# 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 2023

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 2023, together with comparative figures for the year ended 30 June 2022, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 30 June 2023*

| | *Notes* | **2023** *HK$'000* | 2022 *HK$'000* |
|---|---|---|---|
| **REVENUE** | *4* | **81,518** | 211,606 |
| Cost of sales | | **(76,075)** | (189,112) |
| **Gross profit** | | **5,443** | 22,494 |
| Other gains and (losses), net | *5* | **919** | (1,052) |
| Administrative expenses | | **(27,275)** | (28,888) |
| Change in fair value of financial assets at fair value through profit or loss, net | *6(c)* | **(1,854)** | (3,322) |
| Allowance for expected credit loss ("**ECL**") recognised in respect of financial assets at amortised cost, net | | **(26,747)** | (20,812) |
| Finance costs | | **(1,272)** | (144) |
| Other operating expenses | | **(493)** | (712) |
| **LOSS BEFORE TAXATION** | *6* | **(51,279)** | (32,436) |
| Taxation | *7* | **(1,831)** | (19,337) |
| **LOSS FOR THE YEAR** | | **(53,110)** | (51,773) |

* *For identification purposes only*

| | Notes | **2023** | 2022 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **ATTRIBUTABLE TO:** | | | |
| Owners of the Company | | **(61,622)** | (44,005) |
| Non-controlling interests | | **8,512** | (7,768) |
| | | **(53,110)** | (51,773) |
| **LOSS FOR THE YEAR** | | **(53,110)** | (51,773) |
| **OTHER COMPREHENSIVE LOSS FOR THE YEAR** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences on translating foreign operations | | **(15,350)** | (6,446) |
| | | **(15,350)** | (6,446) |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | | **(68,460)** | (58,219) |
| **ATTRIBUTABLE TO:** | | | |
| Owners of the Company | | **(76,646)** | (50,549) |
| Non-controlling interests | | **8,186** | (7,670) |
| | | **(68,460)** | (58,219) |
| **LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY** | | | (Restated) |
| Basic and diluted (HK cents) | *8* | **(87.7)** | (63.3) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

| | Notes | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Plant and equipment | | **274** | 309 |
| Deposits for leasehold improvement | | **1,622** | – |
| Right-of-use asset | | **1,464** | 904 |
| Total non-current assets | | **3,360** | 1,213 |
| **CURRENT ASSETS** | | | |
| Trade receivables, deposits and other receivables | *9* | **108,780** | 199,933 |
| Contract assets | *10* | **4,247** | 17,288 |
| Prepayments | *11* | **119,017** | 48,600 |
| Financial assets at fair value through profit or loss | | **1,539** | 3,407 |
| Cash and cash equivalents | | **13,707** | 38,810 |
| Total current assets | | **247,290** | 308,038 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | *12* | **40,283** | 45,730 |
| Lease liabilities | | **975** | 717 |
| Bank borrowings | *13* | **10,815** | – |
| Income tax payable | | **15,451** | 15,608 |
| Total current liabilities | | **67,524** | 62,055 |
| **NET CURRENT ASSETS** | | **179,766** | 245,983 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **183,126** | 247,196 |

| | Notes | **2023** | 2022 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **NON-CURRENT LIABILITY** | | | |
| Lease liabilities | | **1,505** | 1,110 |
| Deferred tax liabilities | | **606** | – |
| Total non-current liability | | **2,111** | 1,110 |
| **NET ASSETS** | | **181,015** | 246,086 |
| **EQUITY** | | | |
| Share capital | | **16,683** | 13,903 |
| Reserves | | **135,900** | 211,937 |
| **TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY** | | **152,583** | 225,840 |
| Non-controlling interests | | **28,432** | 20,246 |
| **Total equity** | | **181,015** | 246,086 |

# 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 Unit 1202, 12th Floor, Mirror Tower, No. 61 Mody Road, Tsim Sha Tsui East, Hong Kong.

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

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

## 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 basis, except for financial assets at fair value through profit or loss which have been measured at fair value at the end of each reporting period.

