheme *(Note (b))*	**366**	–
Loan interest income	**2,557**	824
Others	**166**	221
	(1,002)	(1,666)

Notes:

(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.

(b) Jobs Support Scheme (JSS) was announced at Singapore Government's budget statement, which was presented against a backdrop of the on-going COVID-19 outbreak, for financial year 2020. JSS provides wage support to employers, helping enterprises retain their local employees (Singapore citizens and permanent residents in Singapore) during this period of economic uncertainty.

6. LOSS BEFORE TAX

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

		2020 *HK$'000*	2019 *HK$'000* (Restated)
(a)	Cost of sales (Refer to (b) below)	**277,448**	421,680
	Auditors' remuneration	**1,200**	1,400
	Depreciation of plant and equipment	**816**	1,539
	Depreciation of right-of-use asset	**368**	–
	Impairment loss on plant and equipment	**30**	1,158
	Gain on disposal of plant and equipment	**(104)**	(162)
	Minimum lease payments under operating leases	**–**	3,240
	Expenses relating on short-term leases	**2,378**	–
	Legal and professional expenses	**1,532**	2,523
	Employee benefits (Refer to (c) below)	**11,803**	20,485
	Net fair value loss on financial assets at fair value through profit or loss (Refer to (d) below)	**10,976**	35,225
(b)	Cost of sales:		
	– Contract cost from provision of electrical engineering services	**428**	14,153
	– Contract cost from provision of solar power business	**145,901**	407,527
	– Contract cost from provision of electrical distribution system	**131,119**	–
		277,448	421,680
(c)	Employee benefits (including Directors' remuneration):		
	– Directors' fee	**2,268**	2,473
	– Salaries, wages and bonuses	**8,942**	17,104
	– Pension scheme contributions	**593**	908
		11,803	20,485
(d)	Net fair value loss on financial assets at fair value through profit or loss:		
	– Unrealised loss on fair value of financial assets at fair value through profit or loss	**10,976**	35,225

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.

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Current – Singapore		
– Under-provision in respect of prior years	**–**	194
Current – Others (the PRC and Hong Kong)		
– Charge for the year	**4,078**	9,504
– Under-provision in respect of prior year	**46**	–
Deferred		
– Origination and reversal of temporary differences	**(96)**	(174)
Total tax charge for the year	**4,028**	9,524

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.

Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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%.

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:

	2020	2019 (Restated)
Loss		
Loss attributable to equity holders of the parent, used in the basic loss per share calculation HK$'000	**(74,903)**	(52,575)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation (in thousand)	**1,390,280**	1,390,280
Basic loss per share (HK cents)	**(5.39)**	(3.78)

Basic loss per share is the same as diluted loss per share, as the Group had no potentially dilutive ordinary shares (2019: Nil) in issue during the year.

9. GOODWILL

	2020 ***HK$'000***	2019 *HK$'000*
Cost		
At the beginning of the year	**321,590**	334,979
Exchange realignment	**(12,151)**	(13,389)
At the end of the year	**309,439**	321,590
Accumulated impairment loss		
At the beginning of the year	**262,246**	250,544
Impairment loss recognised during the year	**48,356**	22,159
Exchange realignment	**(10,822)**	(10,457)
At the end of the year	**299,780**	262,246
Net carrying amount at the end of the year	**9,659**	59,344

Impairment assessment

Goodwill acquired through business combinations is allocated to solar power business 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 five-year period (2019: five-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 2020

The pre-tax discount rate applied for the cash flow projections is 24.28%. The projected sales for the forecasted was prepared based on (i) budgeted sales for the year ending 30 June 2021; (ii) annualised growth rate of 12% per year for the year ending 30 June 2022 to year ended 30 June 2024 and (iii) revenue for the year ended 30 June 2024 onwards are extrapolated with zero growth rate.

