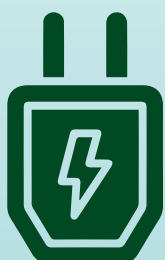


KINGBO STRIKE LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1421

INTERIM REPORT 2023/2024



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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 (ceased on 15 December 2023)

Independent Non-executive Directors

Mr. Chen Yeung Tak (appointed on 26 January 2024)
Mr. Leung Po Hon (resigned on 19 January 2024)
Mr. Li Jin (resigned on 1 March 2024)
Dr. Luo Xiaodong
Mr. Wang Haoyuan (appointed on 1 March 2024)
Ms. Ye Jieting (appointed on 1 March 2024)

AUDIT COMMITTEE

Mr. Chen Yeung Tak (*Chairman*)
(appointed on 26 January 2024)
Mr. Leung Po Hon (*Chairman*)
(resigned on 19 January 2024)
Mr. Li Jin (resigned on 1 March 2024)
Dr. Luo Xiaodong
Mr. Tam Tak Wah (ceased on 15 December 2023)
Mr. Wang Haoyuan (appointed on 1 March 2024)
Ms. Ye Jieting (appointed on 1 March 2024)

NOMINATION COMMITTEE

Mr. Liu Yancheng (*Chairman*)
Mr. Leung Po Hon (resigned on 19 January 2024)
Mr. Li Jin (resigned on 1 March 2024)
Dr. Luo Xiaodong
Mr. Chen Yeung Tak (appointed on 26 January 2024)
Mr. Wang Haoyuan (appointed on 1 March 2024)

REMUNERATION COMMITTEE

Mr. Chen Yeung Tak (*Chairman*)
(appointed on 26 January 2024)
Mr. Leung Po Hon (*Chairman*)
(resigned on 19 January 2024)
Mr. Li Jin (resigned on 1 March 2024)
Dr. Luo Xiaodong
Mr. Tam Tak Wah (ceased on 15 December 2023)
Mr. Wang Haoyuan (appointed on 1 March 2024)
Ms. Ye Jieting (appointed on 1 March 2024)

AUDITORS

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

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. Yiu Ngai Chiu (appointed on 18 December 2023)
Mr. Kwong Lun Kei, Victor, Solicitor
(appointed on 1 October 2023 and
resigned on 18 December 2023)
Mr. Ng Kwok Leung (resigned on 1 October 2023)

AUTHORISED REPRESENTATIVES

Mr. Yao Runxiong
Mr. Yiu Ngai Chiu (appointed on 18 December 2023)
Mr. Kwong Lun Kei, Victor, Solicitor
(appointed on 1 October 2023 and
resigned on 18 December 2023)
Mr. Ng Kwok Leung (resigned on 1 October 2023)

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\$14.3 million from the solar power business for the six months ended 31 December 2023, a decrease is noted compared to a revenue of approximately HK\$39.3 million in the six months ended 31 December 2022, 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\$48.7 million in the six months ended 31 December 2023, compared to a revenue of approximately HK\$25.2 million in the six months ended 31 December 2022. An increase was noted due to the gradual recovery of the business from the pandemic.

FINANCIAL REVIEW

Revenue

For the six months ended 31 December 2023, 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 22.8% (HK\$14.3 million) and 77.2% (HK\$48.7 million) of the total revenue of the Group, respectively.

Operating Results

During the period under review, gross profit of the Group decreased by 61.9% to approximately HK\$2.3 million (six months ended 31 December 2022: HK\$6.0 million) as compared to the six months ended 31 December 2022. Gross profit margin decreases from that of 9.3% for the six months ended 31 December 2022 to 3.6% for the six months ended 31 December 2023. A decrease in gross profit margin is attributable to the combined effect of a lower portion of stable gross margin from solar power business.

Loss attributable to owners of the Company is approximately HK\$27.7 million (six months ended 31 December 2022: loss of HK\$9.6 million) and basic loss per share attributable to ordinary equity holders of the parent is HK\$33.1 cent (six months ended 31 December 2022: loss per share of HK\$13.9 cent). The change is mainly attributable to the combined effect of (i) deteriorate in electrical distribution system segment results to a loss of approximately HK\$11.6 million (six months ended 31 December 2022: profit of HK\$12 million); (ii) improve in solar power business segment results to profit approximately HK\$1.1 million and (iii) decrease in fair value loss on financial assets at fair value through profit or loss of approximately HK\$0.3 million (six months ended 31 December 2022: HK\$1.8 million).

Other Gains and Losses

Other gains and losses had changed from a net loss of approximately HK\$1.3 million for the six months ended 31 December 2022 to a gain of approximately HK\$0.4 million for the six months ended 31 December 2023. This is primarily attributable to the decrease in fair value loss on financial assets at fair value through profit or loss of approximately HK\$0.3 million taken place in the six months ended 31 December 2023 compared to the loss of HK\$1.8 million in the six months ended 31 December 2022.

Administrative Expenses

Administrative expenses for the six months ended 31 December 2023 increased to HK\$13.1 million for the six months ended 31 December 2023 compared to approximately HK\$10.8 million for the six months ended 31 December 2022. The increase was generally due to short term lease expenses and consultancy fees.

