

# Kingbo Strike Limited

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



• Interim Report 2013/2014 •

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# Corporate Information

## DIRECTORS

### Executive Directors

Mr Yeo Jiew Yew (*Managing director*)  
Mr Sim Yew Heng

### Independent Non-Executive Directors

Mr Ng Tiow Swee (*Chairman*)  
Ms Wong Siew Chuan  
Mr Chen Jianyuan, Edwin

## AUDIT COMMITTEE

Ms Wong Siew Chuan (*Chairman of the committee*)  
Mr Ng Tiow Swee  
Mr Chen Jianyuan, Edwin

## REMUNERATION COMMITTEE

Mr Ng Tiow Swee (*Chairman of the committee*)  
Mr Chen Jianyuan, Edwin  
Mr Yeo Jiew Yew

## NOMINATION COMMITTEE

Mr Ng Tiow Swee (*Chairman of the committee*)  
Ms Wong Siew Chuan  
Mr Yeo Jiew Yew

## AUDITORS

Ernst & Young  
*Certified Public Accountants*  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

## PRINCIPAL BANKER

Standard Chartered Bank

## SHARE INFORMATION ORDINARY SHARE LISTING

### Place of listing

Main Board of The Stock Exchange of  
Hong Kong Limited

**Stock code** 1421

**Board lot size** 5,000 shares

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited  
18/F, Fook Lee Commercial Centre  
Town Place, 33 Lockhart Road  
Wanchai  
Hong Kong

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS

22 Tagore Lane  
Singapore 787480

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F, Prosperity Tower  
39 Queen's Road Central  
Central  
Hong Kong

## COMPANY SECRETARY

Mr Li Chi Chung, Solicitor, Hong Kong  
19/F, Prosperity Tower  
39 Queen's Road Central  
Central  
Hong Kong

## COMPLIANCE ADVISER

Grand Vinco Capital Limited  
Units 4909–4910  
49/F, The Center  
99 Queen's Road Central  
Hong Kong

## WEBSITE OF THE COMPANY

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

# Condensed Consolidated Statement of Comprehensive Income



For the six months ended 31 December 2013

The board (the "Board") of directors (the "Directors") of Kingbo Strike Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiary (collectively, the "Group") for the six months ended 31 December 2013 (the "Reporting Period") together with comparative figures for the six months ended 31 December 2012 as follow:

	Note	Unaudited	
		Six months ended 31 December	
		2013	2012
		S\$	S\$
<b>REVENUE</b>	6	<b>13,043,229</b>	6,922,157
Cost of Sales		<b>(9,289,907)</b>	(4,072,433)
<b>Gross Profit</b>		<b>3,753,322</b>	2,849,724
Other operating income	6	<b>10,058</b>	19,329
Administrative expenses		<b>(1,926,348)</b>	(272,445)
Other operating expenses		<b>(196,588)</b>	(42,710)
Finance costs		<b>(1,233)</b>	(82)
Share of results of a jointly-controlled entity		<b>121,156</b>	157,417
Share of results of associated companies		<b>230,971</b>	58,987
<b>PROFIT BEFORE TAX</b>	7	<b>1,991,338</b>	2,770,220
Income tax expense	8	<b>(488,665)</b>	(378,224)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,502,673</b>	2,391,996
Basic and diluted earnings per share (S\$ cents)	9	<b>0.23</b>	0.37
Dividends	10	<b>—</b>	3,020,000