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 2021; (iii) market development during year ended 30 June 2020 and (iv) expected market development in future. 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, suffered a significant decrease in revenue for the financial year ended 30 June 2020 and recognised revenue of approximately RMB137.0 million (equivalent to approximately HK$152.9 million) compared to revenue of approximately RMB389.6 million (equivalent to approximately HK$452.5 million) for the financial year ended 30 June 2019. For goodwill impairment assessments purpose, 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 only budgeted a slight increase in revenue to RMB157.5 million of revenue for the financial year ending 30 June 2022, and a slight increase in gross profit of the CGU. The Company believes the business over a longer period will recover, which the management consider the revenue would be recovered based on dropped revenue in current years (i.e. approximately 12% annual growth rate) for the year ending 30 June 2022 to 30 June 2024.

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; (ii) prudent annualised growth rate of 5% per year for the year ending 30 June 2021 to year ended 30 June 2023; and (iii) revenue for the year ended 30 June 2023 onwards are extrapolated with zero growth rate.

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 HK$452.5 million) compared to revenue of approximately RMB211.5 million (equivalent to approximately HK$249.4 million) for the financial year ended 30 June 2018. For goodwill impairment assessments purpose, 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 consider 5% annualised growth for the year ending 30 June 2021 to 30 June 2024 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.

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 approximately HK$48,356,000 (2019: approximately HK$22,159,000) 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 2021, and the subsequent years.

As the CGU has been reduced to its recoverable amount of approximately HK$9,659,000 (2019: approximately HK$59,344,000), 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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Trade receivables:		
Third parties		
– Gross amount	**241,755**	222,014
– Less: allowance for ECL	**(13,430)**	(4,247)
	228,325	217,767
Other receivables:		
Interest receivables		
– Gross amount	**1,072**	421
– Less: allowance for ECL	**(3)**	(33)
	1,069	388
Deposits	**779**	748
Others	**961**	68
	2,809	1,204
Total trade receivables, deposits and other receivables	**231,134**	218,971

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of 120 to 180 days.

An aging analysis of the trade receivables as at the end of the year, based on the invoice date (net of allowance for ECL), is as follows:

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Less than 30 days	**20,790**	–
30 to 60 days	**76,872**	65,802
61 to 90 days	**19,213**	7
91 to 180 days	**74,301**	102,756
More than 180 days	**37,149**	49,202
	228,325	217,767

Trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experiences, the directors are of the opinion that no allowance for ECL is necessary in respect of these balances as there has not been a significant change in credit quality of the customers and the balances are still considered to be fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

11. CONTRACT ASSETS

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Contract assets *(Note (a))*	**10,956**	10,791

Note:

(a) Contract assets primarily relate to the subsidiaries, Strike Singapore's and Loydston New Energy's rights to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional. Allowance for ECL of approximately HK$175,000 (2019: reversal of allowance for ECL of HK$1,092,000) was recognised during the year ended 30 June 2020.

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 projects. None of the amounts due from customers at the end of the reporting period is past due.

12. LOAN RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Fixed-rate loan receivables	**29,500**	20,500
Less: allowance for ECL	**(27)**	(1,634)
	29,473	18,866

As at 30 June 2020, loan receivables included amounts of approximately HK$29,500,000 (2019: approximately HK$20,500,000).

On 10 July 2019, 23 January 2020, 11 February 2020, 2 June 2020 and 16 June 2020, five loans were granted to five independent third party individuals, with principal amounts of HK$5,000,000, HK$5,000,000, HK$6,000,000, HK$9,000,000 and HK$4,500,000 with interest rates of 9.125%, 12%, 9.75%, 10.25% and 11% per annum, respectively. All loans were unsecured and for a term that range from eight to ten months.

As at 30 June 2019, loan receivables represents three loans were granted to three independent third party individuals, with principal amounts of HK$4,000,000, HK$12,000,000 and HK$4,500,000 on 15 October 2018, 2 May 2019 and 20 June 2019, and at the interest rates of 8.125%, 9.125% and 9.125% per annum respectively. These loans were all unsecured and for a term of nine months. All loans were fully settled as of 30 June 2020.

13. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Trade payables:		
Third parties	**25,880**	363
Accruals for project costs *(Note (a))*	**5,824**	16,392
Other payables:		
Accrued liabilities *(Note (b))*	**6,813**	6,310
GST/VAT payable	**7,692**	12,982
Warranty provision	**1,442**	–
Others	**980**	372
	16,927	19,664
Total	**48,631**	36,419

Notes:

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

(b) 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 days.

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Trade payables:		
Less than 90 days	**21,315**	47
90 to 180 days	**4,565**	316
	25,880	363

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the financial year ended 30 June 2020, the performance of the Group in different business segments were as follows:

Solar Power Business

The Group's solar power business mainly engaged in supply and installation of solar PV parts and equipment. The Group has recognised a revenue of approximately RMB137.0 million (equivalent to approximately HK$152.9 million) from the solar power business for the financial year ended 30 June 2020, a significant decrease compared to a revenue of approximately RMB389.6 million (equivalent to approximately HK$452.5 million) for the financial year ended 30 June 2019, as the Group secured and delivered a lower volume of contracts under challenging market conditions.

Electrical Distribution System

To cope with the fierce competition in public housing development projects in Singapore, challenging environment in supply and installation of solar PV parts and equipment, and in line with corporate strategy in further fostering potential related business with good return potential, the Group commenced the provision of electrical distribution system, this refers to, supply and installation of electrical distribution system (this include distribution board, junction box, cables and switches etc) in the financial year ended 30 June 2020. The Group recorded a revenue of approximately RMB131.6 million (equivalent to approximately HK$147.0 million for the financial year ended 30 June 2020.

Electrical Engineering Services

For the financial year ended 30 June 2020, the electrical engineering services in Singapore recorded a minimal revenue of approximately S$0.5 million (equivalent to HK$2.7 million), compare to the S$3.2 million (equivalent to HK$18.2 million) revenue for the financial year ended 30 June 2019.

The decline in performance of this segment was due to keen competition in the market, together with the lower activities in overall Singapore construction business since second half of the year ended 30 June 2020. Under the recent market condition, the Group had adopted a conservative approach in the submission of new tender, hence the Group did not secure new projects in the financial year ended 30 June 2020. As at 30 June 2020 and 30 June 2019, the Group had no outstanding contracts on hand.

In addition, the Group had disposed of the joint ventures and an associate primarily engaged in electrical engineering services during the year ended 30 June 2020 and for details, please refer to the section "Material Acquisitions and Disposals".

BUSINESS PROSPECT

The release of 2018 Photovoltaic Power Generation Notice ("**Net Policy**") on May 2018, and the subsequent circular on construction of Wind and Photovoltaic ("**PV**") Power Generation Project ("**Circular**") on May 2019, led to PRC's PV industry becoming more market-led, with focus on the development of non-subsidised projects (grid parity). Although subsidy would continue at a lower level before the grid parity could be achieved, the Group would expect that pressure on profitability and industry consolidation in the past financial year will also continue in the coming year.

In addition, the fierce competition in public housing development in Singapore and the uncertainty of the upcoming development of the trade war between the ("US") and PRC also bring challenges to the Group.

In the current financial year, due to the outbreak of COVID-19, a number of provinces and cities as the PRC have activated the highest-level response to major public health emergencies by adopting stringent measure in social distancing, this included the suspension or limited services of transportation facilities and factories operation. Therefore, the Company's experience certain slow down and lapse of some contacts during the first half 2020 and the financial impact had been reflected in current year financial statements.

However, the Company believes the business over a longer period will recover after certain market consolidation. In addition, the board is closely monitor the development and impact of the continue outbreak of COVID-19 to the Group from time to time and formulating responses accordingly.

Looking ahead, the Group will continue to sustain its principal businesses and make solid efforts in seeking for good business opportunities so as to enhance the value of the shareholders of the Company.