Taxation

There was a net income tax expense of approximately HK\$0.6 million for the six months ended 31 December 2023 compared to approximately HK\$1.3 million for the six months ended 31 December 2022, mainly due to decrease in profit in solar power business and electrical distribution system business in PRC.

Liquidity, Financial Resources and Gearing

As at 31 December 2023, net current assets of the Group were approximately HK\$158.5 million (30 June 2023: HK\$179.8 million). Besides, the Group maintained cash and cash equivalents of approximately HK\$6.2 million (30 June 2023: HK\$13.7 million).

The Group's gearing ratio was 0.38 (30 June 2023: 0.25), 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.



Management Discussion and Analysis

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\$2,780,560 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 31 December 2023, the Group had utilised the net proceeds of the 2023 Placing as follows:

| Intended use of net proceeds | Allocation of net proceeds HK\$ (million) | Utilisation up to the financial year ended 30 June 2023 HK\$ (million) | Utilisation up to the financial period ended 31 December 2023 HK\$ (million) |
|--------------------------------------|--|--|--|
| General working capital of the Group | 2.9 | 0.9 | 2.9 |

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

| | Utilisation up to the financial period ended 31 December 2023 HK\$ (million) | Utilisation as at the financial year ended 30 June 2023 HK\$ (million) |
|------------------------|--|--|
| Human resources | 2.3 | 0.8 |
| Other general expenses | 0.6 | 0.1 |
| Total | 2.9 | 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 Structure, Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group primarily financed its operations with internally generated cash flows, internal resources, external financing 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 2023, 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 2023 and there was no hedging instrument outstanding as at 31 December 2023. 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 2023 and the period ended 31 December 2023.

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 2023 and 30 June 2023, the Group had no charges on its assets.

Capital Expenditure and Commitments

During the six months ended 31 December 2023 and six months ended 31 December 2022, the Group did not make significant capital expenditure.

As at 31 December 2023, the Group has capital commitments contracted for but not provided in the condensed consolidated financial statements of approximately HK\$0.33 million (30 June 2023: HK\$1.08 million).



Management Discussion and Analysis

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

As at 31 December 2023, the Group held certain listed securities as financial assets at fair value through profit or loss.

Save for those disclosed above and in note 18 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

As of 31 December 2023, the Group did not have any significant contingent liabilities.

Employment and Remuneration Policy

As at 31 December 2023, the total number of employees of the Group was 50 (30 June 2023: 35). During the period under review, employees costs (including Directors' emoluments) amounted to approximately HK\$8.9 million (six months ended 31 December 2022: HK\$8.6 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

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. On the other hand, the rebound in electrical distribution system business was noted during the period. 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.



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 2023, save and except for the below deviations.

Code provision C.2.1

Code provision C.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.

For the six months ended 31 December 2023, the chairman of the board (the "**Board**") of directors of the Company (the "**Chairman**"), Mr. Liu Yancheng was responsible for the general operations of the Board and the overall strategy of the Group. The Board considers that this structure would not impair the balance of power and authority between the directors and the management of the Group.

The roles of the respective executive Directors and senior management, who are in charge of different functions, complements the roles of chairman and managing director. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently.

The Board understands the importance of complying with the code provision C.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.

Code provision C.1.8

Pursuant to the code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance to cover potential legal actions against its directors. The Company is still arranging for appropriate liability insurance for the Directors for indemnifying their liabilities arising from corporate activities.

COMPLIANCE WITH LISTING RULES 3.10(1), 3.10(2), 3.21 AND 3.25 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 19 January 2024 in relation to, among other things, the non-compliance with Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules. Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. Pursuant to Rule 3.10(2) of the Listing Rules, every board of directors of a listed issuer must include at least one of the independent non-executive directors who must have appropriate professional qualifications or accounting or related financial management expertise. In addition, Pursuant to Rule 3.21 of the Listing Rules, every listed issuer must establish an audit committee comprising non-executive directors only and the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The audit committee must be chaired by an independent non-executive director. Pursuant to Rule 3.25 of the Listing Rules, an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors.



Corporate Governance and Other Information

Immediately following the appointment of Mr. Chen Yeung Tak as an Independent non-executive director of the Company, a member of the Nomination Committee and the chairman of each of the Audit Committee and the Remuneration Committee:

- (i) the number of independent non-executive directors of the Company has been increased to three (3), such that the Company re-complies with Rule 3.10(1) of the Listing Rules, which requires every listed issuer to have at least three (3) INEDs;
- (ii) the Company has one independent non-executive director possessing professional accounting qualifications and/or accounting and related financial management expertise, such that the Company recomplies with Rule 3.10(2) of the Listing Rules;
- (iii) the Audit Committee comprises three (3) members, all of whom are independent non-executive directors, and is chaired by an Independent non-executive director possessing professional accounting qualification and accounting and related financial management expertise, such that the Company re-complies with Rule 3.21 of the Listing Rules; and
- (iv) the Remuneration Committee is chaired by an non-executive director, such that the Company re-complies with Rule 3.25 of the Listing Rules.

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 2023.