**Basis of consolidation**

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup 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.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

**Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2022 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to IFRS 3 | Reference to the Conceptual Framework |
| Amendments to IAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to IAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to IFRSs | Annual Improvements to IFRSs 2018–2020 |

The application of the amendments to IFRSs in the current year has 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 in issue but not yet effective**

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

| | |
|---|---|
| IFRS 17 | Insurance Contracts and the related amendments[1] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback[2] |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current[2] |
| Amendments to IAS 1 | Non-current liabilities with covenants[2] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements[2] |
| 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 12 | International Tax Reform – Pillar Two Model Rules[1] |

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] Effective for annual periods beginning on or after a date to be determined.

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 organized into business units based on their products and services has three reportable operating segments as follows:

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

(b) provision of electrical distribution system ("**Electrical distribution system business**"); and

(c) provision of electrical engineering services (the "**Engineering services**").

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 2023 and 30 June 2022.

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 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 other payables and lease liabilities as these liabilities were managed on a group basis.

| **Year ended 30 June 2023** | **Solar power business** *HK$'000* | **Electrical distribution system business** *HK$'000* | **Engineering services** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|---|
| **Segment revenue:** | | | | |
| Sales to external customers | **38,477** | **43,041** | **–** | **81,518** |
| **Results:** | | | | |
| Segment results before allowance for ECL | **2,408** | **1,640** | **(5,837)** | **(1,789)** |
| Allowance for ECL | **(23,241)** | **(3,506)** | **–** | **(26,747)** |
| **Segment results** | **(20,833)** | **(1,866)** | **(5,837)** | **(28,536)** |
| Unallocated losses | | | | **(1,549)** |
| Corporate and other unallocated expenses | | | | **(21,194)** |
| Loss before taxation | | | | **(51,279)** |

### 3. SEGMENT INFORMATION (CONTINUED)

| Year ended 30 June 2022 | Solar power business *HK$'000* | Electrical distribution system business *HK$'000* | Engineering services *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| **Segment revenue:** | | | | |
| Sales to external customers | 56,845 | 153,623 | 1,138 | 211,606 |
| **Results:** | | | | |
| Segment results before allowance for ECL | 4,516 | 12,224 | (9,400) | 7,340 |
| Reversal (allowance) for ECL | 1,117 | (21,929) | – | (20,812) |
| **Segment results** | 5,633 | (9,705) | (9,400) | (13,472) |
| Unallocated losses | | | | (1,826) |
| Corporate and other unallocated expenses | | | | (17,138) |
| Loss before taxation | | | | (32,436) |

**Geographical information**

*Revenue from external customers*

| | **2023** *HK$'000* | 2022 *HK$'000* |
|---|---|---|
| The PRC | **81,518** | 210,468 |
| Singapore | **–** | 1,138 |
| | **81,518** | 211,606 |

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

## 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.

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue from contracts with customers | | |
| At a point in time: | | |
| – Supply of solar photovoltaic parts and equipment | **35,441** | 32,855 |
| – Provision of electrical distribution system | **43,041** | 153,623 |
| Over time: | | |
| – Contract revenue from provision of electrical engineering services | **–** | 1,138 |
| – Installation of solar photovoltaic parts and equipment | **3,036** | 23,990 |
| | **81,518** | 211,606 |

## 5. OTHER GAINS AND (LOSSES), NET

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Foreign exchange loss | **(40)** | (643) |
| Impairment loss recognised in respect of right-of-use asset | **(181)** | (905) |
| Impairment loss recognised in respect of plant and equipment | **(54)** | (231) |
| Bank interest income | **550** | 82 |
| Incentives from the Singapore Government *(Note (a))* | **17** | 10 |
| Gain on disposal of plant and equipment | **238** | 46 |
| Employment support scheme *(Note (b))* | **104** | 141 |
| Loan interest income | **–** | 396 |
| Others | **285** | 52 |
| | **919** | (1,052) |

*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) An amount of HK$104,000 (2022: HK$141,000) represents COVID-19 related subsidies in respect of the Employment Support Scheme provided by the Hong Kong Government.