FINANCIAL REVIEW

The Group's revenue decreased by 35.7% from approximately HK$470.7 million for the financial year ended 30 June 2019 to approximately HK$302.5 million for the financial year ended 30 June 2020. Loss attributable to owners of the Company and loss per share attributable to ordinary equity holders of the Company for the financial year ended 30 June 2020 amounted to approximately HK$74.9 million and HK$5.39 cents respectively compared to approximately HK$52.6 million and HK$3.78 cent respectively for the financial year ended 30 June 2019.

Financial Results

Revenue

For the financial year ended 30 June 2020, 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 HK$152.9 million from the solar power business for the financial year ended 30 June 2020, a decrease of 66.2% compared to approximately HK$452.5 million from that of last year.

Electrical Distribution System

The Group's electrical distribution system business has contributed a revenue of approximately HK$147.0 million for the financial year ended 30 June 2020.

Electrical Engineering Services

For the financial year ended 30 June 2020, this business segment recorded a revenue of approximately HK$2.7 million, which represents a decrease of 85.2% from approximately HK$18.2 million for the financial year ended 30 June 2019. This is mainly attributable to lack of new project secured during the year, as a result to the adoption of conservative approach by the Group in submission of new tender under fierce competition and the lower activities in overall Singapore construction business since second half of the financial year ended 30 June 2020.

Operating Results

Gross profit margin of the Group slightly decreased by 2.1% from 10.4% for the financial year ended 30 June 2019 to 8.3% for the financial year ended 30 June 2020. The relatively stable gross profit margin was attribute to the combined effect of the compressed gross profit margin in solar power business and a relatively higher profit margin from the electrical distribution system business.

The operating results of the Group has recorded a significant increase of loss from approximately HK$52.3 million for the financial year ended 30 June 2019 to approximately HK$74.9 million for the financial year ended 30 June 2020. This change is primarily attributable to the decrease in gross profit of HK$23.9 million to HK$25.1 million (2019: HK$49.0 million), increase in impairment loss to approximately HK$48.4 million (2019: HK$22.2 million) on goodwill relating to the solar power business, and the decrease in fair value loss on financial assets at fair value through profit or loss of approximately HK$11.0 million (2019: HK$35.2 million) for the financial year ended 30 June 2020.

Other Gains and Losses, Net

Other gains and losses had been decreased from a net loss of approximately HK$1.7 million for the year ended 30 June 2019 to a net loss approximately HK$1.0 million for the financial year ended 30 June 2020. It was mainly due to the increase in interest income from provision of finance.

Change in Fair Value of Financial Assets at Fair Value through Profit or Loss, net

The decrease in the loss in fair value of financial assets is attributable to the decrease in fair value loss on financial assets at fair value through profit or loss by 68.8% to HK$11.0 million for the year ended 30 June 2020 (2019: HK$35.2 million).

Administrative Expenses

Administrative expenses for the financial year ended 30 June 2020 decreased by 2.7% to approximately HK$25.4 million (2019: HK$26.1 million).

Other Operating Expenses

Other operating expenses decreased from approximately HK$2.8 million for the financial year ended 30 June 2019 to approximately HK$1.2 million for the financial year ended 30 June 2020.

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 as at 30 June 2020 was determined to be approximately HK$9.7 million (2019: HK$59.3 million), taking into account the valuation performed by an independent professional valuer. Accordingly, an impairment loss of approximately HK$48.4 million (2019: HK$22.2 million) was recognised.

Share of Results of Joint Ventures

The Group's share of results of joint ventures had a profit of approximately HK$0.9 million (2019: profit of HK$12.2 million) for the financial year ended 30 June 2020, due to the disposal of joint ventures completed during the current financial year.

Share of Results of an Associate

The associate has shared a loss of approximately HK$0.7 million (2019: loss of HK$1.1 million), due to the disposal of an associate completed during the current financial year.

