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 2021

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 2021, together with comparative figures for the year ended 30 June 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
REVENUE	*4*	**380,146**	302,532
Cost of sales	*6(b)*	**(342,390)**	(277,448)
Gross profit		**37,756**	25,084
Other gains and losses, net	*5*	**5,155**	(1,002)
Administrative expenses		**(27,910)**	(25,409)
Change in fair value of financial assets at fair value through profit or loss, net	*6(d)*	**(6,255)**	(10,976)
Allowance for expected credit loss ("**ECL**") recognised in respect of financial assets at amortised cost, net		**(17,921)**	(8,060)
Impairment loss recognised in respect of goodwill	*9*	**(10,107)**	(48,356)
Finance costs		**(137)**	(51)
Other operating expenses		**(692)**	(1,226)
Share of results of joint ventures		**–**	924
Share of results of an associate		**–**	(700)
LOSS BEFORE TAXATION	*6*	**(20,111)**	(69,772)
Taxation	*7*	**(8,018)**	(4,028)
LOSS FOR THE YEAR		**(28,129)**	(73,800)

* *For identification purposes only*

	Note	2021 HK$'000	2020 HK$'000
ATTRIBUTABLE TO:			
Owners of the Company		**(30,142)**	(74,903)
Non-controlling interests		**2,013**	1,103
		(28,129)	(73,800)
LOSS FOR THE YEAR		**(28,129)**	(73,800)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**–**	(1,300)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**24,850**	(7,824)
Other comprehensive income (expenses) for the year, net of income tax		**24,850**	(9,124)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR		**(3,279)**	(82,924)
ATTRIBUTABLE TO:			
Owners of the Company		**(12,064)**	(81,354)
Non-controlling interests		**8,785**	(1,570)
		(3,279)	(82,924)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents)	*8*	**(2.17)**	(5.39)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
NON-CURRENT ASSETS			
Goodwill	*9*	**–**	9,659
Plant and equipment		**165**	668
Right-of-use asset		**1,105**	2,579
Deferred tax asset		**–**	95
Total non-current assets		**1,270**	13,001
CURRENT ASSETS			
Inventories		**20**	53
Trade receivables, deposits and other receivables	*10*	**306,848**	231,134
Contract assets	*11*	**13,534**	10,956
Loan receivables	*12*	**20,000**	29,473
Prepayments		**2,538**	31,793
Financial assets at fair value through profit or loss		**6,834**	13,089
Cash and cash equivalents		**75,083**	86,730
Total current assets		**424,857**	403,228
CURRENT LIABILITIES			
Income tax payable		**27,583**	17,517
Trade and other payables	*13*	**53,187**	48,631
Lease liability		**1,026**	1,445
Total current liabilities		**81,796**	67,593
NET CURRENT ASSETS		**343,061**	335,635
TOTAL ASSETS LESS CURRENT LIABILITIES		**344,331**	348,636

	2021	2020
	HK$'000	*HK$'000*
NON-CURRENT LIABILITY		
Lease liability	**–**	1,026
Total non-current liability	**–**	1,026
NET ASSETS	**344,331**	347,610
EQUITY		
Share capital	**13,903**	13,903
Reserves	**262,486**	274,550
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**276,389**	288,453
Non-controlling interests	**67,942**	59,157
Total equity	**344,331**	347,610

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**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. All values are rounded to nearest thousands (HK$'000) unless otherwise stated.

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.

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 2021 and 2020. 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

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IFRS 16	COVID-19 Related Rent Concession

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

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

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

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
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 2021.
5 Effective for annual periods beginning on or after 1 April 2021.

