

KINGBO STRIKE LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1421

INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yancheng (*Chairman*)
Mr. Yao Runxiong

Non-executive Director

Mr. Tam Tak Wah

Independent Non-executive Directors

Mr. Leung Po Hon
Mr. Li Jin
Dr. Luo Xiaodong

AUDIT COMMITTEE

Mr. Leung Po Hon (*Chairman*)
Mr. Li Jin
Dr. Luo Xiaodong
Mr. Tam Tak Wah

NOMINATION COMMITTEE

Mr. Liu Yancheng (*Chairman*)
Mr. Leung Po Hon
Mr. Li Jin
Dr. Luo Xiaodong

REMUNERATION COMMITTEE

Mr. Leung Po Hon (*Chairman*)
Mr. Li Jin
Dr. Luo Xiaodong
Mr. Tam Tak Wah

AUDITORS

Moore Stephens CPA Limited
801–806 Silvercord
Tower 1
30 Canton Road, Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong)
Bank of Communications

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY SECRETARY

Mr. Ng Kwok Leung

AUTHORISED REPRESENTATIVES

Mr. Yao Runxiong
Mr. Ng Kwok Leung

WEBSITE OF THE COMPANY

www.kingbostrike.com



Management Discussion and Analysis

BUSINESS REVIEW

During the period under review, the performance of Kingbo Strike Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) in different business lines were as follows:

Solar Power Business

The Group’s solar power business mainly engaged in supply and installation of solar photovoltaic parts and equipment. During the period, the Group has recognised a revenue of approximately HK\$55.5 million (equivalent to approximately RMB45.8 million) from the solar power business for the six months ended 31 December 2021, a decrease is noted compared to a revenue of approximately HK\$98.8 million (equivalent to approximately RMB86.7 million) in the six months ended 31 December 2020, as the Group secured and delivered a lower volume of contracts during the period.

Electrical Distribution System

The Group recorded a revenue of approximately HK\$106.2 million (equivalent to approximately RMB87.5 million) in the six months ended 31 December 2021, compared to a revenue of approximately HK\$68.3 million (equivalent to approximately RMB59.9 million) in the six months ended 31 December 2020. Such increase was due to the group picked up its business in provision of electrical distribution system since second half of financial year ended 30 June 2021.

Electrical Engineering Services

For the six months ended 31 December 2021, the electrical engineering services in Singapore recorded a minimum revenue of approximately HK\$618,000 (equivalent to approximately S\$0.1 million), compare to HK\$1.6 million (equivalent to approximately S\$0.3 million) for the six months ended 31 December 2020.

Due to the fierce competition in public housing development projects in Singapore, while the Group had adopted a conservative approach in tendering new projects. Hence the Group did not secure any new projects in these six months ended 31 December 2021 (six months ended 31 December 2020: Nil), and there are no outstanding contracts on hand as of 31 December 2021.

FINANCIAL REVIEW

Revenue

For the six months ended 31 December 2021, majority of the Group’s revenue was derived from solar power business and electrical distribution system in the People’s Republic of China (the “**PRC**”).

Revenue contributed from solar power business in the PRC and electrical distribution system in PRC comprised approximately 34.2% (HK\$55.5 million) and 65.4% (HK\$106.2 million) of the total revenue of the Group, respectively.



Management Discussion and Analysis

Operating Results

During the period under review, gross profit of the Group decreased by 41.6% to approximately HK\$12.4 million (six months ended 31 December 2020: HK\$21.3 million) as compared to the six months ended 31 December 2020. Gross profit margin decreased from that of 12.6% for the six months ended 31 December 2020 to 7.7% for the six months ended 31 December 2021. Decrease in gross profit margin is mainly attributable to a compressed profit margin from electrical distribution system business and a gross loss is noted for the electrical engineering services in Singapore due to certain variation orders of completed projects during the period. Loss attributable to owners of the Company is approximately HK\$13.5 million (six months ended 31 December 2020: loss of HK\$7.5 million) and basic loss per share attributable to ordinary equity holders of the parent is HK\$0.97 cent (six months ended 31 December 2020: loss per share of HK\$0.54 cent). The change is mainly attributable to the combined effect of (i) deteriorate in solar power business segment results to approximately HK\$9.5 million (including the effect of reversal of expected credit loss of HK\$1.6 million) profit (six months ended 31 December 2020: profit of HK\$11.6 million); (ii) deteriorate in electrical distillation system segment results to approximately HK\$1.6 million (including the effect of expected credit loss of HK\$6.7 million) profit (six months ended 31 December 2020: profit of HK\$7.4 million) and (iii) fair value loss on financial assets at fair value through profit or loss of approximately HK\$1.0 million (six months ended 31 December 2020: HK\$8.2 million).

Other Gains and Losses

Other gains and losses had changed from a net loss of approximately HK\$6.7 million for the six months ended 31 December 2020 to that of approximately HK\$4.8 million net loss for the six months ended 31 December 2021. This is primarily attributable to the combined effect of (i) decrease in fair value loss on financial assets at fair value through profit or loss of approximately HK\$1.0 million taken place in the six months ended 31 December 2021 compared to the loss of HK\$8.2 million in the six months ended 31 December 2020, and (ii) increase in allowance for expected credit loss recognised in respect of financial assets of amortised cost of approximately HK\$5.0 million for the six months ended 31 December 2021, compared to that of HK\$1.8 million in the six months ended 31 December 2020.