Income Tax Expense

Income tax expense decreased by 57.9% from approximately HK$9.5 million for the financial year ended 30 June 2019 to approximately HK$4.0 million for the financial year ended 30 June 2020. This is primarily attributable to the decrease in income tax expense charged on the assessable profit generated from the solar power business during the year.

Employment and Remuneration Policy

As at 30 June 2020, total number of employees of the Group was 14 (2019: 27). During the financial year ended 30 June 2020, employees costs (including Directors' emoluments) amounted to approximately HK$11.8 million (2019: HK$20.5 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 2020, total assets of the Group were approximately HK$416.2 million (30 June 2019: HK$481.0 million), representing a decrease of 13.5% as compared with that of 2019. In particular, non-current assets decreased by 84.7% to approximately HK$13.0 million (30 June 2019: HK$85.0 million), whereas current assets increased by 1.8% to approximately HK$403.2 million (30 June 2019: HK$396.0 million).

The decrease in non-current assets is mainly attributable to impairment of goodwill, disposal of joint ventures and an associate and increase in the right-of-use asset during the financial year ended 30 June 2020. On the other hand, the increase in current assets of the Group was attributed to the combination effect of increase in trade receivables, deposits and other receivables of approximately HK$12.2 million, increase in loan receivable of approximately HK$10.6 million, decrease in financial assets at fair value through profit and loss of approximately HK$11.0 million, and decrease in cash and cash equivalent of approximately HK$11.3 million, attribute to the increase in current assets of the Group.

As at 30 June 2020, total liabilities of the Group amounted to approximately HK$68.6 million (30 June 2019: HK$50.5 million), an increased of 35.8% as compared with that of 2019. In particular, current liabilities increase by 33.9% to HK$67.6 million (30 June 2019: HK$50.5 million), whereas non-current liabilities increased by HK$1.0 million compared with the financial year ended 30 June 2019. The increased in current liabilities is mainly due to increase in trade payable and income tax payable. The increase in non-current liabilities was attributable to the increase in lease liability.

Total equity of the Company decreased by 19.3% to approximately HK$347.6 million as at 30 June 2020 (30 June 2019: HK$430.5 million). This is mainly due to the loss of the financial year of approximately HK$73.8 million.

Liquidity, Financial Resources and Gearing

As at 30 June 2020, the Group maintained net current assets of approximately HK$335.6 million (30 June 2019: HK$345.5 million). Besides, the Group maintained cash and cash equivalents of approximately HK$86.7 million, of which 10.4% and 69.8% were denominated in Hong Kong dollars and Singapore dollars respectively (30 June 2019: HK$98.0 million, of which 13.5% and 68.6% were denominated in Hong Kong dollars and Singapore dollars respectively).

As at 30 June 2020, the Group had no interest-bearing borrowings (30 June 2019: 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 2019: 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 2020, the Group had no charges on its assets (30 June 2019: Nil).

Capital Structure

(i) 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 of Hong Kong Limited (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 up to 30 June 2019 *HK$ (million)*
General working capital of the Group	**38.0**	38.0

	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
Total	38.0

(ii) 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 shall be fully applied as general working capital of the Group.

As at 30 June 2020, 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)*	**Utilisation for the financial year ended 30 June 2020** *HK$ (million)*	**Remaining balance of unused net proceeds as at 30 June 2020** *HK$ (million)*
General working capital of the Group	36.9	13.2	33.9	3.0

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)*	Utilisation for the financial year ended 30 June 2020 *HK$ (million)*	Intended use of remaining balance of unused net proceeds as at year ended 30 June 2020 *HK$ (million)*
Human resources	0.5	7.2	1.0
Office utilities	0.2	2.0	0.5
Other general expenses	0.5	4.7	1.5
General working capital in respect of solar power business	12.0	20.0	0.0
Total	13.2	33.9	3.0

The Company expected that remaining balance of unused net proceeds to be utilised by 31 October 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 2020, the Group had capital expenditure of approximately HK$3.0 million including right-of-use assets (2019: HK$2.0 million).