The directors of the Company ("**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 organized into business units based on their products and services 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) 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 2021 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 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 2021	**Engineering services** *HK$'000*	**Solar power business** *HK$'000*	**Electrical distribution system business** *HK$'000*	**Total** *HK$'000*
Segment revenue:				
Sales to external customers	**4,315**	**165,230**	**210,601**	**380,146**
Segment results:	**(1,205)**	**(4,087)**	**6,878**	**1,586**
Unallocated losses				**(2,383)**
Corporate and other unallocated expenses				**(19,314)**
Loss before tax				**(20,111)**
Segment assets:	**55,098**	**138,207**	**192,997**	**386,302**
Corporate and other unallocated assets				**39,825**
Total assets				**426,127**
Segment liabilities:	**2,700**	**27,582**	**43,381**	**73,663**
Corporate and other unallocated liabilities				**8,133**
Total liabilities				**81,796**

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

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 2021					
Depreciation of property, plant and equipment	**54**	**–**	**–**	**292**	**346**
Depreciation of right-of-use assets	**–**	**–**	**–**	**1,474**	**1,474**
Capital expenditure	**–**	**–**	**–**	**20**	**20**
Impairment loss recognised in respect of goodwill	**–**	**10,107**	**–**	**–**	**10,107**
Year ended 30 June 2020					
Depreciation of property, plant and equipment	188	10	–	618	816
Depreciation of right-of-use assets	–	–	–	368	368
Capital expenditure	6	29	–	2,971	3,006
Impairment loss recognised in respect of goodwill	–	48,356	–	–	48,356

Geographical information

(a) Revenue from external customers

	2021	2020
	HK$'000	*HK$'000*
The PRC	**375,831**	299,880
Singapore	**4,315**	2,652
	380,146	302,532

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

(b) Non-current assets

	2021	2020
	HK$'000	*HK$'000*
Hong Kong	**1,206**	2,952
Singapore	**64**	390
The PRC	**–**	9,659
	1,270	13,001

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 2020 and 2021 contributing over 10% of the total revenue of the Group were as follows:

	2021	2020
	HK$'000	*HK$'000*
Customer A[1]	**76,753**	91,025
Customer B[1, 2]	**65,918**	–
Customer C[1]	**125,461**	141,487
Customer D[1]	**107,699**	67,368

1 Solar power business and electrical distribution system business.

2 No revenue generated for the year ended 30 June 2020.

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.

	2021	2020
	HK$'000	*HK$'000*
Over time:		
– Contract revenue from provision of electrical engineering services	**4,315**	2,652
At a point in time:		
– Supply and installation of solar photovoltaic parts and equipment	**165,230**	152,916
– Provision of electrical distribution system	**210,601**	146,964
	380,146	302,532

5. **OTHER GAINS AND LOSSES, NET**

	2021	2020
	HK$'000	*HK$'000*
Foreign exchange gain (loss)	**478**	(4,192)
Bank interest income	**56**	491
Incentives from the Singapore Government *(Note (a))*	**37**	54
Gain on disposal of plant and equipment *(Note 6)*	**18**	104
Gain on disposal of an associate	**–**	307
Net loss on disposal of joint ventures	**–**	(855)
Jobs Support Scheme *(Note (b))*	**1,154**	366
Employment support scheme *(Note (c))*	**324**	–
Loan interest income	**3,030**	2,557
Others	**58**	166
	5,155	(1,002)

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 in the 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.

(c) An amount of HK$324,000 represents COVID-19 related subsidies in respect of the Employment Support Scheme provided by the Hong Kong Government.

6. LOSS BEFORE TAX

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

		2021 *HK$'000*	2020 *HK$'000*
(a)	Cost of sales (Refer to (b) below)	**342,390**	277,448
	Auditors' remuneration		
	– Audit service	**1,000**	1,200
	– Non audit service	**120**	–
	Depreciation of plant and equipment	**346**	816
	Depreciation of right-of-use asset	**1,474**	368
	Impairment loss on plant and equipment	**–**	30
	Gain on disposal of plant and equipment *(Note 5)*	**(18)**	(104)
	Expenses relating on short-term leases	**697**	2,378
	Legal and professional expenses	**1,517**	1,532
	Employee benefits (Refer to (c) below)	**16,686**	11,803
	Net fair value loss on financial assets at fair value through profit or loss (Refer to (d) below)	**6,255**	10,976
(b)	Cost of sales:		
	– Contract cost from provision of electrical engineering services	**1,882**	428
	– Contract cost from provision of solar power business	**148,896**	145,901
	– Contract cost from provision of electrical distribution system	**191,612**	131,119
		342,390	277,448
(c)	Employee benefits (including Directors' remuneration)		
	– Directors' fee	**2,268**	2,268
	– Salaries, wages and bonuses	**13,989**	8,942
	– Pension scheme	**429**	593
		16,686	11,803
(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	**6,255**	10,976

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% (if applicable) tax rate in Hong Kong, profits of 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 25% on its assessable profits.

