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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yancheng *(Chairman)*
Mr. Yao Runxiong
Mr. Liu Xinsheng *(Resigned on 23 October 2018)*
Mr. Peng Rongwu *(Resigned on 7 August 2018)*

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
Mr. Liu Xinsheng *(Resigned on 23 October 2018)*
Dr. Luo Xiaodong
Mr. Tam Tak Wah

AUDITORS

HLB Hodgson Impey 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 (Hong Kong) 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. Li Chi Chung, Solicitor, Hong Kong
19/F, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Liu Xinsheng *(Resigned on 23 October 2018)*
Mr. Li Chi Chung, Solicitor, Hong Kong
Mr. Yao Runxiong *(Appointed on 23 October 2018)*

WEBSITE OF THE COMPANY

www.kingbostrike.com

Chairman Statement

BUSINESS OVERVIEW

The solar power business and electrical engineering service continued to be the main revenue stream for Kingbo Strike Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"). For the financial year ended 30 June 2019, the Group recorded an increase in its total revenue, which was the combined effect of the increase in revenue generated from the solar power business, decrease in revenue from electrical engineering services in Singapore and the decrease in revenue from trading business. With stable profit margin of the Group's solar power business in the People's Republic of China ("**PRC**") and decrease in the effect from low profit margin from the trading business, the Group recorded an increase in its overall gross profit margin.

During the year, the Group has recognised a revenue of approximately RMB389.6 million (equivalent to approximately S$78.5 million) (2018: RMB211.5 million, approximately S$43.3 million) from the solar power business for the financial year ended 30 June 2019, mainly due to the Group secured and delivered a larger volume of contracts.

On 31 May 2018, the China National Development and Reform Commission, the Ministry of Finance and National Energy Administration jointly released a 2018 Photovoltaic Power Generation Notice ("**Net Policy**"). After the release of the New Policy, the industry experienced a structural adjustment. Furthermore, in May 2019, circular on construction of Wind and Photovoltaic ("**PV**") Power Generation project ("**Circular**") had been announced, this reaffirmed that the PRC's PV industry is transforming to market led, quality enhancement and focus on the development of non-subsidised projects (grid parity). Subsidy would still continue but be provided at a lower level, before the grid parity could be achieved. Therefore the Group expect that industry consolidation would continue in the coming year. However, this will lead to a more sustainable development after market consolidation.

In addition, the fierce competition in public housing development in Singapore and the uncertainty of the upcoming development of the trade war between the United States of America ("**US**") and PRC also bring challenges to the Group.

Under such challenging environment, the Group will make solid efforts in seeking for potential related business with higher return potential, including but not limited to operation and management of solar farms, supply and installation of electric supply projects and etc.

Liu Yancheng
Chairman

Management Discussion and Analysis

BUSINESS REVIEW

During the financial year ended 30 June 2019, the performance of 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. The Group has recognised a revenue of approximately RMB389.6 million (equivalent to approximately S$78.5 million) from the solar power business for the financial year ended 30 June 2019, a significant increase compared to a revenue of approximately RMB211.5 million (equivalent to approximately S$43.3 million) for the financial year ended 30 June 2018, as the Group secured and delivered a larger volume of contracts.

Electrical Engineering Services

For the financial year ended 30 June 2019, the electrical engineering services in Singapore recorded a revenue of approximately S$3.2 million, which represents a decrease of approximately 78.1% over that of approximately S$14.6 million for the financial year ended 30 June 2018. This is mainly attributable to a lower percentage of work completed in projects towards completion during the financial year ended 30 June 2019.

During the financial year ended 30 June 2019, the Group completed 4 projects (2018: 2 projects), all of which (2018: all) are public residential projects. Due to keen competition in the market, the Group did not secured new projects in the financial year ended 30 June 2019 (2018: Nil). As at 30 June 2019, there are no outstanding contracts on hand (2018: 4 contracts on hand were related to public residential projects).

Consumer Products and Accessories

When compared with the financial year ended 30 June 2018, the segment recorded a 100% decrease in revenue and profit. The Group recorded a revenue and profit of approximately HK$59.6 million (equivalent to approximately S$10.4 million) and HK$740,000 (equivalent to approximately S$129,000) in financial year ended 30 June 2018. The performance of this segment was mainly due to no new order was placed by the existing customers while the Group had adopted a conservative approach in the selection of new customers and new products in view of the recent unstable trading conditions.

Management & Audit Committee's View towards the qualifications

The issuance of the qualified opinion by the auditors of the Company was the result of the possible effects on the corresponding figures of the matters described in the basis for Qualified Opinion section in the auditors report. Except for this, auditors give a true and fair view of the consolidated statement of financial position, consolidated financial performance and its consolidated cash flows for the financial year ended 30 June 2019.

The management of the Company understands that the audit qualifications are related to the corresponding figures presented in the consolidated financial statements, which are based on the consolidated financial statements of the Group for the year ended 30 June 2018. The management of the Company agrees with the audit qualifications made by the auditors of the Company (the "**Management's Position**") and the audit committee (a) understands and agrees with the audit qualifications made by the auditors of the Company; and (b) reviewed and agreed with the Management's Positions.

Since the audit qualifications are related to the corresponding figures presented in the consolidated financial statements, in the absence of audit issues, there will not be any carried forward impact to the Company's results for the subsequent financial year (i.e. for the year ending 30 June 2020) and the auditors of the Company expect that they will be able to issue a clean auditors' report on the Group's consolidated financial statements for the year ending 30 June 2020.

BUSINESS PROSPECT

Although the Group recorded a growth in revenue of solar power business for the year, however, under the new policy and circular issue by governmental bureau, the PV market in the PRC experiencing certain structural adjustment and industry consolidation is expected in the year to come. Together with the fierce competition in public housing development in Singapore and the uncertainty of the upcoming development of the trade war between US and PRC, these bring challenges to the Group.

The Group will continue to take solid efforts in seeking for potential project with higher return potential in order to improve the profitability.

Looking ahead, the Group will continually enhance its principal businesses and will seek for good business opportunities so as to enhance the value of the shareholders of the Company.

FINANCIAL REVIEW

The Group's revenue increased by 19.6% from approximately S$68.3 million for the financial year ended 30 June 2018 to approximately S$81.7 million for the financial year ended 30 June 2019. Loss attributable to owners of the Company and loss per share attributable to ordinary equity holders of the Company for the year ended 30 June 2019 amounted to approximately S$8.9 million and S$0.72 cents respectively compared to approximately S$1.8 million and S$0.18 cent respectively for the financial year ended 30 June 2018.

Financial Results

Revenue

For the financial year ended 30 June 2019, revenue of the Group comprises of revenue generated from the following three business segment of the Group:

Solar Power Business

The Group has recognised a revenue of approximately S$78.5 million from the solar power business for the financial year ended 30 June 2019, an increase of 81.3% compared to approximately S$43.3 million from that of last year.

Electrical Engineering Services

For the financial year ended 30 June 2019, this business segment recorded a revenue of approximately S$3.2 million, which represents a decrease of 78.1% from approximately S$14.6 million for the financial year ended 30 June 2018. This is mainly attributable to lack of new project secured during the year, due to fierce competition.

Consumer Products and Accessories

For the financial year ended 30 June 2019, the segment recorded a 100% decrease in revenue and profit compared to approximately S$10.4 million for the financial year ended 30 June 2018. The performance of this segment was mainly due to no new order was placed by the existing customers while the Group had adopted a conservative approach in the selection of new customers and new products in view of the recent unstable trading conditions.

Operating Results

Gross profit margin of the Group increased by 2.4% from 8.0% for the financial year ended 30 June 2018 to 10.4% for the financial year ended 30 June 2019. Improvement in gross profit margin was mainly due to the relatively higher gross profit margin in solar power business, compared to housing projects of the electrical engineering services in Singapore, and the absense of dilution effect from lower profit margin in the trading business.

The operating results of the Group has recorded a significant increase of loss from approximately S$701,000 for the financial year ended 30 June 2018 to approximately S$6.9 million for the financial year ended 30 June 2019. This change is primarily attributable to increase in impairment loss to approximately S$3.8 million (2018: S$1.8 million) during the financial year ended 30 June 2019 on goodwill relating to the solar power business, and the significant fair value loss on financial assets at fair value through profit or loss of approximately S$6.1 million for the financial year ended 30 June 2019.

Other Gains and Losses, net

Other gains and losses decreased by 61.1% from a net loss of approximately S$167,000 for the year ended 30 June 2018 to a net loss of approximately S$65,000 for the financial year ended 30 June 2019 was mainly due to the interest of provision of finance.

Change in Fair Value of Financial Assets at Fair Value through Profit or Loss/Held-for-trading Investments, net

The net loss mostly attributable to fair value loss on financial assets at fair value through profit or loss of approximately S$6.1 million for the year ended 30 June 2019 compared with fair value gain on held-for-trading investments of approximately S$0.3 million for the year ended 30 June 2018.

Administrative Expenses

Administrative expenses for the financial year ended 30 June 2019 increased by 1.1% to approximately S$4.53 million (2018: S$4.48 million).

Other Operating Expenses

Other operating expenses increased slightly from approximately S$314,000 for the financial year ended 30 June 2018 to approximately S$481,000 for the financial year ended 30 June 2019.

Impairment Loss Recognised in respect of Goodwill

In light of the cash flow projections of the solar power business for the next three years, the recoverable amount of the goodwill in relation to the solar power business at 30 June 2019 was determined to be approximately S$10.3 million (2018: S$14.7 million) taking into account the valuation performed by an independent professional valuer. Accordingly, an impairment loss of approximately S$3.8 million (2018: S$1.8 million) was recognised. Details of the goodwill were set out in Note 11 to the consolidated financial statements.

Impairment assessment of Goodwill

The Company considers that the provision for the impairment was made based on the principle of prudence, and provided a full, true and fair reflection of the financial position of the Group and the value of its assets as at 30 June 2019. The Company also considers that the said provision for impairment is in line with the relevant provision of international accounting standards and the Company's accounting policies to reflect the fair value of the Company's assets, and to ensure the proper operation of the Company.

The valuers adopted the discounted cash flow model when determining the value in use of the CGU at the relevant time. Details regarding the methodology and key inputs for the impairment assessment as of 30 June 2019 and 30 June 2018 are set out in Note 11 to the consolidated financial statements and summarised below:

Valuation of the Kahuer Group as at 30 June 2019

The pre-tax discount rate applied to the cash flow projections is 22.98%. The projected sales for the forecasted was prepared base on (i) budgeted sales for the year ended 30 June 2020; and (ii) prudent annualised growth rate of 5% per year for the year ended 30 June 2020 to year ended 30 June 2023.

The relevant key figures used to determine the value in use of the CGU are as follows:

Below is a table setting out the changes made to the relevant inputs used the valuers for calculating the recoverable amount of the CGU at the relevant time and the relevant assumptions respectfully adopted.

Input	2018 valuation	2019 valuation	Reasons for change
Risk free rate used for calculation of pre-tax discount rate	3.48%	**3.24%**	Changes in market parameters during the period between the 2018 valuation date and the 2019 valuation date
Market premium used for calculation of pre-tax discount rate	10.28%	**8.54%**	
Re-levered Beta used for calculation of pre-tax discount rate	1.1707	**1.1456**	
Pre-tax discount rate	21.89%	**22.98%**	
Compound annual growth rate for projected revenues	3%	**5%**	Change in projected revenues (to be particularised below)

Management Discussion and Analysis

Valuation Date	Projected revenues (RMB million) FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
30.06.2019	**290**	**305**	**320**	**336**

Valuation Date	Projected revenues (RMB million) FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
30.06.2018	375	386	398	410

Valuation Date	Projected earnings before interest after tax (RMB million) FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
30.06.2019	**13**	**14**	**15**	**16**

Valuation Date	Projected earnings before interest after tax (RMB million) FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
30.06.2018	25	26	26	27

Assumptions adopted: Valuation as at 30.06.2019	Valuation as at 30.06.2018
(i) There will be no major change in the existing political, legal and economic conditions in the PRC in which the CGU is being operated;	(i) There will be no major change in the existing political, legal and economic conditions in the PRC in which the CGU is being operated;
(ii) save for those proposed changes on taxation policies announced by the Tax Bureau of the PRC, there will be no major change in the current taxation law and tax rates as prevailing and that all applicable laws and regulations on taxation will be complied with by the CGU and its subsidiaries;	(ii) save for those proposed changes on taxation policies announced by the Tax Bureau of the PRC, there will be no major change in the current taxation law and tax rates as prevailing and that all applicable laws and regulations on taxation will be complied with by the CGU and its subsidiaries;
(iii) the interest rates and exchange rates will not differ materially from those presently prevailing;	(iii) the interest rates and exchange rates will not differ materially from those presently prevailing;
(iv) the availability of finance will not be a constraint on the forecast growth of the CGU's operations in accordance with the business plan and the projection;	(iv) the availability of finance will not be a constraint on the forecast growth of the CGU's operations in accordance with the business plan and the projection;
(v) the business forecast is based on reasonable grounds, reflecting estimates which have been arrived at after due and careful consideration by the management and will materialise;	(v) the business forecast is based on reasonable grounds, reflecting estimates which have been arrived at after due and careful consideration by the management and will materialise;

Assumptions adopted	
Valuation as at 30.06.2019	Valuation as at 30.06.2018
(vi) the facilities systems and the technology utilised by the CGU do not infringe any relevant regulations and law;	(vi) the facilities systems and the technology utilised by the CGU do not infringe any relevant regulations and law;
(vii) all equipment and facilities utilised by the CGU can perform efficiently and safely according to the purposes for which it was designed and built;	(vii) all equipment and facilities utilised by the CGU can perform efficiently and safely according to the purposes for which it was designed and built;
(viii) the CGU have obtained all necessary permits and approvals to carry out the business operations in the PRC and shall have no legal impediment in renewing those permits and approvals from time to time;	(viii) the CGU have obtained all necessary permits and approvals to carry out the business operations in the PRC and shall have no legal impediment in renewing those permits and approvals from time to time;
(ix) the CGU and its operating assets are free and clear of any lien, charge, option, pre-emption rights or other encumbrances or rights whatsoever;	(ix) the CGU and its operating assets are free and clear of any lien, charge, option, pre-emption rights or other encumbrances or rights whatsoever;
(x) the CGU shall secure and retain competent management, key personnel, marketing and technical staff to carry out and support the operations; and	(x) the CGU shall secure and retain competent management, key personnel, marketing and technical staff to carry out and support the operations; and
(xi) the estimated fair values do not include consideration of any extraordinary financing or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary recoverable amount of the CGU.	(xi) the estimated fair values do not include consideration of any extraordinary financing or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary recoverable amount of the CGU.

Share of Results of Joint Ventures

The Group's share of results of joint ventures had a gain of approximately S$2.12 million (2018: S$1.28 million) for the financial year ended 30 June 2019 mainly due to more projects secured in the current financial year.

Share of Results of an Associate

The associate has shared a loss of S$199,151 (2018: loss of S$11,067) mainly due to the on-going projects were with relatively lower gross margin.

Income Tax Expense

Income tax expense increased substantially by 69.3% from approximately S$976,000 for the financial year ended 30 June 2018 to approximately S$1.7 million for the financial year ended 30 June 2019. This is primarily attributable to the increase in income tax expense charged on the assessable profit generated from both the solar power business during the year.

Employment and Remuneration Policy

As at 30 June 2019, total number of employees of the Group was 27 (2018: 106). During the financial year ended 30 June 2019, employees costs (including Directors' emoluments) amounted to approximately S$3.6 million (2018: S$5.8 million). Remuneration of the employees which included salary, discretionary bonus and share-based incentives was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel.

Financial Position

As at 30 June 2019, total assets of the Group were approximately S$83.4 million (30 June 2018: S$98.2 million), representing a decrease of 15.1% as compared with that of 2019. In particular, non-current assets decreased by 27.9% to approximately S$14.7 million (30 June 2018: S$20.4 million), whereas current assets decreased by 11.8% to approximately S$68.6 million (30 June 2018: S$77.8 million).

The decrease in non-current assets is mainly attributable to impairment of goodwill, share of results of an associate and decrease in non-current trade receivable during the financial year ended 30 June 2019. On the other hand, the combination effect of decrease in trade receivables, deposits and other receivables of approximately S$12.7 million from approximately S$50.6 million as at 30 June 2018 to approximately S$37.9 million as at 30 June 2019, increase in loan receivable of approximately S$3.3 million, and decrease in financial assets at fair value through profit and loss/held-for-trading investments of approximately S$4.3 million, attribute to the decrease in current assets of the Group.

As at 30 June 2019, total liabilities of the Group amounted to approximately S$8.8 million (30 June 2018: S$19.7 million), a decrease of 55.3% as compared with that of 2018. In particular, current liabilities decreased by 55.3% to S$8.8 million (30 June 2018: S$19.7 million), whereas non-current liabilities reduced by 100% compared with S$30,222 for the financial year ended 30 June 2018. The decrease in current liabilities is mainly due to decrease in trade payable and income tax payable. There is no notable movement for the reduction in non-current liabilities.

Total equity of the Company decreased by 5.0% to approximately S$74.6 million as at 30 June 2019 (30 June 2018: S$78.5 million). This is due to the combination effect from the placing of 204,680,000 placing shares at a price of HK$0.183 per share during the financial year ended 30 June 2019 and the loss of the year of approximately S$6.9 million.

Liquidity, Financial Resources and Gearing

As at 30 June 2019, the Group maintained net current assets of approximately S$59.9 million (30 June 2018: S$58.2 million). Besides, the Group maintained cash and cash equivalents of approximately S$17.0 million, of which 13.5% and 68.6% were denominated in Hong Kong dollars and Singapore dollars respectively (30 June 2018: S$14.7 million, of which 10.1% and 88.3% were denominated in Hong Kong dollars and Singapore dollars respectively).

As at 30 June 2019, the Group had no interest-bearing borrowings (30 June 2018: Nil). The Group's gearing ratio was not applicable as the amount of trade and other payables is less than cash and cash equivalents (30 June 2018: N/A), which was calculated on the basis of net debt over equity attributable to owners of the Company. Net debt is calculated as trade and other payables less cash and cash equivalents.

Charge on Assets

As at 30 June 2019, the Group had no charges on its assets.

Capital Structure

(i) *2017 Placing*

On 20 June 2017, the Company entered into a placing agreement (the "**2017 Placing Agreement**") with Pinestone Securities Limited, pursuant to which Pinestone Securities Limited has conditionally agreed, as agent of the Company, to procure on a best effort basis, not less than six placees to subscribe for up to 152,000,000 placing shares at the placing price of HK$0.266 per placing share (the "**2017 Placing**"). The 2017 Placing was completed on 6 July 2017 and 152,000,000 placing shares with an aggregate nominal value of HK$1,520,000 were allotted and issued by the Company to not less than six placees who were professional, institutional or other 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$0.266 per placing share represents: (i) a discount of approximately 8.28% to the closing price of HK$0.29 per share as quoted on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 June 2017, being the date of the 2017 Placing Agreement; and (ii) a discount of approximately 9.83% to the average closing price of HK$0.295 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the 2017 Placing Agreement. The net placing price of the 2017 Placing was approximately HK$0.261 per placing share.

The 2017 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, and enlarge the shareholders' base, which may in turn enhance the liquidity of the shares of the Company. The net proceeds from the 2017 Placing in the amount of approximately HK$39.7 million was previously intended to be applied as to HK$20 million to finance the acquisition of properties situated in Taiwan and the remaining balance as general working capital. As disclosed in the announcement of the Company dated 12 January 2018, the acquisition of properties has lapsed and all the net proceeds from the 2017 Placing would be applied as general working capital of the Group.

As at 30 June 2018, the Group had fully utilised the net proceeds of the 2017 Placing and the following table sets out the breakdown of the use of proceeds:

Intended use of net proceeds	Allocation of net proceeds HK$ (million)	Utilisation for the financial year ended 30 June 2018 HK$ (million)
General working capital of the Group	39.7	39.7

	Utilisation for the financial year ended 30 June 2018 HK$ (million)
Human resources	2.9
Office utilities	1.2
Other general expenses	6.4
Working capital in respect of trading in consumer products and accessories	29.2
Total	39.7

(ii) *2018 Placing*

On 14 February 2018, the Company entered into a placing agreement (the "**2018 Placing Agreement**") with RIFA Securities Limited, pursuant to which RIFA Securities Limited agreed to place 197,600,000 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK$0.195 per placing share (the "**2018 Placing**"). The Placing was completed on 5 March 2018 and 197,600,000 new shares of the Company with an aggregate nominal value of HK$1,976,000 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$0.195 represents (i) a discount of approximately 4.88% to the closing price of HK$0.205 per share as quoted on the Stock Exchange on 14 February 2018, being the date of the 2018 Placing Agreement; and (ii) a discount of approximately 4.41% to the average closing price of HK$0.204 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to date of the 2018 Placing Agreement. The net placing price for the 2018 Placing was approximately HK$0.192 per placing share.

The 2018 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$38.0 million arising from the 2018 Placing was applied as general working capital of the Group.

As at 30 June 2019, the Group had fully utilised the net proceeds of the 2018 Placing and the following table sets out the breakdown of the use of proceeds:

Intended use of net proceeds	Allocation of net proceeds HK$ (million)	Utilisation for the financial year ended 30 June 2018 HK$ (million)	Utilisation up to 30 June 2019 HK$ (million)
General working capital of the Group	38.0	23.6	38.0

	Utilisation for the financial year ended 30 June 2018 HK$ (million)	**Utilisation up to 30 June 2019 HK$ (million)**
Human resources	–	**6.8**
Office utilities	–	**2.8**
Other general expenses	–	**4.8**
Working capital in respect of solar power business	23.6	**23.6**
Total	23.6	**38.0**

(iii) *2019 Placing*

On 14 March 2019, the Company entered into a placing agreement (the "**2019 Placing Agreement**") with RIFA Securities Limited, pursuant to which RIFA Securities Limited agreed to place up to 237,120,000 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK$0.183 per placing share (the "**2019 Placing**"). The Placing was completed on 2 April 2019 and 204,680,000 new shares of the Company with an aggregate nominal value of HK$2,046,800 were allotted and issued by the Company to not less than six placees who were independent individuals, corporations and/or institutional investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.