## 6. LOSS BEFORE TAXATION

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

| | | 2023 | 2022 |
|---|---|---|---|
| | | *HK$'000* | *HK$'000* |
| (a) | Cost of sales | **74,467** | 189,112 |
| | Auditors' remuneration | | |
| | – Audit service | **920** | 810 |
| | – Non audit service | **150** | 100 |
| | Depreciation of plant and equipment | **217** | 198 |
| | Depreciation of right-of-use asset | **809** | 1,467 |
| | Expenses relating on short-term leases | **1,074** | 960 |
| | Legal and professional expenses | **1,169** | 1,717 |
| | Employee benefits (Refer to (b) below) | **17,095** | 17,193 |
| | Net fair value loss on financial assets at FVTPL (Refer to (c) below) | **1,854** | 3,322 |
| (b) | Employee benefits: | | |
| | – Directors' emoluments | **3,053** | 3,765 |
| | – Other staff salaries, wages and bonuses | **13,099** | 12,885 |
| | – Other staff equity-settled share-based expense | **305** | – |
| | – Retirement benefits, excluding directors' emoluments | **638** | 543 |
| | | **17,095** | 17,193 |
| (c) | Net fair value loss on financial assets at FVTPL: | | |
| | – Unrealised loss on fair value of financial assets at FVTPL | **1,868** | 3,293 |
| | – Realised (gain) loss on fair value of financial assets at FVTPL | **(14)** | 29 |
| | | **1,854** | 3,322 |

## 7. INCOME TAX EXPENSE

| | 2023 | 2022 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Current tax – Singapore | | |
| – Over provision in respect of prior year | **–** | (97) |
| Current tax – The PRC | | |
| – Charge for the year | **1,202** | 6,029 |
| – Dividend withholding tax | **–** | 13,405 |
| Current – Hong Kong and others | | |
| – Charge for the year | **–** | – |
| Deferred tax | | |
| – Dividend withholding tax | **629** | – |
| Total tax charge for year | **1,831** | 19,337 |

## 7. INCOME TAX EXPENSE (CONTINUED)

The tax rate for Singapore subsidiary is based 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. Withholding tax was provided for dividend distributed and undistributed profits of certain subsidiaries in the Mainland China at a rate of 10% (2022: 10%).

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:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Loss** | | |
| Loss attributable to equity holders of the parent, used in the basic loss per share calculation | **61,622** | 44,005 |

| | **2023** | 2022 |
|---|---|---|
| | ***'000*** | *'000* |
| | | (Restated) |
| **Shares** | | |
| Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation | **70,238** | 69,514 |
| **Basic loss per share (HK cents)** | **87.7** | 63.3 |

The weighted average number of ordinary shares used to calculate the basic loss per share for both years have been adjusted to reflect the share consolidation during the year ended 30 June 2023.

Accordingly, the basic loss per share for the year ended 30 June 2022 is restated.

The computation of diluted earnings per share for the current year does not assume the exercise of the Company's outstanding share options as the relevant exercise price of those options were higher than the average market price for the current year.

## 9. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

| | 2023 | 2022 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| *Trade receivables:* | | |
| Third parties | | |
| – Gross amount | **178,033** | 246,049 |
| – Less: allowance for ECL | **(70,316)** | (48,016) |
| | **107,717** | 198,033 |
| *Deposits and other receivables:* | | |
| Deposits | **731** | 1,371 |
| Others | **332** | 529 |
| | **1,063** | 1,900 |
| Total trade receivables, deposits and other receivables | **108,780** | 199,933 |

**Trade receivables**

Trade receivables are non-interest bearing and are generally on terms of 180 to 365 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:

| | 2023 | 2022 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Less than 30 days | **18,204** | 2,832 |
| 30 to 60 days | **–** | 23,427 |
| 61 to 90 days | **–** | 23,131 |
| 91 to 180 days | **–** | – |
| 181 to 365 days | **35,575** | 123,107 |
| Over 365 days | **53,938** | 25,536 |
| | **107,717** | 198,033 |

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. Up to the date of result announcement, there are subsequent settlement received from the trade debtors of RMB37,600,000 (equivalent to approximately HK$40,660,000).

## 10. CONTRACT ASSETS

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Contract assets *(Note (a))* | **5,789** | 19,238 |
| Less: allowance for ECL *(Note (b))* | **(1,542)** | (1,950) |
| | **4,247** | 17,288 |

As at 1 July 2021, contract assets amounted to HK$13,534,000.