	2021 ***HK\$'000***	2020 *HK\$'000*
Current – Singapore		
– Over provision in respect of prior year	**(97)**	–
Current – the PRC		
– Charge for the year	**7,866**	3,911
– Under provision in respect of prior year	**–**	46
Current – Hong Kong and others		
– Charge for the year	**152**	167
Deferred		
– Origination and reversal of temporary differences	**97**	(96)
Total tax charge for year	**8,018**	4,028

The tax rate for Singapore subsidiaries is base on Singapore Corporate Income tax ("**CIT**") rate at 17% for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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%.

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.

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:

	2021	2020
Loss		
Loss attributable to equity holders of the parent, used in the basic loss per share calculation HK\$'000	**(30,142)**	(74,903)
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)	**(2.17)**	(5.39)

Basic loss per share is the same as diluted loss per share, as the Group had no potentially dilutive ordinary shares (2020: Nil) in issue during the year.

9. GOODWILL

	2021	2020
	HK$'000	*HK$'000*
Cost		
At the beginning of the year	**309,439**	321,590
Exchange realignment	**30,097**	(12,151)
At the end of the year	**339,536**	309,439
Accumulated impairment loss		
At the beginning of the year	**299,780**	262,246
Impairment loss recognised during the year	**10,107**	48,356
Exchange realignment	**29,649**	(10,822)
At the end of the year	**339,536**	299,780
Net carrying amount at the end of the year	**–**	9,659

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 (2020: 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 2021

The pre-tax discount rate applied for the cash flow projections is 32.12%. The projected sales for the forecasted period were prepared base on (i) revenue of the CGU for the year ended 30 June 2021; (ii) compound annualised growth rate of 7.32% for the year ending 30 June 2022 to year ending 30 June 2026. Cash flows beyond the 5-years period are extrapolated using a steady 2% growth rate. This growth rate is based on the relevant growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

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) market development during year ended 30 June 2021; and (iii) expected market development in future.

In particular, management of the Group consider that although the CGU, which is mainly engaged in supply and installation of solar photovoltaic parts and equipment, recorded an increase of revenue for the financial year ended 30 June 2021 of approximately HK$12.3 million, compared to the financial year ended 30 June 2020, management of the Group is of the view that certain policies issued by the PRC government in relation to solar power business in 2018 still bring disruptions and industry consolidation. Therefore, management of the Group expects pressure on contract volume and profitability to continue in coming years.

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) prudent 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 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 2021, 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 year (i.e. approximately 12% annual growth rate) for the year ending 30 June 2022 to 30 June 2024.

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$10,107,000 (2020: approximately HK$48,356,000) was recognised in the consolidated statement of profit or loss and other comprehensive income. Impairment loss arose because of the management's expection on disruption and industry consolidation due to certain policies issued by the PRC government referred above, would exert pressure on contract volume and its gross profit, of the CGU for the coming year ending 30 June 2021, and the subsequent years.

As the Group determined that the recoverable amount of the CGU is minimal (2020: approximately HK$9,659,000), the goodwill relate to the CGU was fully impaired as at 30 June 2021.

10. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables:		
Third parties		
– Gross amount	**335,201**	241,755
– Less: allowance for ECL	**(32,753)**	(13,430)
	302,448	228,325
Deposits and other receivables:		
Interest receivables		
– Gross amount	**1,603**	1,072
– Less: allowance for ECL	**–**	(3)
	1,603	1,069
Deposits	**1,628**	779
Others	**1,169**	961
	4,400	2,809
Total trade receivables, deposits and other receivables	**306,848**	231,134

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of 120 to 270 days.