The placing price of HK$0.183 represents (i) a discount of approximately 8.5% to the closing price of HK$0.2 per share as quoted on the Stock Exchange on 14 March 2019, being the date of the 2019 Placing Agreement; and (ii) a discount of approximately 9.6% to the average closing price of HK$0.202 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to date of the 2019 Placing Agreement. The net placing price for the 2019 Placing was approximately HK$0.180 per placing share.

The 2019 Placing was conducted by the Company to raise additional funding for the business operations of the Group and strengthen the financial position of the Group for future development. The net proceeds amounting to approximately HK$36.9 million arising from the 2019 Placing was applied as general working capital of the Group.

As at 30 June 2019, the Group had utilised the net proceeds of the 2019 Placing as follows:

Intended use of net proceeds	Allocation of net proceeds HK$ (million)	Utilisation for the financial year ended 30 June 2019 HK$ (million)	Remaining balance of unused net proceeds as at 30 June 2019 HK$ (million)
General working capital of the Group	36.9	13.2	23.7

The following table sets out the breakdown of the use of proceeds of the 2019 Placing as general working capital of the Group:

	Utilisation for the financial year ended 30 June 2019 HK$ (million)	Intended use of remaining balance of unused net proceeds as at year ended 30 June 2019 HK$ (million)
Human resources	0.5	7.5
Office utilities	0.2	2.5
Other general expenses	0.5	5.7
General working capital in respect of solar power business	12.0	8.0
Total	13.2	23.7

The company expected that remaining balance of unused net proceeds to be utilised by or around 30 June 2020.

The utilised and the intended use of the remaining balance of unused net proceeds was and will be in accordance to the original intention disclosed in the announcement of the company dated 14 March 2019 in relation to the 2019 Placing.

Capital Expenditure and Commitments

During the financial year ended 30 June 2019, the Group had capital expenditure of S$349,267 (2018: S$71,761).

As at 30 June 2019, the Group do not have commitments contracted for but not provided in the consolidated financial statements (30 June 2018: S$14.2 million).

Contingent Liabilities

As at 30 June 2019, the Group had security bonds to the Singapore Government amounting to S$50,000 (30 June 2018: S$390,000) in relation to foreign workers.

Significant Investments

As at 30 June 2019, the Group held certain listed securities as financial assets at fair value through profit or loss/held-for-trading investments.

The Group identified its investments based on the share price performance and future prospect of the investments. For the financial year ended 30 June 2019, the Group received dividend income of S$720 (2018: S$2,174) from investment in listed securities and made a fair value loss of S$6,114,786 (2018: fair value gain of S$309,980) on held-for-trading investments. This fair value loss is mainly the combination effect of: (i) decrease in share price of 49.4% of Chi Ho Development Holdings Limited ("**Chi Ho**"); (ii) decrease in share price of 25.0% of Li Bao Ge Group Limited ("**Li Bao Ge**"); and (iii) decrease in the share price of Pinestone Capital Limited ("**Pinestone**") of 50.3%; (iv) decrease in share price of 83.2% of China Baoli Technologies Holdings Limited ("**China Baoli**"); and (v) decrease in share price of 97.4% of SingAsia Holdings Limited ("**SingAsia HLDG**") during the financial year ended 30 June 2019.

Details of all the financial assets at fair value through profit or loss/held-for-trading investments were set out in Note 21 to the consolidated financial statements.

China Baoli is principally engaged in mobile technologies business, tourism and hospitality business, gamma ray irradiation services, and securities trading and investment. Although China Baoli continued to record a loss for the financial year ended 31 March 2019, and the loss had increased as compared to the financial year ended 31 March 2018. Furthermore, they are committed to identifying and evaluating appropriate opportunities to invest in, thereby continuously improving its market competitiveness and maintaining its overall performance.

Pinestone is a Hong Kong-based financial services provider principally engaged in provision of securities brokerage services, securities-backed lending services as well as placing and underwriting services. The loss for the financial year ended 31 December 2018 of Pinestone is approximately HK$3.0 million, which is deteriorated from a profit of approximately HK$14.1 million of the previous year, which was mostly attributable to an impairment provision of approximately HK$9.2 million made in respect of trade receivables and a decreased in interest income relating to securities-backed lending services. Pinestone will continue to cultivate client relationship, strengthen the financial positions and explore business opportunities to maximise the long-term return for the shareholders.

Li Bao Ge is principally engaged in the operation of a chain of Chinese restaurants in Hong Kong and the PRC. The profit attributable to the shareholder for the financial year ended 31 December 2018 of Li Bao Ge is approximately HK$2.3 million, which has a substantial decrease from a HK$23.2 million profit attributable to the shareholder in the previous financial year. As the downtrend of Hong Kong and China Economy, together within the negative effect of China-US trade war on consumption sentiment, it needed to offer move concessions to attracts customers, therefore a loss position is noted for the six months ended 30 June 2019.

SingAsia HLDG is principally engaged in the provision of manpower, outsourcing, recruitment, trading and cleaning services. SingAsia HLDG record a increased loss for the nine months ended 30 April 2019 to approximately S$2.8 million, compared with the loss for the nine months ended 30 April 2018 of approximately S$2.1 million.

Chi Ho is an established main contractor for the provision of renovation and maintenance works, alteration and addition works, and fitting-out works in Hong Kong. Chi Ho is responsible for the overall management, implementation and supervision of projects. Chi Ho focuses on the management of projects, development of work programmes, procurement of works materials, operation of site works, co-ordination with the customers or their consultants and quality control of the works carried out by the employees and the subcontractors. The profit for the financial year ended 31 March 2019 of Chi Ho is approximately HK$18.2 million, which has decreased by approximately HK$4.9 million compared to that of the profit of approximately HK$23.1 million previous year.

Although the market value had been significantly declined as of 30 June 2019, and deteriorate in financial performance is noted from their latest published financial statement, the Company still holds positive views in a longer term and will regularly monitor the performance of those listed investment and take suitable action in due course.

Save for those disclosed above, Notes 1, 12, 13 and 21 to the consolidated financial statements, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the financial year ended 30 June 2019.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 29 March 2018, the Company entered into a conditional sale and purchase agreement ("**Agreement**") in relation to the acquisition of the entire registered capital of Jiangsu Huihua Photovoltaic Limited ("**Jiangsu Huihua**").

On 27 December 2018, due to excessive delay in the registration of the transfer of the registered share capital of Jiangsu Huihua, the Company and the vender entered into a deed of termination ("**Deed of Termination**"), pursuant to which the parties agreed to terminate the Agreement.

No deposit had been paid by the Company to the vender for the above acquisition pursuant to the terms of the Agreement.

There was no material acquisitions or disposals of subsidiaries and associated companies during the financial year ended 30 June 2019.

Cash Flow

The Group reported net cash flows of approximately S$4.1 million (2018: S$17.5 million) used in operating activities for the financial year ended 30 June 2019. The decrease in net cash used is primarily due to the decrease in the trade and other receivables in the solar power business.

Net cash generated from investing activities is approximately S$0.2 million for the financial year ended 30 June 2019 (2018: S$1.5 million). This is mainly attributable to the effect of decrease in dividends of approximately S$1,000,000 received from joint ventures in the financial year ended 30 June 2019.

Management Discussion and Analysis

Net cash flows generated from financing activities mainly attributed to approximately S$6.4 million proceeds from issue of shares for the financial year ended 30 June 2019.

Financial Ratios

The following table shows the key financial ratios indicating the performance of the Group for the last five financial years:

Financial year ended 30 June	2019	2018	2017	2016	2015
Gross profit margin (%)[1]	**10.4**	8.0	33.4	14.1	30.7
Net profit margin (%)[2]	**N/A[8]**	N/A[8]	N/A[8]	18.5	32.9
Return on assets (%)[3]	**N/A[8]**	0.3	N/A[8]	4.0	15.6

As at 30 June	2019	2018	2017	2016	2015
Gearing ratio[4]	**0.0**	0.0	7.1	9.9	0.0
Current ratio[5]	**7.8**	4.0	2.6	2.9	5.2
Average trade receivables collection period (days)[6]	**172.2**	189.2	101.2	75.6	110.0
Average trade payables repayment period (days)[7]	**14.0**	26.6	59.2	68.2	75.0

Note

1 Gross profit margin = Gross profit/Revenue x 100%
2 Net profit margin = Net profit/Revenue x 100%
3 Return on assets = Net profit before tax/Total assets
4 Gearing ratio = Net debt/Equity attributable to owners of the Company
5 Current ratio = Current assets/Current liabilities
6 Average trade receivables collection period = (Average trade receivables + Bill receivables/Revenue) x 365
7 Average trade payables repayment period = (Average trade payables/Purchases) x 365
8 The ratio is not applicable as the Group suffered a net loss for the financial year ended 30 June 2017

The increase in gross profit margin for the financial year ended 30 June 2019 was mainly due to relatively higher gross profit margin in solar power business, compared to housing projects of the electrical engineering service and the absence of dilution effect from lower profit margin in the trading business.

The slight decrease in average trade receivables collection period of 172.2 days for the financial year ended 30 June 2019 is primarily attributable to increase in average revenue of the Group.

The Group always maintains good and prompt payment relationship with the suppliers to achieve overall benefit for the on-going and future purchase pricing. For the financial year ended 30 June 2019, the repayment period was shorter mainly due to increase in purchases of site materials to meet the projects schedule.

RISK MANAGEMENT

The Group faces certain risks and uncertainties in its operations which are outlined as below. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas.

	Risk	Description and Mitigation
Financial and Economic Risk	**Liquidity risk management**	Each business segment of the Group is responsible for its own cash management. The Group's policy is to regularly monitor its liquidity requirements so as to ensure sufficient reserves of cash and adequate committed lines of funding from major financial institutions (when applicable) to meet its liquidity requirements in the short and longer term. The Group's cash and cash equivalents at 30 June 2019 was maintained at a satisfactory level. Save as disclosed in Note 29 to the Consolidated Financial Statements, the Group had no significant capital commitment.
	Contingent liabilities	Save as disclosed in Note 28 to the Consolidated Financial Statements, the Group had no significant contingent liabilities as at 30 June 2019.
	Foreign currency risk	The Group's business mainly operates in Singapore and the PRC, accordingly, its revenue and transactions arising from its operations were generally settled in Singapore dollars and Renminbi whereas the bank balance of the Company was principally denominated in Singapore dollars and Hong Kong dollars. As a result, fluctuations in the value of Singapore dollars against Renminbi and Hong Kong dollars could adversely affect the cash and cash equivalent which is reported in Singapore dollars. During the financial year ended 30 June 2019, the Group did not experience 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 year and there were no hedging instruments outstanding as at 30 June 2019. 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.

Risk	Description and Mitigation
Credit risk	The Group's credit risk is primarily attributable to trade receivables and loan receivables. Credit evaluations are performed on all credit customers focusing on the customer's history of payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 180 days from the date of billing and the loan receivables are due on the maturity date specified in the loan agreement. Impairment losses are recorded for those overdue balances where there is objective evidence of impairment. As disclosed in Note 34 to the Consolidated Financial Statements, the Group has certain concentration risk in respect of trade receivables due from the Group's two (2018: three) largest customers who accounted for approximately 90% and 89% of the Group's total trade receivables at 30 June 2019 and 30 June 2018 respectively. The credit risk exposure to trade receivables balance and loan receivable balance has been and will continue to be monitored by the Group on an ongoing basis.
Delay and cost overrun risk	Delay in the Group's project may put burdens on billings, material and labour costs that adversely affects the Group's revenue and financial performance. The duration of the Group's projects generally ranges between 6 to 48 months. Moreover, any damages caused by the Group may result in the liquidated damages penalty payable to the contracting parties. The Group continues to implement stringent budget control management. In addition, proper and detailed project planning is applied to avoid design error or faulty contractual management or other defaults.
Equity price risk	The Group held listed securities in Hong Kong for investment purpose. The reduction in the fair value of the listing securities resulting from changes in the levels of value of the securities will adversely impact on the Group's financial performance.

	Risk	Description and Mitigation
	Economic environment	The Group's primary facilities and operations are located in Singapore and the PRC while 3.9% and 96.1% of its revenue is derived from Singapore and PRC, respectively. The Group's results of operations and financial condition therefore depend on the economies of Singapore and the PRC. The economic growth of Singapore becomes moderate in recent years while that of the PRC is slowing down. In this connection, any reduction in Singapore government expenditure on public housing may have a negative impact on the Group's results of operations and financial condition. The contraction of the PRC business activities may also hinder the development of solar power business of the Group so that the Group's income may be negatively impacted.
Operational Risk	**Availability, recruitment and retention of skilled resources**	The Group's business is highly dependent on skilled, semi-skilled and unskilled foreign workers as the local construction labour in Singapore is limited and costly. Any shortage in the supply of foreign workers or increase in Foreign Worker Levy, or any entry restrictions on foreign labour importation will adversely affect the Group's operations and financial performance. As at 30 June 2019, approximately 44.4% of the workforce was made up of foreign workers.
	Health and safety	Under the Workplace Safety and Health Act of Singapore, every employer has the duty to take, so far as reasonably practicable, such measures which are necessary to ensure the safety and health of his employees at work. The Workplace Safety and Health (Construction) sets out specific duties on employers which include, *inter alias*, appointing a workplace safety and health coordinator in respect of every worksite to assist and identify any unsafe condition in the worksite, unsafe work practice which is carried out in the worksite and recommend and assist in the implementation of reasonably practicable measures to remedy the unsafe condition or unsafe work practice. The Group has obtained the relevant certifications to meet these requirements and are subject to renewal in every 3 years. The Law of the People's Republic of China on Work Safety (中華人民共和國安全生產法) and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法) aim at creating the conditions for employment, enhancing occupation safety and health and improving working conditions in China. Generally, the construction and installation works of the solar photovoltaic projects are outsourced and accordingly, the risk of non-conformity is minimal.

	Risk	Description and Mitigation
	Qualifications, licences and permit	The business and construction activities of the Group in Singapore are regulated by the Building and Construction Authority of Singapore ("**BCA**") and other regulatory bodies. These regulatory bodies stipulate the criteria that must be satisfied before permits and licences are granted to, and/or renewed for, the Group's business. The renewal of the permits and licences is subject to compliance with the relevant regulations. Any non-renewal in the Group's existing BCA workhead categories may result in the Group not being qualified to participate in certain projects, which would lead to a reduction in the number of project opportunities for the Group. This would, in turn, create an adverse impact on the Group's operations and financial performance. The Group keeps monitoring closely the regulatory developments and licensing requirements in order to ensure compliance with the requirements to renew the relevant qualifications, licences and permits.
Regulation and compliance risks	**Legal and regulatory compliance**	The Group faces local legal risks in Singapore, Hong Kong and the PRC. Such risks might have significant impacts on the financial condition, operations and business prospects of the Group in the relevant markets. The investments of the Group in Singapore, Hong Kong and the PRC might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time. In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investments of the Group, and delay or impede its business operations and hence adversely affect revenues and profits. The Group keeps monitoring regulatory developments and, where necessary, obtain expert legal advice for the updated regulatory changes and the Board is informed of any regulatory updates on a timely manner.

Management Discussion and Analysis

	Risk	Description and Mitigation
Other external risks and uncertainty	**Government policies**	The Group's Singapore business is highly dependent on the projects pipelined by the Housing and Development Board of Singapore ("**HDB**"). Prospective unfavourable changes in the Singapore government housing policy and the level of Singapore government's spending budget on public housing may adversely affect the Group's operational and financial performance. The Group continues to explore new opportunities in non-government housing sectors and other ventures to diversify its business. Besides, the favourable policies of the PRC government towards renewable energy may change from time to time. Reduction in subsidies from the PRC government to the solar photovoltaic power business will hinder the revenue and profitability of the Group.
	Competition	The Group provides (i) electrical engineering services to the Singapore construction industry; and (ii) solar photovoltaic installation services to the PRC users on project basis, and the duration of the projects usually ranges between 6 to 18 months. As such, the Group's revenue is not recurring in nature and the Group has to go through a competitive quotation or negotiation process to secure new projects. In the event the Group is unable to maintain business relationship with existing customers or unable to price the tender or quotation competitively, the business and financial performance of the Group may be adversely affected. The Group continues to develop and maintain long-term relations with customers by advancing its skills and technology and enhancing its supply chain quality to achieve cost efficiency so as to improve tender pricing.

The Group is committed to monitor and manage its risks in order to identify and assess risks of major projects and key businesses at all levels. Through risk reports on weaknesses and potential risks, the Group supervises and implements risk management and control measures to improve its comprehensive risk management practices and initiatives across the Group.

Directors' Report

The board (the "**Board**") of directors (the "**Directors**") of Kingbo Strike Limited (the "**Company**", together with its subsidiaries the "**Group**") is pleased to present their annual report together with the audited financial statements for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its principal subsidiaries are set out in Note 1 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The Group's results for the financial year ended 30 June 2019 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Directors did not declare any interim or final dividend for the financial year ended 30 June 2019 (2018: Nil).

DISTRIBUTABLE RESERVES

As at 30 June 2019, the Company's distributable reserves amounted to S$30,210,702 (2018: S$36,157,693).

Details of the movements in the respective reserves of the Group and the Company during the financial year are set out in the Consolidated Statement of Changes in Equity and Notes 26 and 36 to the Consolidated Financial Statements.

PLANT AND EQUIPMENT

Details of the movements of plant and equipment are set out in Note 14 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 25 to the Consolidated Financial Statement.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the five financial year is set out on page 156 of the annual report.

DIRECTORS

The Directors who held office during the financial year ended 30 June 2019 and up to the date of this report were:

Executive Directors

Mr. Liu Yancheng *(Chairman)*
Mr. Yao Runxiong
Mr. Liu Xinsheng (resigned on 23 October 2018)
Mr. Peng Rongwu (resigned on 7 August 2018)

Non-executive Director

Mr. Tam Tak Wah

Independent Non-executive Directors

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

In accordance with article 84(1) of the Articles of Association of the Company, Mr. Liu Yancheng and Mr. Li Jin shall retire by rotation in the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election at the AGM.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Share Option Scheme" and "Directors' Interests in Securities" in this report, at no time during the year was the Company or any of 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 year.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the financial year ended 30 June 2019.

DIRECTORS' SERVICE CONTRACTS

All Directors have entered into letters of appointment or service contracts with the Company or its subsidiaries.

As at 30 June 2019, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiary which is not determinable by the Company within 1 year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section "Related Party Transactions" in Note 27 to the Consolidated Financial Statements, no transaction, arrangement or contract of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the financial year or at any time during the financial year.

PERMITTED INDEMNITY PROVISION

Pursuant to article 164(1) of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they might incur or sustain by in connection with the execution of their duty. The Company has arranged directors' and officers' liability insurance policy of the Company during the financial year ended 30 June 2019.

COMPETING INTERESTS

None of the Directors of the Company and their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Save as disclosed in the section "Related Party Transactions" in Note 27 to the Consolidated Financial Statements which were fully exempt from the disclosure requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the Group did not enter into any connected or continuing connected transactions during the financial year ended 30 June 2019.

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' INTERESTS IN SECURITIES

As at 30 June 2019, 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 *(Note 1)*	5,000,000	0.36%
Mr. Yao Runxiong	Beneficial owner	12,050,000	0.87%
	Interest of spouse *(Note 2)*	18,630,000	1.34%

Notes:

1. 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.

2. 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 30 June 2019, 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).

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

As at 30 June 2019, 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 by the Company under section 336 of SFO.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position can be found in the "Management Discussion and Analysis" set out on pages 4 to 17 of this annual report. These discussions form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

Further discussion and analysis of the principal risks and uncertainties facing the Group can be found in the "Management Discussion and Analysis" set out on pages 18 to 22 of this annual report. The above section forms part of this report.

CORPORATE GOVERNANCE

Subject to the deviations as disclosed in the Corporate Governance Report set out on pages 33 to 45 of this annual report, the Company has complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year ended 30 June 2019 is as follows:

	Percentage of the Group's total revenue	
	2019	2018
The largest customer in aggregate	**45.2%**	53.1%
Five largest customers in aggregate	**98.1%**	94.3%

	Percentage of the Group's total purchase	
	2019	2018
The largest supplier in aggregate	**64.6%**	50.8%
Five largest suppliers in aggregate	**96.9%**	80.9%

So far as the directors of the Company are aware, the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's total number of issued shares) do not have any interest in these major customers and suppliers during the financial year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

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

During the financial year ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company maintained a sufficient public float as required under the Listing Rules during the year ended 30 June 2019 and up to the date of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to the independence guidelines under the Listing Rules and that the Company still considers such directors to be independent.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is devoted to promoting and maintaining the environmental and social sustainable development of the regions where it operates. The Group takes into account of environmental protection issues in making reasonable use of various energy, resources and materials. The Group did not experience any cases of non-compliance relating to environmental laws and regulations in the PRC, Singapore and Hong Kong.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business mainly operates in Singapore and the PRC and the Company itself is listed on the Stock Exchange. Our operations accordingly shall comply with relevant laws and regulations in the regions. During the financial year, the Group did not breach any law and regulation that has significant impact on the Company.

AUDITOR

The consolidated financial statements for the financial year ended 30 June 2019 have been audited by HLB Hodgson Impey Cheng Limited ("**HLB**") who will retire and offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

By Order of the Board
Liu Yancheng
Chairman

Hong Kong, 27 September 2019

Profile of Directors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Liu Yancheng

Mr. Liu Yancheng, aged 51, was appointed as an executive Director on 5 January 2017 and redesignated as the chairman of the Board (the "**Chairman**") on 1 March 2017. Mr. Liu is also a director of certain subsidiaries of the Company. Mr. Liu has over 25 years of diversified business experience in the PRC spanning property and hotel investments, electronic communications and digital electronics as well as financing and leasing. Mr. Liu founded the first micro-lending company in Guangzhou in 2010 and is currently a deputy of the Fifteenth People's Congress of Liwan District, Guangzhou, the PRC.

Yao Runxiong

Mr. Yao Runxiong, aged 57, was appointed as executive director on 25 October 2017. He is the founder and currently a director of 金大福珠寶有限公司 (for transliteration purpose only, King Tai Fook Company Limited), a company established in the People's Republic of China (the "**PRC**") and principally engaged in jewellery business in the PRC. He has over 20 years of experience in management and development of jewellery business in the PRC.