*Notes:*

(a) Contract assets primarily relate to the subsidiaries, i) Strike Singapore rights to consideration for work completed but not yet billed at reporting date of HK$1,359,000 (2022: HK$4,589,000); ii) retention receivable of provision of electrical distribution system of HK$2,339,000 (2022: HK$11,299,000); and iii) retention receivable of installation of solar photovoltaic parts of HK$2,091,000 (2022: HK$3,349,000). Contract assets of HK$17,879,000 (2022: HK$1,334,000) are transferred to receivables when the rights become unconditional.

(b) Net reversal for ECL of approximately HK$270,000 (2022: allowance for ECL approximately HK$1,026,000) was recognised in profit or loss during the year ended 30 June 2023.

## 11. PREPAYMENTS

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Prepayments | | |
| – Advance payments made to suppliers *(Note)* | **118,438** | 48,312 |
| – Other | **579** | 288 |
| | **119,017** | 48,600 |

*Note:* As at 30 June 2023, the advance payment is required when the supplier requires partial or certain percentage of the payment for the products prior to the delivery/provision of the relevant goods or services, mainly representing of approximately HK$48,422,000 (2022: approximately HK$40,927,000) for prepayment to supplier for photovoltaics parts and equipment and approximately HK$70,016,000 (2022: HK$7,362,000) for prepayment to electrical distribution system. These prepayments are made in accordance with the terms specified in the purchase contract, and the Group has also fully entered into corresponding sales contracts with customers. Subsequent to the end of the reporting period, the amount of approximately HK$14,276,000 for photovoltaics parts and equipment and HK$46,223,000 for electrical distribution system have been utilised and the relevant products have been delivered to the respective customers. In the opinion of the directors, the remaining portion is expected to be further utilised upon the completion of the production, delivery and installation process within 3 to 4 months from the date of result announcement.

## 12. TRADE AND OTHER PAYABLES

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| *Trade payables:* | | |
| Third parties | **3,077** | 10,116 |
| *Accruals for project costs (Note (a))* | **–** | 194 |
| *Other payables:* | | |
| Accrued liabilities *(Note (b))* | **4,643** | 4,674 |
| GST/VAT and other tax payables | **24,820** | 27,192 |
| Warranty provision *(Note (c))* | **1,960** | 1,513 |
| Amount due to a director *(Note (d))* | **3,597** | – |
| Others | **2,186** | 2,041 |
| | **37,206** | 35,420 |
| Total | **40,283** | 45,730 |

*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 2.5% of revenues of provision of electrical distribution system and solar power business, which is consistent with the practice of the relevant industry. The accrual basis stays at 2.5% based on the best estimation, the Group derives its estimates from results from historical data and other assumptions that the Group believes to be reasonable under the circumstances.

(d) Amount due to a director is unsecured, interest-free and repayable on demand.

**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:

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Less than 90 days | **541** | 8,406 |
| 91 to 180 days | **–** | 1,710 |
| 181 to 365 days | **2,536** | – |
| | **3,077** | 10,116 |

## 13. BANK BORROWING

| | **2023** | 2022 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bank Borrowings | | |
| Secured bank borrowings | **10,815** | – |
| Represented by: | | |
| Carrying amount repayable within one year | **10,815** | – |
| | **10,815** | – |

The bank borrowings bear interest ranged from 0.35% to 0.55% over 1 year PRC Loan Prime Rate per annum as at 30 June 2023.

At 30 June 2023, the Group's bank borrowings are secured by:

(i) interest of properties located in the PRC of a senior management of the Group,

(ii) personal guarantee provided by a senior management of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the financial year ended 30 June 2023, the performance of the Group in different business segments were as follows:

### Solar Power Business

The Group's solar power business mainly engaged in the supply and installation of solar PV parts and equipment. The Group has recognised a revenue of approximately RMB34.2 million (equivalent to approximately HK$38.5 million) from the solar power business for the financial year ended 30 June 2023, which is at a lower revenue level compared to the financial year ended 30 June 2022 of approximately RMB47.9 million (equivalent to approximately HK$56.8 million).