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

	2021	2020
	HK$'000	*HK$'000*
Less than 30 days	**108,512**	20,790
30 to 60 days	**46,662**	76,872
61 to 90 days	**–**	19,213
91 to 180 days	**67,704**	74,301
More than 180 days	**79,570**	37,149
	302,448	228,325

Trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. The Group does not hold any collateral or other credit enhancements over these balances.

11. CONTRACT ASSETS

	2021	2020
	HK$'000	*HK$'000*
Contract assets *(Note (a))*	**14,495**	11,128
Less: allowance for ECL *(Note (b))*	**(961)**	(172)
	13,534	10,956

Note:

(a) Contract assets primarily relate to the subsidiary, i) Strike Electrical Engineering Pte Ltd's ("**Strike Singapore**") rights to consideration for work completed but not yet billed at reporting date; and ii) warranty receivable of provision of electrical distribution system. Contract assets are transferred to receivables when the rights become unconditional.

(b) Net allowance for ECL of approximately HK$736,000 (2020: allowance for ECL approximately HK$175,000) was recognised in profit or loss during the year ended 30 June 2021.

12. LOAN RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Fixed-rate loan receivables	**20,000**	29,500
Less: allowance for ECL	**–**	(27)
	20,000	29,473

Loans receivables as at 30 June 2021 represents four loans granted to three independent third party individuals, on which i) loan principal amount HK$9,000,000 was subsequently settled on 2 July 2021; ii) loan principal amount of HK$4,000,000 was subsequently settled on 6 July 2021; iii) maturity date of loan principal amount of HK$4,500,000 was extended to 30 November 2021 and carried at interest rate of 11% on which HK$3,000,000 was subsequently settled on 20 August 2021 and iv) maturity date of loan principal amount of HK$2,500,000 was extended to 30 November 2021 and carried at interest rate of 11%.

Loans receivables as at 30 June 2020 represents five loans granted to five independent third party individuals on 10 July 2019, 23 January 2020. 11 February 2021, 2 June 2020 and 16 June 2020, with outstanding 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.

13. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables:		
Third parties	**26,343**	25,880
Accruals for project costs (Note (a))	**2,003**	5,824
Other payables:		
Accrued liabilities *(Note (b))*	**9,888**	6,813
GST/VAT payable	**11,801**	7,692
Warranty provision *(Note (c))*	**2,208**	1,442
Others	**944**	980
	24,841	16,927
Total	**53,187**	48,631

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.

(c) The Group has adopted the estimation where the warranty obligation is the equivalent of 1% of revenues of provision of electrical distribution system, which is consistent with the practice of the relevant industry. The accrual basis stays at 1% based on the best estimation, the Group derives its estimates from results from academic research, including industry-standard accelerated testing and other assumptions that the Group believes to be reasonable under the circumstances.

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on terms of 30 to 90 days.

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

	2021	2020
	HK$'000	*HK$'000*
Less than 90 days	**26,343**	21,315
90 to 180 days	**–**	4,565
	26,343	25,880

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the financial year ended 30 June 2021, 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 RMB144.2 million (equivalent to approximately HK$165.2 million) from the solar power business for the financial year ended 30 June 2021, which is at a similar revenue level compared to the financial year ended 30 June 2020 that approximately RMB137.0 million (equivalent to approximately HK$152.9 million).

Electrical Distribution System

To cope with the challenging environment in solar power business, 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) during the financial year ended 30 June 2020.

The Group recorded a full year revenue of approximately RMB183.8 million (equivalent to approximately HK$210.6 million) for the financial year ended 30 June 2021, an increase compared to 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 2021, the electrical engineering services in Singapore recorded a minimal revenue of approximately S$0.8 million (equivalent to HK$4.3 million), compare to the S$0.5 million (equivalent to HK$2.7 million) revenue for the financial year ended 30 June 2020.

Under the recent market condition (lower activities in overall Singapore construction business), 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 2021. As at 30 June 2021 and 30 June 2020, the Group had no outstanding contracts on hand.

