

# KINGBO STRIKE LIMITED

(Incorporated in the Cayman Islands with limited liability)  
**Stock Code: 1421**



**INTERIM REPORT 2020 / 2021**

# CONTENTS

2	Corporate Information
3	Management Discussion and Analysis
9	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
10	Condensed Consolidated Statement of Financial Position
12	Condensed Consolidated Statement of Changes in Equity
13	Condensed Consolidated Statement of Cash Flows
14	Notes to the Condensed Consolidated Financial Statements
38	Corporate Governance and Other Information

# 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

HLB Hodgson Imprey Cheng Limited  
31/F, Gloucester Tower  
The Landmark  
11 Pedder Street, Central  
Hong Kong

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Standard Chartered Bank (Singapore) Limited

## 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

Room 1011, 10th Floor  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

## COMPANY SECRETARY

Mr. Ng Kwok Leung

## AUTHORISED REPRESENTATIVES

Mr. Yao Runxiong  
Mr. Ng Kwok Leung

## WEBSITE OF THE COMPANY

[www.kingbostrike.com](http://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:

In the first half of year 2020, the 2019 novel coronavirus (the “COVID-19”) pandemic has caused a widespread negative effect on economy, with no exception on solar power business. China had severely impacted in the first half of year 2020 and the rest of the world had impacted since the second quarter of 2020, and therefore the solar power business of the Group had negatively impacted. To cope with those challenge market environment, the Group adopt flexible business strategies and increase its exposure in the provision of electrical distribution system in first half 2020. In the second half of 2020 (the period under review), photovoltaic market in the PRC and the Group’s solar power business had been stabilized and remain resilience.

### 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\$98.8 million (equivalent to approximately RMB86.7 million) from the solar power business for the six months ended 31 December 2020, a slight increase compared to a revenue of approximately HK\$95.1 million (equivalent to approximately RMB84.4 million) in the six months ended 31 December 2019, as the Group secured and delivered a stable volume of contracts during the period.

### Electrical Distribution System

The Group recorded a revenue of approximately HK\$68.3 million (equivalent to approximately RMB59.9 million) in the six months ended 31 December 2020, compared to a revenue of approximately HK\$18.5 million (equivalent to approximately RMB16.5 million) in the six months ended 31 December 2019. Such increase was due to the group had commenced the provision of electrical distribution system from November 2019 and it do not give a full period comparison.

### Electrical Engineering Services

For the six months ended 31 December 2020, the electrical engineering services in Singapore recorded a minimum revenue of approximately HK\$1.6 million (equivalent to approximately S\$0.3 million), compare to HK\$593,000 (equivalent to approximately S\$0.1 million) for the six months ended 31 December 2019.

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 2020 (six months ended 31 December 2019: Nil).

No project had been completed during the six months ended 31 December 2020, and there are no outstanding contracts on hand as of 31 December 2020.

## FINANCIAL REVIEW

### Revenue

For the six months ended 31 December 2020, 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 58.6% (HK\$98.8 million) and 40.5% (HK\$68.3 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 increased by 103% to approximately HK\$21.3 million (six months ended 31 December 2019: HK\$10.5 million) as compared to the six months ended 31 December 2019. Gross profit margin increased from that of 9.18% for the six months ended 31 December 2018 to 12.6% for the six months ended 31 December 2020. Increase in gross profit margin is mainly attributable to increased contribution from electrical distillation system that with relatively higher gross profit margin. Loss attributable to owners of the Company is approximately HK\$7.5 million (six months ended 31 December 2019: loss of HK\$18.4 million) and basic loss per share attributable to ordinary equity holders of the parent is HK\$0.54 cent (six months ended 31 December 2019: loss per share of HK\$1.32 cent). The change is mainly attributable to the combined effect of (i) improvement in solar power business segment results to approximately HK\$11.6 million profit (six months ended 31 December 2019: profit of HK\$3.6 million); (ii) increase in contribution from electrical distillation system segment results to approximately HK\$7.4 million profit (six months ended 31 December 2019: profit of HK\$1.7 million) and (iii) fair value loss on financial assets at fair value through profit or loss of approximately HK\$8.2 million (six months ended 31 December 2019: HK\$10.9 million).

### Other Gains and Losses

Other gains and losses has significantly decrease from a net loss of approximately HK\$13.9 million for the six months ended 31 December 2019 to that of approximately HK\$6.7 million net loss for the six months ended 31 December 2020. This is primarily attributable to the decrease in fair value loss on financial assets at fair value through profit or loss of approximately HK\$8.2 million taken place in the six months ended 31 December 2020 compared to the loss of HK\$10.9 million in the six months ended 31 December 2019.