### Electrical Distribution System

The Group's electrical distribution system business refers to the supply and installation of electrical distribution system (including distribution board, junction box, cables and switches etc.) and energy storage power system. The Group had recognised a revenue of approximately RMB38.3 million (equivalent to approximately HK$43.0 million) for the financial year ended 30 June 2023, this results in a decrease compared to the revenue of approximately RMB129.5 million (equivalent to approximately HK$153.6 million) for the financial year ended 30 June 2022.

### Electrical Engineering Services

Under the recent market condition (lower activities in the overall Singapore construction business), the Group has adopted a conservative approach in submitting new tenders. Hence, the Group did not secure any new project in the financial year ended 30 June 2023. As at 30 June 2023 and 30 June 2022, the Group had no outstanding contracts on hand.

For the financial year ended 30 June 2023, the electrical engineering service in Singapore did not recorded any revenue (2022: S$0.2 million (equivalent to HK$1.1 million)).

## BUSINESS PROSPECT

Due to the policies of the PRC government in relation to solar power businesses in the PRC, which promoted grid parity and focuses on construction of large scale photovoltaic power generation bases, continuous pressure was exerted on contract volume of the Group's solar power business. In addition, significant decrease in revenue is observable from the electrical distribution system business during the year due to weaker demand from customers. Nonetheless, the Company remains confident in the business recovery in the PRC after certain market consolidation.

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 Company for the shareholders.

## FINANCIAL REVIEW

The Group's revenue has decreased by 61.5% from approximately HK$211.6 million for the financial year ended 30 June 2022 to approximately HK$81.5 million for the financial year ended 30 June 2023. 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 2023 amounted to approximately HK$61.6 million and HK$87.7 cents respectively, compared to approximately HK$44.0 million and HK$63.3 cent respectively for the financial year ended 30 June 2022.

### Financial Results

***Revenue***

For the financial year ended 30 June 2023, revenue of the Group mainly comprises of revenue generated from the following two business segments of the Group:

*Solar Power Business*

The Group has recognised a revenue of approximately HK$38.5 million from the solar power business for the financial year ended 30 June 2023, which is a decrease of 32.2% compared to approximately HK$56.8 million from that of last year.

*Electrical Distribution System*

The Group's has recognised a revenue of approximately HK$43.0 million for the financial year ended 30 June 2023, which is a decrease of 75.1% compared to approximately HK$153.6 million for the financial year ended 30 June 2022.

***Operating Results***

Gross profit margin of the Group has narrowed by 36.8% from 10.6% for the financial year ended 30 June 2022 to 6.7% for the financial year ended 30 June 2023. This is mainly attributable to the compressed gross profit margin in electrical distribution system businesses.

The operating results of the Group has recorded a greater loss from approximately HK$44.0 million for the financial year ended 30 June 2022 to approximately HK$61.6 million for the financial year ended 30 June 2023. The increase in loss is primarily attributable to the combined effect of the decrease in gross profit from approximately HK$22.5 million to approximately HK$5.4 million, and increase in expected credit loss recognised in respect of financial assets at amortised cost from approximately HK$20.8 million to approximately HK$26.7 million.

### *Other Gains and Losses, Net*

Other gains and losses had improved from a net loss of approximately HK$1.1 million for the year ended 30 June 2022 to a net gain of approximately HK$0.9 million for the financial year ended 30 June 2023. It was mainly due to the decrease in impairment loss recognised in respect of right of use asset and plant and equipment of approximately HK$0.7 million and increase in bank interest income of approximately HK$0.5 million.

### *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 43.8% to approximately HK$1.9 million for the year ended 30 June 2023 (2022: HK$3.3 million).

### *Administrative Expenses*

Administrative expenses for the financial year ended 30 June 2023 have decreased by 5.6% to approximately HK$27.3 million (2022: HK$28.9 million).

### *Other Operating Expenses*

Other operating expenses of the Group slightly have decreased to approximately HK$0.5 million for the year ended 30 June 2023 (2022: HK$0.7 million).

### *Income Tax Expense*

Income tax expense has decrease by 90.5% from approximately HK$19.3 million for the financial year ended 30 June 2022 to approximately HK$1.8 million for the financial year ended 30 June 2023. This is primarily attributable to the decrease in provision of withholding tax in the PRC and a decrease in profit from business in the PRC.