BUSINESS PROSPECT

As certain policies issued by the PRC government in 2018 are still bringing disruptions and industry consolidation on the Group's solar power business in the PRC, the Group expect pressure on contract volume and profitability will also continue in the coming year. However, the Company remains confident in the solar power business over a longer period after certain market consolidation.

Meanwhile, a stable income stream from the electrical distribution system business during the year that offset the effect of the decline in the solar power business.

In addition, the Board is closely monitoring 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 increased by 25.7% from approximately HK$302.5 million for the financial year ended 30 June 2020 to approximately HK$380.1 million for the financial year ended 30 June 2021. 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 2021 amounted to approximately HK$30.1 million and HK$2.17 cents respectively, compared to approximately HK$74.9 million and HK$5.39 cent respectively for the financial year ended 30 June 2020.

Financial Results

Revenue

For the financial year ended 30 June 2021, 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$165.2 million from the solar power business for the financial year ended 30 June 2021, a slight increase of 8.0% compared to approximately HK$152.9 million from that of last year.

Electrical Distribution System

The Group's electrical distribution system business has contributed a full year revenue of approximately HK$210.6 million for the financial year ended 30 June 2021, an increase of 43.3% compared to approximately HK$147.0 million for the financial year ended 30 June 2020.

Electrical Engineering Services

For the financial year ended 30 June 2021, this business segment recorded a minimal revenue of approximately HK$4.3 million (2020: HK$2.7 million). This is mainly attributable to the 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 the recent market condition.

Operating Results

Gross profit margin of the Group slightly increased by 1.6% from 8.3% for the financial year ended 30 June 2020 to 9.9% for the financial year ended 30 June 2021. This 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 decrease of loss from approximately HK$74.9 million for the financial year ended 30 June 2020 to approximately HK$30.1 million for the financial year ended 30 June 2021. This change is primarily attributable to the increase in gross profit from HK$25.1 million to HK$37.8 million, decrease in impairment loss to approximately HK$10.1 million (2020: HK$48.4 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$6.3 million (2020: HK$11.0 million) for the financial year ended 30 June 2021.

Other Gains and Losses, Net

Other gains and losses had decreased from a net loss of approximately HK$1.0 million for the year ended 30 June 2020 to a net gains of approximately HK$5.2 million for the financial year ended 30 June 2021. 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 42.7% to HK$6.3 million for the year ended 30 June 2021 (2020: HK$11.0 million).

Administrative Expenses

Administrative expenses for the financial year ended 30 June 2021 slightly increased by 9.8% to approximately HK$27.9 million (2020: HK$25.4 million).

Other Operating Expenses

Other operating expenses decreased from approximately HK$1.2 million for the financial year ended 30 June 2020 to approximately HK$0.7 million for the financial year ended 30 June 2021.

Impairment Loss Recognised in respect of Goodwill

In light of the cash flow projections of the solar power business, the value of the goodwill in relation to the solar power business as at 30 June 2021 was determined to be negligible (2020: HK$9.7 million), taking into account the valuation performed by an independent professional valuer. Accordingly, an impairment loss of approximately HK$10.1 million (2020: HK$48.4 million) was recognised.

Share of Results of Joint Ventures and an Associate

No share of results of joint venture and an associate for the year as the Group had completed the disposal of joint venture and an associate during the year ended 30 June 2020 (2020: share of profit of joint ventures: HK$0.9 million, shares of loss of an associate of HK$0.7 million).

Income Tax Expense

Income tax expense increased by 99.1% from approximately HK$4.0 million for the financial year ended 30 June 2020 to approximately HK$8.0 million for the financial year ended 30 June 2021. This is primarily attributable to the increase in the assessable profit generated from the business in the PRC during the year.

Employment and Remuneration Policy

As at 30 June 2021, total number of employees of the Group was 18 (2020: 14). During the financial year ended 30 June 2021, employees costs (including Directors' emoluments) amounted to approximately HK$16.7 million (2020: HK$11.8 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 2021, total assets of the Group were approximately HK$426.2 million (30 June 2020: HK$416.2 million), representing an increase of 2.4% as compared with that of 2020, among which non-current assets decreased by 90.0% to approximately HK$1.3 million (30 June 2020: HK$13.0 million), whereas current assets increased by 5.4% to approximately HK$424.9 million (30 June 2020: HK$403.2 million).