### Administrative Expenses

Administrative expenses for the six months ended 31 December 2020 remain stable at approximately HK\$11.2 million (six months ended 31 December 2019: HK\$11.4 million).

### Taxation

There was a net income tax expense of approximately HK\$4.8 million for the six months ended 31 December 2020 compared to approximately HK\$0.4 million for the six months ended 31 December 2019, mainly due to increase in profit in solar power business and electrical distribution system in PRC.

### Liquidity, Financial Resources and Gearing

As at 31 December 2020, net current assets of the Group was approximately HK\$357.1 million (30 June 2020: HK\$335.6 million). Besides, the Group maintained cash and cash equivalents of approximately HK\$74.0 million (30 June 2020: HK\$86.7 million), of which approximately 12.9% was in Hong Kong dollars, and 68.5% was in Singapore dollars (30 June 2020: 10.4% was in Hong Kong dollars and 69.8% 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 2020: 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 31 December 2020, the Group had utilised the net proceeds of the 2019 Placing as follows:

Intended use of net proceeds	Allocation of net proceeds HK\$ (million)	Utilisation up to the six months ended 31 December 2020 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 2020 HK\$ (million)	Utilisation up to 31 December 2020 HK\$ (million)
Human resources	7.2	8.2
Office utilities	2.0	2.5
Other general expenses	4.7	6.2
General working capital in respect of solar power business	20.0	20.0
Total	33.9	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.

The Group had fully utilised the net proceeds of the 2018 placing as of 30 June 2019, details breakdown of the use of proceeds can refer to pages 10 and 11 of the annual report for the year ended 30 June 2020.

### 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 2020, 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 2020 and there was no hedging instrument outstanding as at 31 December 2020. 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 2020 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 2020 and 30 June 2020, the Group had no charges on its assets.

### Capital Expenditure and Commitments

During the six months ended 31 December 2020 and six months ended 31 December 2019, the Group did not make significant capital expenditure.

As at 31 December 2020 and 30 June 2020, 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 2020, the Group held certain listed securities as financial assets at fair value through profit or loss.

The Group identified its investments based on the share price performance and future prospect of the investments. For the six months ended 31 December 2020, the Group did not receive any dividend income (six months ended 31 December 2019: Nil) from investment in listed securities and made a fair value loss of HK\$8.2 million (six months ended 31 December 2019: HK\$10.9 million) on financial assets at fair value through profit or loss. This fair value loss is mainly the combination effect of: (i) decrease in share price of 35.1% of Chi Ho Development Holdings Limited (“**Chi Ho**”); (ii) decrease in the share price of 86.4% of Pinestone Capital Limited (“**Pinestone**”); and (iii) increase in share prices of 183.3% of SingAsia Holdings Limited (“**SingAsia HLDG**”) during the six months ended 31 December 2020.

Details of all the financial assets at fair value through profit or loss were set out in note 20 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 profit for the financial year ended 31 December 2019 of Pinestone is approximately HK\$7.2 million, and it continued to record a profit of HK\$3.7 million for the six months ended 30 June 2020. Despite a challenging first half 2020 for the global economy amidst the unprecedented COVID-19 pandemic, and continuous tension between China and the US making the market weak and volatile, Pinestone continue to prudently grow their business while closely monitoring the underlying risk in this uncertain environment.

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\$23.6 million for the six months ended 30 June 2020, compare to losses of HK\$9.5 million for the six months ended 30 June 2019. Significant increase in loss was mainly attribute 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\$935,000 for the financial year ended 31 July 2020, an improvement compare to the loss of S\$4.1 million for the financial year ended 31 July 2019.

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\$5.6 million for the six months ended 30 September 2020, decreased from the profit of HK\$9.2 million for the previous period. Such decrease was mainly due to the slow down in construction industry as a results of COVID-19 pandemic in Hong Kong since January 2020.



## 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. According to the financial results for the year ended 31 March 2020, an improvement in the revenue level and loss position is noted, such improvement had been extended to the results for the six months ended 30 September 2020.

As China Baoli had been suspended for trading for an extended period of time therefore an updated market value is not available for benchmarking the value of the Group's shareholding as China Baoli as of 31 December 2020. The Group had consistently assessed fair value of the Group's shareholding in China Baoli with reference to the adjusted net asset value and consider its fair value as minimal as of 31 December 2021. The Group will closely monitor on the latest development of the resumption process of China Baoli and take appropriate investment decision for time to time.

The Company is cautious optimistic towards the prospect of the above listed companies in long term.

Save for those disclosed above, note 20 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 26 to the condensed consolidated financial statements, the Group had no other contingent liabilities as at 31 December 2020.