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

As at 31 December 2023, 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 | Personal Interest | Other interest (Note 3) | Total interest | Percentage of interest in the Company's issued share capital |
|------------------|-----------------------------|-------------------|----------------------------|----------------|--|
| Mr. Liu Yancheng | Beneficial owner | 380,000 | 695,140 | 1,075,140 | 1.29% |
| | Interest of spouse (Note 1) | 250,000 | – | 250,000 | 0.29% |
| Mr. Yao Runxiong | Beneficial owner | 602,500 | – | 602,500 | 0.72% |
| | Interest of spouse (Note 2) | 931,500 | – | 931,500 | 1.12% |

Corporate Governance and Other Information

Notes:

- 250,000 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 250,000 shares of the Company for the purposes of the SFO.
- 931,500 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 931,500 shares of the Company for the purposes of the SFO.
- These interests represent options granted to the Directors as beneficial owners under the share option scheme of the Company. Details of the interests of the Directors in the share options of the Company are disclosed in the section "Share Option Scheme" below.

Save as disclosed above, as at 31 December 2023, 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 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 and was terminated on 15 December 2023 (the "**2017 Scheme**"). All outstanding options granted under the 2017 Scheme will continue to be valid and exercisable in accordance with the provisions of the 2017 Scheme. For more details of the share option scheme, please refer to the circular of the Company dated 14 September 2017.

As at 31 December 2023, the number of shares in respect of which options under 2017 Scheme had been granted and remained outstanding was 3,549,720 shares, representing approximately 4.3% of the shares of the Company in issue as at 31 December 2023.

Details of the movements in the share options granted to Directors and employees under the 2017 Scheme during the period ended 31 December 2023 are as follows:

| Grantees | Date of grant | Exercise period | Exercise price per Share HK\$ | Outstanding | Lapsed during the period | Outstanding |
|---|------------------|-----------------------------------|----------------------------------|---------------------------|--------------------------|--------------------------------|
| | | | | balance as at 1 July 2023 | | balance as at 31 December 2023 |
| Mr. Liu Yancheng | 20 December 2022 | 20 December 2023–19 December 2032 | 0.84 | 695,140 | – | 695,140 |
| Mr. Tam Tak Wah (ceased on 15 December 2023) | 20 December 2022 | 20 December 2023–19 December 2032 | 0.84 | 695,140 | (695,140) | – |
| Employees | 20 December 2022 | 20 December 2023–19 December 2032 | 0.84 | 3,549,720 | (695,140) | 2,854,580 |

These options were vested on 20 December 2023 and exercisable from the date of vesting to 19 December 2032 (both dates inclusive).



Corporate Governance and Other Information

A share option scheme was adopted by the Company following the resolution passed at the annual general meeting of the Company held on 15 December 2023 (the “**2023 Scheme**”). 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). As at the date of adoption of the share option scheme, the total number of issued shares of the Company was 83,416,800 shares of HK\$0.2 each. Pursuant to the Listing Rules and the share option scheme, the total number of shares which might fall to be issued upon exercise of all share options to be granted under the share option scheme was 8,341,680, representing 10% of the then total number of issued shares of the Company as at the date of adoption of the share option scheme and the maximum number of shares that might be issued upon the exercise of all share options under the share option scheme or other schemes. The share option scheme will last for 10 years from the date of adoption and the Company had fully utilised the scheme mandate limit under the share option scheme. For more details of the share option scheme, please refer to the circular of the Company dated 30 October 2023.

Save as disclosed above, no option was granted, exercised, cancelled or lapsed under 2023 Scheme during the period and as at the date of this report since adoption of the 2023 Scheme.

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 2023 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 2023, 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 2023, 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 2023.



Corporate Governance and Other Information

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 three non-executive Directors, amongst which three are independent. They are namely Mr. Chen Yeung Tak, Mr. Li Jin and Dr. Luo Xiaodong. Mr. Chen Yeung Tak 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 2023.

By Order of the Board
Kingbo Strike Limited
Liu Yancheng
Chairman

Hong Kong, 29 February 2024



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Notes | Six months ended 31 December | |
|---|-------|-------------------------------|-------------------------------|
| | | 2023 HK\$'000 Unaudited | 2022 HK\$'000 Unaudited |
| REVENUE | 6 | 63,118 | 64,452 |
| Cost of sales | | (60,842) | (58,484) |
| Gross profit | | 2,276 | 5,968 |
| Other gains and (losses), net | 7 | 42 | (1,357) |
| Administrative expenses | | (13,077) | (10,827) |
| Other expenses | | (569) | (381) |
| (Allowance for) reversal of expected credit loss ("ECL") recognised in respect of financial assets at amortised cost, net | | (11,715) | 4,892 |
| Finance costs | 8 | (293) | (254) |
| LOSS BEFORE TAX | 9 | (23,336) | (1,959) |
| Income tax expense | 10 | (653) | (1,254) |
| LOSS FOR THE PERIOD | | (23,989) | (3,213) |
| ATTRIBUTABLE TO | | | |
| Owners of the Company | | (27,654) | (9,633) |
| Non-controlling interests | | 3,665 | 6,420 |
| | | (23,989) | (3,213) |
| LOSS FOR THE PERIOD | | (23,989) | (3,213) |
| OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> Exchange differences on translating foreign operations | | 4,616 | (8,111) |
| Other comprehensive income (expense) for the period, net of income tax | | 4,616 | (8,111) |
| TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD | | (19,373) | (11,324) |
| ATTRIBUTABLE TO | | | |
| Owners of the Company | | (23,869) | (17,622) |
| Non-controlling interests | | 4,496 | 6,298 |
| | | (19,373) | (11,324) |
| Loss per share attributable to ordinary equity holders of the Company | | | (Restated) |
| Basic and diluted (HK cent) | 11 | 33.1 | 13.9 |