Non-executive Director

Tam Tak Wah

Mr. Tam Tak Wah, aged 54, was appointed as the non-executive Director on 17 November 2014. He is a fellow member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Tam is appointed to be a member of Disciplinary Panel of the HKICPA for the period from February 2014 to January 2018. He has over 25 years of experience in accounting, corporate finance and corporate development. He is currently an executive director of International Standard Resources Holdings Limited (stock code: 91), an independent non-executive director of Future World Financial Holdings Limited (stock code: 572), all of which are listed on the Main Board of the Stock Exchange. Mr Tam served as an executive director of Skyway Securities Group Limited (now known as CMBC Capital Holdings Limited) (stock code: 1141) and independent non-executive director of Tech Pro Technology Development Limited (stock code: 3823), the shares of which are listed on the Stock Exchange, and resigned in November 2016 and March 2017 respectively.

Independent Non-executive Directors

Leung Po Hon

Mr. Leung Po Hon, aged 55, was appointed as an independent non-executive Director on 13 November 2015. He is currently a practicing Accountant. Mr. Leung graduated and obtained a Professional Diploma in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1987. Mr. Leung obtained a Master Degree in Business Administration of University of Bradford of the United Kingdom in December 1990. He has been a member of HKICPA since January 1993 and a fellow member of The Association of Chartered Certified Accountants since January 1997. Mr. Leung has more than 25 years of experience in accounting, auditing and financial management and is currently an independent non-executive director of Flying Financial Service Holdings Limited (stock code: 8030) and MediNet Group Limited (stock code: 8161), all are companies listed on Stock Exchange. Mr. Leung was also an independent non-executive director of China Investment Fund International Holdings Limited (stock code: 612), China Graphene Group Limited (stock code: 63) and Success Dragon International Holdings Limited (stock code: 1182), the shares of which are listed on the Stock Exchange, and resigned in May 2016 and November 2017 and retired in August 2016 respectively.

Li Jin

Mr. Li Jin, aged 52, was appointed as an independent non-executive Director on 30 June 2017. He obtained a bachelor's degree in biology from Peking University in the PRC in 1989. He also obtained a master degree in biochemistry from the University of Michigan in 1991, and a juris doctor degree from the School of Law, Columbia University in 1994 in the United States. He has over 20 years of experience in the areas of commercial law, corporate finance and joint ventures as an attorney in New York and was a partner at Linklaters (Hong Kong) and Horizon Law firm (Shenzhen). He has been appointed as the Chief Financial Officer of Sungy Mobile Limited, a company listed on the NASDAQ Global Select Market in the United States (stock code: GOMO), from July 2013 to August 2014. He had also been appointed as the independent non-executive director of ZTE Corporation (stock code: 763), the shares of which are listed on the Stock Exchange, from June 2004 to June 2010.

Luo Xiaodong

Dr. Luo Xiaodong, aged 33, was appointed as an independent non-executive Director on 5 January 2017. He graduated from Shandong University with a bachelor's degree in civil engineering in 2009. He further obtained a master's degree in structure engineering from the University of Dundee in 2011 and a doctorate degree in civil engineering from the University of Hong Kong in 2016. Dr. Luo has been working in the construction industry since 2016.

SENIOR MANAGEMENT

Yeo Jiew Yew

Mr. Yeo Jiew Yew, aged 63, the founder of the Group, was appointed as an executive Director on 19 June 2013 and re-designated as the Managing Director on 9 December 2013. He retired at the annual general meeting held on 13 February 2017 and did not offer himself for re-election as the Managing Director so as to focus on the Singapore business and operation of the Group. He is the director of the wholly-owned subsidiary of the Company, Strike Electrical Engineering Pte Ltd ("**Strike Singapore**"). Mr. Yeo started his career as an electrical apprentice in 1969 and has over 30 years of experience in the electrical engineering industry. He is a shareholder and a director of Victrad Enterprise (Pte) Limited ("**Victrad**"), which is a related company of the Group. Mr. Yeo was also a non-executive director of Lantrovision (S) Ltd, a company previously listed on Singapore Exchange Securities Trading Limited and he resigned in June 2016. Mr. Yeo is a member of the school management committee of Pei Chun Public School, a primary school in Singapore since 1996. Mr. Yeo is the brother of Mr. Sim Yew Heng.

Sim Yew Heng

Mr. Sim Yew Heng, aged 58, started his career in 1976 as an electrical apprentice with an electrical engineering subcontractor and has over 30 years of experience in the electrical engineering industry projects. Mr. Sim is the director of Strike Singapore. Mr. Sim is also a shareholder and a director of Victrad. Mr. Sim is the brother of Mr. Yeo Jiew Yew.

Dai Yong

Mr. Dai Yong, aged 41, has been appointed as the Project Director of the Company since 11 October 2016 and re-designated as the Chief Operating Officer of the Company since 1 November 2018. Mr. Dai holds a bachelor's degree from Huaihai Institute of Technology. He worked in Zhenjiang Eaton Electric Limited, a Sino-American joint venture, from 1999 to 2008, engaging in the sales management and network expansion of power transmission and distribution products of 110KV and below. From 2009 to 2016, he served as the general manager of Tianjin Kaihe Dianli Keji Limited, which is primarily engaged in the development and implementation of related businesses in the fields of power transmission and distribution products, photovoltaic power station ancillary products and photovoltaic power station solutions. Mr. Dai has over 15 years of experience in electric product and photovoltaic new energy related industries. He is mainly responsible for the design, installation and operation of the solar power station projects in the Group.

Ng Kwok Leung

Mr. Ng Kwok Leung, aged 37, has been appointed as Group Financial Controller of the Group since October 2017. He has over 15 years of experience in corporate finance, accounting and auditing fields. Prior to his appointment, Mr Ng had been served in a company listed on the Main Board of the Stock Exchange and an international accountants firm. Mr. Ng is a fellow member of the Association of Chartered Certified Accountants and fellow member of the HKICPA.

Corporate Governance Report

Kingbo Strike Limited (the "**Company**", together with its subsidiaries, the "**Group**") is committed to establish and maintain high standard of corporate governance. The Company believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximise shareholders' interests.

The Company has applied the principles of Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and complied with all applicable code provisions of the CG Code throughout the financial year ended 30 June 2019, 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 (the "**Chairman**"), Mr. Liu Yancheng is responsible for the general operations of the Board and the overall strategy of the Group whereby the ex-Managing Director, Mr. Yeo, who remains as the director of 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirmed that all Directors have fully complied with the relevant standards stipulated in the Model Code during the financial year ended 30 June 2019.

THE BOARD

The Board guides and monitors the business and affairs of the Company to enhance long-term shareholders' value. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure that processes and procedures are in place to achieve the Company's corporate governance objectives.

Chairman and Chief Executive Officer

The Company does not have any officer with the title of "chief executive officer".

The Chairman 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 Electrical Engineering Pte, Ltd., a wholly-owned subsidiary of the Company in 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 Company.

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.

Board Composition

As at 30 June 2019, the Board comprises two executive Directors, one non-executive Director and three Independent non-executive Directors.

The members of the Board are set out as below:

Executive Directors:

Mr. Liu Yancheng *(Chairman)*
Mr. Yao Runxiong
Mr. Liu Xinsheng *(Resigned on 23 October 2018)*
Mr. Peng Rongwu *(Resigned on 7 August 2018)*

Non-executive Director:

Mr. Tam Tak Wah

Independent Non-executive Directors:

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

The composition of the Board is reviewed regularly to ensure that it has a good balance of expertise, skills and experience which can meet the requirements of the business of the Company. The Board includes three independent non-executive Directors, in which Mr. Leung Po Hon is a certified public accountant in Hong Kong. Mr. Leung possesses extensive experience in the accountancy profession and has appropriate accounting and related financial management expertise. The biographical details of the Directors are set out under the section headed "Profile of Directors and Senior Management" on pages 31 to 32.

During the financial year ended 30 June 2019, the executive Directors and the independent non-executive Directors provided the Group with wide range of valuable business experience, knowledge and professionalism. The active participation of the independent non-executive directors in the Board and committee meetings brought independent judgement on issues relating to the Group's strategy, performance and management process, taking into account the interests of the shareholders of the Company (the "**Shareholders**").

Responsibilities of the Board

The Board is responsible for the leadership and control of the Company. The Board determines the overall strategies, monitors and controls operating and financial performance, sets objectives and business development plans and makes key decisions of the Company. The day-to-day management and operation are delegated to the executive Directors and senior management. The delegated functions are closely supervised by the Board to ensure effectiveness and alignment with the overall strategies of the Company. Approval has to be obtained from the Board prior to any significant transactions to be entered into by the senior management.

The Board is also entrusted with the overall responsibility of developing, maintaining and reviewing sound and effective corporate governance policies within the Group and is committed to ensuring that an effective corporate governance is put in place to continuously review and improve the corporate governance practices within the Group.

All Directors have access to relevant information in relation to the Company as well as the advices and services of the Company Secretary, if and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

There are established procedures for directors to seek independent professional advices for them to discharge their duties and responsibilities, where appropriate at the expenses of the Company.

Save as disclosed in the section headed "Profile of Directors and Senior Management" in this annual report, there is no financial, business, family or other material relationships among members of the Board.

Regular Board meetings in each year are scheduled in advance to facilitate maximum attendance of Directors. Reasonable notice in advance of a Board meeting is normally given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors in reasonable advance before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). All minutes and/or resolutions are kept by the Company and are open for inspection by any Directors.

Whereas a Director has conflict of interest in a matter to be considered by the Board and the Board has determined that it is material, such matter will then be dealt with by the Board at a duly convened Board meeting. The Articles of Association stipulates that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his associates have a material interest.

Each Director can have access to Board papers and other related materials and have access to the advice and services of the Company Secretary. The Board and individual Director also have separate and independent access to the senior management of the Company. Directors are continuously updated with the major developments of the Listing Rules and other applicable regulatory requirements so as to ensure the Company's compliance with and upkeep of good corporate governance practices. In addition, Directors are allowed to seek independent professional advice in appropriate circumstances for discharging their duties at the expense of the Company.

Independent Non-executive Directors

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Board and the Nomination Committee have reviewed the independence of the Independent Non-executive Directors and considered all independent non-executive Directors are independent within the definition of the Listing Rules.

All independent non-executive Directors were appointed with specific term and are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association.

Directors Commitments and Continuous Professional Development

The Company has received confirmation from each Director that he has given sufficient time and attention to the affairs of the Company for the financial year ended 30 June 2019. Directors have disclosed to the Company the number and nature of offices held in Hong Kong and overseas listed public companies or organisations.

Each newly appointed Director receives an induction at his appointment to ensure that he has proper understanding of the operations and business of the Group and is fully aware of his responsibilities and obligations under the Listing Rules, applicable laws and other relevant statutory requirements. Directors are continually provided with updates on statutory and regulatory developments, evolution of the business environment so as to facilitate them to discharge their duties.

According to the records maintained by the Company, Directors received continuous professional development with an emphasis on the roles, functions and duties of being a director of a listed company in compliance with code provision A.6.5 of the CG Code during financial year ended 30 June 2019:

	Corporate governance/ updates on laws, rules and regulations	Accounting/ financial/ management or other professional skills
Executive Directors		
Mr. Liu Yancheng	✓	
Mr. Yao Runxiong	✓	
Non-executive Director		
Mr. Tam Tak Wah	✓	✓
Independent Non-executive Directors		
Mr. Leung Po Hon	✓	✓
Mr. Li Jin	✓	
Dr. Luo Xiaodong	✓	

Directors and Officers Policy

During the financial year ended 30 June 2019, appropriate insurance coverage on directors' and officers' liabilities has been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established 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 consists of four non-executive Directors, of whom three are independent, namely,

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

The primary terms of the Audit Committee are as follows:

On external audit:

- make recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor;
- review and monitor the external auditor's independence as well as the objectives and effectiveness of the audit process in accordance with applicable standards;
- discuss with the external auditor before the audit commences on the nature and scope of the audit and reporting obligations and ensure co-ordination where more than one audit firm is involved; and
- develop and implement policy on the engagement of the external auditor to provide non-audit services.

On annual financial results:

- monitor integrity of the interim and annual reports and accounts, and review significant financial reporting judgements contained therein before submission to the Board;
- review the Group's financial and accounting policies and practices;
- review external auditor's management letter for any material queries raised by the auditor to the management in respect of accounting records, financial accounts or system of control and management response; and
- consider any significant or unusual items that are, or may need to be, reflected in the interim and annual reports and accounts and give due consideration to any matters that have been raised by the Group.

On internal control and risk management:

- review the Group's financial controls and its internal control and risk management systems;
- discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and its training programmes and budget;
- consider any findings of major investigation of internal control matters as delegated by the Board or on its own initiative and management's responses thereto;
- ensure co-ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Group; and
- report to the Board on the matters raised in the CG Code.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established with written terms of reference specifying its authority and duties which is available on the website of the Company. The Remuneration Committee consists of four members, of whom three are independent non-executive Directors, one is non-executive Director and the remaining one is executive Director, namely,

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

The roles and functions of the Remuneration Committee are set out in its terms of reference which are posted on the websites of Stock Exchange and the Company. Primary terms include:

- making recommendations to the Board on policy and structure of remuneration of the Directors and senior management whereby the Board has the final authority to approve the remuneration of Directors and senior management;
- making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management; and
- ensuring no Directors or any of their associates are involved in deciding their own remuneration packages and objectives and compensation arrangements relating to dismissal or removal of Directors.

The remuneration package of each Director is determined by reference to the prevailing market conditions, his duties and responsibilities to the Company and the Company's remuneration policy.

During the financial year ended 30 June 2019, the Remuneration Committee had held one meeting to discuss the remuneration policy and review the remuneration of the Board, and make recommendations to the Board having taken into consideration of the current situation of the economy and the results of the Group.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of senior management by band for the financial year ended 30 June 2019 is set out below:

Annual remuneration (by band)	Number of individuals
HK$1,000,000 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	2

Further particulars of Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 8 to the Consolidated Financial Statements.

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") was established with written terms of reference specifying its authority and duties which is available on the website of the Stock Exchange and the Company. The Nomination Committee consists of four members, of whom three are independent non-executive Directors and one is executive Director, namely,

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

With the aim to build up a strong and diverse Board, the Nomination Committee would identify suitable and qualified individuals, in particular those who can add value to the management through their expertise in relevant strategic business areas, to be the board members, and would recommend the Board on relevant matters relating to the appointment or re-appointment of Directors, if necessary.

Details of the procedures for Shareholders to propose a person for election as a Director are outlined in the "Procedures for Shareholders to Propose a Person for Election as a Director" which is available on the website of the Company.

The primary terms of the Nomination Committee include:

- review and supervise the structure, size and composition of the Board;
- develop the criteria for identifying and assessing the qualification of and evaluating candidates for directorship; and
- make recommendations to the Board on the selection of nominated directorship and matters related to appointment or re-appointment of Directors.

Pursuant to the Articles of Association, any Director appointed to fill a casual vacancy should be subject to re-election by the shareholders of the Company at the next general meeting of the Company after their appointments, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. In addition, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation (but will be eligible for re-election) such that all Directors should be subject to retirement by rotation at least once every three years.

The Nomination Committee follows a set of procedures when recommending candidates for the directorship. The primary criteria of selecting a candidate include assessing his:

- integrity, objectivity and intelligence of the candidate, with reputations for sound judgement and open mind, and a demonstrated capacity for thoughtful group decision making;
- qualification and career experience; and
- understanding of the Company and the Group's mission.

When a candidate is proposed for a directorship, he shall be evaluated on the basis of the aforementioned criteria. Selection of the suitable candidate is based on a majority vote and the view of each committee member will be sought before voting commences. The chairman of the Nomination Committee will present the proposal (with the voting results) and make recommendations to the Board.

For the financial year ended 30 June 2019, the Nomination Committee held one meeting to review the structure and diversity of the Board, the policies applicable to the board composition and nomination, the term of appointment of non-executive Directors, and to assess the independence of independent non-executive Directors and to make recommendations to the Board on the appointment and re-appointment of Directors taking into account their experience and qualifications.

Board Diversity

The Nomination Committee adopted the board diversity policy of the Company which sets out the approach to achieve diversity on the Company's Board of Directors. The Company recognises the benefits of board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limiting to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the candidates' merits and contributions to the Board. The Nomination Committee reviews the board diversity policy, as appropriate, to ensure its effectiveness from time to time. The Company considers that the current Board composition is characterised by diversity, whether considered in terms of professional background, skills and knowledge. In recognising the importance of gender diversity, the Company will take steps to identify suitable candidates and promote gender diversity on Board and management levels as well as other levels of the Group.

BOARD AND COMMITTEE MEETINGS

During the financial year ended 30 June 2019, the Company held 17 Board meetings, 2 Audit Committee meetings, 2 Remuneration Committee meeting, 1 Nomination Committee meeting and one general meeting. The individual attendance record of each Director at the Board meetings, Board Committees meetings and general meetings during the financial year is set out below and is presented by reference to the number of meetings held during their tenure:

			Number of meetings attended/held			
Director	*Notes*	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General**
Executive Director						
Liu Yancheng		17/17	N/A	N/A	1/1	1/1
Yao Runxiong		17/17	N/A	N/A	N/A	1/1
Liu Xinsheng	*1*	3/4	N/A	1/2	N/A	0/0
Peng Rongwu	*2*	0/0	N/A	N/A	N/A	0/0
Non-executive Director						
Tam Tak Wah		13/13	2/2	2/2	N/A	1/1
Independent Non-executive Director						
Leung Po Hon		13/13	2/2	2/2	1/1	1/1
Li Jin		12/13	2/2	1/2	1/1	1/1
Luo Xiaodong		13/13	2/2	2/2	1/1	1/1

Notes:

1. Mr. Liu Xinsheng resigned as an executive Director with effect from 23 October 2018.

2. Mr. Peng Rongwu resigned as an executive Director with effect from 7 August 2018.

Minutes of the Board and Board Committees meetings have been recorded in sufficient details including any matters considered in the meetings, decisions reached and concerns or queries raised by the Directors or dissenting views expressed. Draft and final versions of minutes of the Board and Board Committees are sent to all Directors or Committee members for comments and records respectively within a reasonable time after the meeting.

COMPANY SECRETARY

The Company engaged an external service provider as its Company Secretary since 9 December 2013. The Group Financial Controller of the Company, Mr. Ng Kwok Leung is the contact person of the external service provider.

The Company Secretary is responsible to the Board for ensuring that board procedures are followed and the board is fully briefed on all legislative, regulatory and corporate governance developments and that it has regard to them when making decisions.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the internal control system of the Group, and an effective internal control system enhances the Group's ability in achieving business objectives, safeguarding assets, complying with applicable laws and regulations and contributes to the effectiveness and efficiency of its operations. As such, the Group's internal control procedures include a comprehensive budgeting, information reporting and performance monitoring system.

The Company has engaged an independent advisor to conduct various agreed reviews over the Company's internal control system in order to assist the Board in reviewing the effectiveness of the internal control system of the Group. The reviews, which span over a period of 2 years, are aimed to cover all material controls, including financial, operational and compliance controls and risk management functions of the Group. The first report from the independent advisor has been presented to and reviewed by the Audit Committee and the Board. Appropriate recommendations for further enhancing the internal control system have been adopted.

AUDITORS' REMUNERATION

An analysis of the remuneration payable to the independent auditor of the Company, HLB Hodgson Impey Cheng Limited, to perform audit and non-audit services for the financial year ended 30 June 2019 is as follows:

For the financial year ended 30 June	2019 (S$)	2018 (S$)
Services rendered:		
Audit service	**243,026**	372,602
Non-audit service	**–**	–

SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to articles 57 and 58 of the Articles of Association, each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held in any part of the world as may be determined by the Board. The Board may whenever it thinks fit call extraordinary general meetings.

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to enquire an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to article 85 of the Articles of Association, no person, other than a Director retiring at the meeting, shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such Notice(s) shall commence on the day after the despatch of the notice of general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES AND PROPOSALS TO THE BOARD

To foster regular and contribute two-way communications amongst the Company, its Shareholders and potential investors, the Company Secretary is designated to respond to enquiries and proposals from Shareholders as well as the public.

Enquiries and concerns of the Shareholders and other stakeholders can be made in writing to the Company Secretary via the following contact details:

By mail: Room 1011, 10/F., Wing On Centre,
111 Connaught Road Central,
Hong Kong
By fax: (852) 3523 1122
By email: contact@kingbostrike.com

Shareholders may also make enquiries to the Board at the general meetings of the Company.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Board and senior management recognise the responsibility of safeguarding the interest of the Shareholders and providing transparent and real-time disclosure of information of the Company so as to keep the Shareholders and investors abreast of the Company's position and help them to make informed investment decision.

Information of the Company and the Group are delivered to the Shareholders through various channels, which include annual report, interim report, announcements and circulars. The latest information of the Company and the Group together with the published documents are also available on the websites of the Company and the Stock Exchange.

The Company holds an annual general meeting every year as an appropriate media for direct communication between the Board and the Shareholders. Shareholders can raise questions directly to the Board in respect of the business performance and future development of the Group at such annual general meetings.

For the financial year ended 30 June 2019, there had been no significant change in the Company's constitutional documents.

DIRECTORS' AND INDEPENDENT AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and has ensured that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards.

The statement of the independent auditor of the Company, HLB Hodgson Impey Cheng Limited, about reporting responsibilities on the consolidated financial statements of the Group is set out under the heading "Independent Auditors' Report" in this annual report.

Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Environmental, Social and Governance Report

INTRODUCTION AND SCOPE

This environmental, social and governance report (the "**ESG Report**") has been prepared by the management of the Company in accordance with the requirement of the Appendix 27 Environmental, Social and Governance Reporting Guide ("**ESG Guide**") of the Listing Rules. The Group's corporate governance is addressed separately in the Group's annual report prepared in accordance with all applicable provisions as set out in Appendix 14 of the Main Board Listing Rules.