# Condensed Consolidated Statement of Financial Position

As at 31 December 2013

	Note	31 December 2013 S\$ Unaudited	30 June 2013 S\$ Audited
<b>NON-CURRENT ASSETS</b>			
Interest in a jointly-controlled entity	11	957,583	836,427
Interests in associated companies	12	654,617	423,646
Plant and equipment	13	109,894	130,466
Trade and other receivables	14	1,774,124	1,207,500
<b>Total non-current assets</b>		<b>3,496,218</b>	<b>2,598,039</b>
<b>CURRENT ASSETS</b>			
Gross amount due from customers for contract work in progress	15	3,027,304	6,855,403
Inventories		61,859	57,694
Prepayments		82,787	131,699
Trade and other receivables	14	10,503,906	2,822,189
Cash and short-term deposits	16	11,396,175	7,249,375
<b>Total current assets</b>		<b>25,072,031</b>	<b>17,116,360</b>
<b>CURRENT LIABILITIES</b>			
Income tax payable		1,083,945	1,190,632
Trade and other payables	17	12,509,191	14,717,534
<b>Total current liabilities</b>		<b>13,593,136</b>	<b>15,908,166</b>
<b>NET CURRENT ASSETS</b>		<b>11,478,895</b>	<b>1,208,194</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>14,975,113</b>	<b>3,806,233</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		19,398	19,398
<b>Net Assets</b>		<b>14,955,715</b>	<b>3,786,835</b>
<b>EQUITY</b>			
Share capital	18	1,048,880	48,880
Share premium		12,366,974	3,700,767
Retained earnings		3,779,508	2,276,835
Merger reserves		(2,239,647)	(2,239,647)
<b>Total equity</b>		<b>14,955,715</b>	<b>3,786,835</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2013



	Attributable to owners of the Company				Total Equity Unaudited S\$
	Share Capital (note 18) S\$	Share Premium S\$	Retained earnings S\$	Merger reserves S\$	
At 1 July 2013	48,880	3,700,767	2,276,835	(2,239,647)	3,786,835
Issuance of new ordinary shares pursuant to the share offer by capitalisation	790,164	(790,164)	—	—	—
Issuance of new ordinary shares pursuant to the share offer by placing and public offer	209,836	9,456,371	—	—	9,666,207
Profit and total comprehensive income for the period	—	—	1,502,673	—	1,502,673
At 31 December 2013	<u>1,048,880</u>	<u>12,366,974</u>	<u>3,779,508</u>	<u>(2,239,647)</u>	<u>14,955,715</u>
At 1 July 2012	—	—	3,889,265	1,510,000	5,399,265
Profit and total comprehensive income for the period	—	—	2,391,996	—	2,391,996
Dividends paid	—	—	(3,020,000)	—	(3,020,000)
At 31 December 2012	<u>—</u>	<u>—</u>	<u>3,261,261</u>	<u>1,510,000</u>	<u>4,771,261</u>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2013

	Unaudited	
	Six months ended 31 December	
	2013	2012
	S\$	S\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	3,055,938	1,802,425
Interest received	3,814	12,662
Income tax paid	(595,352)	(326,400)
<b>Net cash flows generated from operating activities</b>	<b>2,464,400</b>	<b>1,488,687</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid to shareholders of the Company	—	(3,020,000)
Net proceeds from issue of shares	1,682,400	—
<b>Net cash flows generated/(used in) from financing activities</b>	<b>1,682,400</b>	<b>(3,020,000)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,146,800</b>	<b>(1,531,313)</b>
Cash and cash equivalents at the beginning of the period	7,249,375	13,353,650
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>11,396,175</b>	<b>11,822,337</b>

# Notes to the Condensed Consolidated Financial Statements



## 1. GENERAL INFORMATION AND GROUP REORGANISATION

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 Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business in Hong Kong registered under Part XI of the Companies Ordinance is located at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. The Company is an investment holding company. The Group's principal subsidiary is engaged in the provision of electrical engineering services in Singapore. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 December 2013 (the "Listing").

Pursuant to the reorganisation of the Company in connection with the Listing (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 29 June 2013. Details of the Reorganisation are set out in the section headed "History and development" to the listing document of the Company dated 16 December 2013 (the "Prospectus").