Condensed Consolidated Statement of Financial Position

| | | 31 December 2023 | 30 June 2023 |
|---|--------------|-----------------------|---------------------|
| | <i>Notes</i> | HK\$'000 Unaudited | HK\$'000 Audited |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 13 | 245 | 274 |
| Deposits for plant and equipment | | 3,424 | 1,622 |
| Right-of-use asset | 14 | 1,206 | 1,464 |
| Total non-current assets | | 4,875 | 3,360 |
| CURRENT ASSETS | | | |
| Trade receivables, deposits and other receivables | 15 | 116,229 | 108,780 |
| Contract assets | 16 | 5,666 | 4,247 |
| Prepayments | 17 | 104,105 | 119,017 |
| Financial assets at fair value through profit or loss | 18 | 4 | 1,539 |
| Cash and cash equivalents | | 6,253 | 13,707 |
| Total current assets | | 232,257 | 247,290 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 19 | 52,394 | 40,283 |
| Lease liabilities | | 1,085 | 975 |
| Bank borrowings | 20 | 3,866 | 10,815 |
| Income tax payable | | 16,302 | 15,451 |
| Total current liabilities | | 73,647 | 67,524 |
| NET CURRENT ASSETS | | 158,610 | 179,766 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 163,485 | 183,126 |



Condensed Consolidated Statement of Financial Position

| | | 31 December 2023 | 30 June 2023 |
|---|--------------|-----------------------------|-----------------|
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| | | Unaudited | Audited |
| NON-CURRENT LIABILITY | | | |
| Lease liabilities | | 954 | 1,505 |
| Deferred tax liabilities | | 619 | 606 |
| Total non-current liability | | 1,573 | 2,111 |
| NET ASSETS | | | |
| EQUITY | | | |
| Share capital | 21 | 16,683 | 16,683 |
| Reserves | | 112,301 | 135,900 |
| TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | |
| | | 128,984 | 152,583 |
| Non-controlling interests | | 32,928 | 28,432 |
| TOTAL EQUITY | | 161,912 | 181,015 |

Condensed Consolidated Statement of Changes in Equity

| | Equity attributable to owners of the Company | | | | | | | | | |
|---|--|---------------|---------------------------|-----------------|------------------------------|----------------------|--------------------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Statutory surplus reserve | Merger reserves | Exchange fluctuation reserve | Share option reserve | Accumulated losses | Total | Non-controlling interests | Total Equity |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| At 1 July 2023 (audited) | 16,683 | 563,560 | 15,174 | (13,746) | (21,474) | 377 | (407,991) | 152,583 | 28,432 | 181,015 |
| (Loss)/profit for the period | - | - | - | - | - | - | (27,654) | (27,654) | 3,665 | (23,989) |
| Other comprehensive income for the period: | | | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | - | 3,785 | - | - | 3,785 | 831 | 4,616 |
| Total comprehensive (expense) income for the period | - | - | - | - | 3,785 | - | (27,654) | (23,869) | 4,496 | (19,373) |
| Lapse of share options | - | - | - | - | - | (96) | 96 | - | - | - |
| Recognition of equity-settled share-based expense | - | - | - | - | - | 270 | - | 270 | - | 270 |
| Transfer from retained profits to statutory surplus reserve | - | - | 149 | - | - | - | (149) | - | - | - |
| At 31 December 2023 (unaudited) | 16,683 | 563,560 | 15,323 | (13,746) | (17,689) | 551 | (435,698) | 128,984 | 32,928 | 161,912 |
| At 1 July 2022 (audited) | 13,903 | 563,328 | 14,880 | (13,746) | (6,450) | - | (346,075) | 225,840 | 20,246 | 246,086 |
| (Loss)/profit for the period | - | - | - | - | - | - | (9,633) | (9,633) | 6,420 | (3,213) |
| Other comprehensive income for the period: | | | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | - | (7,989) | - | - | (7,989) | (122) | (8,111) |
| Total comprehensive (expense) income for the period | - | - | - | - | (7,989) | - | (9,633) | (17,622) | 6,298 | (11,324) |
| Transfer from retained profits to statutory surplus reserve | - | - | 171 | - | - | - | (171) | - | - | - |
| At 31 December 2022 (unaudited) | 13,903 | 563,328 | 15,051 | (13,746) | (14,439) | - | (355,879) | 208,218 | 26,544 | 234,762 |