Administrative Expenses

Administrative expenses for the six months ended 31 December 2021 remain stable at approximately HK\$11.3 million (six months ended 31 December 2020: HK\$11.2 million).

Taxation

There was a net income tax expense of approximately HK\$2.4 million for the six months ended 31 December 2021 compared to approximately HK\$4.8 million for the six months ended 31 December 2020, mainly due to decrease in profit in solar power business in PRC.

Liquidity, Financial Resources and Gearing

As at 31 December 2021, net current assets of the Group was approximately HK\$320.9 million (30 June 2021: HK\$343.1 million). Besides, the Group maintained cash and cash equivalents of approximately HK\$50.3 million (30 June 2021: HK\$75.1 million), of which approximately 3.9% was in Hong Kong dollars, and 48.5% was in Singapore dollars (30 June 2021: 10.0% was in Hong Kong dollars and 61.5% was in Singapore dollars).

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 2021: Nil), 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.



Management Discussion and Analysis

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 was 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 up to the financial year ended 30 June 2021 HK\$ (million)
General working capital of the Group	36.9	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 as at the financial year ended 30 June 2021 HK\$ (million)
Human resources	8.2
Office utilities	2.5
Other general expenses	6.2
General working capital in respect of solar power business	20.0
Total	36.9



Management Discussion and Analysis

The utilisation 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, details breakdown of the use of proceeds can refer to pages 8 of the annual report for the year ended 30 June 2021.

Capital Structure, Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group primarily financed its operations with internally generated cash flows, and by its internal resources and shareholder's equity. Cash was generally placed in short-term deposits. The liquidity and financing requirements of the Group were reviewed regularly.

The Group's business mainly operates in Singapore, PRC and Hong Kong. Accordingly, its revenue and transactions arising from its operations were generally settled in Singapore dollars, Renminbi and Hong Kong dollars. As a result, fluctuations in the value of Hong Kong dollars against Renminbi or Singapore dollars could adversely affect the cash and cash equivalent which is reported in Hong Kong dollars. During the six months ended 31 December 2021, the Group did not experience in any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation.

The Group did not use any financial instruments for hedging purposes during the six months ended 31 December 2021 and there was no hedging instrument outstanding as at 31 December 2021. The Group will continue to monitor closely the exchange rate risk arising from its existing operations and new investments in future. The Group will further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Capital management

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The capital of the Group comprises of share capital and reserves.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2021 and the period ended 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt/cash divided by equity attributable to owners of the Company. Net debt/cash includes trade and other payables, less cash and cash equivalents. The Group seeks to maintain a sustainable gearing ratio to meet its existing requirements.

Charge on Assets

As at 31 December 2021 and 30 June 2021, the Group had no charges on its assets.

Capital Expenditure and Commitments

During the six months ended 31 December 2021 and six months ended 31 December 2020, the Group did not make significant capital expenditure.

As at 31 December 2021 and 30 June 2021, the Group had no material capital commitment contracted for but not provided in the condensed consolidated financial statements.



Management Discussion and Analysis

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies

As at 31 December 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 six months ended 31 December 2021, the Group received dividend income of HK\$37,250 (six months ended 31 December 2020: Nil) from investment in listed securities and made a fair value loss of HK\$1.0 million (six months ended 31 December 2020: HK\$8.2 million) on financial assets at fair value through profit or loss. This fair value loss attributable to the combination effect of: (i) decrease in share price of 27.5% of Chi Ho Development Holdings Limited (“**Chi Ho**”); (ii) increase in the share price of 9.8% of Pinestone Capital Limited (“**Pinestone**”); (iii) increase in share prices of 26.0% of SingAsia Holdings Limited (“**SingAsia HLDG**”), (iv) decrease in share price of 17.6% of Li Bao Ge Group Limited (“**Li Bao Ge**”) and (v) decrease in share price of 53.1% of China Baoli Technologies Holding Limited (“**China Baoli**”) during the six months ended 31 December 2021.

During the financial reporting period 31 December 2021. Investment cost of each of Chi Ho, Li Bao Ge, Pinestone, SingAsia HLDG and China Baoli were approximately HK\$5.0 million, HK\$4.0 million, HK\$20.7 million, HK\$10.7 million and HK\$5.0 million, respectively.

Details of all the financial assets at fair value through profit or loss were set out in note 19 to the condensed consolidated financial statements.

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 was HK\$18.8 million, and it recorded a profit of HK\$4.6 million for the six months ended 30 June 2021. A turnaround was mainly due to the combined effect of reduction in impairment loss on trade and loan receivable that recognized in financial year 2020 and the reduction in revenue from placing and underwriting services.

Being optimistic in the securities industry in Hong Kong, the Company is positive towards the prospect of Hong Kong-based financial services provider.

Li Bao Ge is principally engaged in the operation of a chain of Chinese restaurants in Hong Kong and the PRC. Li Bao Ge recorded losses of HK\$27.0 million for the six months ended 30 June 2021, compare to losses of HK\$23.6 million for the six months ended 30 June 2020. Continue losses was mainly attributed to the decrease in revenue and gross profit arising from the downtrend of Hong Kong economy and compulsory distancing measures complemented by the authorities since the COVID-19 pandemic.