The decrease in non-current assets is mainly attributable to impairment of goodwill and the amortization of right-of-use asset. 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$75.7 million, decrease in loan receivable of approximately HK$9.5 million, decrease in financial assets at fair value through profit and loss of approximately HK$6.3 million, and decrease in cash and cash equivalent of approximately HK$11.6 million attribute to the increase in current assets of the Group.

As at 30 June 2021, total liabilities of the Group amounted to approximately HK$81.8 million (30 June 2020: HK$68.6 million), an increase of 19.2% as compared with that of 2020, among which current liabilities increased by 21.0% to HK$81.8 million (30 June 2020: HK$67.6 million), whereas non-current liabilities decreased by HK$1.0 million compared with the financial year ended 30 June 2020. The increase in current liabilities is mainly due to increase in trade payable and income tax payable. The decrease in non-current liabilities was attributable to the decrease in lease liability.

Total equity of the Company decreased by 0.9% to approximately HK$344.3 million as at 30 June 2021 (30 June 2020: HK$347.6 million). This is mainly due to the loss of the financial year of approximately HK$28.1 million.

Liquidity, Financial Resources and Gearing

As at 30 June 2021, the Group maintained net current assets of approximately HK$343.1 million (30 June 2020: HK$335.6 million). Besides, the Group maintained cash and cash equivalents of approximately HK$75.1 million, of which 10.0% and 61.5% were denominated in Hong Kong dollars and Singapore dollars respectively (30 June 2020: HK$86.7 million, of which 10.4% and 69.8% were denominated in Hong Kong dollars and Singapore dollars respectively).

As at 30 June 2021, the Group had no interest-bearing borrowings (30 June 2020: 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 2020: 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 2021, the Group had no charges on its assets (30 June 2020: Nil).

Capital Structure

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 2021, 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 2020 *HK$ (million)*	**Utilisation for the financial year ended 30 June 2021** ***HK$ (million)***
General working capital of the Group	36.9	33.9	**36.9**

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 2020 *HK$ (million)*	**Utilisation for the financial year ended 30 June 2021** ***HK$ (million)***
Human resources	7.2	**8.2**
Office utilities	2.0	**2.5**
Other general expenses	4.7	**6.2**
General working capital in respect of the solar power business	20.0	**20.0**
Total	33.9	**36.9**

The utilised of net proceeds was 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 2021, the Group had capital expenditure of approximately HK$0.1 million (2020: HK$3.0 million, including right of use assets).

As at 30 June 2021 and 30 June 2020, the Group do not have commitments contracted for but not provided in the consolidated financial statements.

Contingent Liabilities

As at 30 June 2021, the Group had security bonds to the Singapore Government amounting to approximately HK$29,000 (30 June 2020: HK$28,000) in relation to foreign workers.

Significant Investments

As at 30 June 2021, 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 2021, the Group received dividend income of HK$37,000 (2020: HK$115,900) from investment in listed securities and made a fair value loss of HK$6.3 million (2020: fair value loss of HK$11.0 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 24.3% of Chi Ho Development Holdings Limited ("**Chi Ho**"); (ii) increase in share price of 60.7% of Li Bao Ge Group Limited ("**Li Bao Ge**"); and (iii) decrease in the share price of Pinestone Capital Limited ("**Pinestone**") of 71.2%; (iv) increase in share price of 65.5% of SingAsia Holdings Limited ("**SingAsia HLDG**"); and (v) the fair value increase attribute to the resumption of trade of the Shares of China Baoli Technologies Holdings Limited ("**China Baoli**") during the financial year ended 30 June 2021.