### *Employment and Remuneration Policy*

As at 30 June 2023, total number of employees of the Group was 35 (2022: 23). During the financial year ended 30 June 2023, employees costs (including Directors' emoluments) amounted to approximately HK$17.1 million (2022: HK$17.2 million). Remuneration of the employees which included salary, discretionary bonuses and share-based incentives was based on the Group's results and individual performances. Medical and retirement benefits schemes were made available to qualified individuals.

The Group joined the Mandatory Provident Fund Scheme ("**MPF**"), the Central Provident Fund (the "**CPF**") and Central Pension Scheme (the "**CPS**") in Hong Kong, Singapore and the PRC, respectively.

Under the MPF scheme, the Group and its employees in Hong Kong make monthly contributions at 5% of the employee's earning capped at HK$1,500 per month to the scheme. Contributions to the scheme vests immediately. No forfeited contributions are available to reduce the contribution payable in future years at 30 June 2023 and 30 June 2022.

**Financial Position**

As at 30 June 2023, total assets of the Group were approximately HK$250.7 million (30 June 2022: HK$309.3 million), representing a decrease of 18.9% as compared with that of 2022, among which current assets decreased by 19.7% to approximately HK$247.3 million (30 June 2022: HK$308.0 million).

The decrease in current assets of the Group was attributed to the combination effect of decrease in trade receivables, deposits and other receivables of approximately HK$91.2 million, increase in prepayment of approximately HK$70.4 million, decrease in financial assets at fair value through profit and loss of approximately HK$1.9 million, and decrease in cash and cash equivalent of approximately HK$25.1 million.

As of 30 June 2023, prepayments of approximately HK$119 million mainly consist of prepayments to suppliers of approximately HK$118.4 million. This comprise of prepayments to suppliers for photovoltaic parts and equipment of approximately HK$48.4 million and prepayments to suppliers relating to electrical distribution system of approximately HK$80.0 million. As at the date of announcement, approximately HK$60 million has been subsequently utilized.

A significant increase in prepayments to suppliers of electrical distribution system is attributable to the fact that the management of the Company has secured certain new contracts for electrical distribution system. Such contracts amount to approximately HK$80 million, in which HK$54 million is delivered as of the date of announcement.

For the prepayments to suppliers of photovoltaic parts and equipment, the company had secured corresponding sales contracts amount to approximately HK$53 million, in which HK$16 million has already been delivered as of the date of announcement.

As at 30 June 2023, total liabilities of the Group amounted to approximately HK$69.6 million (30 June 2022: HK$63.2 million), which is an increase of 10.2% as compared with that of 2022, among which current liabilities increased by 8.8% to HK$67.5 million (30 June 2022: HK$62.1 million), whereas non-current liabilities increased by HK$1.0 million compared with the financial year ended 30 June 2022. The increase in current liabilities is mainly due to the combined effect of decrease in trade payable, increase in bank borrowings and lease liabilities. The increase in non-current liabilities was attributable to the combined effect of increase in lease liabilities and deferred tax liabilities.

Total equity of the Company has decreased by 26.4% to approximately HK$181.0 million as at 30 June 2023 (30 June 2022: HK$246.1 million). This is mainly due to the loss of the financial year of approximately HK$53.1 million and the proceeds from placing of Share of approximately HK$3.0 million.

**Liquidity, Financial Resources and Gearing**

As at 30 June 2023, the Group maintained net current assets of approximately HK$179.8 million (30 June 2022: HK$246.0 million). Besides, the Group maintained cash and cash equivalents of approximately HK$13.7 million, of which 16.3% and 59.2% were denominated in Hong Kong dollars and Singapore dollars respectively (30 June 2022: HK$38.8 million, of which 1.1% and 53.4% were denominated in Hong Kong dollars and Singapore dollars respectively).

The Group's gearing ratio was 0.25 (30 June 2022: 0.03), which was calculated on the basis of net debt over equity attributable to owners of the Company. Net debt is calculated as total borrowings plus trade and other payables less cash and cash equivalents.

**Charge on Assets**

As at 30 June 2023, the Group had no charge on its assets (30 June 2022: Nil).