Condensed Consolidated Statement of Cash Flows

| | Six months ended 31 December | |
|---|------------------------------|-----------------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| | Unaudited | Unaudited |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash used in operations | (3,304) | (33,256) |
| Interest received | 63 | 131 |
| Tax paid | (130) | – |
| Net cash flows used in operating activities | (3,371) | (33,125) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Deposit for plant and equipment | (1,749) | – |
| Placement in restricted deposits | – | (32,676) |
| Proceeds from disposal of plant and equipment | – | 93 |
| Net cash flows used in investing activities | (1,749) | (32,583) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of lease liability | (524) | (354) |
| Interest paid | (195) | (222) |
| Repayment of bank borrowings | (7,104) | – |
| Repayment of amount due to a director | (990) | – |
| Proceeds from bank borrowings | – | 43,943 |
| Advance from a director | 6,288 | – |
| Net cash flows (used in) generated from financing activities | (2,525) | 43,367 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (7,645) | (22,341) |
| Effects of currency translation on cash and cash equivalents, net | 191 | (603) |
| Cash and cash equivalents at beginning of period | 13,707 | 38,810 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 6,253 | 15,866 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents | 6,253 | 15,866 |



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 supply 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.



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 2023 and 30 June 2023 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 2023 | | 30 June 2023 | | |
| | | | Direct | Indirect | Direct | Indirect | |
| Capital Asia Investment Limited | Hong Kong limited liability | HK\$1 | - | 100 | - | 100 | Investment holding |
| 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 | - | 100 | Supply and installation of solar photovoltaic parts and equipment |
| 萬騰電氣(鎮江)有限公司 ^{1,2} Mantone Electrical (Zhenjiang) Company Limited ("Mantone Electrical") | PRC | US\$10,000,000 | - | 100 | - | 100 | Provision of electrical distribution system |
| 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 |
| Kingbo Finance Limited | Hong Kong, limited liability | HK\$1 | - | 100 | - | 100 | Provision of finance |

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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2023 (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 2023.

Basis of consolidation

The Interim Financial Statements comprise the financial statements of the Company and its subsidiaries for the six months ended 31 December 2023. 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.

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 18) 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 30 June 2023.

Application of new and amendments and interpretation of IFRSs

In the current interim period, the Group has applied the following amendments to IFRS Standards issued by the International Accounting Standards Board for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2023 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|--|--|
| IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17) | Insurance Contracts |
| IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to IAS 8 | Definition of Accounting Estimates |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to IAS 12 | International Tax Reform – Pillar Two Model Rules |

The application of the amendments to IFRS Standards in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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) supply of solar photovoltaic parts and equipment ("**Solar power business**");
- (b) provision of electrical distribution system ("**Electrical distribution system business**"); and
- (c) provision of electrical engineering services ("**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 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 2023 and six months ended 31 December 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, 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 other payables and lease liabilities as these liabilities are managed on a group basis.

5. SEGMENT INFORMATION (Continued)

Six months ended 31 December 2023

| | Solar power business HK\$'000 Unaudited | Electrical distribution system business HK\$'000 Unaudited | Engineering services HK\$'000 Unaudited | Total HK\$'000 Unaudited |
|--|--|---|--|--------------------------------|
| Segment revenue: | | | | |
| Sales to external customers | 14,392 | 48,726 | – | 63,118 |
| Segment results: | | | | |
| | 1,082 | (11,594) | (2,774) | (13,286) |
| Unallocated gain | | | | 34 |
| Corporate and other unallocated expenses | | | | (10,084) |
| Loss before tax | | | | (23,336) |

At 31 December 2023

| | Solar power business HK\$'000 Unaudited | Electrical distribution system business HK\$'000 Unaudited | Engineering services HK\$'000 Unaudited | Total HK\$'000 Unaudited |
|---|--|---|--|--------------------------------|
| Segment assets: | | | | |
| Corporate and other unallocated assets | 106,495 | 118,571 | 5,766 | 230,832 |
| Total assets | | | | 6,300 |
| | | | | 237,132 |
| Segment liabilities: | | | | |
| Corporate and other unallocated liabilities | 14,241 | 32,106 | 84 | 46,431 |
| Total liabilities | | | | 28,885 |
| | | | | 75,316 |



Notes to the Condensed Consolidated Financial Statements

5. SEGMENT INFORMATION *(Continued)*

Six months ended 31 December 2022

| | Solar power business HK\$'000 Unaudited | Electrical distribution system business HK\$'000 Unaudited | Engineering services HK\$'000 Unaudited | Total HK\$'000 Unaudited |
|--|--|---|--|--------------------------------|
| Segment revenue: | | | | |
| Sales to external customers | 39,298 | 25,154 | – | 64,452 |
| Segment results: | (1,924) | 12,587 | (2,831) | 7,832 |
| Unallocated losses | | | | (1,588) |
| Corporate and other unallocated expenses | | | | (8,203) |
| Loss before tax | | | | (1,959) |

At 30 June 2023

| | Solar power business HK\$'000 Unaudited | Electrical distribution system business HK\$'000 Unaudited | Engineering services HK\$'000 Unaudited | Total HK\$'000 Unaudited |
|---|--|---|--|--------------------------------|
| Segment assets: | 91,053 | 141,178 | 9,520 | 241,751 |
| Corporate and other unallocated assets | | | | 8,899 |
| Total assets | | | | 250,650 |
| Segment liabilities: | 15,793 | 32,593 | 126 | 48,512 |
| Corporate and other unallocated liabilities | | | | 21,123 |
| Total liabilities | | | | 69,635 |

5. SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

| | Six months ended 31 December | |
|----------------|-------------------------------|-------------------------------|
| | 2023 HK\$'000 Unaudited | 2022 HK\$'000 Unaudited |
| Revenue | | |
| Singapore | – | – |
| Mainland China | 63,118 | 64,452 |
| | 63,118 | 64,452 |

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

(b) Non-current assets

| | 31 December | 30 June |
|----------------|-------------------------------|-----------------------------|
| | 2023 HK\$'000 Unaudited | 2023 HK\$'000 Audited |
| Mainland China | 3,425 | 1,862 |
| Hong Kong | 1,444 | 1,490 |
| Singapore | 6 | 8 |
| | 4,875 | 3,360 |

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 | |
|--|------------------------------|---------------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| | Unaudited | Unaudited |
| At a point in time: | | |
| – Supply of solar photovoltaic parts and equipment | 14,392 | 36,554 |
| – Provision of electrical distribution system | 48,726 | 25,154 |
| Over time: | | |
| – Installation of solar photovoltaic parts and equipment | – | 2,744 |
| | 63,118 | 64,452 |

7. OTHER GAINS AND (LOSSES), NET

| | Six months ended 31 December | |
|--|------------------------------|----------------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| | Unaudited | Unaudited |
| Foreign exchange differences | – | (19) |
| Bank interest income | 63 | 131 |
| Incentives from the Singapore Government (<i>Note (i)</i>) | 8 | – |
| Net fair value loss on financial assets at fair value through profit or loss (<i>Note 9</i>) | (29) | (1,789) |
| Employment support scheme (<i>Note (ii)</i>) | – | 104 |
| Others | – | 216 |
| | 42 | (1,357) |

Notes:

- (i) 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.
- (ii) This represents COVID-19 related subsidies in respect of the Employment Support Scheme provided by the Hong Kong Government.

8. FINANCE COSTS

An analysis of finance costs is as follows:

| | Six months ended 31 December | |
|-----------------------------|-------------------------------|-------------------------------|
| | 2023 HK\$'000 Unaudited | 2022 HK\$'000 Unaudited |
| Interest on bank borrowings | 195 | 175 |
| Interest on lease liability | 83 | 47 |
| Others | 15 | 32 |
| | 293 | 254 |

9. LOSS BEFORE TAX

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

| | Six months ended 31 December | |
|--|-------------------------------|-------------------------------|
| | 2023 HK\$'000 Unaudited | 2022 HK\$'000 Unaudited |
| (a) Auditors' remuneration | 726 | 545 |
| Depreciation expense: | | |
| Plant and equipment (<i>Note 13</i>) | 33 | 112 |
| Right-of-use asset (<i>Note 14</i>) | 258 | 361 |
| Cost of goods and services provided | 60,842 | 58,484 |
| Minimum lease payments under operating leases | 994 | 401 |
| Employee benefits | 9,031 | 8,631 |
| (b) Employee benefits (including Directors' remuneration): | | |
| – Directors' emoluments | 1,298 | 1,669 |
| – Other staff salaries, wages and bonuses | 7,066 | 6,668 |
| – Other staff equity-settled share-based expense | 236 | – |
| – Retirement benefits, excluding directors' emoluments | 431 | 294 |
| | 9,031 | 8,631 |
| (c) Net fair value loss on financial assets at fair value through profit or loss (<i>Note 7</i>) | 29 | 1,789 |



10. INCOME TAX EXPENSE

| | Six months ended 31 December | |
|--|------------------------------|-----------|
| | 2023 | 2022 |
| | HK\$'000 | HK\$'000 |
| | Unaudited | Unaudited |
| Current – others (the PRC and Singapore) | | |
| – Charge for the period | 653 | 1,254 |
| – Tax charge for the period | 653 | 1,254 |

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 period. Subsidiaries located in the PRC are subject to the PRC corporate income tax at a rate of 25% on its assessable profits. With holding tax was provided for dividend distributed and undistributed profits of certain subsidiaries in the PRC at a rate of 10%.

The tax rate for Singapore subsidiary is based on Singapore corporate income tax (the "CIT") rate at 17% for both period.

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 period.

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.

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 2023: Nil) in issue during the period.

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

| | Six months ended 31 December | |
|--|-------------------------------|-------------------------------|
| | 2023 HK\$'000 Unaudited | 2022 HK\$'000 Unaudited |
| Loss | | |
| Loss attributable to equity holders of the Company, used in the basic and diluted loss per share calculation (HK\$'000) | (27,654) | (9,633) |
| Shares | | |
| Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation (in thousand) | 83,417 | 69,514 (restated) |
| Basic and diluted loss per share (HK cent) | 33.1 | 13.9 |

The weighted average number of ordinary shares used to calculate the basic loss per share for the period ended 31 December 2022 have been adjusted to reflect the share consolidation effective on 1 March 2023. Accordingly, the basic loss per share for the period ended 31 December 2022 is restated.