As at 30 June 2020 and 30 June 2019, the Group do not have commitments contracted for but not provided in the consolidated financial statements.

Contingent Liabilities

As at 30 June 2020, the Group had security bonds to the Singapore Government amounting to approximately HK$28,000 (30 June 2019: HK$288,000) in relation to foreign workers.

Significant Investments

As at 30 June 2020, the Group held certain listed securities as financial assets at fair value through profit or loss.

The Group identified its investments based on the share price performance and future prospect of the investments. For the financial year ended 30 June 2020, the Group received dividend income of HK$115,900 (2019: HK$4,150) from investment in listed securities and made a fair value loss of HK$11.0 million (2019: fair value loss of S$35.2 million) on financial assets of fair value through profit or loss. This fair value loss is mainly the combination effect of: (i) decrease in share price of 72.2% of Chi Ho Development Holdings Limited ("**Chi Ho**"); (ii) decrease in share price of 22.6% of Li Bao Ge Group Limited ("**Li Bao Ge**"); and (iii) increase in the share price of Pinestone Capital Limited ("**Pinestone**") of 110.7%; (iv) decrease in share price of 79.0% of SingAsia Holdings Limited ("**SingAsia HLDG**"); and (v) the fair value decrease attribute to the suspension of trade of the Shares of China Baoli Technologies Holdings Limited ("**China Baoli**") during the financial year ended 30 June 2020.

Stock code	Company name	No. of share held at 30 June 2020	Percentage of shareholding as at 30 June 2020	Percentage of shareholding as at 30 June 2019	Market value as at 30 June 2020	Approximate percentage to the Group's net assets as at 30 June 2020	Market value as at 30 June 2019	Approximate percentage to the Group's net assets as at 30 June 2019	Change in fair value of held-for-trading instruments for the years ended (Note 8(c)) 30 June 2020	Change in fair value of held-for-trading instruments for the years ended (Note 8(c)) 30 June 2019
		'000			*HK$'000*		*HK$'000*		*HK$'000*	*HK$'000*
164	China Baoli Technologies Holdings Limited	**2,490**	**0.067%**	0.067%	**-**	**-**	246	0.06%	**(246)**	(1,845)
804	Pinestone Capital Limited	**41,400**	**0.918%**	0.843%	**7,327**	**2.11%**	3,478	0.81%	**3,849**	(3,519)
1869	Li Bao Ge Group Limited	**830**	**0.083%**	0.104%	**191**	**0.05%**	249	0.06%	**(58)**	(83)
8423	Chi Ho Development Holdings Limited	**14,900**	**1.863%**	1.863%	**5,513**	**1.59%**	19,817	4.60%	**(14,304)**	(19,370)
8293	SingAsia Holdings Limited	**1,925**	**0.128%**	0.154%	**58**	**0.02%**	275	0.06%	**(217)**	(10,408)
					13,089	**3.77%**	24,065	5.59%	**(10,976)**	(35,225)

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 profit for the financial year ended 31 December 2019 of Pinestone is approximately HK$7.2 million. Turnaround from net loss to net profit was mainly attributable to an increase in interest income relating to securities-backed lending services and reduce in impairment loss (net) on receivables was recognised for the financial year ended 31 December 2019. Although in 2019, Hong Kong economy faced difficult headwind from domestic social unreset and Sino-US trade war uncertainty which resulted in deterred investors sentiment, Pinestone will continue to explore strategic opportunities to improve the product platform, broaden their business reach, cultivate corporate alliances collaborations to strengthen market position, improve and diversify the financial position and risk exposure to better positioned itself for further and sustainable long term growth in the future.