This report presents mainly the policies, initiatives and performance of the Group for the year ended 30 June 2019. It also highlights material aspects identified from 1 July 2018 to 30 June 2019 (the "**Reporting Period**"). The Board of directors (the "**Board**") confirms that the report has been reviewed and approved to ensure the fair presentation of all material issues and impacts.

This ESG report has been presented into two subject areas namely, Environmental and Social. Each subject area has various aspects to disclose the relevant policies and the status of compliance with relevant laws and regulations as addressed by the ESG Guide.

The Group understands the importance of the ESG report and is committed to making continuous improvements in corporate social responsibility into the Group's business in order to meet the changing needs of an advancing society.

In this ESG report of the Group it will present mainly policies, initiatives and performance of the Group for the year ended 30 June 2019 and also highlight material aspects identified. The following table will demonstrate the relationship between ESG guide and the issues found relevant to the Group:

ESG Guide	Relevant ESG issues to the Group
A. Environmental	
A.1 Emissions	Pollutants emissions
	Greenhouse gas emissions
A.2 Use of resources	Resources consumption
A.3 Environmental and natural resources	Measures in reducing environmental impact
B. Social	
B.1 Employment	Labour practices
	Equal opportunities
B.2 Health and Safety	Workplace health and safety
B.3 Development and training	Employee development and training
B.4 Labour standards	Child labour and forced labour
B.5 Supply chain management	Relationship management in the view of long term co-operation
B.6 Product responsibility	Product quality control
	Safety keeping practice
B.7 Anti-corruption	Anti-corruption and money laundering
B.8 Community investment	Community involvement

A. ENVIRONMENTAL

The Group always keeps itself up-to-date on developments in local legislations and standards for environmental protection. During the reporting period, the Group did not experience any cases of non-compliance relating to environmental laws and regulations in the PRC, Singapore and Hong Kong.

The Group actively encourages staff to protect the environment through training, education and communication.

The Group has policies for the reduction of energy consumption and efficient use of resources so as to reduce the emission of greenhouse gas ("GHG") and other pollutants in relation to its operations carried out in all its business units' office and points of sale controlled and run by the Group. This including switching off idle lightings, computers and electrical appliances, deployment of energy-saving lightings, using of recycled paper, monitoring water consumption, encouraging the use of public transport for local travelling to meetings and airports and using tele or video conferencing as an alternative to business travels.

The Group has established environmental policies and has communicated measurable environmental objectives to employees. The salient features of these environmental policies and objectives are as follows:

Environmental Policies	Environmental Objectives
To monitor and record our environmental impacts on a regular basis and compare our performance with our policies, objectives and targets	Conform to applicable laws and government regulations
To reduce, reuse, recycle the resources consumed by our business wherever practical	Promote environmental, health and safety awareness among the employees, contractors, users and transporters
Informing the employees, users and society at large about environmental protection and product safety	Increasing and maintaining the environmental awareness of all employees with a view to integrating environmental considerations into operational and financial planning

A.1 Emissions

The Group takes environmental management into account for the provision of electrical engineering services both in Singapore and Hong Kong. We keep our employees abreast of the latest environmental laws and regulations so as to better manage our environmental performance. During the Financial Year, the Group were not aware of any material non-compliance of environmental laws and regulations that have a significant impact on the Group relating to air and greenhouse gas (GHG) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Pollutants Emissions

The pollutants emissions of the Group are mainly attributed to the use of motor vehicles for the provision of logistic services in Singapore. The Group minimises the use of motor vehicles by adopting better route plans and avoid using motor vehicles during peak hours. The consumption of fuels leads to the emission of 0.15 kg of sulphur oxides (SOx), 10.20 kg of nitrogen oxides (NOx) and 4.35 kg of particulate matters (PM).

Greenhouse Gas Emissions

The Group consume electricity and fuels for the operations of its trading business. The emission of carbon dioxide (CO_2) has been calculated by the quantity of energy consumed multiple by the emission factors and the emission of CO_2 are used tonnes as a unit. The emissions of CO_2 are broadly classified into three scopes:

Scope 1 – Direct emissions from combustion of fuels,

Scope 2 – Energy indirect emissions; and

Scope 3 – Other indirect emissions.

The combustion of 756 litres of unleaded petrol and 8,537 litres of diesel oil have produced 25.1 tonnes of CO_2 (Scope 1). Further, the Group consumed 53,731 kWh of electricity which contributed to the emissions of 26.3 tonnes of CO_2 (Scope 2). 16.3 tonnes of CO_2 have been produced from other indirect emissions (Scope 3), including paper usage, electricity used for processing freshwater and sewage by government departments produced and business air travel of the Group's employees. 67.7 tonnes of CO_2 has been produced by the Group for the year ended 30 June 2019.

Waste management

The Group would also produce certain land waste from the offices located both in Hong Kong and Singapore when conducting the business. The major land waste is the paper used to prepare logistic documents and office documents. The Group has also encourage staff reuse of single-sided printed paper and duplex printing to reduce the consumption of paper.

A.2 Use of Resources

Resource consumption

The waste management from the Group's business activities mainly consisted of office paper and water during the Reporting Period. No substantial hazardous waste was produced by the Group during the Reporting Period.

Resources consumed	Unit	Consumptions	Consumption intensity *(per staff)*
Water	m^3	123	4.55
Electricity	kWh	53,731	1,990
Paper used	kg	267	9.9

Environmental policy and performance, and environmental conservation are always one of the Group's concerns. Although the Group does not establish a formal environmental policy, various measures have been implemented to encourage compliance with environmental legislation and promote awareness towards environmental protection to the employees. For instance, the Group implements green office practices such as double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances.

A.3 Environmental and natural resources

Measures in reducing environmental impact

Due to the nature of the business, the Group does not have any direct and significant impacts on the environment and natural resources during its operation. By taking the green initiatives mentioned below, the Group is committed to reduce the environmental impact and acting in a manner that is both environmentally and socially responsible.

Throughout the Group, the following actions have been taken to reduce carbon and energy footprints:

– maintain the indoor temperature of offices at 26 degrees Celsius;

– choosing environmentally friendly materials and energy-saving lightings and electrical appliances;

– idle electrical appliances are switched off; and

– regular maintenance and repair for electrical appliances to lower energy waste.

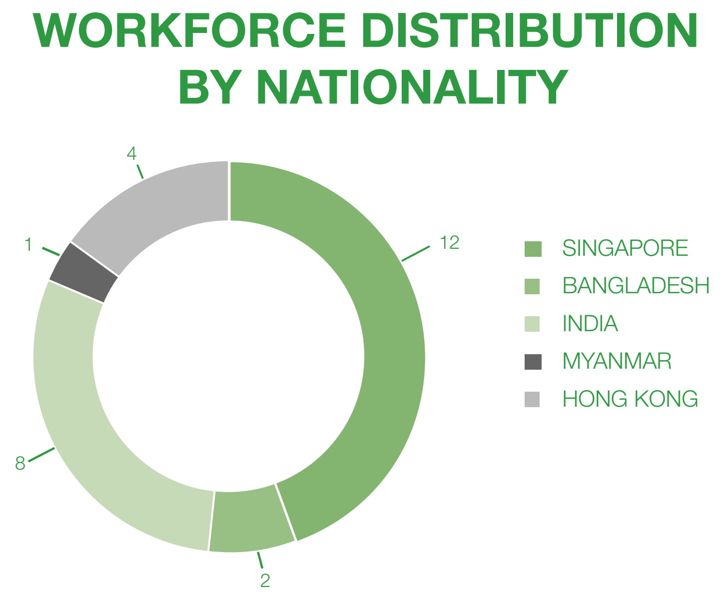
B. SOCIAL

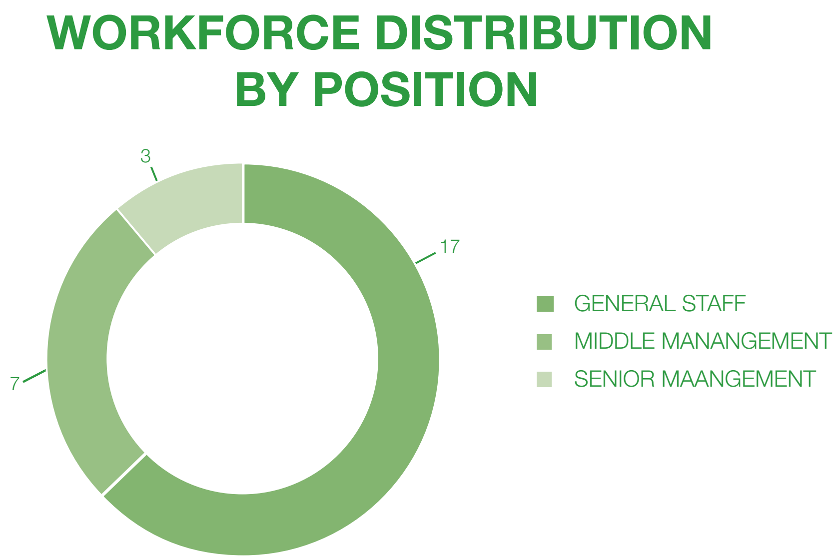
B.1 Employment

Labour Practices

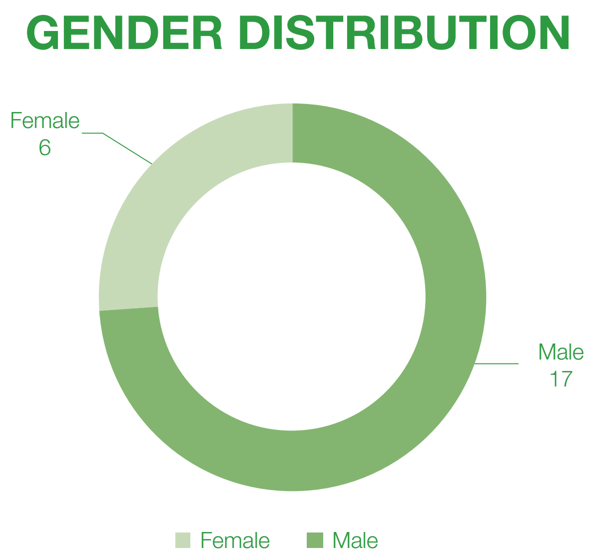
Human resources are a valuable asset to the Group. It provides some staff activities to enhance employees' sense of belonging and to help create a friendly working environment. The Group did not notice any non-compliance with relevant laws and regulations in Singapore and Hong Kong, applicable to employment contracts, wages, and benefits.

At the year ended 30 June 2019, the Group has 27 employees. The charts below show the diversity of the staff:

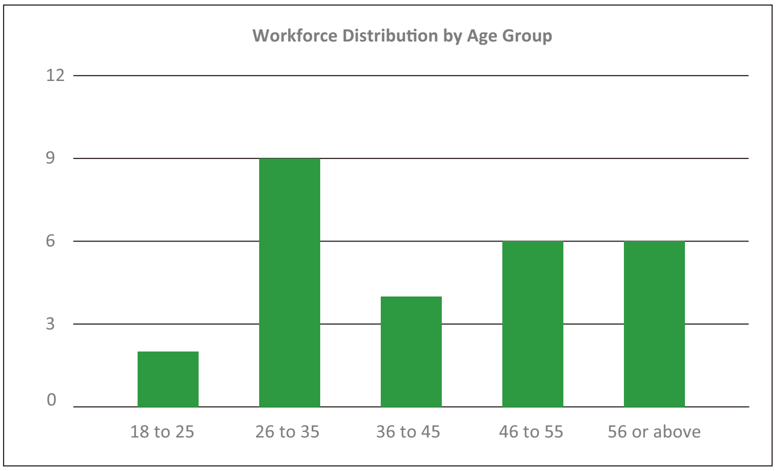




During the hiring process, management concerns about the ability and capability of job applicants. As a result, it forms a multi-cultural working environment.



The male/female composition ratio of the Group is approximately 2.8:1. Although the Group treated all application irrespective of gender, due to the prevailing culture of the majority of the operation at the electrical engineering service majority of the potential and successful application tends to be male.



For the electrical engineering business in Singapore, most employees are male as front-line workers. The age level of workers is well-diversified, and about 40% of the total workforce is aged at 35 or below.

Equal Opportunities

Being an equal opportunities employer, the Group is committed to creating a working environment with fairness, openness and mutual trust. The Group opposes to any consideration which involves discrimination not related to work and prohibits all forms of workplace discrimination, employee of the same position is remunerated on an equal basis no matter of what gender they are, thus the rights of female employees are well-protected.

B.2 Health and Safety

Workplace health and safety

Our Group attaches great importance to employees' health and safety. In order to minimise workplace accidents and set the health and safety of staff as a top priority, the Group has established a set of staff handbook which includes sufficient policies on the safety for all employees to follow.

The Group complies with laws and regulations regarding health and safety such as Occupational Safety and Health Ordinance in Hong Kong, Employment Act in Singapore and other applicable regulations to provide a safe, healthy and comfortable working environment. All workers in worksite are under the coverage of workmen medical insurance while staff in the office are under the coverage of employees' compensation insurance. During the year ended 30 June 2019, the Group did not record any injury cases and loss of man days. Human resource department investigates and analyses every case and implements correspondence preventive measures if necessary.

In order to reduce accidents at the workplace, the group provides compulsory safety training for all the worksite staff during orientation course and relevant training and knowledges in respect of risks associated with goods handling in site and warehouse. Safety equipment is provided to all workers in the worksite. Furthermore, the Group also places occupational hazard warning signs and warning instructions at prominent places around the worksite, carries out safety inspection regularly and provide safety seminar to employees.

B.3 Development and Training

Employee development and training

The Group aims to create an environment of continuous improvement in which our employees are encouraged to pursue excellence at work and career development.

To stay abreast of best practices in the relevant business sectors, the Group encourages staff to attend both in-house and external training organised by certified organisation or government. The Group arranges suitable staff in Singapore to attend Core Trade Tradesman (Higher Skilled) Course for the benefit of the lower levy. Furthermore, the Group also arrange staff to take the work-at-height course and safety supervisor course before working in specific working environment.

29% and 24% of middle management and general staff attended training programs respectively. In average, each staff attend over 10 hours of training during the year ended 30 June 2019. All training records and attendance records are kept for reviewing and monitoring purposes.

B.4 Labour Standards

Child Labour and Forced Labour

With compliance on the international criterions, the Labour Law of Hong Kong and the Employment Act and the Employment (Children and Young Persons) Regulations of Singapore, the Group strives to fight against illegal employment including both forced labour and juvenile labours aged under 16 (child labour). It formulates employment procedures to ensure that the employment process can screen out any illegal employees. All works should be voluntary and not performed under threats of penalty or coercion.

Any individuals under legal working age or without any identification documents are removed from employment. During the reporting period, the Group did not employ any child labour. Upon discovery of any child labour and use of forced labour, the person will be dismissed immediately.

The standard working hour of each staff is 40-hour standard per week, with the provision of annual vacation leave, compensation leave, maternity leave, personal leave and sick leave. Remuneration of the employees which included salary, discretionary bonus and share-based incentives was based on the Group's results and individual performance. During the recruitment or appraisal of employees, the Group places great consideration in providing equal opportunities at the workplace where only the working performance and ability are considered under the assessment.

During the year 2019, the Group did not hire any teenagers who are under the legal working age.

B.5 Supply Chain Management

Relationship Management in the View of Long-Term Co-operation

The Group considers our suppliers as strategic partners and contributors to our businesses and we strive to build long-term relationships with suppliers who share our values. The Group encourages suppliers, business partners and their associates to follow the same standards of integrity and transparency in doing business with us as we seek to apply in doing business with them.

The Group has established and maintained a good relationship with a network of suppliers and subcontractors, some of whom have known or worked with the Group for over 10 years. The good relationship with its suppliers is partly based on its practice of prompt payment which has benefited the Group in negotiating a competitive price, which in turn, provides the Group with the flexibility to price its services to customers. For the suppliers and the quotation management in Singapore, the Group has the following types of vendors:

1) *Vendors appointed by customers*
   No quotation is required under this category.

2) *Preferred vendors*
   These are the vendors proposed by customers so as to meet the requirements of the projects undertaken by the Group. Although quotation is required from these preferred vendors, price is not the utmost priority as over-reliance on a particular supplier would generate new risk for the Group. The reputation of the vendors is a significant factor for the Group's decision making of proposal evaluation. There is a check and balance in place for mitigating the risk by spreading out the orders among preferred vendors, taking into consideration of the relationship with the Group and their outstanding orders.

B.6 Product Responsibility

Product Quality Control

The Group's employees are obligated to retain in confidence all information obtained in connection with their employment, including, but not limited to, trade secrets, client information and other proprietary information.

Safety Keeping Practice

The Group has a confidentiality policy relating to observing and protecting intellectual property rights which comply with the Business Practices and Consumer Protection Act. The policy is applicable to all locations for consumer data protection and privacy policy. For the protection of customer privacy, customer information is kept in strict confidence and destroyed if appropriate.

During the reporting period, the Group had neither experienced any recovery product due to safety and health issue, nor received any complaint regarding our products and services.

B.7 Anti-Corruption

Anti-corruption and Money Laundering

The Group is aware that any events of corruption will bring irreparable damage to the Group, therefore the Group upholds a high standard of business integrity throughout its operations. A system with good moral integrity and anti-corruption mechanism are seen to be the cornerstone of the sustainable and healthy development of the Group.

With compliance with relevant laws and regulations of anti-corruption law of Hong Kong, Criminal Law of the People's Republic of China《中華人民共和國刑法》and the Anti-Unfair Competition Law of the People's Republic of China《中華人民共和國不正當競爭法》and Prevention of Corruption Act under Chapter 241 by the Singapore Statues, the Group has established a comprehensive mechanism in reporting and investigation procedures of related issues. The Group would terminate the employment contract with immediate effect on employees who accept any benefits from customers and suppliers. Employees are asked to notify their respective division head for any suspicious transactions. If any employee is found to be in violation of corruption after investigation, the Group will penalise the employee involved, including the termination of labour contracts with immediate effect. During the year ended 30 June 2019, no cases associated with corruption have been reported and discovered.

B.8 Community Investment

Community Involvement

The Group regards promoting well-being and prosperity for the region as its responsibility. To this end, it has proactively engaged in diversified community activities and developed community investment strategies to cope with the development needs of the local community. While actively contributing to society.

The Group encourages employees to seek opportunities, participate more in charity work in the future and get involved in various community programs, such as community health initiatives, sports, cultural activities, volunteer work and education donation. In the future, the Group plans to seek opportunities to co-operate with charitable organisations by participating in various community programs.

Independent Auditors' Report

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF KINGBO STRIKE LIMITED
(Incorporated in Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Kingbo Strike Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 55 to 155, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects on the corresponding figures of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Corresponding figures

The comparative figures presented in the consolidated financial statements are based on the consolidated financial statements of the Group for the year ended 30 June 2018 (the "**2018 Financial Statements**"), on which we expressed a disclaimer of opinion in our auditors' report dated 27 September 2018. Details of the matters that gave rise to the disclaimer of opinion are set out in our independent auditors' report dated 27 September 2018 included in the Company's annual report for the year ended 30 June 2018 and included the matters described in paragraphs (1) and (2) below.

The matters described in paragraphs (1) and (2) below caused us to be unable to determine whether adjustments might have been necessary in respect of the financial performance and cash flows used in operating activities of the Group for the year ended 30 June 2018, which are presented as comparative figures in the consolidated statements of profit or loss and other comprehensive income and cash flows, in the manner described in paragraphs (1) and (2) below, and hence we were unable to determine the possible effects of these matters on the comparability of the current year's figures and the corresponding figures in the consolidated financial statements. Accordingly, our opinion on the current year's consolidated financial statements is modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

BASIS FOR QUALIFIED OPINION *(Continued)*

1. Identifiable assets and liabilities of the Kahuer Group

The Group acquired 60% equity interest of Kahuer Holding Co., Limited ("**Kahuer**") on 27 May 2016 (the "**Acquisition**"). The Group had engaged an independent external professional valuer to assist in the determination of the fair values of the identifiable assets and liabilities of Kahuer and its subsidiaries (the "**Kahuer Group**") for the purpose of purchase price allocation at the date of Acquisition. The fair value measurements during the purchase price allocation were carried out based on cash flow forecast of the Kahuer Group projects which was prepared using financial budgets covering a five-year period (the "**Forecast**"). As a result, goodwill of approximately RMB282.6 million (equivalent to approximately S$58.2 million), being the residual value from the purchase price allocation, was recognised.

We were unable to satisfy ourselves as to whether the fair value of inventories of Kahuer Group as at the date of the Acquisition of approximately S$3.5 million and the related deferred tax liability of approximately S$0.8 million included in the purchase price allocation referred to above were appropriately stated, as the reasonableness of the Forecast could not be ascertained. Any adjustments found to be necessary in respect of this matter might materially affect the opening balances of the Group's inventories and deferred tax liability in respect thereof as at 1 July 2017 and hence the amounts recognised in consolidated profit or loss in respect of the inventories and deferred tax liability for the year ended 30 June 2018 and other related elements in the consolidated financial statements for the year ended 30 June 2018. Our audit opinion on the 2018 Financial Statements was accordingly modified in respect of this matter.

2. Impairment loss of goodwill

As detailed in Note 11 to the consolidated financial statements and paragraph 1 above, included in the 2018 Financial Statement of the Group was goodwill of gross carrying amount (before provision of impairment) of approximately RMB282.6 million (equivalent to approximately S$58.2 million) as at 30 June 2018 which arose from the Acquisition. During the year ended 30 June 2018, the Group performed impairment assessment on the goodwill based on valuation report prepared by an independent external professional valuer. Provision for impairment loss on the goodwill amounting to approximately RMB8.8 million (equivalent to approximately S$1.8 million) was recognised in consolidated profit or loss during the year ended 30 June 2018.

We were unable to satisfy ourselves that certain key assumptions adopted in the valuation of the value in use as at 30 June 2017 of the solar power station projects cash generating unit, to which the whole amount of the goodwill referred to above was allocated for impairment testing purpose, were reasonable and supportable. In the absence of sufficient appropriate evidence regarding whether the key assumptions adopted were reasonable and supportable, we were unable to satisfy ourselves as to the appropriateness and sufficiency of the amount of impairment loss on the goodwill recognised as at 30 June 2017.