SingAsia HLDG is principally engaged in the provision of manpower, outsourcing, recruitment, trading and cleaning services. SingAsia HLDG recorded a loss of S\$1.3 million for the financial year ended 31 July 2021, compare to the loss of S\$935,000 for the financial year ended 31 July 2020. Increase in loss was mainly due to the adverse effect on manpower outsourcing services in Singapore arisen from the prolonged COVID-19 pandemic.

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. Chi Ho record a profit of HK\$8.3 million for the six months ended 30 September 2021, increased from the profit of HK\$5.6 million for the previous period. Such increase was mainly due to a higher volume of contracts awarded during the period under review.



Management Discussion and Analysis

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 of HK\$12.9 million for the six months ended 30 September 2021, a decrease in loss is noted compare to a loss of HK\$14.9 million for the previous period.

Although the market value of financial assets held by the Company had declined as of 31 December 2021, 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.

Save for those disclosed above and in note 19 to the condensed consolidated financial statements of this Interim Report, there were no other significant investments held. Nor were there any material acquisitions or disposals during the period under review.

Contingent Liabilities

Save as disclosed in note 24 to the condensed consolidated financial statements, the Group had no other contingent liabilities as at 31 December 2021.

Employment and Remuneration Policy

As at 31 December 2021, the total number of employees of the Group was 18 (30 June 2021: 18). During the period under review, employees costs (including Directors' emoluments) amounted to approximately HK\$8.2 million (six months ended 31 December 2020: HK\$5.3 million). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel.

Prospects

As certain policies issued by the PRC government in previous years bringing disruptions and industry consolidation on the solar power business in the PRC. As a non-market leading participant, the Group had faced certain pressure on contract volume and profitability during the period of review and expect this will continue in the year to come. In view of such, the Group had deployed more resources to electrical distribution system business during last year.

During the period under review, the Group received a stable income stream from electrical distribution system business, which effectively offset the effect of the decline in the solar power business.

Although the business is expected to return to a normal course of development in the PRC, after the outbreak of the 2019 novel coronavirus (COVID-19) in January 2020. However, the board is closely monitor the development and impact of COVID-19 to the Group from time to time and formulating responses accordingly.

Looking forward, the Group will continue to make solid efforts in seeking for business with good return potential, so as enhance the value of the shareholders of the Company.



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended 31 December	
		2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
REVENUE	6	162,302	168,688
Cost of sales		(149,874)	(147,409)
Gross profit		12,428	21,279
Other gains and losses, net	7	(4,780)	(6,713)
Administrative expenses		(11,257)	(11,207)
Other expenses		(357)	(323)
Finance costs	8	(80)	(94)
(LOSS) PROFIT BEFORE TAX	9	(4,046)	2,942
Income tax expense	10	(2,407)	(4,751)
LOSS FOR THE PERIOD		(6,453)	(1,809)
ATTRIBUTABLE TO			
Owners of the Company		(13,503)	(7,505)
Non-controlling interests		7,050	5,696
		(6,453)	(1,809)
LOSS FOR THE PERIOD		(6,453)	(1,809)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		4,256	23,724
Other comprehensive income for the period, net of income tax		4,256	23,724
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD		(2,197)	21,915
ATTRIBUTABLE TO			
Owners of the Company		(9,313)	15,977
Non-controlling interests		7,116	5,938
		(2,197)	21,915
Loss per share attributable to ordinary equity holders of the Company			
Basic and diluted (HK cent)	11	(0.97)	(0.54)

Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	31 December 2021 HK\$'000 Unaudited	30 June 2021 HK\$'000 Audited
NON-CURRENT ASSETS			
Goodwill	13	–	–
Plant and equipment	14	71	165
Deposit for leasehold improvement		346	–
Right-of-use asset	15	2,539	1,105
Total non-current assets		2,956	1,270
CURRENT ASSETS			
Inventories		–	20
Trade receivables, deposits and other receivables	16	285,838	306,848
Contract assets	17	14,093	13,534
Loan receivables	18	4,500	20,000
Prepayments		2,531	2,538
Financial assets at fair value through profit or loss	19	5,786	6,834
Cash and cash equivalents		50,296	75,083
Total current assets		363,044	424,857
CURRENT LIABILITIES			
Income tax payable		12,682	27,583
Trade and other payables	20	28,526	53,187
Lease liability		959	1,026
Total current liabilities		42,167	81,796
NET CURRENT ASSETS		320,877	343,061
TOTAL ASSETS LESS CURRENT LIABILITIES		323,833	344,331



Condensed Consolidated Statement of Financial Position

		31 December 2021	30 June 2021
	<i>Notes</i>	HK\$'000	HK\$'000
		Unaudited	Audited
NON-CURRENT LIABILITY			
Lease liability		1,473	–
Total non-current liability		1,473	–
NET ASSETS			
		322,360	344,331
EQUITY			
Share capital	21	13,903	13,903
Reserves		253,173	262,486
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		267,076	276,389
Non-controlling interests		55,284	67,942
TOTAL EQUITY			
		322,360	344,331

Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company								Total Equity HK\$'000 Unaudited
	Share capital HK\$'000 Unaudited	Share premium HK\$'000 Unaudited	Statutory surplus reserve HK\$'000 Unaudited	Exchange fluctuation reserve HK\$'000 Unaudited	Accumulated losses HK\$'000 Unaudited	Merger reserves HK\$'000 Unaudited	Total HK\$'000 Unaudited	Non-controlling interests HK\$'000 Unaudited	
At 1 July 2021 (audited)	13,903	563,328	13,818	94	(301,008)	(13,746)	276,389	67,942	344,331
(Loss)/profit for the period	-	-	-	-	(13,503)	-	(13,503)	7,050	(6,453)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	4,190	-	-	4,190	66	4,256
Total comprehensive income (expense) for the period	-	-	-	4,190	(13,503)	-	(9,313)	7,116	(2,197)
Transfer from retained profits to statutory surplus reserve	-	-	825	-	(825)	-	-	-	-
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	14,512	14,512
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(34,286)	(34,286)
At 31 December 2021 (unaudited)	13,903	563,328	14,643	4,284	(315,336)	(13,746)	267,076	55,284	322,360
At 1 July 2020 (audited)	13,903	563,328	12,906	(17,984)	(269,954)	(13,746)	288,453	59,157	347,610
(Loss)/profit for the period	-	-	-	-	(7,505)	-	(7,505)	5,696	(1,809)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	23,482	-	-	23,482	242	23,724
Total comprehensive income (expense) for the period	-	-	-	23,482	(7,505)	-	15,977	5,938	21,915
At 31 December 2020 (unaudited)	13,903	563,328	12,906	5,498	(277,459)	(13,746)	304,430	65,095	369,525



Condensed Consolidated Statement of Cash Flows

	Six months ended 31 December	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from (used in) operations	12,759	(22,543)
Interest received	46	26
Overseas tax (paid) refund	(17,733)	4,185
Net cash flows used in operating activities	(4,928)	(18,332)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of plant and equipment	(7)	(23)
Deposit for leasehold improvement	(346)	–
Proceeds on disposal of plant and equipment	–	215
Net cash flows (used in) generated from investing activities	(353)	192
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of lease liability	(765)	(709)
Capital contributions from non-controlling interests	14,512	–
Dividend paid to non-controlling interests of a subsidiary	(34,286)	–
Net cash flows used in financing activity	(20,539)	(709)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(25,820)	(18,849)
Effects of currency translation on cash and cash equivalents, net	1,033	6,112
Cash and cash equivalents at beginning of period	75,083	86,730
CASH AND CASH EQUIVALENTS AT END OF PERIOD	50,296	73,993
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	50,296	73,993



Notes to the Condensed 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 was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) on 5 September 2013 and the principal place of business in Hong Kong is at 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 the provision of electrical engineering services in Singapore; supply and installation of solar photovoltaic parts and equipment and electrical distribution system business in the People’s Republic of China (the “**PRC**”).



Notes to the Condensed Consolidated Financial Statements

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about major subsidiaries

Particulars of the Company's major subsidiaries as at 31 December 2021 and 30 June 2021 are as follows:

Name	Place of incorporation and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company				Principal activities
			31 December 2021		30 June 2021		
			Direct	Indirect	Direct	Indirect	
Capital Asia Investment Limited	Hong Kong limited liability	HK\$1	-	100	-	100	Investment holding
Kingbo Finance Limited	Hong Kong, limited liability	HK\$1	-	100	-	100	Provision of finance
Marvel Skill Holdings Limited	British Virgin Islands ("BVI"), limited liability	US\$50,000	100	-	100	-	Investment holding
Kahuer Holding Co., Limited	BVI, limited liability	US\$50,000	-	60	-	60	Investment holding
Loydston International Limited	Hong Kong, limited liability	HK\$500,000	-	60	-	60	Investment holding
揚中恆發新能源有限公司 ^{1,2} Yangzhong Hengfa New Energy Company Limited ("Yangzhong Hengfa")	PRC	RMB10,000,000	-	100	-	-	Supply and installation of solar photovoltaic parts and equipment
萊斯頓電氣(江蘇)有限公司 ² (Loydston Electrical (Jiangsu) Company Limited) ("Loydston Electrical")	PRC	RMB30,000,000	-	60	-	60	Provision of electrical distribution system
Strike Electrical Engineering Pte Ltd ("Strike Singapore")	Singapore, limited liability	S\$1,510,000	100	-	100	-	Electrical works and general building engineering services

Note:

¹ Registered as a wholly-foreign-owned enterprise under PRC law.

² The unofficial English translations are for identification purposes only.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group.



Notes to the Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2021 (the “**Interim Financial Statements**”) have been prepared in accordance with International Accounting Standards (“**IASs**”) 34 Interim Financial Reporting issued by the International Accounting Standard Board (“**IASB**”).

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at and for the year ended 30 June 2021.

Basis of consolidation

The Interim Financial Statements comprise the financial statements of the Company and its subsidiaries for the six months ended 31 December 2021. The financial statements of the subsidiaries used in the preparation of the Interim Financial Statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to transactions and events in similar circumstances.

All intra-group balances, income and expenses resulting from intra-group transactions are eliminated in full.

The Group’s investments in an associate and joint ventures are stated in the unaudited condensed consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses.

3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss (Note 19) which have been measured at fair value. These financial statements are presented in HK\$. All values are rounded to nearest thousands (“**HK\$’000**”) unless otherwise stated.

Other than change in accounting policies resulting from application of new and amendments and interpretation to IFRSs, the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 31 December 2020 are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 30 June 2021.