### Employment and Remuneration Policy

As at 31 December 2020, the total number of employees of the Group was 14 (30 June 2020: 14). During the period under review, employees costs (including Directors' emoluments) amounted to approximately HK\$5.3 million (six months ended 31 December 2019: HK\$5.4 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

Since the release of certain new policies on Photovoltaic ("PV") Power Generation project in previous years, together with the outbreak of (COVID-19) since January 2020, this speed up the transformation and consolidation of PRC's PV industry. Such market transformation and consolidation results in a more sustainable development for industrial leader, while it may keep mid and small size market participant in a challenging position.

To cope with those challenge and in line with the corporate strategy in further fostering potential related business with good return potential, the Group had successfully expanded to the provision of electrical distribution system during last financial year. This provide a stable contribution to the Group for the period under review.

In addition, the Group is seeking for opportunity to further expand in electrical distribution system business, operation and management of solar farms in order to strengthen our core business.

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	
		2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited (Restated)
<b>REVENUE</b>	6	<b>168,688</b>	114,218
Cost of sales		<b>(147,409)</b>	(103,736)
<b>Gross profit</b>		<b>21,279</b>	10,482
Other gains and losses, net	7	<b>(6,713)</b>	(13,914)
Administrative expenses		<b>(11,207)</b>	(11,407)
Other expenses		<b>(323)</b>	(630)
Finance costs	8	<b>(94)</b>	(10)
Share of results of joint ventures		<b>–</b>	(55)
Share of results of an associate		<b>–</b>	(449)
<b>PROFIT (LOSS) BEFORE TAX</b>	9	<b>2,942</b>	(15,983)
Income tax expense	10	<b>(4,751)</b>	(425)
<b>LOSS FOR THE PERIOD</b>		<b>(1,809)</b>	(16,408)
<b>ATTRIBUTABLE TO</b>			
Owners of the Company		<b>(7,505)</b>	(18,374)
Non-controlling interests		<b>5,696</b>	1,966
		<b>(1,809)</b>	(16,408)
<b>LOSS FOR THE PERIOD</b>		<b>(1,809)</b>	(16,408)
<b>OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD</b>			
<i>Items that will not reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		<b>–</b>	(1,297)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>23,724</b>	(6,732)
Other comprehensive income (expenses) for the period, net of income tax		<b>23,724</b>	(8,029)
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD</b>		<b>21,915</b>	(24,437)
<b>ATTRIBUTABLE TO</b>			
Owners of the Company		<b>15,977</b>	(26,383)
Non-controlling interests		<b>5,938</b>	1,946
		<b>21,915</b>	(24,437)
<b>Loss per share attributable to ordinary equity holders of the Company</b>			
Basic and diluted (HK cent)	11	<b>(0.54)</b>	(1.32)

## Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	<b>31 December 2020 HK\$'000 Unaudited</b>	30 June 2020 HK\$'000 Audited
<b>NON-CURRENT ASSETS</b>			
Goodwill	13	10,481	9,659
Plant and equipment	14	334	668
Right-of-use asset	15	1,842	2,579
Deferred tax asset		–	95
Total non-current assets		12,657	13,001
<b>CURRENT ASSETS</b>			
Inventories	18	89	53
Trade receivables, deposits and other receivables	16	242,973	231,134
Contract assets	17	6,171	10,956
Loan receivables	21	29,720	29,473
Prepayments	19	46,478	31,793
Financial assets at fair value through profit or loss	20	4,924	13,089
Cash and cash equivalents		73,993	86,730
Total current assets		404,348	403,228
<b>CURRENT LIABILITIES</b>			
Income tax payable		23,923	17,517
Trade and other payables	22	21,795	48,631
Lease liability		1,501	1,445
Total current liabilities		47,219	67,593
<b>NET CURRENT ASSETS</b>		<b>357,129</b>	335,635
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>369,786</b>	348,636



## Condensed Consolidated Statement of Financial Position

		<b>31 December 2020 HK\$'000 Unaudited</b>	30 June 2020 HK\$'000 Audited
	<i>Notes</i>		
<b>NON-CURRENT LIABILITY</b>			
Lease liability		261	1,026
Total non-current liability		261	1,026
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Share capital	23	13,903	13,903
Reserves		290,527	274,550
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
		304,430	288,453
Non-controlling interests		65,095	59,157
<b>TOTAL EQUITY</b>			
		369,525	347,610

## Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company								
	Share capital	Share premium	Statutory surplus reserve	Exchange fluctuation reserve	Accumulated losses	Merger reserves	Total	Non-controlling interests	Total Equity
	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
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
At 1 July 2019 (audited) (restated)	13,903	579,883	11,829	(11,519)	(210,543)	(13,746)	369,807	60,727	430,534
(Loss)/profit for the period	-	-	-	-	(18,374)	-	(18,374)	1,966	(16,408)
Other comprehensive expense for the period:									
Exchange differences arising on translation from functional currency to presentation currency	-	-	-	(1,297)	-	-	(1,297)	-	(1,297)
Exchange differences on translation of foreign operations	-	-	-	(6,718)	-	-	(6,718)	(14)	(6,732)
Total comprehensive (expense) income for the period	-	-	-	(8,015)	(18,374)	-	(26,389)	1,952	(24,437)
At 31 December 2019 (unaudited) (restated)	13,903	579,883	11,829	(19,534)	(228,917)	(13,746)	343,418	62,679	406,097

## Condensed Consolidated Statement of Cash Flows

	Six months ended 31 December	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash used in operations	(22,543)	(24,073)
Interest received	26	138
Overseas tax paid	4,185	–
<b>Net cash flows used in operating activities</b>	<b>(18,332)</b>	<b>(23,935)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received from joint ventures	–	1,212
Dividend received from an associate	–	144
Purchase of items of plant and equipment	(23)	–
Proceed on disposal of joint venture	–	1,789
Proceeds on disposal of plant and equipment	215	122
<b>Net cash flows generated from investing activities</b>	<b>192</b>	<b>3,267</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Repayment of lease liability	(709)	–
<b>Net cash flows used in financing activity</b>	<b>(709)</b>	<b>–</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(18,849)</b>	<b>(20,688)</b>
Effects of currency translation on cash and cash equivalents, net	6,112	13,149
Cash and cash equivalents at beginning of period	86,730	84,575
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>73,993</b>	<b>77,056</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	73,993	77,056

# 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 Room 1011, 10th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

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

### Changes in functional and presentation currencies

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

The change in functional and presentation currencies in presenting the operating results and financial positions of the Group effective from 30 June 2020 and is accounted for the change in functional and presentation currencies in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Comparative figures have been re-stated to reflect the change in the Group’s presentation currency.

For the purpose of re-presentation of the consolidated financial statements of the Group from S\$ to HK\$, the assets and liabilities of the unaudited condensed consolidated financial statements of the Group as at 31 December 2019 are translated into HK\$ at the closing rate as of the reporting dates. Income and expenses for the six months ended 31 December 2019 are translated at the average exchange rates for the period. Share capital, share premium and reserves are translated at the exchange rate at the date when the amount were determined (i.e. historical exchange rates).



## 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 2020 and 30 June 2020 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 2020		30 June 2020		
			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
開合新能源(盱眙)有限公司 <sup>1</sup> Kaihe New Energy (Xuyi) Company Limited ("Kaihe New Energy (Xuyi)")	PRC	RMB6,824,178	-	60	-	60	Supply and installation of solar photovoltaic parts and equipment
萊斯頓新能源(鎮江)有限公司 <sup>1</sup> Loydston New Energy (Zhenjiang) Company Limited ("Loydston New Energy")	PRC, wholly-owned-foreign enterprise	US\$10,000,000	-	60	-	60	Provision of electrical distribution system
華輝新能源(淮安)有限公司 <sup>1</sup> Huahui New Energy (Huaian) Company Limited ("Huahui New Energy")	PRC, wholly-owned-foreign enterprise	US\$5,000,000	-	60	-	60	Supply and installation of solar photovoltaic parts and equipment
Strike Electrical Engineering Pte Ltd ("Strike Singapore")	Singapore, limited liability	S\$1,510,000	100	-	100	-	Electrical works and general building engineering services

Note:

<sup>1</sup> 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 2020 (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 2020.

### Basis of consolidation

The Interim Financial Statements comprise the financial statements of the Company and its subsidiaries for the six months ended 31 December 2020. 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 20) 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 2019 are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 30 June 2020.



## 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 2020 for the preparation of the Group's condensed consolidated financial statements:

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

The 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 2020:

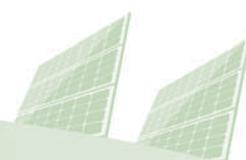
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current <sup>1</sup>
Amendments to IAS 16	Proceeds before Intended Use <sup>1</sup>
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 <sup>1</sup>
Amendments to IFRS 3	Reference to Conceptual Framework <sup>1</sup>
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
IFRS 17	Insurance Contracts and the related Amendment <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> 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 2020 and six months ended 31 December 2019.