Any adjustments found to be necessary in respect of the scope limitation referred to above might materially affect the opening balance of the Group's goodwill as at 1 July 2017 and hence the amount recognised in consolidated profit or loss in respect of the impairment loss on goodwill for the year ended 30 June 2018 and other related elements in the consolidated financial statements for the year ended 30 June 2018. Our audit opinion on the 2018 Financial Statements was accordingly modified in respect of this matter.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditors' Report

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon (the "**Other Information**").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

As disclosed in the Basis for Qualified Opinion Section above, we were unable to obtain sufficient appropriate evidence about the results and cash flows of the Group for the year ended 30 June 2018. Accordingly, we were unable to conclude whether or not the Other Information contain a material misstatement with respect to this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment on goodwill Refer to Notes 2.4, 3(c) and 11 to the consolidated financial statements. The Group has goodwill with carrying amounts of approximately S$10,283,476 as at 30 June 2019. For impairment testing purposes, these goodwill was allocated to the cash-generating-unit of Kahuer Group (the "**CGU**"). Management performed impairment assessment of the CGU as at 30 June 2019 and concluded that impairment loss of approximately S$3,845,968 on the goodwill was necessary to be recognised in consolidated profit or loss for the year. This impairment assessment conclusion was arrived at based on estimation of the recoverable amount of the CGU as at 30 June 2019 using the value-in-use model, which required exercise of management judgment with respect to the determination of appropriate discount rate and estimation of forecasted cash flows for the financial projection period, in particular future revenue growth. Independent external valuation report was obtained in order to support management's estimates. We focused on this area due to the size of the balances and the judgement exercised by management in determining the value-in-use of the CGU as at 30 June 2019.	Our procedures in relation to the management's impairment assessment included: • Evaluating the independent external valuer's competence, capabilities and objectivity; • Assessing the appropriateness of the methodology and key assumptions and inputs used in the value-in-use model based on our knowledge of the business of the CGU and of the relevant industry and using valuation expert engaged by us; • Challenging management about the reasonableness of key assumptions and inputs used, based on our knowledge of the business and industry; and • Checking, on sampling basis, the accuracy and relevance of the input data used. We found the key assumptions were supported by the available evidence.

Independent Auditors' Report

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the key audit matter

Expected credit loss ("ECL") of trade and other receivables, contract assets and loan receivables (the "Receivables")

Refer to Notes 2.4, 3(d), 17,18 and 19 to the consolidated financial statements.

As at 30 June 2019, the Group has trade and other receivables with net carrying amount of approximately S$37,944,960, contract assets of approximately S$1,870,384 and loan receivables with net carrying amount of approximately S$3,270,089.

As at 30 June 2019, loss allowances of approximately S$741,843, Nil and S$283,183 were made for the trade and other receivables, contract assets and loan receivables respectively based on management's estimates of the ECL in accordance with International Financial Reporting Standard 9 "*Financial Instruments*".

ECLs are determined by management based on their assessment on the credit risks for the Receivables since their initial recognition. Significant judgement is required to be exercised when applying the impairment assessment model, including the determination of appropriate key parameters including the risk of default and loss given default, identifying any significant deterioration in credit quality and determining the assumptions used in the ECL model including economic indicators for forward looking information and the application of economic scenarios and probability weightings.

We focused on this area due to the size of the balances and the judgement exercised by management in determining the ECL allowances for the Receivables as at 30 June 2019.

Our procedures in relation to management's impairment assessment on the Receivables included:

- Evaluating the modeling methodologies used by management for measuring expected credit loss; assessing key parameters and assumptions made by management with reference to the relevant historical credit loss data of the Group and observable external economic data and using valuation experts engaged by us;
- For historical information, we discussed with management to understand their process of collecting and applying the information in assessing risk of default and loss given default and identifying significant deterioration in credit risk. We corroborated management's explanation with supporting evidence.
- For forward looking information, we reviewed the appropriateness of economic indicators selected by management; evaluated the economic scenarios and the underlying probability weightings applied by management; and tested the resulting calculation of the economic indicators determined thereby

We found the management's judgements and estimates used to assess the recoverability of the Receivables and allowance of the ECL were supported by the available evidence.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practising Certificate Number: P05895

Hong Kong, 27 September 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2019

	Notes	2019 S$	2018 S$
REVENUE	5	81,694,685	68,328,311
Cost of sales		(73,188,217)	(62,880,366)
Gross profit		8,506,468	5,447,945
Other gains and losses, net	6	(64,889)	(167,324)
Administrative expenses		(4,532,176)	(4,478,442)
Change in fair value of financial assets at fair value through profit or loss/held-for-trading investments, net	7	(6,114,786)	309,980
Impairment of financial assets at amortised cost, net		(616,371)	–
Impairment loss recognised in respect of goodwill	11	(3,845,968)	(1,792,785)
Other operating expenses		(481,189)	(314,116)
Share of results of joint ventures		2,115,660	1,280,807
Share of results of an associate		(199,151)	(11,067)
(LOSS) PROFIT BEFORE TAX	7	(5,232,402)	274,998
Income tax expense	9	(1,652,936)	(976,071)
LOSS FOR THE YEAR		(6,885,338)	(701,073)
ATTRIBUTABLE TO			
Owners of the Company		(8,901,827)	(1,840,146)
Non-controlling interests		2,016,489	1,139,073
		(6,885,338)	(701,073)
LOSS FOR THE YEAR		(6,885,338)	(701,073)
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(1,932,098)	693,854
Other comprehensive (expense) income for the year, net of income tax		(1,932,098)	693,854
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(8,817,436)	(7,219)
ATTRIBUTABLE TO			
Owners of the Company		(10,332,814)	(1,205,991)
Non-controlling interests		1,515,378	1,198,772
		(8,817,436)	(7,219)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDINGS OF THE COMPANY			
Basic and diluted (Singapore cents)	10	(0.72)	(0.18)

The accompanying notes from an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	2019 S$	2018 S$
NON-CURRENT ASSETS			
Goodwill	11	10,283,476	14,679,058
Interests in joint ventures	12	3,915,427	2,738,762
Interest in an associate	13	274,850	479,712
Plant and equipment	14	265,214	424,185
Trade receivables	17	–	2,096,300
Total non-current assets		14,738,967	20,418,017
CURRENT ASSETS			
Gross amount due from customers for contract work in progress	15	–	744,104
Inventories	16	14,306	9,956
Trade receivables, deposits and other receivables	17	37,944,960	50,577,838
Contract assets	18	1,870,384	–
Loan receivables	19	3,270,089	–
Prepayments	20	4,361,304	3,324,082
Held-for-trading investments	21	–	8,450,399
Financial assets at fair value through profit or loss	21	4,171,262	–
Cash and cash equivalents	22	16,992,937	14,703,511
Total current assets		68,625,242	77,809,890
CURRENT LIABILITIES			
Income tax payable		2,440,163	5,347,239
Trade and other payables	23	6,311,798	14,308,345
Total current liabilities		8,751,961	19,655,584
NET CURRENT ASSETS		59,873,281	58,154,306
TOTAL ASSETS LESS CURRENT LIABILITIES		74,612,248	78,572,323

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	**2019 S$**	2018 S$
NON-CURRENT LIABILITY			
Deferred tax liability	*24*	**–**	30,222
Total non-current liability		**–**	30,222
NET ASSETS		**74,612,248**	78,542,101
EQUITY			
Share capital	*25*	**2,353,555**	2,000,400
Reserves	*26*	**61,735,473**	67,197,813
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**64,089,028**	69,198,213
Non-controlling interests		**10,523,220**	9,343,888
TOTAL EQUITY		**74,612,248**	78,542,101

The consolidated financial statements were approved and authorised for issue by the boards of directors on 27 September 2019 and signed on its behalf by:

Liu Yancheng
Director

Yao Runxiong
Director

Consolidated Statement of Changes in Equity

Year ended 30 June 2019

	Attributable to equity holders of the Company								
	Share capital (Note 26) S$	Share premium (Note 26) S$	Statutory surplus reserve (Note (i)) S$	Exchange fluctuation reserve (Note (ii)) S$	Accumulated losses S$	Merger reserves* (Note (iii)) S$	Total S$	Non-controlling interests S$	Total equity S$
1 July 2017	1,396,622	82,336,712	1,295,091	(1,505,080)	(24,391,195)	(2,239,647)	56,892,503	8,145,116	65,037,619
(Loss) profit for the year	–	–	–	–	(1,840,146)	–	(1,840,146)	1,139,073	(701,073)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations									
Exchange difference arising during the year	–	–	–	634,155	–	–	634,155	59,699	693,854
Total comprehensive income (expense) for the year	–	–	–	634,155	(1,840,146)	–	(1,205,991)	1,198,772	(7,219)
Transfer from retained profits to statutory surplus reserve	–	–	291,566	–	(291,566)	–	–	–	–
Issue of shares	603,778	12,907,923	–	–	–	–	13,511,701	–	13,511,701
At 30 June 2018	2,000,400	95,244,635*	1,586,657*	(870,925)*	(26,522,907)*	(2,239,647)*	69,198,213	9,343,888	78,542,101
Impact on change in accounting policies (Note 2.2)	–	–	–	–	(1,174,486)	–	(1,174,486)	(336,046)	(1,510,532)
As at 1 July 2018 (restated)	**2,000,400**	**95,244,635**	**1,586,657**	**(870,925)**	**(27,697,393)**	**(2,239,647)**	**68,023,727**	**9,007,842**	**77,031,569**
(Loss) profit for the year	**-**	**-**	**-**	**-**	**(8,901,827)**	**-**	**(8,901,827)**	**2,016,489**	**(6,885,338)**
Other comprehensive (expense) income for the year:									
Exchange differences on translation of foreign operations									
Exchange difference arising during the year	**-**	**-**	**-**	**(1,430,987)**	**-**	**-**	**(1,430,987)**	**(501,111)**	**(1,932,098)**
Total comprehensive (expense) income for the year	**-**	**-**	**-**	**(1,430,987)**	**(8,901,827)**	**-**	**(10,332,814)**	**1,515,378**	**(8,817,436)**
Transfer from retained profits to statutory surplus reserve	**-**	**-**	**519,956**	**-**	**(519,956)**	**-**	**-**	**-**	**-**
Issue of shares	**353,155**	**6,044,960**	**-**	**-**	**-**	**-**	**6,398,115**	**-**	**6,398,115**
At 30 June 2019	**2,353,555**	**101,289,595***	**2,106,613***	**(2,301,912)***	**(37,119,176)***	**(2,239,647)***	**64,089,028**	**10,523,220**	**74,612,248**

* These reserve accounts comprise the consolidated reserves of S$61,735,473 (2018: S$67,197,813) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

Year ended 30 June 2019

Notes:

(i) According to the relevant rules and regulations in the People's Republic of China ("**PRC**"), subsidiaries of the Company established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory surplus reserve can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

(ii) The amount represented the share of changes in other comprehensive income in subsidiaries which is the exchange differences relating to the translation of the net assets of the subsidiaries' foreign operations from their functional currencies to the subsidiaries' presentation currency.

(iii) Merger reserves of the Group represent the capital contributions from the equity holders of the subsidiary, Strike Electrical Engineering Pte Ltd. ("**Strike Singapore**"). The Group acquired Strike Singapore during the year ended 30 June 2013 from Victrad Enterprise (Pte) Limited ("**Victrad**") which was an acquisition under common control and had been accounted for by applying the principle of merger accounting and the merger reserves had been debited for the purchase consideration for Strike Singapore.

Consolidated Statement of Cash Flows

Year ended 30 June 2019

	Notes	2019 S$	2018 S$
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		**(5,232,402)**	274,998
Adjustments for:			
Bank interest income	*6*	**(127,050)**	(57,047)
Share of results of joint ventures		**(2,115,660)**	(1,280,807)
Share of results of an associate		**199,151**	11,067
Depreciation of plant and equipment	*7,14*	**267,085**	224,453
Gain on disposal of plant and equipment	*6,7*	**(28,072)**	(19,562)
Allowance for expected credit loss recognised in respect of trade and other receivables	*17,34*	**741,843**	–
Allowance for expected credit loss recognised in respect of loan receivables	*19,34*	**283,183**	–
Impairment loss recognised in respect of plant and equipment	*7,14*	**200,943**	–
Impairment loss recognised in respect of goodwill	*11*	**3,845,968**	1,792,785
Change in fair value of financial assets at fair value through profit or loss/held-for-trading investments	*7,21*	**6,114,786**	(309,980)
Foreign exchange differences	*6*	**410,782**	272,875
Operating cash flows before movements in working capital		**4,560,557**	908,782
Decrease in the gross amount due from customers for contract work in progress		**–**	2,510,342
(Increase) decrease in inventories		**(4,350)**	7,748
Increase in prepayments		**(1,204,121)**	(1,521,220)
Increase in trade receivables, deposits and other receivables		**(1,209,467)**	(13,340,945)
Increase in loan receivables		**(3,558,173)**	–
Decrease in contract assets		**9,879,675**	–
(Increase) decrease in financial assets at fair value through profit or loss/held-for-trading investments		**(1,854,568)**	949,143
Decrease in trade and other payables		**(6,454,045)**	(6,939,850)
Cash generated from (used in) operations		**155,508**	(17,426,000)
Interest received		**127,050**	57,047
Tax paid		**(4,419,459)**	(133,770)
Net cash flows used in operating activities		**(4,136,901)**	(17,502,723)

Consolidated Statement of Cash Flows
Year ended 30 June 2019

	Notes	2019 S$	2018 S$
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from joint ventures	*12*	**500,000**	1,500,000
Purchase of items of plant and equipment	*14*	**(349,267)**	(71,761)
Proceeds from disposal of plant and equipment		**67,634**	48,570
Net cash flows generated from investing activities		**218,367**	1,476,809
CASH FLOWS FROM FINANCING ACTIVITY			
Proceed from issue of shares		**6,398,115**	13,511,701
Net cash flows generated from financing activity		**6,398,115**	13,511,701
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,479,581**	(2,514,213)
Effects of currency translation on cash and cash equivalents		**(190,155)**	51,864
Cash and cash equivalents at beginning of year		**14,703,511**	17,165,860
CASH AND CASH EQUIVALENTS AT END OF YEAR		**16,992,937**	14,703,511
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	*22*	**16,992,937**	14,703,511

Notes to the Consolidated Financial Statements

30 June 2019

1. CORPORATE AND GROUP INFORMATION

Kingbo Strike Limited (the "**Company**") was incorporated in the Cayman Islands on 19 June 2013 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The Company's registered office address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is registered with the Companies Registry in Hong Kong as a non-Hong Kong company under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) on 5 September 2013 and the principal place of business in Hong Kong registered is at Room 1011, 10th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

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

Information about major subsidiaries

Particulars of the Company's major subsidiaries as at 30 June 2019 and 2018 are as follows:

Name	Place of Incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct 2019	Indirect 2019	Direct 2018	Indirect 2018	
Strike Electrical Engineering Pte Ltd ("**Strike Singapore**")	Singapore	S$1,510,000	100	–	100	–	Electrical works and general building engineering services
Capital Asia Investment Limited	Hong Kong	HK$1	–	100	–	100	Investment holding and trading business
Marvel Skill Holdings Limited	British Virgin Islands ("**BVI**")	US$50,000	100	–	100	–	Investment holding
Kahuer Holding Co., Limited	BVI	US$50,000	–	60	–	60	Investment holding
Loydston International Limited	Hong Kong	HK$500,000	–	60	–	60	Investment holding

Notes to the Consolidated Financial Statements
30 June 2019

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about major subsidiaries *(Continued)*

Name	Place of Incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct	**Indirect**	Direct	Indirect	
			2019		2018		
開合新能源(盱眙)有限公司[2,3] (Kaihe New Energy (Xuyi) Company Limited) ("**Kaihe New Energy**")	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[2,3] (Loydston New Energy (Zhenjiang) Company Limited) ("**Loydston New Energy**")	PRC	US$10,000,000	**–**	**60**	–	60	Supply and installation of solar photovoltaic parts and equipment
華輝新能源(淮安)有限公司[1,2,3] (Huahui New Energy (Huaian) Company Limited ("**Huahui New Energy**")	PRC	US$5,000,000	**–**	**60**	–	60	Supply and installation of solar photovoltaic parts and equipment
Kingbo Finance Limited	Hong Kong	HK$1	**–**	**100**	–	100	Provision of finance

Notes:

1 Newly incorporated on 14 March 2018 as a non-wholly owned subsidiary of the Company.
2 Registered as a wholly-foreign-owned enterprise under PRC law.
3 The unofficial English translations are for identification purposes only.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**", which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss/held-for-trading investments (Note 21) which have been measured at fair value. These financial statements are presented in Singapore Dollars ("**S$**").

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 June 2019 and 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual agreement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the statement of profit or loss and other comprehensive income. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to the Consolidated Financial Statements
30 June 2019

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current year, the Group has applied, for the first time, a number of the new and amendments to standards, amendments and interpretations ("new and amendments to IFRSs") (which included all IFRSs, IAS and interpretations) issued by the IASB that are relevant to its operations and effective for annual periods beginning on or after 1 July 2018. A summary of the new and amendments to IFRSs are set out as below:

Amendments to IAS 1	Annual improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 28	Annual improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 15	Revenue from Contracts with Customers (Clarifications to IFRS 15)
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

(a) Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the application of new IFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below:

Consolidated statement of financial position (extract)	30 June 2018 S$	IFRS 15 S$	IFRS 9 S$	1 July 2018 S$
NON-CURRENT ASSETS				
Trade receivables	2,096,300	(2,096,300)	–	–
Interests in joint ventures	2,738,762	(438,995)	–	2,299,767
Interest in an associate	479,712	(5,711)	–	474,001
CURRENT ASSETS				
Trade receivables, deposits and other receivables	50,577,838	(10,623,263)	(685,414)	39,269,161
Contract assets	–	11,943,889	(193,830)	11,750,059
Gross amount due from customers for contract work-in-progress	744,104	(744,104)	–	–
Held-for-trading investments	8,450,399	–	(8,450,399)	–
Financial assets at fair value through profit or loss	–	–	8,450,399	8,450,399
CURRENT LIABILITY				
Trade and other payables	14,308,345	(1,333,196)	–	12,975,149
NET CURRENT ASSETS	58,154,306	(1,909,718)	(879,244)	55,365,344
TOTAL ASSETS LESS CURRENT LIABILITIES	78,572,323	(631,288)	(879,244)	77,061,791
NET ASSETS	78,542,101	(631,288)	(879,244)	77,031,569
EQUITY				
Reserves	69,198,213	(631,288)	(543,198)	68,023,727
Non-controlling interests	9,343,888	–	(336,046)	9,007,842
TOTAL EQUITY	78,542,101	(631,288)	(879,244)	77,031,569

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(b) IFRS 9 *Financial Instruments* – Impact of adoption

In the current year, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities; 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of IFRS 9 are disclosed in Note 2.4.

Summary of effects arising from initial application of IFRS 9

(i) Classification and measurement

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("**FVTOCI**") and at fair value through profit or loss ("**FVTPL**"). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial assets is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including) interest are recognised in profit or loss.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(b) IFRS 9 *Financial Instruments* – Impact of adoption *(Continued)*

Summary of effects arising from initial application of IFRS 9 *(Continued)*

(i) Classification and measurement (Continued)

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other income.

There is no impact on the Group's accounting for financial liabilities. The Group accounts for the accruals, trade and other payables as financial liabilities that are designated at fair value through profit or loss. The derecognition rules have been transferred from IAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group's financial liabilities previously carried at amortised costs remained to be measured at amortised costs under IFRS 9.