Notes to the Condensed Consolidated Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new and amendments and interpretation of IFRSs

In the current period, the Group has applied, for the first time, the following new and amendments and interpretations to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 July 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to IFRS 16	COVID-19-Related Rent Concession beyond 30 June 2021

The directors of the Company (“**Directors**”) anticipate that the adoption of the above new and amendments and interpretation to IFRSs did not have any material impact on the consolidated financial statement in the foreseeable future.

Impact of issued not yet effective IFRSs

The Group has not applied the following IFRSs that have been issued but are not yet effective in the six months ended 31 December 2021:

IFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to IFRS 3	Reference to the Conceptual Framework ²
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 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.

The Group's Interim Financial Statements have been reviewed by the audit committee of the Company (the “**Audit Committee**”).



Notes to the Condensed Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future accounting periods.

5. SEGMENT INFORMATION

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

- (a) provision of electrical engineering services (“**Engineering services**”);
- (b) supply and installation of solar photovoltaic parts and equipment (“**Solar power business**”); and
- (c) provision of electrical distribution system (“**Electrical distribution system business**”).

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

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

There were no inter-segment sales for the six months ended 31 December 2021 and six months ended 31 December 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 are managed on a group basis.



Notes to the Condensed Consolidated Financial Statements

5. SEGMENT INFORMATION (Continued)

Six months ended 31 December 2021

	Engineering services HK\$'000 Unaudited	Solar power business HK\$'000 Unaudited	Electrical distribution system business HK\$'000 Unaudited	Total HK\$'000 Unaudited
Segment revenue:				
Sales to external customers	618	55,534	106,150	162,302
Segment results:				
Unallocated losses				(23)
Corporate and other unallocated expenses				(8,538)
Loss before tax				(4,046)

At 31 December 2021

	Engineering services HK\$'000 Unaudited	Solar power business HK\$'000 Unaudited	Electrical distribution system business HK\$'000 Unaudited	Total HK\$'000 Unaudited
Segment assets:				
Corporate and other unallocated assets	29,022	94,614	223,644	347,280
Total assets				18,720
Segment liabilities:				
Corporate and other unallocated liabilities	527	15,194	23,099	38,820
Total liabilities				4,820
				43,640

Notes to the Condensed Consolidated Financial Statements

5. SEGMENT INFORMATION (Continued)

Six months ended 31 December 2020

	Engineering services HK\$'000 Unaudited	Solar power business HK\$'000 Unaudited	Electrical distribution system business HK\$'000 Unaudited	Total HK\$'000 Unaudited
Segment revenue:				
Sales to external customers	1,647	98,782	68,259	168,688
Segment results:				
	(933)	11,624	7,382	18,073
Unallocated losses				(8,400)
Corporate and other unallocated expenses				(6,731)
Profit before tax				2,942

At 30 June 2021

	Engineering services HK\$'000	Solar power business HK\$'000	Electrical distribution system business HK\$'000	Total HK\$'000
Segment assets:				
Corporate and other unallocated assets	55,098	138,207	192,997	386,302
				39,825
Total assets				426,127
Segment liabilities:				
Corporate and other unallocated liabilities	2,700	27,582	43,381	73,663
				8,133
Total liabilities				81,796



Notes to the Condensed Consolidated Financial Statements

5. SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	Six months ended 31 December	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Revenue		
Singapore	618	1,647
Mainland China	161,684	167,041
	162,302	168,688

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

(b) Non-current assets

	31 December 2021 HK\$'000 Unaudited	30 June 2021 HK\$'000 Audited
	Hong Kong	2,908
Singapore	48	64
The PRC	–	–
	2,956	1,270

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

Notes to the Condensed Consolidated Financial Statements

6. REVENUE

Revenue represents an appropriate proportion of contract revenue of construction contracts; the net invoiced value of goods and services sold, after allowances for returns and trade discount during the respective reporting periods.

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Over time:		
– Contract revenue from provision of electrical engineering services	618	1,647
At a point in time:		
– Supply and installation of solar photovoltaic parts and equipment	55,534	98,782
– Provision of electrical distribution system	106,150	68,259
	162,302	168,688

7. OTHER GAINS AND (LOSSES), NET

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Foreign exchange differences	651	388
Bank interest income	46	26
Interests on loan receivables	337	1,679
Incentives from the Singapore Government (<i>Note</i>)	5	6
Net fair value loss on financial assets at fair value through profit or loss (<i>Note 9</i>)	(1,048)	(8,165)
Gain on disposal of plant and equipment (<i>Note 9</i>)	–	18
Allowance for expected credit loss recognised in respect of financial assets of amortised cost, net	(5,018)	(1,803)
Others	247	1,138
	(4,780)	(6,713)

Note: 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.