Stock code	Company name	No. of share held at 30 June 2021 '000	Percentage of shareholding as at 30 June 2021	Percentage of shareholding as at 30 June 2020	Market value as at 30 June 2021 HK$'000	Approximate percentage to the Group's net assets as at 30 June 2021	Market value as at 30 June 2020 HK$'000	Approximate percentage to the Group's net assets as at 30 June 2020	Change in fair value of held-for-trading instruments for the years ended (Note 8(d)) 30 June 2021 HK$'000	Change in fair value of held-for-trading instruments for the years ended (Note 8(d)) 30 June 2020 HK$'000
164	China Baoli	**2,490**	**0.067%**	0.067%	**147**	**0.04%**	–	–	**147**	(246)
804	Pinestone	**41,400**	**0.918%**	0.918%	**2,112**	**0.61%**	7,327	2.11%	**(5,215)**	3,849
1869	Li Bao Ge	**830**	**0.083%**	0.083%	**307**	**0.09%**	191	0.05%	**116**	(58)
8423	Chi Ho	**14,900**	**1.868%**	1.863%	**4,172**	**1.22%**	5,513	1.59%	**(1,341)**	(14,304)
8293	SingAsia HLDG	**1,925**	**0.128%**	0.128%	**96**	**0.02%**	58	0.02%	**38**	(217)
					6,834	**1.98%**	13,089	3.77%	**(6,255)**	(10,976)

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 2020 of Pinestone is approximately HK$18.8 million. Turnaround from net profit to net loss was mainly attributable to impairment loss on trade and loan receivables of approximately HK$31.3 million was recognised for the financial year ended 31 December 2020. Pinestone will continue to explore profitable business opportunities to boarden their business reach and strengthen market position, and continue to growth in a longer term.

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 2020 of Li Bao Ge is approximately HK$39.8 million, compared to the recorded loss attributable to owners of the company of approximately HK$59.3 million for the financial year ended 31 December 2019. Loss for the year ended 31 December 2020 reduced by approximately HK$19.5 million as compared to the last year, was mainly due to the combined effects of (i) the increase in operating losses of the Group's restaurant operations by approximately HK$13.2 million; (ii) the record of gain on early termination of lease approximately HK$21.1 million; and (iii) the reduction of income tax expenses of approximately HK$9.3 million.

SingAsia HLDG is principally engaged in the provision of manpower, outsourcing, recruitment, trading and cleaning services. SingAsia HLDG record an increase in loss for the nine months ended 30 April 2021 to approximately S$1.0 million, compared with the loss for the nine months ended 30 April 2020 of approximately S$0.8 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 2021 of Chi Ho is approximately HK$21.4 million, which has increased by approximately HK$1.9 million compared to that of the profit of approximately HK$19.5 million previous year.

China Baoli is principally engaged in mobile technologies business, tourism and hospitality business, gamma ray irradiation services, and securities trading and investment. China Baoli record a slight decrease in loss for the year ended 31 March 2021 approximately HK$112.6 million compared with the loss for the year ended 31 March 2020 approximately 118.6 million, which was mainly attributable to the combined effects of the (i) increase in impairment loss on goodwill of approximately HK$14.5 million, (ii) decrease in admin expenses of approximately HK$81.8 million, (iii) decrease in loss of deconsolidation of a subsidiary of approximately HK$135.8 million and (iv) decrease in gain on disposal of a subsidiary of approximately HK$207.8 million. As at 31 March 2021, the total assets and net liabilities of the Group was approximately HK$138.1 million and HK$540.2 million compared with approximately HK$172.8 million and HK$430.5 million as at 31 March 2020 respectively.

Although the market value of financial assets held by the Company had declined as of 30 June 2021, and weak financial performance of such assets 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 investment in such assets and take suitable action in due course.

Material Acquisitions and Disposals

Disposal of an 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 Mr. Low agreed to acquire 50% of the issued share capital of SRM Electrical 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 Mr. Ng agreed to acquire 50% of the issued share capital of NEK Electrical Engineering Pte Ltd at a total consideration of S$480,000 (equivalent to approximately HK$2,748,000), this disposal has 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 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 and 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

The Company 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 2021, 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 "**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 Singapore continues to be responsible for the overall management, strategic planning and business development of the Group's business operations in Singapore. 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 2021.

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 2021.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established 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 2021, 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, Mr. Tam Tak Wah.

The Group's final results for the financial year ended 30 June 2021 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 2021 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 2021.

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 2021 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 2021

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.