(ii) Impairment under ECL model

The Group applies the IFRS 9 general approach to measure ECL. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a "**12-month ECL**"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "**lifetime ECL**"). Except for those which had been determined as credit impaired under IAS 39, the remaining balances are grouped based on credit rating. The Group has therefore estimated the expected loss rates for the trade receivables, deposits and other receivables on the same basis.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology is as follow.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(b) IFRS 9 *Financial Instruments* – Impact of adoption *(Continued)*

Summary of effects arising from initial application of IFRS 9 *(Continued)*

(ii) Impairment under ECL model (Continued)

Loss allowances of contract assets, trade receivables, deposits and other receivables as at 30 June 2018 reconciled to the opening loss allowances as at 1 July 2018 are as follows:

	Contract assets S$	Trade receivables, deposits and other receivables S$
At 30 June 2018 – IAS 39	–	–
Amounts re-measured through opening		
– accumulated losses	116,298	426,900
– non-controlling interest	77,532	258,514
At 1 July 2018 – IFRS 9	193,830	685,414

(c) IFRS 15 *Revenue from Contracts with Customers and the related amendments*

IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The cumulative effect of the initial application of IFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 July 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

The Group has elected to apply the standard to contracts that are not completed as at 1 July 2018.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(c) IFRS 15 *Revenue from Contracts with Customers and the related amendments* *(Continued)*

Set out below are the amounts by which each financial statement line item was affected as at 1 July 2018 as a result of the adoption of IFRS 15:

	IAS 18 carrying amount as at 30 June 2018	Reclassification	Remeasurement	IFRS 15 carrying amount as at 1 July 2018
	S$	S$	S$	S$
Interests in joint ventures	2,738,762	–	(438,995)	2,299,767
Interest in an associate	479,712	–	(5,711)	474,001
Gross amount due from customers for contract work-in-progress	744,104	(744,104)	–	–
Contract assets	–	13,463,667	(1,519,778)	11,943,889
Trade receivables (non-current)	2,096,300	(2,096,300)	–	–
Trade receivables, deposits and other receivables	50,577,838	(10,623,263)	–	39,954,575
Trade and other payables	14,308,345	–	(1,333,196)	12,975,149
Reserves	67,197,813	–	(631,288)	66,566,525

The following tables summarise the impacts of applying IFRS 15 on the Group's consolidated statement of financial position as at 30 June 2019 and its consolidated statement of profit or loss and other comprehensive income for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Notes to the Consolidated Financial Statements
30 June 2019

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(c) IFRS 15 *Revenue from Contracts with Customers and the related amendments* *(Continued)*

Impact on the consolidated statement of financial position

	As reported S$	Adjustments S$	Amount without application of IFRS 15 S$
NON-CURRENT ASSETS			
Interests in joint ventures	3,915,427	(196,077)	3,719,350
Interest in an associate	274,850	10,187	285,037
Trade receivables	–	1,367,000	1,367,000
CURRENT ASSETS			
Trade receivables	37,944,960	887,950	38,832,910
Gross amount due from customers for contract work-in-progress	–	(384,566)	(384,566)
Contract assets	1,870,384	(1,870,384)	–
EQUITY			
Reserves	61,735,473	(372,472)	61,363,001
TOTAL EQUITY	74,612,248	(372,472)	74,239,776

Impact on the consolidated statement of profit and loss and other comprehensive income

	As reported S$	Adjustments S$	Amount without application of IFRS 15 S$
REVENUE	81,694,685	(1,519,778)	80,174,907
Cost of sales	(73,188,217)	1,333,196	(71,855,021)
Gross profit	8,506,468	(186,582)	8,319,886
Share of results of joint ventures	2,115,660	(196,077)	1,919,583
Share of result of an associate	(199,151)	10,187	188,964
LOSS BEFORE TAX	(5,232,402)	(372,472)	(5,604,874)
LOSS FOR THE YEAR	(6,885,338)	(372,472)	(7,257,810)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	(8,817,436)	(372,472)	(9,189,908)
ATTRIBUTABLE TO			
Owners of the Company	(10,332,814)	(372,472)	(10,705,280)
Non-controlling interests	1,515,378	–	1,515,378
	(8,817,436)	(372,472)	(9,189,908)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(c) IFRS 15 *Revenue from Contracts with Customers and the related amendments* *(Continued)*

Impact on the consolidated statement of cash flows

	As reported S$	Adjustments S$	Amount without application of IFRS 15 S$
OPERATING ACTIVITIES			
Loss before tax	(5,232,402)	(372,472)	(5,604,874)
Adjustment for:			
Share of results of joint ventures	(2,115,660)	196,077	(1,919,583)
Share of result of an associate	199,151	(10,187)	188,964
Operating cash flows before movements in working capital	4,560,557	(186,582)	4,373,975
Decrease in the gross amount due from customers for contract work in progress	–	1,128,670	1,128,670
(Increase)/decrease in trade receivables, deposits and other receivables	(1,209,467)	10,270,783	9,061,316
Decrease in contract assets	9,879,675	(9,879,675)	–
Decrease in trade and other payables	(6,454,045)	(1,333,196)	(7,787,241)

The Group considers the input method better depicts the Group's performance in transferring control of goods or services to their customers.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IAS 19	Employee Benefits[1]
Amendments to IAS 28	Investments in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle[2]
Amendments to IFRS 3	Business Combination[4]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[5]
IFRIC – Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted.
2 Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided IFRS 15 Revenue from Contracts with Customers is also applied.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted.
5 Effective for annual periods beginning on or after 1 January 2021.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs *(Continued)*

IFRS 16 *Leases* *(Continued)*

As at 30 June 2019, the Group as lessee has non-cancellable operating lease commitments of approximately S$197,999 (2018: S$582,344) as disclosed in Note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Except for the new IFRSs mentioned as above, the directors of the Company (the "**Directors**") anticipate that the application of all other new and revised IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

The Group's share of the post-acquisition results and other comprehensive income of an associate and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint ventures, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint ventures are eliminated to the extent of the Group's investments in the associate or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associate or joint ventures is included as part of the Group's investments in an associate or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For business combination, the Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquire over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 June. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its held-for-trading investments and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Consolidated Financial Statements
30 June 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's ("**CGU's**") value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides keymanagement personnel services to the Group or to the parent of the Group.

Notes to the Consolidated Financial Statements
30 June 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of plant and equipment over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	–	33.33%
Computer	–	33.33%
Motor vehicles	–	16.67%
Office and site equipment	–	12.5% to 33.33%

Where parts of an item of plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on a straight-line basis over the lease terms.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in which they are incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as lessee *(Continued)*

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Financial Assets

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in Note 2.2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("**OCI**") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Assets *(Continued)*

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in Note 2.2) *(Continued)*

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits/will continue to be held in the revaluation reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other gains and losses, net" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Assets *(Continued)*

Classification and subsequent measurement of financial assets (upon application of IFRS 9 in accordance with transitions in Note 2.2) *(Continued)*

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets (upon application of IFRS 9 with transitions in accordance with Note 2.2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, deposits and other receivables, contract assets, loan receivables and cash and cash equivants). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises 12-month ECL for trade receivables. The ECL on these assets are assessed individually and/or collectively using a credit rating with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Assets *(Continued)*

Impairment of financial assets (upon application of IFRS 9 with transitions in accordance with Note 2.2) *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1-year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Assets *(Continued)*

Impairment of financial assets (upon application of IFRS 9 with transitions in accordance with Note 2.2) *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Assets *(Continued)*

Impairment of financial assets (upon application of IFRS 9 with transitions in accordance with Note 2.2) *(Continued)*

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables and deposits and other receivables are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Assets *(Continued)*

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 July 2018)

Initial recognition and measurement

Financial assets are classified at initial recognition as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as at FVTPL. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the consolidated statement of profit or loss and other comprehensive income. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated statement of profit or loss and other comprehensive income. The loss arising from impairment is recognised in the consolidated statement of profit or loss and other comprehensive income in finance costs for loans and in other expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Assets *(Continued)*

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 July 2018) *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Assets *(Continued)*

Impairment of financial assets (before application of IFRS 9 on 1 July 2018)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is based on a first in, first out basis and includes all costs in bringing the inventories to its present location and condition. In the case of work in progress, comprises direct materials and direct labour. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Contract revenue and costs (before application of IFRS 15 on 1 July 2018)

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period ("**percentage of completion method**").

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) both the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, the stage of completion is measured by reference to the actual value of work done to date based on physical completion to the proportion of total contract revenue (as defined below).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract revenue and costs (before application of IFRS 15 on 1 July 2018) *(Continued)*

Contract revenues – Contract revenues correspond to the initial amount of revenues agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: subcontracting fees; site labour costs (including site supervision); costs of materials used in construction and depreciation of equipment used on the contract that is directly related to the contract.

At the end of the reporting period, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract are compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as a gross amount due from customers for contract work in progress. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as a gross amount due to customers for contract work in progress.

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables".

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in Note 2.2)

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in Note 2.2) *(Continued)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

(a) Contract revenue from the rendering of engineering services

Revenue from the provision of electrical engineering services is recognised over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced. The Group has applied the input method in recognising the revenue from construction contracts over time by reference to the Group's efforts or inputs to the satisfaction on a performance obligation relative to the total expected inputs to the satisfaction of the performance obligation. The Group considers the input method better depicts the Group's performance in transferring control of goods or services to their customers.

(b) Revenue from supply and installation of solar photovoltaic parts and equipment

Revenue from sale of goods is recognised at the point in time when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(c) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as "interest income" where it is mainly earned from financial assets that are held for cash management purposes.

(d) Dividend income

Dividend income is recognised at the point in time when the shareholders' right to receive payment is established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition (before application of IFRS 15 on 1 July 2018)

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) Contract revenue from the rendering of engineering services

Revenue from the rendering of engineering services is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method).

Please refer to "Contract revenue and costs" above for details on the accounting policy on contract revenue.

(b) Revenue from sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goods and services tax ("GST")

Revenues, expenses and assets incurred by Strike Singapore are recognised net of the amount of GST, except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, an associate and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, an associate and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

(a) Defined contribution plans

Mandatory Provident Fund

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Central Pension Scheme

Subsidiaries operating in the PRC have participated in the Central Pension Scheme (the "**CPS**") operated by the PRC government for all of their employees. These PRC subsidiaries are required to contribute a certain percentage of their covered payroll to the CPS to fund the benefits. The only obligation of the Group with respect to the CPS is to pay the ongoing required contributions under the CPS. Contributions under the CPS are charged to profit or loss as they become payable in accordance with the rules of the CPS.

Central Provident Fund

Subsidiaries in Singapore make contributions to the Central Provident Fund ("**CPF**") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a valuation model, further details of which are given in Note 31 to the consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Notes to the Consolidated Financial Statements
30 June 2019

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The financial statements are presented in Singapore dollar, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement of translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

The functional currencies of certain overseas subsidiaries are currencies other than the Singapore dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Singapore dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Singapore dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss and other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Singapore dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Singapore dollars at the weighted average exchange rates for the year.

Contingencies

A contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the consolidated statement of financial position of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, 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 future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Cash-generating unit for goodwill impairment

Goodwill arose from the acquisition of companies engaged in solar power business (the "**Acquisition**") in prior year. Management is of the view that all the subsidiaries of the Group which were or are engaged in the solar power business, constitute a single cash generating unit, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Accordingly, the whole solar power business, segment has been identified by management as a cash generating unit for the impairment testing of goodwill.

(b) Interests in joint ventures

The Group holds a 50% equity interest in each of the joint ventures. The Group does not have unilateral control over these entities. However, the Group has joint control since there are only two shareholders in the entities and all major decisions have to be jointly agreed by the two shareholders. Based on the facts and circumstances, management concluded that the Group has joint control over the entities.

(c) Interest in an associate

The Group holds a 50% equity interest in the associate. The Group does not have unilateral control over these entities. The Group does not have joint control either since there are more than two shareholders in the associate. Based on the facts and circumstances, management concluded that the Group does not have unilateral or joint control but is in a position to exercise significant influence on the associate.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Construction contracts for provision of engineering services

In prior year under IAS 11, the Group recognises contract revenue and contract costs from rendering of electrical engineering service by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that the value of work done to-date based on physical completion to the total contract value.

Under initial adoption of IFRS 15 on 1 July 2017, accounting policy for rendering of electrical engineering service during the course of construction by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period. Progress towards complete satisfaction of a performance obligation is measured based on input method.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(a) Construction contracts for provision of engineering services *(Continued)*

Significant judgement is required to estimate the total cost on completion. The uncertainty and subjectivity involved in determining the total cost on completion may result in a significant impact to the revenue recognised during the year.

The amount of contract revenue recognised based on input method is disclosed in Note 5. The carrying amounts of contract assets are disclosed in Note 18.

If the estimated total construction cost increases/decreases by 10% from management's estimates, the Group's net loss after tax will be approximately S$204,000 higher/lower (2018: loss after tax will be approximately S$1,105,000 higher/lower).

(b) Impairment of non-financial assets (other than goodwill)

The Group assesses at each reporting date whether there are any indicators of impairment for all non-financial assets, including its plant and equipment and its interests in joint ventures and associate at each reporting date. To determine whether there is any objective evidence of impairment, the Company considers external factors including decline in asset values, significant changes with an adverse effect in the market or economic or legal environment in which the entity operates and internal factors such as evidence from internal reporting.

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 30 June 2019 was S$10,283,476 (2018: S$14,679,058). Further details are given in Note 11 to the consolidated financial statements.

(d) Provision of ECL for trade and other receivables, contract assets and loan receivables (the "Receivables")

The Group estimates the amount of loss allowance for ECL on the Receivables. The assessment of the ECL involves high degree of estimation and uncertainty.

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

(d) Provision of ECL for trade and other receivables, contract assets and loan receivables (the "Receivables") *(Continued)*

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

4. 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 (the "**engineering services**");

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

(c) trading of consumer products and accessories ("**trading business**").

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

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit/loss before tax from continuing operations except that unallocated gains, including share of results of joint ventures and associate, change in fair value of financial assets of fair value through profit or loss, as well as head office and corporate expenses are excluded from such measurement.

There were no inter-segment sales in the two financial years ended 30 June 2018 and 30 June 2019.

Segment assets exclude unallocated head office and corporate assets such as financial assets at fair value through profit or loss/held-for-trading investments, 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 other payables as these liabilities were managed on a group basis.

Notes to the Consolidated Financial Statements
30 June 2019

4. SEGMENT INFORMATION *(Continued)*

Year ended 30 June 2019	Engineering services S$	Solar power business S$	Trading business S$	Total S$
Segment revenue:				
Sales to external customers	3,156,126	78,538,559	–	81,694,685
Segment results:	1,516,811	2,844,755	–	4,361,566
Unallocated losses				(6,376,690)
Corporate and other unallocated expenses				(3,217,278)
Loss before tax				(5,232,402)
Segment assets:	17,889,948	55,310,727	–	73,200,675
Corporate and other unallocated assets				10,163,534
Total assets				83,364,209
Segment liabilities:	3,041,092	5,456,101	–	8,497,193
Corporate and other unallocated liabilities				254,768
Total liabilities				8,751,961

Notes to the Consolidated Financial Statements
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4. SEGMENT INFORMATION *(Continued)*

Year ended 30 June 2018	Engineering services S$	Solar power business S$	Trading business S$	Total S$
Segment revenue:				
Sales to external customers	14,631,021	43,295,704	10,401,586	68,328,311
Segment results:	1,617,959	2,033,538	129,229	3,780,726
Unallocated gains				128,120
Corporate and other unallocated expenses				(3,633,848)
Profit before tax				274,998
Segment assets:	21,441,908	61,339,719	5,006,968	87,788,595
Corporate and other unallocated assets				10,439,312
Total assets				98,227,907
Segment liabilities:	7,458,195	11,798,406	–	19,256,601
Corporate and other unallocated liabilities				429,205
Total liabilities				19,685,806

Other segment information	**Engineering services** S$	**Solar power business** S$	**Trading business** S$	**Unallocated** S$	**Total** S$
Year ended 30 June 2019					
Depreciation	**89,115**	**793**	**–**	**177,177**	**267,085**
Capital expenditure	**204,251**	**–**	**–**	**145,016**	**349,267**
Impairment loss recognised in respect of goodwill	**–**	**3,845,968**	**–**	**–**	**3,845,968**
Year ended 30 June 2018					
Depreciation	79,973	363	–	144,117	224,453
Capital expenditure	67,894	2,003	–	1,864	71,761
Impairment loss recognised in respect of goodwill	–	1,792,785	–	–	1,792,785

Notes to the Consolidated Financial Statements
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4. SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2019 S$	2018 S$
The PRC	78,538,559	43,295,704
Singapore	3,156,126	14,631,021
Hong Kong	–	10,401,586
	81,694,685	68,328,311

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

(b) Non-current assets*

	2019 S$	2018 S$
Hong Kong	167,641	200,354
Singapore	4,286,083	3,439,648
The PRC	10,285,243	14,681,715
	14,738,967	18,321,717

* Non-current assets excluding trade and other receivables.

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

Information about major customers

Revenue from major customers for the two financial years ended 30 June 2018 and 30 June 2019 contributing over 10% of the total revenue of the Group were as follows:

	2019 S$	2018 S$
Customer A[2]	36,890,000	36,298,000
Customer B[2]	28,124,000	N/A[3]
Customer C[2]	12,131,000	N/A[3]
Customer D[2]	N/A[3]	6,997,000
Customer E[1]	N/A[3]	9,678,000

1 Engineering services
2 Solar power business
3 Revenue from the relevant customer is less than 10% of the total revenue of the Group.

5. REVENUE

Revenue represents an appropriate proportion of contract revenue of construction contracts, provision for solar power business and the value of goods sold during the year.

	2019 S$	2018 S$
Over time:		
– Contract revenue from provision of electrical engineering services	**3,156,126**	14,631,021
At a point in time:		
– Supply and installation of solar photovoltaic parts and equipment	**78,538,559**	43,295,704
– Net invoiced value of goods sold	**–**	10,401,586
	81,694,685	68,328,311

6. OTHER GAINS AND LOSSES, NET

	2019 S$	2018 S$
Foreign exchange loss	**(410,782)**	(272,875)
Bank interest income	**127,050**	57,047
Incentives from the Singapore Government *(Note (a))*	**9,327**	23,167
Gain on disposal of plant and equipment	**28,072**	19,562
Loan interest income	**143,103**	–
Others	**38,341**	5,775
	(64,889)	(167,324)

Note:

(a) Incentives from the Singapore Government comprise special employment credit, temporary employment credit and wages credit scheme. There are no unfulfilled conditions or contingencies relating to these incentives.

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7. (LOSS) PROFIT BEFORE TAX

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

		2019 S$	2018 S$
(a)	Cost of sales (Refer to (b) below)	73,188,217	62,880,366
	Auditors' remuneration	243,026	372,602
	Depreciation of plant and equipment *(Note 14)*	267,085	224,453
	Impairment loss on plant and equipment	200,943	–
	Gain on disposal of plant and equipment	(28,072)	(19,562)
	Minimum lease payments under operating leases	339,015	379,231
	Legal and professional expenses	437,974	588,654
	Employee benefits (Refer to (c) below)	3,600,403	5,816,593
	Net fair value loss (gain) on financial assets at fair value through profit or loss/held-for-trading investment (Refer to (d) below)	6,114,786	(309,980)
(b)	Cost of sales:		
	– Contract cost from provision of electrical engineering services	2,456,904	13,307,388
	– Contract cost from provision of solar power business	70,731,313	39,324,366
	– Cost of goods sold	–	10,248,612
		73,188,217	62,880,366
(c)	Employee benefits (including Directors' remuneration) *(Note 8(a))*:		
	– Directors' fee	602,573	525,601
	– Salaries, wages and bonuses	2,840,197	5,079,214
	– Pension scheme contributions	157,633	211,778
		3,600,403	5,816,593
(d)	Net fair value loss (gain) on financial assets at fair value through profit or loss/held-for-trading investments:		
	– Unrealised loss (gain) on fair value of financial assets at fair value through profit or loss/held-for-trading investments	6,114,786	(1,299,780)
	– Realised loss on fair value of held-for-trading investments	–	989,800
		6,114,786	(309,980)

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8. DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

(a) Executive directors, non-executive director, independent non-executive directors and the chief executive

Directors' and the chief executive's remuneration, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

	2019 S$	2018 S$
Fees	**602,573**	525,601
Other remuneration:		
– Salaries and bonuses	**220,460**	331,377
– Pension scheme contributions	**7,552**	12,204
	830,585	869,182

The executive directors' emoluments shown below were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown below were mainly for his services as director of the Company or its subsidiaries. The independent non-executive directors' emoluments shown below were mainly for their services as directors of the Company.

The share-based payments represent the estimated value of share options granted to the Directors under the Company's share option scheme. The value of these share options are measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2.4.

8. DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(a) Executive directors, non-executive director, independent non-executive directors and the chief executive *(Continued)*

During the years ended 30 June 2019 and 2018, none of the Directors held share options under the Company's share option scheme.

(i) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	Fees S$	Salaries and bonuses S$	Pension scheme contributions S$	Total S$
Year ended 30 June 2019				
Leung Po Hon	**47,889**	**–**	**–**	**47,889**
Luo Xiaodong	**47,889**	**–**	**–**	**47,889**
Li Jin	**47,889**	**–**	**–**	**47,889**
	143,667	**–**	**–**	**143,667**

	Fees S$	Salaries and bonuses S$	Pension scheme contributions S$	Total S$
Year ended 30 June 2018				
Leung Po Hon	47,320	–	–	47,320
Luo Xiaodong	47,320	–	–	47,320
Li Jin	47,320	–	–	47,320
	141,960	–	–	141,960

8. DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(a) Executive directors, non-executive director, independent non-executive directors and the chief executive *(Continued)*

(i) Independent non-executive directors *(Continued)*

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

(ii) Executive directors and non-executive director

In respect of individuals, who acted as executive directors or a non-executive director of the Company, the remuneration received or receivable from the Group during the year is as follows:

	Fees S$	Salaries and bonuses S$	Pension scheme contributions S$	Total S$
Year ended 30 June 2019				
Executive Directors:				
Liu Yancheng *(Chairman)*	277,616	104,154	3,125	384,895
Peng Rongwu*	9,628	6,944	260	16,832
Liu Xinsheng@	25,914	26,039	1,042	52,995
Yao Runxiong	83,284	83,323	3,125	169,732
Non-executive Director:				
Tam Tak Wah	62,464	–	–	62,464
	458,906	220,460	7,552	686,918

@ This director was appointed as executive director on 2 May 2017 and resigned on 23 October 2018.

* This director was resigned on 7 August 2018.

8. DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(a) Executive directors, non-executive director, independent non-executive directors and the chief executive *(Continued)*

(ii) Executive directors and non-executive director *(Continued)*

	Fees S$	Salaries and bonuses S$	Pension scheme contributions S$	Total S$
Year ended 30 June 2018				
Executive Directors:				
Liu Yancheng^ *(Chairman)*	102,870	104,752	3,143	210,765
Peng Rongwu*	82,296	83,802	3,143	169,241
Liu Xinsheng@	82,296	83,802	3,666	169,764
Yao Runxiong#	54,457	59,021	2,252	115,730
Non-executive Director:				
Tam Tak Wah	61,722	–	–	61,722
	383,641	331,377	12,204	727,222

^ This director was appointed as executive director on 5 January 2017 and appointed as chairman on 1 March 2017.

@ This director was appointed as executive director on 2 May 2017 and resigned on 23 October 2018.

* This director resigned on 7 August 2018.

This director was appointed as executive director on 25 October 2017.

(b) Five highest paid employees

The five highest paid employees of the Group during the year are as follows:

	2019	2018
Directors *(including Managing Director)*	**2**	3
Non-director employees	**3**	2
	5	5

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8. DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(b) Five highest paid employees *(Continued)*

Details of the remuneration of the Directors are set out in (a) above.

The five highest paid employees during the year included two directors (2018: three directors), details of whose remuneration are set out in (a) above. Details of the remuneration for the year of the remaining three (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 S$	2018 S$
Salaries and bonuses	757,198	420,000
Pension scheme contributions	25,565	22,440
	782,763	442,440

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	2019	2018
HK$1,000,001 to HK$1,500,000	1	2
HK$1,500,001 to HK$2,000,000	2	–
	3	2

During the year, no emoluments (2018: Nil) were paid by the Group to any of the persons who are directors (including managing director) of the Company, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or the five highest paid individuals (2018: Nil) has waived any remuneration during the year.

9. INCOME TAX EXPENSE

The Company's profit is not subject to any tax in its country of incorporation, the Cayman Islands. Income tax expense for the Group relates mainly to the assessable profits arising in Hong Kong subject to 8.25%/16.5% (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.