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 2020

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

At 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
<b>Segment assets:</b>				
Corporate and other unallocated assets	58,166	191,707	116,221	366,094
Total assets				50,911
<b>Segment liabilities:</b>				
Corporate and other unallocated liabilities	4,761	26,468	13,239	44,468
Total liabilities				3,012
				47,480

## Notes to the Condensed Consolidated Financial Statements

**5. SEGMENT INFORMATION** (Continued)

Six months ended 31 December 2019

	Engineering services HK\$'000 Unaudited (Restated)	Solar power business HK\$'000 Unaudited (Restated)	Electrical distribution system business HK\$'000 Unaudited (Restated)	Total HK\$'000 Unaudited (Restated)
<b>Segment revenue:</b>				
Sales to external customers	593	95,076	18,549	114,218
<b>Segment results:</b>	(2,289)	3,597	1,744	3,052
Unallocated losses				(10,508)
Corporate and other unallocated expenses				(8,527)
Loss before tax				(15,983)

At 30 June 2020

	Engineering services HK\$'000	Solar power business HK\$'000	Electrical distribution system business HK\$'000	Total HK\$'000
<b>Segment assets:</b>				
Corporate and other unallocated assets	69,252	108,634	181,199	359,085
Total assets				57,144
<b>Segment liabilities:</b>				
Corporate and other unallocated liabilities	6,473	33,909	23,813	64,195
Total liabilities				4,424
				68,219



## Notes to the Condensed Consolidated Financial Statements

**5. SEGMENT INFORMATION** *(Continued)***Geographical information****(a) Revenue from external customers**

	Six months ended 31 December	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited (Restated)
<b>Revenue</b>		
Singapore	1,647	593
Mainland China	167,041	113,625
	<b>168,688</b>	114,218

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

**(b) Non-current assets**

	31 December	30 June
	2020 HK\$'000 Unaudited	2020 HK\$'000 Audited
Hong Kong	2,088	2,952
Singapore	88	390
The PRC	10,481	9,659
	<b>12,657</b>	13,001

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	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited (Restated)
Over time:		
– Contract revenue from provision of electrical engineering services	1,647	593
At a point in time:		
– Supply and installation of solar photovoltaic parts and equipment	98,782	95,076
– Provision of electrical distribution system	68,259	18,549
	<b>168,688</b>	114,218

**7. OTHER GAINS AND (LOSSES), NET**

	Six months ended 31 December	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited (Restated)
Foreign exchange differences	388	(813)
Bank interest income	26	138
Interests on loan receivables	1,679	1,201
Incentives from the Singapore Government ( <i>Note</i> )	6	9
Net fair value loss on financial assets at fair value through profit or loss ( <i>Note 9</i> )	(8,165)	(10,941)
Gain on disposal of plant and equipment ( <i>Note 9</i> )	18	61
Allowance for expected credit loss recognised in respect of financial assets of amortised cost, net	(1,803)	(3,762)
Others	1,138	193
	<b>(6,713)</b>	(13,914)

*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	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited (Restated)
Interest on lease liability	82	–
Bank charges	12	10
	<b>94</b>	10

**9. (PROFIT)/LOSS BEFORE TAX**

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

	Six months ended 31 December	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited (Restated)
(a) Auditors' remuneration	842	851
Depreciation expense:		
Plant and equipment ( <i>Note 14</i> )	181	491
Right-of-use asset ( <i>Note 15</i> )	737	–
Gain on disposal of plant and equipment ( <i>Note 7</i> )	(18)	(61)
Cost of goods and services provided	146,295	103,602
Minimum lease payments under operating leases	1,129	1,167
Employee benefits	5,332	5,427
(b) Employee benefits (including Directors' remuneration):		
– Directors' fees	1,134	1,145
– Salaries, wages and bonuses	3,978	4,038
– Defined contribution retirement plans	220	244
	<b>5,332</b>	5,427
(c) Net fair value loss on financial assets at fair value through profit or loss ( <i>Note 7</i> )	<b>8,165</b>	10,941

## Notes to the Condensed Consolidated Financial Statements

**10. INCOME TAX EXPENSE**

	Six months ended 31 December	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited (Restated)
Current – Hong Kong		
– Charge for the period	–	–
Current – others (the PRC and Singapore)		
– Charge for the period	4,751	425
Deferred	–	–
– Tax charge for the period	4,751	425

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 2019: Nil) in issue during the period.

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

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	Unaudited	Unaudited (Restated)
<b>Loss</b>		
Loss attributable to equity holders of the Company, used in the basic and diluted loss per share calculation HK\$'000	(7,505)	(18,374)
<b>Shares</b>		
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
<b>Basic and diluted loss per share (HK cent)</b>	<b>(0.54)</b>	<b>(1.32)</b>

**12. DIVIDEND**

No dividend was declared for the six months ended 31 December 2020 (six months ended 31 December 2019: Nil).