**Share Consolidation**

On 1 March 2023, the Company underwent a share consolidation for twenty (20) Existing Shares of per value HK$0.01 each in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share of per value HK$0.2. The Board considers that the Share Consolidation will enable the Company to comply with the trading requirements at the extremities under the Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares of the Company.

**Capital Structure**

***2023 Placing***

On 24 May 2023, the Company entered into a placing agreement (the "**2023 Placing Agreement**") with Gransing Securities Co., Limited, pursuant to which Gransing Securities Co., Limited agreed to place up to 13,902,800 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK$0.22 per placing share (the "**2023 Placing**"). The Placing was completed on 12 June 2023 and 13,902,800 new shares of the Company with an aggregate nominal value of HK$3,058,600 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$0.22 represented (i) a discount of approximately 1.35% to the closing price of HK$0.223 per share as quoted on the Stock Exchange on 24 May 2023, being the date of the 2023 Placing Agreement; and (ii) equivalent to the average closing price of HK$0.22 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to date of the 2023 Placing Agreement. The net placing price for the 2023 Placing was approximately HK$0.21 per placing share.

The 2023 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$2.9 million arising from the 2023 Placing shall be fully applied as general working capital of the Group.

As at 30 June 2023, the Group had utilised the net proceeds of the 2023 Placing as follows:

| **Intended use of net proceeds** | **Allocation of net proceeds**<br>*HK$ (million)* | **Utilisation to the financial year ended 30 June 2023**<br>*HK$ (million)* |
|---|---|---|
| General working capital of the Group | 2.9 | 0.9 |

The following table sets out the breakdown of the use of proceeds of the 2023 Placing as general working capital of the Group:

| | **Utilisation as at the financial year ended 30 June 2023**<br>*HK$ (million)* |
|---|---|
| Human resources | 0.8 |
| Other general expenses | 0.1 |
| **Total** | 0.9 |

The utilisation of net proceeds was in accordance to the original intention disclosed in the announcement of the Company dated 24 May 2023 in relation to the 2023 Placing.

**Capital Expenditure and Commitments**

During the financial year ended 30 June 2023, the Group had capital expenditure of approximately HK$1.8 million (2022: HK$0.6 million).

As at 30 June 2023, the Group has capital commitments contracted for but not provided in the consolidated financial statements of approximately HK$1.1 million (30 June 2022: nil).

**Contingent Liabilities**

As at 30 June 2023, the Group does not hold any security bonds to the Singapore Government (30 June 2022: HK$28,000) in relation to foreign workers.

**Significant Investments**

As at 30 June 2023, 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 2023, the Group received dividend income of HK$37,250 (2022: HK$37,250) from investment in listed securities and made a fair value loss of HK$1.9 million (2022: fair value loss of HK$3.3 million) on financial assets of fair value through profit or loss. This fair value loss is mainly the effect of: (i) decrease in share price of 56.5% of Chi Ho Development Holdings Limited ("**Chi Ho**"); (ii) increase in share price of 5.2% of Li Bao Ge Group Limited ("**Li Bao Ge**"); and (iii) decrease in the share price of Pinestone Capital Limited ("**Pinestone**") of 59.8%; (iv) decrease in share price of 56.0% of SingAsia Holdings Limited ("**SingAsia HLDG**"); and (v) decrease in share price of 66.1% of China Baoli Technologies Holdings Limited ("**China Baoli**") during the financial year ended 30 June 2023. Investment cost of each of Chi Ho, Li Bao Ge, Pinestone, SingAsia HLDG and China Baoli was approximately HK$5.0 million, HK$4.0 million, HK$19.4 million, HK$10.7 million and HK$5.0 million, respectively.