	2019 **S$**	2018 S$
Current – Singapore		
– Charge for the year	**–**	31,152
– Under/(over)-provision in respect of previous years	**33,658**	(23,613)
Current – Others (the PRC and Hong Kong)		
– Charge for the year	**1,649,500**	978,640
Deferred *(Note 24)*		
– Origination and reversal of temporary differences	**(30,222)**	(10,108)
Total tax charge for the year	**1,652,936**	976,071

The Group is subject to PRC withholding tax of 10% on the gross interest income from its PRC subsidiaries to the Company.

According to 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.

No provision the Hong Kong profits tax has been made as the subsidiaries incorporated in Hong Kong had no assessable profits arising in Hong Kong for the year ended 30 June 2019.

A reconciliation of the tax expense applicable to profit before tax at the applicable statutory tax rates for the countries in which the Company and the subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates for the year, are as follows:

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%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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9. INCOME TAX EXPENSE *(Continued)*

	2019					
	Singapore S$	%	Others (the PRC and Hong Kong) S$	%	Total S$	%
Profit (loss) before tax	1,516,811		(6,749,213)		(5,232,402)	
Taxation at statutory tax rate	257,858	17.0	(557,053)	16.5-25	(299,195)	5.7
Lower tax rate for specific local authority	(4,035)	(0.3)	–	–	(4,035)	0.1
Profit or loss attributable to results of joint ventures and an associate	(325,806)	(21.5)	–	–	(325,806)	6.2
Adjustments in respect of current tax of previous year	33,658	2.2	–	–	33,658	(0.6)
Others	(30,222)	(2.0)	–	–	(30,222)	0.6
Income not subject to tax	(4,772)	(0.3)	(49,929)	0.7	(54,701)	1.0
Expense not deductible for tax	53,493	3.5	2,069,766	(30.7)	2,123,259	(40.6)
Tax loss not recognised	23,262	1.5	186,716	(2.8)	209,978	(4.0)
Tax charge at the Group's effective rates	3,436	0.2	1,649,500	(24.4)	1,652,936	(31.6)

	2018					
	Singapore S$	%	Others (the PRC and Hong Kong) S$	%	Total S$	%
Profit (loss) before tax	1,617,959		(1,342,961)		274,998	
Taxation at statutory tax rate	275,053	17.0	111,138	16.5-25	386,191	140.4
Lower tax rate for specific local authority	(43,735)	(2.7)	–	–	(43,735)	(15.9)
Profit or loss attributable to results of joint ventures and an associate	(215,855)	(13.4)	–	–	(215,855)	(78.5)
Adjustments in respect of current tax of previous year	(23,613)	(1.5)	–	–	(23,613)	(8.6)
Others	(10,108)	(0.6)	–	–	(10,108)	(3.7)
Income not subject to tax	(3,326)	(0.2)	(165,149)	12.3	(168,475)	(61.3)
Expense not deductible for tax	19,015	1.2	881,458	(65.6)	900,473	327.5
Tax loss not recognised	–	–	151,193	(11.3)	151,193	55.0
Tax charge at the Group's effective rates	(2,569)	(0.2)	978,640	(72.9)	976,071	354.9

The share of tax attributable to the joint ventures and an associate amounting to S$359,662 (2018: S$217,737) and S$(33,856) (2018: S$1,882) is included in "share of results of joint ventures" and "share of results of an associate" in the consolidated statement of profit or loss and other comprehensive income respectively.

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10. LOSS PER SHARE

The weighted average number of equity shares refers to weighted average number of shares in issue during the year. The basic loss per share are based on the weighted average number of ordinary shares outstanding during the year.

The calculation of basic loss per share is based on:

	2019	2018
Loss		
Loss attributable to equity holders of the parent, used in the basic loss per share calculation (S$)	(8,901,827)	(1,840,146)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	1,236,069,041	1,049,799,452
Basic loss per share (Singapore cents)	(0.72)	(0.18)

Basic loss per share is the same as diluted loss per share, as the Group had no potentially dilutive ordinary shares (2018: Nil) in issue during the year.

11. GOODWILL

	2019 S$	2018 S$
Cost		
At the beginning of the year	58,236,407	57,510,423
Exchange realignment	(2,509,201)	725,984
At the end of the year	55,727,206	58,236,407
Accumulated impairment loss		
At the beginning of the year	43,557,349	41,219,140
Impairment loss recognised during the year	3,845,968	1,792,785
Exchange realignment	(1,959,587)	545,424
At the end of the year	45,443,730	43,557,349
Net carrying amount at the end of the year	10,283,476	14,679,058

11. GOODWILL *(Continued)*

Impairment assessment

Goodwill acquired through business combinations is allocated to solar power business CGU for impairment testing. The recoverable amount of the CGU to which the goodwill was allocated has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a four-year period (2018: 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 inputs and assumptions in the valuation are as follows:

For the year ended 30 June 2019

The pre-tax discount rate applied for the cash flow projections is 22.98%. The projected sales for the forecasted was prepared based on (i) budgeted sales for the year ending 30 June 2020; and (ii) prudent annualised growth rate of 5% per year for the year ending 30 June 2021 to year ended 30 June 2023.

The estimated forecasted revenue and growth rate of the CGU was prepared by the management of the Company after considering (i) historical operation data; (ii) budgeted sales for the year ending 30 June 2020; (iii) market development during year ended 30 June 2019; (iv) expected market development in future; and (v) the market research obtained by the management. In particular, management of the Group noted that although the CGU, which is mainly engaged in supply and installation of solar photovoltaic parts and equipment, achieved a significant increase in revenue for the financial year ended 30 June 2019 and recognised revenue of approximately RMB389.6 million (equivalent to approximately S$78.5 million) compared to revenue of approximately RMB211.5 million (equivalent to approximately S$43.3 million) for the financial year ended 30 June 2018. For goodwill impairment assessments purpose, management of the Group is of the view that under the new policy in the PRC on Photovoltaic Power Generation and the circular on construction of Wind and Photovoltaic ("**PV**") Power Generation projects which was issued by the PRC government in May 2019, the industry in the PRC experienced further adjustment upon transforming to market led and quality enhancement projects, focusing on the development of non-subsidised (grid parity) projects. Therefore, management of the Group expects industry consolidation in the coming years which in the longer term will lead to a more sustainable development after the market consolidation. On these bases, management budgeted a significant decrease in revenue, and hence gross profit, of the CGU to RMB290 million of revenue for the financial year ending 30 June 2020. Furthermore, due to the recent change in the market of solar power business, the Company expects the future revenue will decline in year ending 30 June 2020 which is reference to the Company future contracts on hand and in negotiation, together with market research data. However, the Company believes the business over a longer period will recover, which the management consider 5% annualised growth for the year ending 30 June 2021 to 30 June 2024 was made after due care and was prudent.

11. GOODWILL *(Continued)*

Impairment assessment *(Continued)*

For the year ended 30 June 2018

The pre-tax discount rate applied to the cash flow projections is 21.89%. The projected sales for the forecasted was prepared based on (i) budgeted sales for the year ending 30 June 2019; and (ii) prudent annualised growth rate of 3% per year for the year ending 30 June 2020 to year ended 30 June 2022.

The estimated forecasted revenue and growth rate of the CGU was prepared by the management of the Company after considering (i) historical operation data; (ii) budgeted sales for the year ending 30 June 2019; (iii) market development during year ending 30 June 2018; and (iv) expected market development in future. The management consider 3% annualised growth rate was made after due care and was prudent.

Assumptions were used in the value in use calculation of the solar power business cash-generating unit. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Forecast revenue – the basis used to determine the value assigned to the forecast revenue is the forecast revenue from the supply and installation of solar photovoltaic parts and equipments which the Group has signed certain framework agreements.

Budgeted cost of sales – The budgeted cost of sales have been determined based on management's expected procurement costs for the supply and installation of solar photovoltaic parts and equipments.

Discount rate – The discount rate used is before tax and reflected specific risks relating to the unit.

Growth rate – The growth rate used to extrapolate beyond projections period.

As the recoverable amount of the CGU was calculated to be lower than its carrying amount, an impairment loss of S$3,845,968 (2018: S$1,792,785) was recognised in the consolidated statement of profit or loss and other comprehensive income. The impairment loss arose because of management expectations that there will be industry consolidation in the PRC for PV power generation projects due to the new PRC government policy on such projects and the newly issued government circular referred to above, which caused downward revisions to be made to the budgeted revenue, and hence gross profit, of the CGU for the coming year ending 30 June 2020, and the subsequent years.

As the CGU has been reduced to its recoverable amount of S$10,283,476 (2018: S$14,679,058), any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

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12. INTERESTS IN JOINT VENTURES

	2019 S$	2018 S$
Unlisted shares, at cost	**375,000**	375,000
Share of post-acquisition reserves	**3,540,427**	2,363,762
Share of net assets	**3,915,427**	2,738,762

Particulars of the Group's Joint ventures are as follows:

Name	Place of registration and business	Percentage of Ownership interest	Voting power	Profit sharing	Principal activity
YL Integrated Pte Ltd ("**YL**")	Singapore	50	50	50	Electrical works and mixed construction activities
NEK Electrical Engineering Pte Ltd ("**NEK**")	Singapore	50	50	50	Electrical works and mixed construction activities

The Group's shareholdings in the joint ventures all comprise equity shares held through a subsidiary, Strike Singapore.

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12. INTERESTS IN JOINT VENTURES *(Continued)*

The following table illustrates the summarised financial information of YL reconciled to the carrying amount in the financial statements:

	2019 S$	2018 S$
Joint venture's assets and liabilities:		
Cash and cash equivalents	**374,767**	527,883
Other current assets	**10,305,567**	9,538,991
Current assets	**10,680,334**	10,066,874
Non-current assets	**1,338,463**	3,584,668
Current liabilities	**(4,921,642)**	(8,175,105)
Non-current liabilities	**(519,936)**	(399,506)
Net assets	**6,577,219**	5,076,931
Reconciliation to the Group's interest in the joint venture:		
Net assets	**6,577,219**	5,076,931
Non-controlling interest	**(239,624)**	(111,121)
	6,337,595	4,965,810
Proportion of the Group's ownership	**50%**	50%
Carrying amount of the investment	**3,168,797**	2,482,905
Revenue	**25,823,841**	27,775,942
Profit and other comprehensive income for the year attributable to:		
– Owner of YL	**2,997,567**	2,440,068
– Non-controlling interests	**16,003**	7,121
Profit and other comprehensive income for the year	**3,013,570**	2,447,189
– Depreciation	**(374,463)**	(232,264)
– Income tax expense	**(514,051)**	(410,111)
Dividend received#	**500,000**	1,500,000

\# YL had declared and paid an interim dividend amounting to S$1,000,000 (2018: S$3,000,000) to its shareholders during the year of which Strike Singapore had received dividend amounting to S$500,000 during the year (2018: S$1,500,000).

NEK is engaged in the electrical works and mixed construction activities and is accounted for using the equity method.

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12. INTERESTS IN JOINT VENTURES *(Continued)*

The following table illustrates the summarised financial information of NEK reconciled to the carrying amount in the financial statements:

	2019 **S$**	2018 S$
Joint venture's assets and liabilities:		
Cash and cash equivalents	**229,241**	1,245,773
Other current assets	**1,429,924**	641,936
Current assets	**1,659,165**	1,887,709
Non-current assets	**223,605**	953,684
Financial liabilities, excluding trade and other payables	**(25,879)**	(61,732)
Other current liabilities	**(319,674)**	(2,255,475)
Current liabilities	**(345,553)**	(2,317,207)
Non-current financial liabilities, excluding trade and other payables	**(28,200)**	–
Other non-current liabilities	**(15,757)**	(12,472)
Non-current liabilities	**(43,957)**	(12,472)
Net assets	**1,493,260**	511,714
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Carrying amount of the investment	**746,630**	255,857
Revenue	**3,022,593**	3,492,091
Profit and other comprehensive income for the year	**1,233,751**	121,546
– Income tax (expenses) credit	**(181,331)**	21,227

Notes to the Consolidated Financial Statements
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13. INTEREST IN AN ASSOCIATE

	2019 S$	2018 S$
Unlisted shares, at cost	125,000	125,000
Share of post-acquisition reserves	149,850	354,712
Share of net assets	274,850	479,712

Particulars of the associate are as follows:

		Percentage of			
Name	Place of registration and business	Ownership interest	Voting power	Profit sharing	Principal activity
SRM Electrical Engineering Pte Ltd ("**SRM**")	Singapore	50	50	50	Electrical works and mixed construction activities

The Group's shareholdings in the associate comprise equity shares held through a subsidiary, Strike Singapore.

The following table illustrates the summarised financial information of SRM reconciled to the carrying amount in the financial statements:

	2019 S$	2018 S$
Current assets	689,055	1,415,177
Non-current assets	40,228	41,932
Current liabilities	(179,584)	(488,531)
Non-current liabilities	–	(9,155)
Net assets	549,699	959,423
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's interest in the associate	50%	50%
Carrying amount of the investment	274,850	479,712
Revenue	519,976	1,509,590
Loss and other comprehensive expense for the year	(398,302)	(22,134)

Notes to the Consolidated Financial Statements
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14. PLANT AND EQUIPMENT

	Leasehold Improvement S$	Computer S$	Motor vehicles S$	Office and site equipment S$	Total S$
Group					
Cost:					
At 1 July 2017	138,529	38,620	614,046	219,641	1,010,836
Additions	–	1,864	65,094	4,803	71,761
Disposals	–	–	(127,416)	–	(127,416)
Exchange realignment	(2,379)	(244)	(3,827)	(1,029)	(7,479)
At 30 June 2018 and 1 July 2018	136,150	40,240	547,897	223,415	947,702
Additions	203,522	6,944	136,423	2,378	349,267
Disposals	–	–	(118,857)	–	(118,857)
Write-off	–	(7,634)	–	(7,696)	(15,330)
Exchange realignment	(410)	(57)	(860)	(312)	(1,639)
At 30 June 2019	**339,262**	**39,493**	**564,603**	**217,785**	**1,161,143**
Accumulated depreciation:					
At 1 July 2017	10,032	29,304	269,266	90,998	399,600
Charge for the year	45,575	5,843	134,975	38,060	224,453
Disposals	–	–	(98,408)	–	(98,408)
Exchange realignment	(365)	(128)	(1,266)	(369)	(2,128)
At 30 June 2018 and 1 July 2018	55,242	35,019	304,567	128,689	523,517
Charge for the year	73,698	5,009	150,835	37,543	267,085
Impairment loss for the year *(Note)*	173,765	–	–	27,178	200,943
Disposals	–	–	(79,295)	–	(79,295)
Write-off	–	(7,634)	–	(7,696)	(15,330)
Exchange realignment	(233)	(41)	(544)	(173)	(991)
At 30 June 2019	**302,472**	**32,353**	**375,563**	**185,541**	**895,929**
Net carrying value:					
At 30 June 2019	**36,790**	**7,140**	**189,040**	**32,244**	**265,214**
At 30 June 2018	80,908	5,221	243,330	94,726	424,185

Note:

The impairment loss of property, plant and equipment of S$200,943 was due to the slowdown of electrical engineering services, were charged to the profit or loss and other comprehensive income and their carrying amounts of leasehold improvement and office and site equipment were reduced to reflect their recoverable amounts.

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15. GROSS AMOUNT DUE FROM CUSTOMERS FOR CONTRACT WORK IN PROGRESS

	2018 S$
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	93,514,105
Less: Progress billings	(92,770,001)
	744,104
Presented as:	
Gross amount due from customers for contract work in progress	744,104

As at 30 June 2018, there were no advances received from customers for contract work in progress.

16. INVENTORIES

	2019 S$	2018 S$
Raw materials	**14,306**	9,956

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17. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2019 S$	2018 S$
Trade receivables (non-current):		
Retention sum receivables *(Note (a))*	**–**	2,096,300
Trade receivables (current):		
Third parties		
– Gross Amount	**38,472,215**	39,332,270
– Less: Provision for impairment under IFRS 9	**(736,023)**	–
	37,736,192	39,332,270
Retention sum receivables *(Note (a))*	**–**	10,623,263
	37,736,192	49,955,533
Other receivables (current):		
Interest receivables		
– Gross Amount	**76,878**	–
– Less: Provision for impairment under IFRS 9	**(5,820)**	–
	71,058	–
Deposits	**129,709**	146,005
Others	**8,001**	476,300
	208,768	622,305
Total trade receivables, deposits and other receivables *(current)*	**37,944,960**	50,577,838

As at 30 June 2019 and 1 July 2018, trade receivables from contracts with customers amounted to S$37,736,192 and S$38,646,856 respectively.

Note:

(a) Retention sum receivables refer to a retention sum which will be partially billed upon the practical completion of the Groups' projects, and the balance shall be billed upon the final completion of the Group's projects. Retention sum receivables are non-interest bearing and on terms based on the respective contracts' retention periods. Upon initial application of IFRS 15 on 1 July 2018, retention sum receivables of S$12,719,563 was reclassified to contract assets (Note 2.2).

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

Trade receivables

Trade receivables (excluding retention sum receivables) are non-interest bearing and are generally on terms of 30 to 180 days.

An aging analysis of the trade receivables (excluding retention sum receivables) as at the end of the year, based on the invoice date, is as follows:

	2019 **S$**	2018 S$
Less than 30 days	**–**	17,415,110
30 to 60 days	**11,402,618**	18,461,728
61 to 90 days	**1,243**	–
91 to 180 days	**17,806,163**	54,899
More than 180 days	**8,526,168**	3,400,533
	37,736,192	39,332,270

As at 30 June 2018, the Group's trade receivables were not impaired. The aging analysis of the trade receivables (excluding retention sum receivables) that are neither individually nor collectively considered to be impaired is as follows:

	2018 S$
Neither past due nor impaired	35,695,235
Less than 30 days past due	181,603
30 to 60 days past due	–
More than 60 days past due	3,455,432
	39,332,270

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 provision for impairment 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.

Further details on the Group's credit policy and credit risk arising from trade receivables, deposits and other receivables are set out in Note 34.

Notes to the Consolidated Financial Statements
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18. CONTRACT ASSETS

	30 June 2019 S$	1 July 2018 S$
Contract assets *(Note (a))*	**1,870,384**	11,750,059

Note:

(a) Contract assets primarily relate to the subsidiary, Strike Singapore's rights to consideration for work completed but not yet billed at reporting date for the construction projects. Included in the contract asset is the retention receivables of S$2,254,950 where customers have withheld certain amounts payable as retention money to secure the due performance of the contracts for a period of generally 12 months defect liability period after the completion of the relevant work. Contract assets are transferred to receivables when the rights become unconditional.

Allowance for expected credit losses of S$189,562 was reversed during the year. Further details on the Group's credit policy and credit risk arising from contract assets are set out in Note 34.

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.

19. LOAN RECEIVABLES

	2019 S$	2018 S$
Fixed-rate loan receivables (current)	**3,553,272**	–
Less: Provision for impairment under IFRS 9	**(283,183)**	–
	3,270,089	–

As at 30 June 2019, loan receivables included amounts of S$3,553,272 (2018: Nil). On 15 October 2018, 2 May 2019 and 20 June 2019, three loans were granted to three independent third party individuals, with principal amounts of HK$4,000,000, HK$12,000,000 and HK$4,500,000 and at the interest rates of 8.125%, 9.125% and 9.125% per annum respectively. These loans were all unsecured and for a term of nine months.

Notes to the Consolidated Financial Statements
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20. PREPAYMENTS

	2019 S$	2018 S$
Prepayments (current) (Note (a))	**4,361,304**	3,324,082

Note:

(a) At 30 June 2019, included in the prepayments is an amount of S$4,291,678 (2018: S$3,280,858) for prepayment to suppliers for solar photovoltaics parts and equipment.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/HELD-FOR-TRADING INVESTMENTS

	2019 S$	2018 S$
Listed securities held-for-trading, at fair value:		
Equity securities listed in Hong Kong	**4,171,262**	8,450,399

The above equity investments at 30 June 2019 and 2018 were classified as financial asset at fair value through profit or loss/held-for-trading investments and were accordingly, belonged to the financial assets at fair value through profit or loss category.

Stock code	Company name	No. of share held at 30 June 2019	Percentage of shareholding as at 30 June 2019	Percentage of shareholding as at 30 June 2018	Market value as at 30 June 2019 S$	Approximate percentage to the Group's net assets as at 30 June 2019	Market value as at 30 June 2018 S$	Approximate percentage to the Group's net assets as at 30 June 2018	Change in fair value of held-for-trading instruments for the years ended[Note 8(c)] 30 June 2019 S$	Change in fair value of held-for-trading instruments for the years ended[Note 8(c)] 30 June 2018 S$
164	China Baoli Technologies Holdings Limited	**2,490,000**	**0.067%**	0.071%	**42,728**	**0.06%**	363,626	0.46%	**(320,289)**	(452,110)
804	Pinestone Capital Limited	**41,400,000**	**0.843%**	0.843%	**602,774**	**0.81%**	1,216,364	1.55%	**(610,864)**	(708,294)
1869	Li Bao Ge Group Limited	**830,000**	**0.104%**	0.104%	**43,158**	**0.06%**	57,719	0.07%	**(14,408)**	(1,129,673)
8423	Chi Ho Development Holdings Limited	**1,490,000**	**1.863%**	1.863%	**3,434,888**	**4.60%**	6,812,690	8.67%	**(3,362,442)**	3,589,857
8293	SingAsia Holdings Limited	**1,925,000**	**0.154%**	–	**47,714**	**0.06%**	–	–	**(1,806,783)**	–
					4,171,262	**5.59%**	8,450,399	10.75%	**(6,114,786)**	1,299,780

22. CASH AND CASH EQUIVALENTS

	2019 **S$**	2018 S$
Cash at banks and on hand	**16,992,937**	14,703,511

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Bank balances denominated in foreign currency as at 30 June are as follows:

	2019 **S$**	2018 S$
HK$	**2,294,975**	1,492,045
Renminbi	**3,020,750**	220,083
US$	**12,333**	12,175

Renminbi is not freely convertible into other currencies; however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

Notes to the Consolidated Financial Statements
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23. TRADE AND OTHER PAYABLES

	2019 S$	2018 S$
Trade payables (current):		
Third parties	62,987	4,962,939
Retention sum payables	–	580,608
	62,987	5,543,547
Accruals for project costs (Note (a)) (current)	2,841,246	5,661,266
Other payables:		
Accrued liabilities	1,093,510	724,859
GST/VAT payable	2,249,569	1,412,526
Due to a joint venture *(Notes (b) and 27(b))*	–	900,000
Others	64,486	66,147
	3,407,565	3,103,532
Total	6,311,798	14,308,345

Notes:

(a) The amount represents the accrued project costs for the provision of electrical engineering services.