Notes to the Condensed Consolidated Financial Statements

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 31 December	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Interest on lease liability	27	82
Bank charges	53	12
	80	94

9. LOSS/(PROFIT) BEFORE TAX

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

	Six months ended 31 December	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
(a) Auditors' remuneration	863	842
Depreciation expense:		
Plant and equipment (<i>Note 14</i>)	101	181
Right-of-use asset (<i>Note 15</i>)	737	737
Gain on disposal of plant and equipment (<i>Note 7</i>)	–	(18)
Cost of goods and services provided	145,422	146,295
Minimum lease payments under operating leases	1,143	1,129
Employee benefits	8,230	5,332
(b) Employee benefits (including Directors' remuneration):		
– Directors' fees	1,572	1,134
– Salaries, wages and bonuses	6,435	3,978
– Defined contribution retirement plans	223	220
	8,230	5,332
(c) Net fair value loss on financial assets at fair value through profit or loss (<i>Note 7</i>)	1,048	8,165

Notes to the Condensed Consolidated Financial Statements

10. INCOME TAX EXPENSE

	Six months ended 31 December	
	2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited
Current – Hong Kong		
– Charge for the period	–	–
Current – others (the PRC and Singapore)		
– Charge for the period	2,505	4,751
– Over provision in respect of prior year	(98)	–
	2,407	4,751
– Tax charge for the period	2,407	4,751

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

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

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%.



Notes to the Condensed Consolidated Financial Statements

11. BASIC AND DILUTED LOSS PER SHARE

The weighted average number of equity shares refers to shares in issue during the period. The Group had no potentially dilutive ordinary shares (six months ended 31 December 2020: Nil) in issue during the period.

The calculations of basic and diluted loss per share are based on:

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Loss		
Loss attributable to equity holders of the Company, used in the basic and diluted loss per share calculation HK\$'000	(13,503)	(7,505)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation (in thousand)	1,390,280	1,390,280
Basic and diluted loss per share (HK cent)	(0.97)	(0.54)

12. DIVIDEND

No dividend was declared for the six months ended 31 December 2021 (six months ended 31 December 2020: Nil).

Notes to the Condensed Consolidated Financial Statements

13. GOODWILL

	HK\$'000
Cost	
As at 1 July 2020 (audited)	309,439
Exchange realignment	30,097
	339,536
As at 30 June 2021 (audited) and 31 December 2021	339,536
Accumulated impairment loss	
As at 1 July 2020 (audited)	299,780
Impairment loss recognised during the year	10,107
Exchange realignment	29,649
	339,536
As at 30 June 2021 (audited), and 31 December 2021	339,536
Net carrying amount as at 30 June 2021 (audited) and 31 December 2021 (unaudited)	–

Impairment assessment**For the year ended 30 June 2021**

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 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 were as follows:



Notes to the Condensed Consolidated Financial Statements

13. GOODWILL *(Continued)*

Impairment assessment *(Continued)*

The pre-tax discount rate applied for the cash flow projections was 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 were extrapolated using a steady 2% growth rate. This growth rate was based on the relevant growth forecasts and did 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.

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 for the year ended 30 June 2021 was recognised in the consolidated statement of profit or loss and other comprehensive income. Impairment loss arose because of the management's expectation 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 years.

As the Group determined that the recoverable amount of the CGU was minimal for the year ended 30 June 2021 and therefore the goodwill relate to the CGU was fully impaired as at 30 June 2021.

Notes to the Condensed Consolidated Financial Statements

14. PLANT AND EQUIPMENT

	HK\$'000
Net carrying amount at 1 July 2021 (audited)	165
Additions	7
Depreciation	(101)
Net carrying amount at 31 December 2021 (unaudited)	71

15. RIGHT-OF-USE ASSET

	Buildings leased for own used HK\$'000
Cost	
As at 1 July 2021 (audited)	2,947
Additions	2,171
As at 31 December 2021 (unaudited)	5,118
Accumulated depreciation	
As at 1 July 2021 (audited)	1,842
Depreciation provided for the period	737
As at 31 December 2021 (unaudited)	2,579
Net carrying amounts	
As at 31 December 2021 (unaudited)	2,539
As at 30 June 2021 (audited)	1,105



Notes to the Condensed Consolidated Financial Statements

16. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	31 December 2021 HK\$'000 Unaudited	30 June 2021 HK\$'000 Audited
Trade receivables:		
Third parties		
– Gross amount	317,170	335,201
– Less: allowance for ECL	(35,126)	(32,753)
	282,044	302,448
Other receivables:		
Interest receivables		
– Gross amount	106	1,603
– Less: allowance for ECL	–	–
	106	1,603
Deposits	2,006	1,628
Others	1,682	1,169
	3,794	4,400
Total trade receivables, deposits and other receivables	285,838	306,848

Trade receivables are non-interest bearing and with credit terms ranged from of 120 to 270 days.

Notes to the Condensed Consolidated Financial Statements

16. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

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

	31 December 2021 HK\$'000 Unaudited	30 June 2021 HK\$'000 Audited
Less than 30 days	62,769	108,512
31 to 60 days	31,814	46,662
61 to 90 days	60,562	–
91 to 180 days	–	67,704
181 to 270 days	102,893	79,570
More than 270 days	24,006	–
	282,044	302,448

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

17. CONTRACT ASSETS

	31 December 2021 HK\$'000 Unaudited	30 June 2021 HK\$'000 Audited
Contract assets <i>(Note (a))</i>	14,779	14,495
Less: allowance for ECL	(686)	(961)
	14,093	13,534

Note:

- (a) Contract assets primarily relate to the subsidiaries, i) 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.