| Stock code | Company name | No. of share held at 30 June 2023 '000 | Percentage of shareholding as at 30 June 2023 | Percentage of shareholding as at 30 June 2022 | Market value as at 30 June 2023 HK$'000 | Approximate percentage to the Group's net assets as at 30 June 2023 | Market value as at 30 June 2022 HK$'000 | Approximate percentage to the Group's net assets as at 30 June 2022 | Change in fair value of held-for-trading instruments for the years ended (Note 9(d)) 30 June 2023 HK$'000 | Change in fair value of held-for-trading instruments for the years ended (Note 9(d)) 30 June 2022 HK$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| 164 | China Baoli Technologies Holdings Limited | **24** | **0.034%** | 0.045% | **21** | **0.01%** | 62 | 0.03% | **(41)** | (85) |
| 804 | Pinestone Capital Limited | **1,940** | **0.717%** | 0.860% | **514** | **0.28%** | 1,280 | 0.52% | **(753)** | (727) |
| 1869 | Li Bao Ge Group Limited | **830** | **0.075%** | 0.083% | **181** | **0.10%** | 172 | 0.07% | **10** | (135) |
| 8423 | Chi Ho Development Holdings Limited | **14,900** | **1.863%** | 1.863% | **790** | **0.44%** | 1,818 | 0.74% | **(1,028)** | (2,354) |
| 8293 | SingAsia Holdings Limited | **1,925** | **0.107%** | 0.107% | **33** | **0.02%** | 75 | 0.03% | **(42)** | (21) |
| | | | | | **1,539** | **0.85%** | 3,407 | 1.38% | **(1,854)** | (3,322) |

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 2022 of Pinestone was approximately HK$41.5 million compared to the net loss of HK$4.9 million for the financial year ended 31 December 2021. Increase in loss was mainly attributable to the significant increase in impairment loss on trade and loan receivables from HK$12.5 million for the financial year ended 31 December 2021 to HK$49.6 million for the financial year ended 31 December 2022. Pinestone will continue to explore profitable business opportunities to broaden their business exposure, strengthen its market position and continue to develop 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 2022 of Li Bao Ge is approximately HK$41.4 million, compared to the recorded loss attributable to owners of the company of approximately HK$92.4 million for the financial year ended 31 December 2021. Loss for the year ended 31 December 2022 has decreased by approximately HK$51 million as compared to the last year, which is mainly due to the combined effects of (i) the increase in operating losses of the group's restaurant operations by approximately HK$7.8 million; (ii) a gain on early termination of leases of HK$24.9 million; (iii) decrease in the impairment loss on intangible assets of approximately HK$29.7 million; and (iv) decrease in the impairment loss on amount due from a non-controlling shareholder of approximately HK$9.9 million.

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 2023 to approximately S$42,000, compared with the loss for the nine months ended 30 April 2022 of approximately S$1.3 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 2023 of Chi Ho is approximately HK$13.4 million, which has increased by approximately HK$5.4 million compared to that of the profit of approximately HK$8.0 million previous year, which was mainly due to the combined effects of (i) increase in gross profit of approximately HK$8.4 million; (ii) decrease of impairment loss under expected credit loss of HK$3.3 million; and (iii) increase in administrative expenses of HK$6.0 million.

China Baoli is principally engaged in mobile technologies business, tourism and hospitality business, gamma ray irradiation services, and securities trading and investment. China Baoli recorded a loss for the year ended 31 March 2023 of approximately HK$30.0 million compared to the profit for the year ended 31 March 2022 of approximately 96.8 million. The increase in loss was mainly attributable to the combined effects of the (i) decreased in non-recurring gain on disposal of subsidiaries of approximately HK$119.2 million; (ii) decrease in non-recurring gain on deconsolidation of subsidiaries of approximately HK$36.9 million; (iii) impairment loss on goodwill of approximately HK$47.9 million; and (iv) gain on extinguishment of financial liabilities of approximately HK$57.0 million. As at 31 March 2023, the total assets and net liabilities of the Group was approximately HK$63.6 million and HK$404.7 million compared with approximately HK$142.2 million and HK$363.9 million as at 31 March 2022 respectively.

Although the market value of financial assets held by the Company had declined as of 30 June 2023, 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

There were no material acquisitions or disposals of subsidiaries, joint ventures and associated companies during the financial year ended 30 June 2023.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to establish and maintain a 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 2023.

## 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 2023.

## 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 2023.

## 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 2023, 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 2023 and this announcement have been reviewed with no disagreement by the Audit Committee before submission to the Board for approval.

## SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the financial year ended 30 June 2023 have been agreed by the Company's auditor, Moore CPA Limited ("**Moore**") (formerly known as Moore Stephens CPA Limited), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore 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 Moore 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 2023.

## 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 2023 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, 29 September 2023

*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.*