(b) The amount due to a joint venture is unsecured, interest-free and has no fixed terms of repayment.

23. TRADE AND OTHER PAYABLES *(Continued)*

Accrued liabilities refer mainly to accrual for professional fees and employee benefits.

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on terms of 30 to 90 days while other payables have an average term of 30 days.

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

	2019 S$	2018 S$
Trade payables:		
Less than 90 days	**8,177**	4,962,939
90 to 180 days	**54,810**	–
	62,987	4,962,939

24. DEFERRED TAX LIABILITY

The movements in deferred tax liability during the year are as follows:

	Depreciation allowance in excess of related depreciation S$
At 1 July 2017	(40,330)
Charged to profit or loss during the year *(Note 9)*	10,108
At 30 June 2018	(30,222)
Impact of adopting IFRS 9	–
At 1 July 2018	(30,222)
Charged to profit or loss during the year *(Note 9)*	30,222
Exchange realignment	–
At 30 June 2019	**–**

25. SHARE CAPITAL

	2019 S$	2018 S$
Issued and fully paid:		
1,390,280,000 (2018: 1,185,600,000) ordinary shares of HK$0.01 each (2018: HK$0.01 each) *(Notes (a), (b) and (c))*	**2,353,555**	2,000,400

Notes:

(a) On 6 July 2017, the Company issued and allotted 152,000,000 new ordinary shares by way of placing at a placing price of HK$0.266 per share.

(b) On 5 March 2018, the Company issued and allotted 197,600,000 new ordinary shares by way of placing at a placing price of HK$0.195 per share.

(c) On 2 April 2019, the Company issued and allotted 204,680,000 new ordinary shares by way of placing at a placing price of HK$0.183 per share.

26. RESERVES

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

	Number of shares in issue	Issued share capital S$	Share premium S$	Total S$
At 1 July 2017	836,000,000	1,396,622	82,336,712	83,733,334
Issue of share *(Notes (a) and (b))*	349,600,000	603,778	12,907,923	13,511,701
At 30 June 2018 and 1 July 2018	1,185,600,000	2,000,400	95,244,635	97,245,035
Issue of share *(Note (c))*	204,680,000	353,155	6,044,960	6,398,115
At 30 June 2019	**1,390,280,000**	**2,353,555**	**101,289,595**	**103,643,150**

Notes:

(a) On 6 July 2017, the Company issued and allotted 152,000,000 new ordinary shares by way of placing at a placing price of HK$0.266 per share.

(b) On 5 March 2018, the Company issued and allotted 197,600,000 new ordinary shares by way of placing at a placing price of HK$0.195 per share.

(c) On 2 April 2019, the Company issued and allotted 204,680,000 new ordinary shares by way of placing at a placing price of HK$0.183 per share.

The amounts of the Group's reserves and the movements therein for the current and prior years are set out in the consolidated statement of changes in equity.

Notes to the Consolidated Financial Statements
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27. RELATED PARTY TRANSACTIONS

(a) In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following are the significant 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 year:

	Notes	**2019 S$**	2018 S$
Sub-contractor fees charged by			
– joint ventures	*(i)*	**220,577**	3,198,982
– an associate	*(i)*	**326,846**	12,603
Operating expenses recharged by a related company	*(ii)*	**13,436**	13,972
Rental expenses charged by a related company	*(iii)*	**223,440**	223,440
Secretarial fees charged to			
– joint ventures	*(iv)*	**1,200**	2,400
– an associate	*(iv)*	**600**	1,200
Sales of materials charged by			
– joint ventures	*(v)*	**–**	680
Sales of materials charged to			
– joint ventures	*(vi)*	**971**	3,240
– subsidiary of joint venture	*(vi)*	**3,458**	–
Sales of motor vehicle charged to a joint venture	*(vii)*	**–**	42,000
Operating expense charged to joint ventures	*(viii)*	**–**	4,315

Notes:

(i) Strike Singapore had subcontracted some electrical engineering works to the joint ventures, an associate and subsidiary of joint venture.

(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.

(iii) Rental expense was charged by Victrad with reference to the rates of other similar premises.

(iv) Strike Singapore provided secretarial services to the joint ventures and an associate.

(v) Strike Singapore had made purchase of raw materials from the joint ventures.

(vi) Strike Singapore sold materials to the joint ventures and subsidiary of joint venture.

(vii) Strike Singapore sold a motor vehicle to a joint venture.

(viii) Operating expenses charged to joint ventures mainly referred to expenses incurred by the foreign workers of joint ventures.

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27. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties:

	Note	**2019 S$**	2018 S$
Due to a joint venture		–	900,000
Total		–	900,000

These balances are unsecured, interest-free and have no fixed terms of repayment.

(c) 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 2019 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 2019 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 27(a)(iii) to the consolidated financial statements. There are no operating lease commitments in respect of the above leases as at the end of reporting period amounted (2018: S$Nil).

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27. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel of the Group

	2019 S$	2018 S$
Directors' fees	602,573	525,601
Salaries and bonuses	1,074,868	1,108,877
Pension scheme contributions	33,116	85,021
	1,710,557	1,719,499
Comprise amounts paid to:		
Directors of the Company	830,585	869,182
Key management personnel	879,972	850,317
	1,710,557	1,719,499

28. CONTINGENT LIABILITIES

As at the end of the year, the contingent liabilities not provided for in the consolidated financial statements were as follows:

	2019 S$	2018 S$
Guarantees:		
Security bonds to the Singapore Government in relation to foreign workers	**50,000**	390,000

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 year, the Group has hired certain foreign workers and has arranged for an insurance company (the "**Insurer**") 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 year. Accordingly, the Group has not provided for any provision in relation to such law. As at 30 June 2019, the guarantees provided by the Insurer was S$50,000 (2018: S$390,000).

29. COMMITMENTS

Operating lease commitments

As a lessee:

The Group leases certain of its office premises and worker dormitories under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 3 years.

Future minimum rental payable under non-cancellable operating leases at the end of the year are as follows:

	2019 S$	2018 S$
Amount payable within 1 year	**197,999**	384,527
Amount payable in the second to third years, inclusive	**–**	197,817
	197,999	582,344

Capital commitments

	2019 S$	2018 S$
Commitments contracted for but not provided in the consolidated financial statements in respect of acquisition of a company	**–**	14,221,526

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30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2019

Financial assets

	Financial assets at fair value through profit or loss S$	Financial assets at amortised cost S$	Total S$
Financial assets at fair value through profit or loss	4,171,262	–	4,171,262
Trade receivables, deposits and other receivables	–	37,944,960	37,944,960
Cash and cash equivalents	–	16,992,937	16,992,937
Loan receivables	–	3,270,089	3,270,089
	4,171,262	58,207,986	62,379,248

Financial liabilities

	Financial liabilities at amortised cost S$
Trade and other payables (excluding GST payable and accrued liabilities)	2,968,719

30. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2018

Financial assets

	Held-for-trading S$	Loans and receivables S$	Total S$
Held-for-trading investments	8,450,399	–	8,450,399
Trade receivables, deposits and other receivables	–	52,674,138	52,674,138
Cash and cash equivalents	–	14,703,511	14,703,511
	8,450,399	67,377,649	75,828,048

Financial liabilities

	Financial liabilities at amortised cost S$
Trade and other payables (excluding GST payable and accrued liabilities)	12,170,960

Notes to the Consolidated Financial Statements
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31. SHARE OPTION SCHEME

Pursuant to a resolution passed at the annual general meeting of the Company held on 13 February 2017, a share option scheme (the "**Share Option Scheme**") was adopted by the Company.

The major terms of the Share Option Scheme are summarised as follows:

(a) The purpose of the Share Option Scheme is to provide incentive and/or reward to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company.

(b) Eligible participants ("**Eligible Participants**") include full time or part time employees of the Company (including any directors, whether executive or non-executive and whether independent or not, of the Company); 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 Company.

(c) The subscription price for shares under the Share Option Scheme may be determined by the board of directors at its absolute discretion but in any event will not be less than the highest of:

(i) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer Date, which must be a business day;

(ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the offer Date; and

(iii) the nominal value of the share on the offer Date.

(d) Maximum number of share available for issue

(i) Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

(ii) Subject to the limit mentioned in (d)(i) above, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the Share Option Scheme (the "**Scheme Mandate Limit**"), unless Shareholders' approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

31. SHARE OPTION SCHEME *(Continued)*

(d) Maximum number of share available for issue *(Continued)*

(iii) Subject to the limit mentioned in (d)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the shares in issue as at the date of passing the relevant resolution. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the this limit. The Company must send a circular to the shareholders containing such information as required under the Listing Rules.

(iv) Subject to the limit mentioned in (d)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the shareholders containing a generic description of the specified Eligible Participants, the number and terms of options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the terms of the options serve such purpose and such other information as required under the Listing Rules.

(e) The total number of shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve-month period up to the date of grant shall not exceed 1% of the shares in issue

(f) Subject to the terms of the Share Option Scheme, an option may be exercised in whole or in part at any time during the period to be determined and notified by the directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of ten years from the date of the grant of the particular option but subject to the provisions for early termination of the Share Option Scheme (the "**Option Period**"). There is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

At the end of the reporting period, no share options remains outstanding under the Share Option Scheme.

32. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of business	Proportion ownership interests and voting rights held by non-controlling interest		Total profit allocated to non-controlling interest		Accumulated non-controlling interest	
		30 June 2019	30 June 2018	**30 June 2019 S$**	30 June 2018 S$	**30 June 2019 S$**	30 June 2018 S$
Kahuer Group	The BVI/The PRC	**40%**	40%	**1,735,858**	922,987	**10,223,310**	9,177,021
Individually immaterial subsidiaries with non-controlling interests				**280,631**	216,086	**299,910**	166,867
				2,016,489	1,139,073	**10,523,220**	9,343,888

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Kahuer Group

	2019 S$	2018 S$
Current assets	**44,296,233**	37,509,684
Non-current assets	**1,767**	2,657
Current liabilities	**(18,739,724)**	(14,569,788)
Equity attributable to owners of the Company	**15,334,966**	13,765,532
Non-controlling interests	**10,223,310**	9,177,021
Revenue	**71,873,851**	35,765,764
Expenses	**(67,534,207)**	(33,458,296)
Profit for the year	**4,339,644**	2,307,468
Total comprehensive income for the year	**3,275,981**	2,579,763
Cash flows from operating activities	**2,993,997**	125,837
Cash flows from investing activities	**–**	(2,002)

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial assets included in trade receivables, and financial liabilities included in trade and other payables approximate their carrying amounts largely due to short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the management and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date, other than in a forced or liquidation sale.

The fair values of listed equity investments are based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) S$	Significant observable inputs (Level 2) S$	Significant unobservable inputs (Level 3) S$	Total S$
Equity investments at fair value through profit or loss – Financial assets at fair value through profit or loss	4,171,262	–	–	4,171,262

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Assets measured at fair value *(Continued)*

As at 30 June 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) S$	Significant observable inputs (Level 2) S$	Significant unobservable inputs (Level 3) S$	Total S$
Equity investments at fair value through profit or loss				
– Held-for-trading investment	8,450,399	–	–	8,450,399

Reconciliation of Level 3 fair value measurements

The Group did not have any financial liabilities measured at fair value as at 30 June 2019 and 2018.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2018: Nil).

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of financial assets at fair value through profit or loss/held-for-trading investments and cash and bank balances. The main purpose of these financial instruments is to manage funds for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk, equity price risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional exposures. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in exchange rates (against S$), with all other variables held constant, on the Group's profit before tax for the year:

	2019 Increase (decrease) in profit before tax S$	2018 Decrease (increase) in loss before tax S$
HK$ – strengthened 5% (2018: 5%)	**114,749**	74,602
– weakened 5% (2018: 5%)	**(114,749)**	(74,602)
US$ – strengthened 5% (2018: 5%)	**617**	609
– weakened 5% (2018: 5%)	**(617)**	(609)
Renminbi – strengthened 5% (2018: 5%)	**151,038**	11,004
– weakened 5% (2018: 5%)	**(151,038)**	(11,004)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's exposure to liquidity risk arises in the general funding of the Group's operating activities. The Group's cash and cash equivalents and operating cash flows are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

The maturity profile of the Group's trade and other payables at the end of the reporting period based on the contractual undiscounted repayment obligations are all within one year.

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Weighted average interest rate %	On demand or within one year S$	More than one year but not less than five years S$	More than five years S$	Total contractual undiscounted cash flow S$	Total carrying amount S$
As at 30 June 2019						
Non-derivative financial liabilities						
Tax payable	–	2,440,163	–	–	2,440,163	2,440,163
Trade and other payables	–	6,311,798	–	–	6,311,798	6,311,798
		8,751,961	–	–	8,751,961	8,751,961

	Weighted average interest rate %	On demand or within one year S$	More than one year but not less than five years S$	More than five years S$	Total contractual undiscounted cash flow S$	Total carrying amount S$
As at 30 June 2018						
Non-derivative financial liabilities						
Tax payable	–	5,347,239	–	–	5,347,239	5,347,239
Trade and other payables	–	14,308,345	–	–	14,308,345	14,308,345
		19,655,584	–	–	19,655,584	19,655,584

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as financial assets at fair value through profit or loss/held-for-trading equity investments (Note 21) as at 30 June 2019 and 2018. The Group's listed investments are listed on the Hong Kong stock exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and its highest and lowest points during the year were as follows:

	30 June 2019	High/low 2019
Hong Kong – Hang Seng Index	**28,543**	**30,280/24,541**

	30 June 2018	High/low 2018
Hong Kong – Hang Seng Index	28,955	33,484/25,200

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments S$	Increase (decrease) in profit before tax S$	Increase (decrease) in equity* S$
2019			
Investments listed in:			
Hong Kong – Financial assets at fair value through profit or loss	**4,171,262**	**208,563**	**–**

* Excluding retained profits

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk *(Continued)*

	Carrying amount of equity investments S$	Decrease (increase) in loss before tax S$	Increase (decrease) in equity* S$
2018			
Investments listed in:			
Hong Kong – Held-for-trading	8,450,399	422,520	–

* Excluding retained profits

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's main exposure to credit risk arises primarily from loan receivables, contract assets, trade and other receivables and cash and cash equivalents. The credit risk on such trade and other receivables is minimal as the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history. For cash and cash equivalents, the Group minimises credit risk by placing the surplus funds with reputable banks.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis. At the end of the reporting period, approximately 90% (2018: 89%) of the Group's trade receivables were due from the top 2 (2018: top 3) trade debtors.

Trade receivables, deposits and other receivables, contract assets and loan receivables

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. The Company has set the policies in place to ensure that transactions are made to customers with an appropriate credit history. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 (2018: incurred loss model) on trade receivables based on credit rating. In this regard, the Directors consider that the Company's credit risk is significantly reduced.

Trade receivables, deposits and other receivables, contract assets and loan receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables deposits and other receivables, contract assets and loan receivables.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settles after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

The provision of trade and other receivables, contract assets and loan receivables as at 30 June 2018 reconciles to the opening provision allowance on 1 July 2018 and to the closing provision as at 30 June 2019 was as follows:

Trade and other receivables

	Lifetime ECL (not credit-impaired) S$	Lifetime ECL (credit-impaired) S$	Total S$
As at 30 June 2018 under IAS 39	–	–	–
Adjustment upon application of IFRS 9	685,414	–	685,414
As at 1 July 2018 – As restated	685,414	–	685,414
Change due to financial instruments recognised as at 1 July			
– Transfer to credit-impaired	(435,393)	435,393	–
– Impairment losses recognised	893,893	–	893,893
– Impairment losses reversed	(371,568)	–	(371,568)
– Write-offs	–	(435,393)	(435,393)
Exchange adjustments	(30,503)	–	(30,503)
As at 30 June 2019	**741,843**	**–**	**741,843**

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Contract assets

	Lifetime ECL (not credit-impaired) S$	Lifetime ECL (credit-impaired) S$	Total S$
As at 30 June 2018 under IAS 39	–	–	–
Adjustment upon application of IFRS 9	193,830	–	193,830
As at 1 July 2018 – As restated	193,830	–	193,830
Change due to financial instruments recognised as at 1 July			
– Impairment losses reversed	(189,562)	–	(189,562)
Exchange adjustments	(4,268)	–	(4,268)
As at 30 June 2019	**–**	**–**	**–**

Loan receivables

	12-month ECL (not credit-impaired) S$	Lifetime ECL (credit-impaired) S$	Total S$
As at 30 June 2018 under IAS 39	–	–	–
Adjustment upon application of IFRS 9	–	–	–
As at 1 July 2018 – As restated	–	–	–
Change due to financial instruments recognised as at 1 July			
– Impairment losses recognised	283,608	–	283,608
Exchange adjustments	(425)	–	(425)
As at 30 June 2019	**283,183**	**–**	**283,183**

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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 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 2019 and 2018.

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. The gearing ratios at the end of the reporting periods are as follows:

	2019 S$	2018 S$
Trade and other payables	**6,311,798**	14,308,345
Less: Cash and cash equivalents	**(16,992,937)**	(14,703,511)
Net cash	**(10,681,139)**	(395,166)
Equity attributable to owners of the Company	**64,089,028**	69,198,213
Capital and net cash	**53,407,889**	68,803,047
Gearing ratio	**N/A**	N/A

35. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2019 and up to the date of this report.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 S$	2018 S$
NON-CURRENT ASSETS		
Investments in subsidiaries	3,820,009	3,820,009
Amount due from subsidiaries	28,507,586	34,414,905
Total non-current assets	32,327,595	38,234,914
CURRENT ASSETS		
Prepayments	31,980	35,745
Cash and cash equivalents	447,344	209,930
Total current assets	479,324	245,675
CURRENT LIABILITY		
Other payables	242,662	322,496
Total current liability	242,662	322,496
NET CURRENT ASSETS (LIABILITIES)	236,662	(76,821)
NET ASSETS	32,564,257	38,158,093
EQUITY		
Share capital	2,353,555	2,000,400
Reserves *(Note)*	30,210,702	36,157,693
TOTAL EQUITY	32,564,257	38,158,093

The Company's statement of financial position was approved and authorised for issue by the board of directors on 27 September 2019 and signed on its behalf by:

Liu Yancheng
Director

Yao Runxiong
Director

Notes to the Consolidated Financial Statements
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36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

The movements of the reserves are as follows:

	Share capital S$	Share premium S$	Accumulated losses S$	Total equity S$
At 1 July 2017	1,396,622	82,336,712	(55,461,303)	28,272,031
Loss and total comprehensive expenses for the year	–	–	(3,625,639)	(3,625,639)
Issue of shares	603,778	12,907,923	–	13,511,701
At 30 June 2018 and 1 July 2018	2,000,400	95,244,635	(59,086,942)	38,158,093
Loss and total comprehensive expenses for the year	–	–	(11,991,951)	(11,991,951)
Issue of shares	353,155	6,044,960	–	6,398,115
At 30 June 2019	**2,353,555**	**101,289,595**	**(71,078,893)**	**32,564,257**

37. COMPARATIVES

The Group has initially applied IFRS 15 and IFRS 9 at 1 July 2018. Under the transition method, comparative information is not restated. Further details of the changes in accounting policies as disclosed in Note 2.2.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 27 September 2019.

Five Year Financial Summary

30 June 2019

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published financial statements, is set out as below:

	2019 S$	2018 S$	2017 S$	2016 S$	2015 S$
Revenue	81,694,685	68,328,311	57,648,773	21,501,034	11,826,488
Cost of sales	(73,188,217)	(62,880,366)	(38,384,602)	(18,479,236)	(8,192,581)
Gross profit	8,506,468	5,447,945	19,264,171	3,021,798	3,633,907
Other gains and losses	(64,889)	(167,324)	(1,259,532)	2,562,882	613,952
Administrative expenses	(4,532,176)	(4,478,442)	(5,006,815)	(1,985,768)	(1,417,087)
Change in fair value of financial assets at fair value through profit or loss/held-for-trading investments, net	(6,114,786)	309,980	–	–	–
Impairment of financial assets at amortised cost, net	(616,371)	–	–	–	–
Impairment loss recognised in respect of goodwill	(3,845,968)	(1,792,785)	(41,163,325)	–	–
Other operating expenses	(481,189)	(314,116)	(260,749)	(898,060)	(307,682)
Finance costs	–	–	(9,721)	(39,114)	(258)
Share of result of joint ventures	2,115,660	1,280,807	1,021,618	2,028,361	1,470,714
Shares of results of an associate	(199,151)	(11,067)	42,228	(118,107)	267,858
(Loss) profit before tax	(5,232,402)	274,998	(27,372,125)	4,571,992	4,261,404
Income tax expense	(1,652,936)	(976,071)	(4,062,584)	(587,357)	(373,953)
(Loss) profit for the year	(6,885,338)	(701,073)	(31,434,709)	3,984,635	3,887,451
Attributable to owners of the Company	(8,901,827)	(1,840,146)	(38,989,860)	3,982,201	3,887,451
Non-controlling interests	2,016,489	1,139,073	7,555,151	2,434	–
	(6,885,338)	(701,073)	(31,434,709)	3,984,635	3,887,451
Assets and liabilities:					
Total assets	83,364,209	98,227,907	90,702,677	114,395,352	27,334,725
Total liabilities	(8,751,961)	(19,685,806)	(25,665,058)	(22,957,723)	(4,246,963)
Total equity	74,612,248	78,542,101	65,037,619	91,437,629	23,087,762
Equity attributable owners of the Company	64,089,028	69,198,213	56,892,503	90,401,011	23,087,762
Non-controlling interests	10,523,220	9,343,888	8,145,116	1,036,618	–
	74,612,248	78,542,101	65,037,619	91,437,629	23,087,762