Notes to the Condensed Consolidated Financial Statements

18. LOAN RECEIVABLES

	31 December 2021 HK\$'000 Unaudited	30 June 2021 HK\$'000 Audited
Fixed-rate loan receivables	4,500	20,000
Less: allowance for ECL	–	–
	4,500	20,000

Loan receivables as at 31 December 2021 represents two unsecured loans granted to two independent third party individuals, on which i) loan with principal amounts of HK\$2,500,000 granted on 7 September 2021 with interest rate of 11% per annum and was subsequently settled on February 2022, ii) maturity date of a loan principal amount of HK\$2,000,000 was extended to 30 April 2022 and carried at interest rate of 11% per annum. The loan was fully settled on January 2022 and February 2022.

Loan 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 July 2021; ii) loan principal amount of HK\$4,000,000 was subsequently settled on 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 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%.

Loan receivables have been reviewed by the management of the Group for impairment assessment, which are based on the evaluation of collectability and management judgement including current creditworthiness and the past statistics of the loan portfolio.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2021 HK\$'000 Unaudited	30 June 2021 HK\$'000 Audited
Listed securities held-for-trading, at fair value: Equity securities listed in Hong Kong	5,786	6,834

The above equity investments at 31 December 2021 and 30 June 2021 were classified as financial assets at fair value through profit or loss and were accordingly, belong to the financial assets at fair value through profit or loss category.

Notes to the Condensed Consolidated Financial Statements

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Stock code	Company name	No. of share held at		Percentage of shareholding as at		Market value as at		Approximate percentage to the Group's net assets as at		Market value as at		Approximate percentage to the Group's net assets as at		Change in fair value of held-for-trading instruments for the years ended	
		31 December 2021	31 December 2021	31 December 2021	30 June 2021	31 December 2021	31 December 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	31 December 2021	31 December 2020	31 December 2021	31 December 2020
		'000				HK\$'000				HK\$'000			HK\$'000	HK\$'000	
164	China Baoli Technologies Holdings Limited	2,490	0.045%	0.067%	69	0.02%	147	0.04%	(78)	-					
804	Pinestone Capital Limited	41,400	0.918%	0.918%	2,318	0.71%	2,112	0.61%	206	(6,333)					
1869	Li Bao Ge Group Limited	830	0.083%	0.083%	253	0.08%	307	0.09%	(54)	-					
8423	Chi Ho Development Holdings Limited	14,900	1.863%	1.863%	3,025	0.94%	4,172	1.22%	(1,147)	(1,937)					
8293	SingAsia Holdings Limited	1,925	0.128%	0.128%	121	0.04%	96	0.02%	25	105					
					5,786	1.79%	6,834	1.98%	(1,048)	(8,165)					

Equity securities listed in Hong Kong were measured at fair value at the end of the reporting period. The fair value of the equity securities listed in Hong Kong were determined with reference to quoted market closing price.

20. TRADE AND OTHER PAYABLES

	31 December 2021 HK\$'000 Unaudited	30 June 2021 HK\$'000 Audited
Trade payables:		
Third parties	7,704	26,343
Accruals for project costs	365	2,003
Other payables:		
Accrued liabilities	2,609	9,888
GST/VAT payable	13,975	11,801
Warranty provision	2,588	2,008
Others	1,285	944
	20,457	24,841
Total	28,526	53,187



Notes to the Condensed Consolidated Financial Statements

20. TRADE AND OTHER PAYABLES (Continued)

Accrued liabilities refer mainly to accrual for professional fees and employee benefits. These trade and other payables are non-interest bearing and trade payables are normally settled on terms from 30 to 90 days while other payables have an average term of 30 days.

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

	31 December 2021 HK\$'000 Unaudited	30 June 2021 HK\$'000 Audited
Trade payables:		
Less than 90 days	7,704	26,343

21. SHARE CAPITAL AND SHARE PREMIUM

	31 December 2021 HK\$'000 Unaudited	30 June 2021 HK\$'000 Audited
<i>Issued and fully paid:</i>		
1,390,280,000 (30 June 2021: 1,390,280,000) ordinary shares of HK\$0.01 each (30 June 2021: HK\$0.01 each)	13,903	13,903

A summary of the Company's share capital and share premium is as follows:

	Number of shares in issue Unaudited	Issued share capital HK\$'000 Unaudited	Share premium account HK\$'000 Unaudited	Total HK\$'000 Unaudited
At 1 July 2020 and 31 December 2021	1,390,280,000	13,903	563,328	577,231

Notes to the Condensed Consolidated Financial Statements

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2021 (Unaudited)

	Financial assets at fair value through profit of loss (Level 1) HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss	5,786	–	5,786
Trade receivables, deposits and other receivables	–	285,838	285,838
Cash and cash equivalents	–	50,296	50,296
Loan receivables	–	4,500	4,500
	5,786	340,634	346,420

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade and other payables (excluding GST payable and accrued liabilities)	11,942
Lease liability	2,432
	14,374



Notes to the Condensed Consolidated Financial Statements

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

At 30 June 2021 (Audited)

Financial assets

	Financial assets at fair value through profit or loss (Level 1) HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss	6,834	–	6,834
Trade receivables, deposits and other receivables	–	306,848	306,848
Cash and cash equivalents	–	75,083	75,083
Loan receivables	–	20,000	20,000
	<u>6,834</u>	<u>401,931</u>	<u>408,765</u>

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade and other payables (excluding GST payable and accrued liabilities)	31,498
Lease liability	<u>1,026</u>
	<u>32,524</u>

Notes to the Condensed Consolidated Financial Statements

23. RELATED PARTY TRANSACTIONS

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following are the related party transactions entered into between the Group and its related parties that took place on terms and conditions agreed between the parties during the reporting periods:

	Notes	Six months ended 31 December	
		2021 HK\$'000 Unaudited	2020 HK\$'000 Unaudited (Restated)
Operating expenses recharged by – a related company	(i)	32	35
Rental expense charged by – a related company	(ii)	329	355

Notes:

- (i) Operating expenses recharged by a related company mainly referred to the utilities charges for the office premises which was paid on behalf by Victrad Enterprise (Pte) Limited (“**Victrad**”), a company controlled by a key management personnel of the Group.
- (ii) Rental expense was charged by Victrad with reference to the rates of other similar premises.