## Notes to the Condensed Consolidated Financial Statements

**13. GOODWILL**

	HK\$'000
<b>Cost</b>	
As at 1 July 2019 (audited) (restated)	321,590
Exchange realignment	(12,151)
	<b>309,439</b>
As at 30 June 2020 (audited) and 1 July 2020	309,439
Exchange realignment	26,321
	<b>335,760</b>
As at 31 December 2020 (unaudited)	<b>335,760</b>
<b>Accumulated impairment loss</b>	
As at 1 July 2019 (audited) (restated)	262,246
Impairment loss recognised during the year	48,356
Exchange realignment	(10,822)
	<b>299,780</b>
As at 30 June 2020 (audited) and 1 July 2020	299,780
Exchange realignment	25,499
	<b>325,279</b>
As at 31 December 2020 (unaudited)	<b>325,279</b>
<b>Net carrying amount as at 31 December 2020 (unaudited)</b>	<b>10,481</b>

**Impairment assessment**

Goodwill acquired through business combinations is allocated to solar power cash-generating unit (“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 four-year period approved by senior management. The Group has appointed an independent professional valuer to perform a value-in-use calculation for impairment assessment on the CGU. Key input in the valuation is as follows:

The pre-tax discount rate applied to the cash flow projections is 27.90% (30 June 2020: 24.28%). The projected sales for the forecasted was prepared base on (i) budgeted sales for the year ended 30 June 2021; and (ii) prudent annualised growth rate of 12% per year for the year ending 30 June 2022 to year ended 30 June 2024; and (iii) revenue for the year ended 30 June 2024 onwards are extrapolated with zero growth rate.

As the recoverable amount of the CGU attributable to the owners of the Company as measured on value-in-use basis as at 31 December 2020 is higher than the carrying amount of HK\$10,481,000, it is therefore considered that there is no impairment loss on the net carrying amount of goodwill as at 31 December 2020.



## Notes to the Condensed Consolidated Financial Statements

**14. PLANT AND EQUIPMENT**

	HK\$'000
Net carrying amount at 1 July 2020 (audited)	668
Additions	23
Disposal	(215)
Depreciation	(181)
Exchange realignment	39
<b>Net carrying amount at 31 December 2020 (unaudited)</b>	<b>334</b>
Net carrying amount at 1 July 2019 (audited) (restated)	1,530
Disposal	(60)
Depreciation	(491)
Exchange realignment	(1)
<b>Net carrying amount at 31 December 2019 (unaudited) (restated)</b>	<b>978</b>

**15. RIGHT-OF-USE ASSET**

	Buildings leased for own used HK\$'000
<b>Cost</b>	
As at 1 July 2019 (audited) (restated)	–
Additions	2,947
<b>As at 30 June 2020 (audited), 1 July 2020 and 31 December 2020 (unaudited)</b>	<b>2,947</b>
<b>Accumulated depreciation</b>	
As at 1 July 2019 (audited) (restated)	–
Depreciation provided for the year	368
As at 30 June 2020 (audited) and 1 July 2020	368
Depreciation provided for the period	737
<b>As at 31 December 2020 (unaudited)</b>	<b>1,105</b>
<b>Net carrying amounts</b>	
<b>As at 31 December 2020 (unaudited)</b>	<b>1,842</b>
As at 30 June 2020 (audited)	3,579

## Notes to the Condensed Consolidated Financial Statements

**16. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES**

	31 December 2020 HK\$'000 Unaudited	30 June 2020 HK\$'000 Audited
<b>Trade receivables:</b>		
Third parties		
– Gross amount	252,388	241,755
– Less: allowance for ECL	(13,604)	(13,430)
	<b>238,784</b>	228,325
<b>Other receivables:</b>		
Interest receivables		
– Gross amount	1,157	1,072
– Less: allowance for ECL	(52)	(3)
	<b>1,105</b>	1,069
Deposits	1,560	779
Others	1,524	961
	<b>4,189</b>	2,809
<b>Total trade receivables, deposits and other receivables</b>	<b>247,973</b>	231,134

Trade receivables are non-interest bearing and ranged from of 120 to 180 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:

	<b>31 December 2020 HK\$'000 Unaudited</b>	30 June 2020 HK\$'000 Audited
Less than 30 days	<b>108,645</b>	20,790
31 to 60 days	<b>18,196</b>	76,872
61 to 90 days	<b>49,884</b>	19,213
91 to 180 days	<b>7,843</b>	74,301
More than 180 days	<b>54,216</b>	37,149
	<b>238,784</b>	228,325

Trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. 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**

	<b>31 December 2020 HK\$'000 Unaudited</b>	30 June 2020 HK\$'000 Audited
Contract assets <i>(Note (a))</i>	<b>6,171</b>	10,956

*Note:*

- (a) Contract assets primarily relate to the subsidiary, Strike Singapore's and Loydston New Energy's rights to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional. No allowance for ECL of was recognised during the period ended 31 December 2020 (2020: allowance for ECL approximately HK\$175,000).