As at the date of this report, the Company had a direct interest in the following subsidiary:

Name	Legal form, country and date of incorporation	Nominal value of issued and paid up capital	Proportion (%) of ownership interest	
			31 December 2013	30 June 2013
<b>Directly held:</b>				
Strike Electrical Engineering Pte Ltd	Private limited company Singapore 21 April 2009	S\$1,510,000	100	100

The immediate and ultimate holding company of the Company is Victrad Enterprise (Pte) Ltd ("Victrad"), which is a company incorporated in Singapore with limited liability.

## 2. BASIS OF PRESENTATION

This unaudited condensed interim financial information for the six months ended 31 December 2013 has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprised all standards and interpretation approved by the International Accounting Standards Board (the "IASB").

The unaudited condensed interim financial information should be read in conjunction with the consolidated financial information for the three years ended 30 June 2011, 2012 and 2013 set out in the accountants' report included in Appendix I to the Prospectus.

### 3. PRINCIPAL ACCOUNTING POLICIES

The Group has not applied the following IFRSs that have been issued but are not yet effective in the unaudited condensed consolidated interim financial information:

	<b>Effective date (annual periods beginning on or after)</b>
IFRS 7 Financial Instruments: Disclosures	1 January 2015
IFRS 9 Financial Instruments	Refer to Note 1
Amendments to IAS 32 — Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) — Investment Entities	1 January 2014
Amendments to IAS 36 — Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to IAS 39 — Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21 Levies	1 January 2014
Amendments to IAS 19 — Employee Benefits — Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to IFRSs — 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs — 2011–2013 Cycle	1 July 2014

The Group expects that adoption of the pronouncements listed above will have no material impact on the Group's financial statements in the period of initial application.

Note 1: Since the impairment phase of the IFRS 9 project is not yet completed, the IASB decided that a mandatory effective date of 1 January 2015 would not allow sufficient time for entities to prepare to apply IFRS 9. Accordingly, the IASB decided that it would be necessary to have a later mandatory effective date and that the new effective date would be determined when IFRS 9 is closer to completion.

The condensed consolidated financial information is presented in Singapore dollars.

The unaudited condensed interim financial information has not been audited by the Company's external auditors, but has been reviewed by the audit committee of the Company (the "Audit Committee").



#### 4. ESTIMATES

The preparation of the unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial information of the Group as at and for the year ended 30 June 2013.

#### 5. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of electrical engineering services. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

The Group's revenue from external customers was derived solely from its operations in Singapore during the six months ended 31 December 2012 and 2013, and the non-current assets of the Group were located in Singapore as at 30 June 2013 and 31 December 2013.

#### 6. REVENUE AND OTHER OPERATING INCOME

Our Group's revenue represents an appropriate proportion of contract revenue of construction contracts, the net invoiced value of goods sold, after allowances for returns and trade discount during the respective periods. Revenue and other operating income recognised during the respective periods are as follows:

	Unaudited	
	Six months ended 31 December	
	2013	2012
	S\$	S\$
<b>Revenue</b>		
Contract revenue	13,043,229	6,907,147
Sale of goods	—	15,010
	<b>13,043,229</b>	<b>6,922,157</b>
<b>Other operating income</b>		
Interest income from bank deposits	3,814	12,662
Incentives from government*	6,244	6,667
	<b>10,058</b>	<b>19,329</b>

\* As part of the relief measures for employers, the government of Singapore introduced a Special Employment Credit ("SEC") in 2011 Budget Initiatives to support employers of older workers with aged above 55. This SEC complements other measures to encourage employers to employ older low-wage Singaporean workers. These incentives will run for three years from 2011 to 2013. There are no unfulfilled conditions or contingencies relating to these incentives.

7. PROFIT BEFORE TAX

	Unaudited	
	Six months ended 31 December	
	2013	2012
	S\$	S\$
<b>Profit before tax</b>		
(a) The Group's profit before tax is arrived at after charging the following items:		
— Cost of services provided	9,289,907	4,072,433
— Depreciation of plant and equipment	20,572	20,442
— Auditors' remuneration	90,980	55,500
(b) Employee benefits (including directors' remuneration):		
— Salaries and wages	1,227,968	1,101,394
— CPF contributions	73,384	58,002
— Other short-term benefits	44,503	34,774

8. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 31 December	
	2013	2012
	S\$	S\$
<b>Current — Singapore</b>		
— Tax charge for the period	488,665	378,224

No Hong Kong tax has been provided (2012: Nil) since no assessable profit arose in Hong Kong during the reporting periods.