The computation of diluted earnings per share for the both periods 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 period.

12. DIVIDEND

No dividend was declared for the six months ended 31 December 2023 and 2022.



13. PLANT AND EQUIPMENT

| | HK\$'000 |
|--|------------|
| Net carrying amount at 1 July 2023 (audited) | 274 |
| Depreciation | (33) |
| Exchange realignment | 4 |
| Net carrying amount at 31 December 2023 (unaudited) | 245 |

14. RIGHT-OF-USE ASSET

| | Motor vehicle HK\$'000 | Buildings leased for own used HK\$'000 | Total HK\$'000 |
|---|------------------------------|--|-------------------|
| Cost | | | |
| As at 1 July 2023 (audited) and 31 December 2023 (unaudited) | 1,550 | 5,118 | 6,668 |
| Accumulated depreciation | | | |
| As at 1 July 2023 (audited) | 86 | 5,118 | 5,204 |
| Depreciation provided for the period | 258 | - | 258 |
| As at 31 December 2023 (unaudited) | 344 | 5,118 | 5,462 |
| Net carrying amounts | | | |
| As at 31 December 2023 (unaudited) | 1,206 | - | 1,206 |
| As at 30 June 2023 (audited) | 1,464 | - | 1,464 |

15. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

| | 31 December 2023 HK\$'000 Unaudited | 30 June 2023 HK\$'000 Audited |
|--|--|--|
| Trade receivables: | | |
| Third parties | | |
| – Gross amount | 195,352 | 178,033 |
| – Less: allowance for ECL | (80,124) | (70,316) |
| | 115,228 | 107,717 |
| Deposits and other receivables: | | |
| Deposits | 739 | 731 |
| Others | 262 | 332 |
| | 1,001 | 1,063 |
| Total trade receivables, deposits and other receivables | 116,229 | 108,780 |

Trade receivables are non-interest bearing and with credit terms ranged from of 180 to 360 days.



Notes to the Condensed Consolidated Financial Statements

15. 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 2023 HK\$'000 Unaudited | 30 June 2023 HK\$'000 Audited |
|-------------------|--|--|
| Less than 90 days | – | 18,204 |
| 91 to 180 days | 45,740 | – |
| 181 to 365 days | 11,139 | 35,575 |
| Over 365 days | 58,349 | 53,938 |
| | 115,228 | 107,717 |

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.

16. CONTRACT ASSETS

| | 31 December 2023 HK\$'000 Unaudited | 30 June 2023 HK\$'000 Audited |
|-------------------------------|--|--|
| Contract assets <i>(Note)</i> | 9,872 | 5,789 |
| Less: allowance for ECL | (4,206) | (1,542) |
| | 5,666 | 4,247 |

Note: 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) retention receivable of provision of electrical distribution system and iii) retention receivable of installation of solar photovoltaic parts. Contract assets are transferred to receivables when the rights become unconditional.

17. PREPAYMENTS

| | 31 December 2023 HK\$'000 Unaudited | 30 June 2023 HK\$'000 Audited |
|--|--|--|
| Prepayments | | |
| – Advance payments made to suppliers (<i>Note</i>) | 103,838 | 118,438 |
| – Other | 267 | 579 |
| | 104,105 | 119,017 |

Note: As at 31 December 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\$51,823,000 (30 June 2023: approximately HK\$48,422,000) for prepayment to supplier for photovoltaics parts and equipment and approximately HK\$52,015,000 (30 June 2023: HK\$70,016,000) 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\$35,978,000 for photovoltaics parts and equipment and HK\$22,090,000 for electrical distribution system have been utilised and the relevant products have been delivered to the respective customers. In the opinion of the management of the Group, 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 issuance of these condensed consolidated financial statements.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 31 December 2023 HK\$'000 Unaudited | 30 June 2023 HK\$'000 Audited |
|--|--|--|
| Listed securities held-for-trading, at fair value: | | |
| Equity securities listed in Hong Kong | 4 | 1,539 |

The above equity investments at 31 December 2023 and 30 June 2023 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.


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

| Stock code | Company name | No. of share held at 31 December 2023 | Market value as at 31 December 2023 HK\$'000 Unaudited | Market value as at 30 June 2023 HK\$'000 Audited | Change in fair value of held-for-trading instruments for the years ended | |
|------------|---|---|--|--|--|--|
| | | | | | 31 December 2023 HK\$'000 Unaudited | 31 December 2022 HK\$'000 Unaudited |
| 164 | China Baoli Technologies Holdings Limited | 4,900 | 3 | 21 | (6) | (38) |
| 804 | Pinestone Capital Limited | - | - | 514 | (151) | (611) |
| 1869 | Li Bao Ge Group Limited | - | - | 181 | (1) | 33 |
| 8423 | Chi Ho Development Holdings Limited | - | - | 790 | 150 | (1,162) |
| 8293 | SingAsia Holdings Limited | 2,000 | 1 | 33 | (21) | (11) |
| | | | 4 | 1,539 | (29) | (1,789) |

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.