Management estimates the loss allowances on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction projects. None of the amounts due from customers at the end of the reporting period is past due.

## Notes to the Condensed Consolidated Financial Statements

**18. INVENTORIES**

	<b>31 December 2020 HK\$'000 Unaudited</b>	30 June 2020 HK\$'000 Audited
Raw materials	<b>89</b>	53

**19. PREPAYMENTS**

	<b>31 December 2020 HK\$'000 Unaudited</b>	30 June 2020 HK\$'000 Audited
Prepayments	<b>46,478</b>	31,793

**20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>31 December 2020 HK\$'000 Unaudited</b>	30 June 2020 HK\$'000 Audited
Listed securities held-for-trading, at fair value:		
Equity securities listed in Hong Kong	<b>4,924</b>	13,089

The above equity investments at 31 December 2020 and 30 June 2020 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

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

Stock code	Company name	No. of share held at		Percentage of shareholding as at		Approximate percentage to the Market value		Approximate percentage to the Group's net assets		Change in fair value of held-for-trading instruments for the years ended	
		31 December 2020	Investment cost	31 December 2020	30 June 2020	31 December 2020	31 December 2020	30 June 2020	30 June 2020	31 December 2020	30 December 2019
		'000	HK\$'000			HK\$'000		HK\$'000		HK\$'000	HK\$'000
164	China Baoli Technologies Holdings Limited	2,490	4,998	0.067%	0.067%	-	-	-	-	-	-
804	Pinestone Capital Limited	41,400	20,721	0.918%	0.918%	994	0.27%	7,327	2.11%	(6,333)	2,609
1869	Li Bao Ge Group Limited	830	2,279	0.083%	0.083%	191	0.05%	191	0.05%	-	25
8423	Chi Ho Development Holdings Limited	14,900	5,005	1.863%	1.863%	3,576	0.97%	5,513	1.59%	(1,937)	(13,412)
8293	SingAsia Holdings Limited	1,925	10,722	0.128%	0.128%	163	0.04%	58	0.02%	105	(163)
						4,924	1.33%	13,089	3.77%	(8,165)	(10,941)

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, except for one of the listed equity securities, which have been suspended from trading on the Exchange since 28 June 2019, with a fair value of is HK\$ Nil as at 31 December 2020 and 30 June 2020.

**21. LOAN RECEIVABLES**

	31 December 2020 HK\$'000 Unaudited	30 June 2020 HK\$'000 Audited
Fixed-rate loan receivables	32,000	29,500
Less: allowance for ECL	(2,280)	(27)
	29,720	29,473

As at 31 December 2020, on 10 July 2019, 23 January 2020, 11 February 2020, 2 June 2020, 16 June 2020 and 2 July 2020, six loans were granted to five independent third party individuals, with principal amounts of HK\$5,000,000, HK\$5,000,000, HK\$6,000,000, HK\$9,000,000, HK\$4,500,000 and HK\$2,500,000 with interest rates of 9.125%, 12%, 9.75%, 10.25%, 11% and 11% per annum, respectively. All loans were unsecured and for a term that range from eight to ten months.

## Notes to the Condensed Consolidated Financial Statements

**21. LOAN RECEIVABLES** (Continued)

As at 30 June 2020, on 10 July 2019, 23 January 2020, 11 February 2020, 2 June 2020 and 16 June 2020, five loans were granted to five independent third party individuals, with principal amounts of HK\$5,000,000, HK\$5,000,000, HK\$6,000,000, HK\$9,000,000 and HK\$4,500,000 with interest rates of 9.125%, 12%, 9.75%, 10.25% and 11% per annum, respectively. All loans were unsecured and for a term that range from eight to ten months.

**22. TRADE AND OTHER PAYABLES**

	31 December 2020 HK\$'000 Unaudited	30 June 2020 HK\$'000 Audited
<b>Trade payables:</b>		
Third parties	1,136	25,880
<b>Accruals for project costs</b>	4,637	5,824
<b>Other payables:</b>		
Accrued liabilities	3,875	6,813
GST/VAT payable	10,160	7,692
Warranty provision	1,565	1,442
Others	422	980
	16,022	16,927
<b>Total</b>	<b>21,795</b>	48,631

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 2020 HK\$'000 Unaudited	30 June 2020 HK\$'000 Audited
<b>Trade payables:</b>		
Less than 90 days	1,136	21,315
91-180 days	-	4,565
	1,136	25,880