Li Bao Ge is principally engaged in the operation of a chain of Chinese restaurants in Hong Kong and the PRC. The loss attributable to the shareholder for the financial year ended 31 December 2019 of Li Bao Ge is approximately HK$59.3 million, compared to the recorded a profit attributable to owners of the company of approximately HK$2.3 million for the financial year ended 31 December 2018. Such loss-making position for the year ended 31 December 2019, representing a deterioration of financial performance by approximately HK$61.6 million as compared to the last financial year, was mainly due to the combined effects (before the effect of adoption of HKFRS 16 "Leases" which does not have cash flow impact) of (i) the increase in aggregate operating losses of the Group's restaurant operations in Hong Kong by approximately HK$23.9 million; (ii) the decrease in aggregate operating profit of the Group's restaurant operations in Shenzhen, the PRC by appropriately HK$5.3 million; (iii) the incurring of aggregate operating losses of approximately HK$7.9 million in respect of the Group's restaurants and tea houses of Li Bao Ge and its subsidiary(ies) newly opened in 2019 during their initial stages of operations; and (iv) the record of impairment losses on equipment and right-of-use assets of approximately HK$3.6 million and HK$18.2 million respectively in respect of Li Bao Ge's restaurants located in Sheung Wan and Central, Hong Kong.

SingAsia HLDG is principally engaged in the provision of manpower, outsourcing, recruitment, trading and cleaning services. SingAsia HLDG record a decrease in loss for the nine months ended 30 April 2020 to approximately S$0.8 million, compared with the loss for the nine months ended 30 April 2018 of approximately S$2.8 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 2020 of Chi Ho is approximately HK$19.5 million, which has increased by approximately HK$1.3 million compared to that of the profit of approximately HK$18.2 million previous year.

Although the market value had declined as of 30 June 2020, and weak 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.

China Baoli is principally engaged in mobile technologies business, tourism and hospitality business, gamma ray irradiation services, and securities trading and investment. According to the unaudited financial results of China Baoli for the year ended 31 March 2020, an improvement in the revenue level and the loss position is noted, as compared to the financial year ended 31 March 2019. As China Baoli had been suspended for trading for an extended period of time therefore an updated market value is not available for benchmarking the value of the Group's shareholding in China Baoli as of 30 June 2020. The Group had assessed fair value of the Group's shareholding in China Baoli with considering adjusted net asset value and a HK$246,000 fair value loss is recognised for the year ended 30 June 2020. The Group will closely monitor the latest development of the resumption process of China Baoli and take appropriate investment decision from time to time.

Material Acquisitions and Disposals of Joint Ventures and Associated Companies

Disposal of Associate

On 15 January 2020, the Group entered into a disposal agreement with Mr. Low Tian Siang (the "**Mr. Low**"), an independent third party, pursuant to which the Group agreed to sell and the Mr. Low agreed to acquire 50% of the issued share capital of SRM Electrial Engineering Pte Ltd. at a total consideration of approximately S$180,000 (equivalent to approximately HK$1,036,000), this disposal had been completed on 17 January 2020.

Disposal of Joint Ventures

On 22 November 2019, the Group entered into a disposal agreement with Mr. Ng Eng Khim (the "**Mr. Ng**"), an independent third party, pursuant to which the Group agreed to sell and the Mr. Ng agreed to acquire 50% of the issued share capital of NEK Engineering Pte Ltd. at a total consideration of S$480,000 (equivalent to approximately HK$2,748,000), this disposal ha been completed on 29 November 2019.

On 28 February 2020, the Group, entered into a disposal agreement with Mr. Loh Voon Sheng (the "**Mr. Loh**"), an independent third party, pursuant to which the Group agreed to sell and the Mr. Loh agreed to acquire 50% of the issued share capital of YL Integrated Pte Ltd. at a total consideration of S$3,235,000 (equivalent to approximately HK$18,079,000), this disposal had been completed on 2 March 2020.

Save as disclosed above, there were no other material acquisitions or disposals of joint ventures and associated companies during the financial year ended 30 June 2020.

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 2020, 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 (the "**Director(s)**") 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 a wholly-owned subsidiary of the Company, Strike Electrical Engineering Pte Ltd. ("**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 2020.

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 2020.

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 2020, 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 2020 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 2020 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 2020.

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 2020 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, 23 September 2020

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.