19. TRADE AND OTHER PAYABLES

| | 31 December 2023 HK\$'000 Unaudited | 30 June 2023 HK\$'000 Audited |
|------------------------------------|--|--|
| Trade payables: | | |
| Third parties | 9,959 | 3,077 |
| Other payables: | | |
| Accrued liabilities | 3,168 | 4,643 |
| VAT payable and other tax payables | 25,340 | 24,820 |
| Warranty provision | 2,992 | 1,960 |
| Amount due to a director | 8,895 | 3,597 |
| Others | 2,040 | 2,186 |
| | 42,435 | 37,206 |
| Total | 52,394 | 40,283 |

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 2023 HK\$'000 Unaudited | 30 June 2023 HK\$'000 Audited |
|------------------------|--|--|
| Trade payables: | | |
| Less than 90 days | 192 | 541 |
| 91 to 180 days | 8,585 | – |
| 181 to 270 days | 1,182 | 2,536 |
| | 9,959 | 3,077 |



20. BANK BORROWINGS

| | 31 December 2023 HK\$'000 Unaudited | 30 June 2023 HK\$'000 Audited |
|--|--|--|
| Secured bank borrowings | 3,866 | 10,815 |
| Represented by: Carrying amount repayable within one year | 3,866 | 10,815 |
| | 3,866 | 10,815 |

The bank borrowings bear interest at 0.75% (30 June 2023: ranged from 0.35% to 0.55%) over 1 year PRC Loan Price Rate per annum as at 31 December 2023.

At 31 December 2023 and 30 June 2023, the Group's bank borrowings are secured by:

- (i) interest of several properties located in the PRC of the senior management of the Group; and
- (ii) personal guarantee provided by the senior management of the Group.

21. SHARE CAPITAL AND SHARE PREMIUM

| | 31 December 2023 HK\$'000 Unaudited | 30 June 2023 HK\$'000 Audited |
|--|--|--|
| <i>Issued and fully paid:</i> 83,416,800 (30 June 2023: 83,416,800) ordinary shares of HK\$0.2 each (30 June 2023: HK\$0.2 each) | 16,683 | 16,683 |

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

| | Number of shares in issue | Issued share capital HK\$'000 | Share premium account HK\$'000 | Total HK\$'000 |
|--|---------------------------------|--|---|-------------------|
| At 1 July 2023 (audited) and 31 December 2023 (unaudited) | 83,416,800 | 16,683 | 563,560 | 580,243 |

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 2023 (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 | 4 | – | 4 |
| Trade receivables, deposits and other receivables | – | 116,229 | 116,229 |
| Cash and cash equivalents | – | 6,253 | 6,253 |
| | 4 | 122,482 | 122,486 |

Financial liabilities

| | Financial liabilities at amortised cost HK\$'000 |
|--|--|
| Trade and other payables (excluding GST/VAT payable and accrued liabilities) | 20,894 |
| Bank borrowings | 3,866 |
| Lease liability | 2,039 |
| | 26,799 |



22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

At 30 June 2023 (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 | 1,539 | – | 1,539 |
| Trade receivables, deposits and other receivables | – | 108,780 | 108,780 |
| Cash and cash equivalents | – | 13,707 | 13,707 |
| | <u>1,539</u> | <u>122,487</u> | <u>124,026</u> |

Financial liabilities

| | Financial liabilities at amortised cost HK\$'000 |
|--|--|
| Trade and other payables (excluding GST/VAT payable and accrued liabilities) | 8,860 |
| Bank borrowings | 10,815 |
| Lease liabilities | 2,480 |
| | <u>22,155</u> |

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 | |
|--|-------|-------------------------------|---|
| | | 2023 HK\$'000 Unaudited | 2022 HK\$'000 Unaudited (Restated) |
| Operating expenses recharged by – a related company | (i) | – | 6 |
| Rental expense charged by – a related company | (ii) | 105 | 326 |

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.



23. RELATED PARTY TRANSACTIONS *(Continued)*

(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 2023 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 2023 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 2023: Nil).

(c) Security and guarantee given by related parties

As set out in note 20, the Group’s bank borrowings are secured by:

- (i) interest of several properties located in the PRC of the Group’s senior management,
- (ii) personal guarantee provided by the senior management of the Group.

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

| | Six months ended 31 December | |
|------------------------------------|------------------------------|--------------|
| | 2023 | 2022 |
| | HK\$’000 | HK\$’000 |
| | Unaudited | Unaudited |
| Directors’ emoluments | 1,298 | 1,669 |
| Salaries and bonuses | 3,207 | 3,615 |
| Equity-settled share-based expense | 60 | – |
| Pension scheme contributions | 60 | 64 |
| | 4,625 | 5,348 |

24. CAPITAL COMMITMENTS

| | 31 December 2023 HK\$'000 (Unaudited) | 30 June 2023 HK\$'000 (Audited) |
|--|--|--|
| Capital expenditure contracted for but not provided in respect of acquisition of plant and equipment | 331 | 1,082 |

25. SHARE OPTION SCHEME

The Company has a share option scheme which was adopted at the annual general meeting of the Company held on 15 December 2023 for a period of 10 years. During the period, no share options were granted under the share option scheme of the Company. Details are set out in the section “other information” in the 2023/2024 interim report of the Company.

26. 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 29 February 2024.