## Notes to the Condensed Consolidated Financial Statements

**23. SHARE CAPITAL AND SHARE PREMIUM**

	<b>31 December 2020 HK\$'000 Unaudited</b>	30 June 2020 HK\$'000 Audited
<i>Issued and fully paid:</i> 1,390,280,000 (30 June 2020: 1,390,280,000) ordinary shares of HK\$0.01 each (30 June 2020: HK\$0.01 each)	<b>13,903</b>	13,903

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

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

**24. 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).

## Notes to the Condensed Consolidated Financial Statements

**24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS** (Continued)

At 31 December 2020 (Unaudited)

	Financial assets at fair value through profit of loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss	4,924	–	4,924
Loan receivables	–	29,720	29,720
Trade receivables, deposits and other receivables	–	242,973	242,973
Cash and cash equivalents	–	73,993	73,993
	4,924	346,686	351,610

**Financial liabilities**

	Financial liabilities at amortised cost HK\$'000
Trade and other payables (excluding GST payable and accrued liabilities)	7,760
Lease liability	1,762
	9,522

At 30 June 2020 (Audited)

**Financial assets**

	Financial assets at fair value through profit of loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss	13,089	–	13,089
Trade receivables, deposits and other receivables	–	231,134	231,134
Cash and cash equivalents	–	86,730	86,730
Loan receivables	–	29,473	29,473
	13,089	347,337	360,426

**Financial liabilities**

	Financial liabilities at amortised cost HK\$'000
Trade and other payables (excluding GST payable and accrued liabilities)	34,126
Lease liability	2,471
	36,597

## Notes to the Condensed Consolidated Financial Statements

**25. 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	
		2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited (Restated)
Sub-contractor fees charged by – joint ventures	(i)	–	2,431
Operating expenses recharged by – a related company	(ii)	35	38
Rental expense charged by – a related company	(iii)	355	645
Secretarial fees charged to – joint ventures	(iv)	–	3
Sales of raw materials to – joint ventures	(v)	–	8
Sales of plant and equipment to – joint ventures	(v)	–	6

## Notes:

- (i) During the reporting period, Strike Electrical Engineering Pte. Ltd. (“**Strike Singapore**”), a wholly owned subsidiary of the Company in Singapore, had subcontracted some electrical engineering works to the joint ventures.
- (ii) 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.
- (iii) Rental expense was charged by Victrad with reference to the rates of other similar premises.
- (iv) During the reporting period, Strike Singapore provided secretarial services to the joint ventures and an associate.
- (v) Strike Singapore sold raw material and plant and equipment to the joint ventures.

## Notes to the Condensed Consolidated Financial Statements

**25. RELATED PARTY TRANSACTIONS** *(Continued)***(b) Commitment with related parties**

- (i) The lease agreement for the lease of office premises entered into between Strike Singapore and Victrad was expired on 30 June 2020 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 2020 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 24(a)(iii) to the consolidated financial statements. There are no operating lease commitments in respect of the above leases with Victrad as at the reporting date (30 June 2020: Nil).

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

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
	Unaudited	Unaudited (Restated)
Directors' fees	1,134	1,145
Salaries and bonuses	2,457	1,232
Pension scheme contributions	53	37
	<b>3,644</b>	2,414



## Notes to the Condensed Consolidated Financial Statements

**26. CONTINGENT LIABILITIES**

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

	<b>31 December 2020 HK\$'000 Unaudited</b>	<b>30 June 2020 HK\$'000 Audited</b>
Guarantees:		
Security bonds to the Singapore Government in relation to foreign workers	<b>29</b>	28

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 2020, the guarantees provided by the insurer was approximately HK\$29,000 (30 June 2020: approximately HK\$28,000).

**27. 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 23 February 2020.

# 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 2020, save and except for the deviations from code provisions A.2.1.

### Code provision A.2.1

Code provision A.2.1 of the CG Code stated that the roles of chairman and managing director should be separate and should not be performed by the same individual. On 13 February 2017, Mr. Yeo Jiew Yew ("**Mr. Yeo**") retired and did not offer himself for re-election as an executive Director and also ceased to be the managing director (the "**Managing Director**") of the Group. As the Company did not appoint any person to replace Mr. Yeo as the Managing Director, this deviates from code provision A.2.1 of the CG Code.

The chairman of the board (the "**Board**") of directors 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.



## Corporate Governance and Other Information

**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 2020.

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

As at 31 December 2020, 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 2020, 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).

## Corporate Governance and Other Information

### 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.

### 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 2020 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 2020, 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 2020, 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 2020.

### 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 2020.

By Order of the Board  
**Kingbo Strike Limited**  
**Liu Yancheng**  
*Chairman*

Hong Kong, 23 February 2021