(b) Commitment with related parties

- (i) The lease agreement for the lease of office premises entered into between Strike Electrical Engineering Pte. Ltd. (“**Strike Singapore**”) and Victrad was expired on 30 June 2021 and subsequently renewed for another 1 year after the financial year end.
- (ii) The lease agreement for the lease of workers dormitory units entered into between Strike Singapore and Victrad was expired on 30 June 2021 and subsequently renewed for another 1 year after the financial year end.
- (iii) The amount of total rental expenses charged by Victrad during the year is included in Note 23(a)(ii) to the condensed consolidated financial statements. There are no operating lease commitments in respect of the above leases with Victrad as at the reporting date (30 June 2021: Nil).



Notes to the Condensed Consolidated Financial Statements

23. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Group:

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Directors' fees	1,572	1,134
Salaries and bonuses	4,502	2,457
Pension scheme contributions	43	53
	6,117	3,644

24. CONTINGENT LIABILITIES

At as the end of the reporting period, the contingent liabilities not provided for in the financial statements were as follows:

	31 December	30 June
	2021	2021
	HK\$'000	HK\$'000
	Unaudited	Audited
Guarantees:		
Security bonds to the Singapore Government in relation to foreign workers	29	29

As required by the Singapore Government for each foreign worker hired, companies must submit a security bond of S\$5,000 to the Controller of Work Passes, a government authority in managing foreign employment. During the reporting periods, the Group has hired certain foreign workers and has arranged for an insurance company to provide insurance guarantees with the Singapore Government. The Directors believe that no foreign workers of the Group have breached the relevant regulations during the reporting periods. Accordingly, the Group has not provided for any provision in relation to such law. As at 31 December 2021, the guarantees provided by the insurer was approximately HK\$29,000 (30 June 2021: approximately HK\$29,000).

25. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 22 February 2022.



Corporate Governance and Other Information

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 six months ended 31 December 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 "**Board**") of directors of the Company, Mr. Liu Yancheng is responsible for the general operations of the Board and the overall strategy of the Group whereby the ex-Managing Director, Mr. Yeo, who remains as the director of Strike Singapore continues to be responsible for the overall management, strategic planning and business development of the Group's business operations in Singapore. The roles and functions of Mr. Yeo for the Group thereby has not changed subsequent to his retirement as the Managing Director. The Board therefore considers that this structure would not impair the balance of power and authority between the directors and the management of the Group.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

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 six months ended 31 December 2021.



Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATE CORPORATION

As at 31 December 2021, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have taken under such provisions of the SFO); (ii) recorded in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Director	Capacity/Nature	Number of shares held/ interested in	Percentage of interest in the Company
Mr. Liu Yancheng	Beneficial owner	7,600,000	0.55%
	Interest of spouse (<i>Note 1</i>)	5,000,000	0.36%
Mr. Yao Runxiong	Beneficial owner	12,050,000	0.87%
	Interest of spouse (<i>Note 2</i>)	18,630,000	1.34%

Notes:

- 5,000,000 shares of the Company are legally and beneficially owned by Ms. Zhang Juanying, the spouse of Mr. Liu Yancheng. Mr. Liu Yancheng is therefore deemed to be interested in the 5,000,000 shares of the Company for the purposes of the SFO.
- 18,630,000 shares of the Company are legally and beneficially owned by Ms. Zhuang Yanzhu, the spouse of Mr. Yao Runxiong. Mr. Yao Runxiong is therefore deemed to be interested in the 18,630,000 shares of the Company for the purposes of the SFO.

Save as disclosed above, as at 31 December 2021, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEME

A new share option scheme was adopted by the Company following the resolution passed at the annual general meeting of the Company held on 20 October 2017. The main purpose of the scheme is to provide incentives and rewards to the eligible participants including full time or part time employees of the Group (including any directors); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group.

There were no share options granted under the scheme since its adoption.



Corporate Governance and Other Information

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the above "SHARE OPTION SCHEME", at no time during the six months ended 31 December 2021 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2021, the Company has not been notified by any person or entity who had or was deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 31 December 2021.

AUDIT COMMITTEE

The Audit Committee was established on 9 December 2013 with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. The Audit Committee comprises of four non-executive Directors, amongst which three are independent. They are namely Mr. Leung Po Hon, Mr. Li Jin, Dr. Luo Xiaodong and Mr. Tam Tak Wah. Mr. Leung Po Hon is the chairman of the Audit Committee.

The Audit Committee has reviewed with senior management the accounting principles and practices adopted by the Group and also discussed the financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Company for the six months ended 31 December 2021.

By Order of the Board
Kingbo Strike Limited
Liu Yancheng
Chairman

Hong Kong, 22 February 2022