The Company's profit is not subject to any tax in its country of incorporation, the Cayman Islands. Income tax expenses for the Group relates wholly to the profits of the subsidiary which was taxed at a statutory tax rate of 17% in Singapore.



## 9. BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited	
	Six months ended 31 December	
	2013	2012
	S\$	S\$
Profit attributable to owners of the Company	1,502,673	2,391,996
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	640,000,000	640,000,000
<b>Basic earnings per share (S\$ cents)</b>	<b>0.23</b>	<b>0.37</b>

For the purpose of this financial statement, the calculation of basic earnings per share attributable to equity holders of the Company was based on (i) the profit attributable to owners of the Company; and (ii) the weighted average number of 640,000,000 shares as at 31 December 2013 comprising shares issued immediately following the Listing (details was described in Appendix IV — “Statutory and general information” to the Prospectus) and assuming 640,000,000 shares were issued since 1 July 2012.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 31 December 2013 as the Company had no potentially dilutive ordinary share in issue during this period.

## 10. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 31 December 2013 (2012: S\$3,020,000).

## 11. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	31 December 2013 S\$ Unaudited	30 June 2013 S\$ Audited
Shares, at cost	125,000	125,000
Share of post-acquisition reserves	832,583	711,427
Share of net assets	<b>957,583</b>	<b>836,427</b>

The Group’s amounts due from a jointly-controlled entity are disclosed in note 14.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 11. INTEREST IN A JOINTLY-CONTROLLED ENTITY (Continued)

Details of the jointly-controlled entity are as follow:

Name	Legal form, country and date of incorporation	Principal activities	Proportion (%) of ownership interest	
			31 December 2013	30 June 2013
<b>Held through subsidiary:</b>				
YL Integrated Pte Ltd	Private limited company Singapore 1 November 2010	Electrical works and other investment holding company	50	50

### 12. INTERESTS IN ASSOCIATED COMPANIES

	31 December 2013	30 June 2013
	S\$	S\$
	Unaudited	Audited
Shares, at cost	200,000	200,000
Share of post-acquisition reserves	454,617	223,646
Share of net assets	654,617	423,646

The Group's amounts due from/to associated companies are disclosed in note 14 and note 17.

Details of the associated companies are as follow:

Name	Legal form, country and date of incorporation	Principal activities	Proportion (%) of ownership interest	
			31 December 2013	30 June 2013
<b>Held through subsidiary:</b>				
NEK Electrical Engineering Pte Ltd	Private limited company Singapore 22 February 2011	Electrical works and general building engineering services	50	50
SRM Electrical Engineering Pte Ltd	Private limited company Singapore 8 April 2011	Electrical works and general building engineering services	50	50



### 13. PLANT AND EQUIPMENT

	Unaudited S\$
Net carrying amount at 1 July 2013	130,466
Depreciation (note 7)	(20,572)
<b>Net carrying amount at 31 December 2013</b>	<b>109,894</b>
Net carrying amount at 1 July 2012	148,957
Depreciation (note 7)	(20,442)
<b>Net carrying amount at 31 December 2012</b>	<b>128,515</b>

### 14. TRADE AND OTHER RECEIVABLES

	31 December 2013 S\$ Unaudited	30 June 2013 S\$ Audited
<b>Trade receivables (non-current):</b>		
Retention sum receivables	1,774,124	1,207,500
<b>Trade receivables:</b>		
Third parties	1,415,816	1,172,184
Amounts due from a jointly-controlled entity	—	6,680
Amounts due from associated companies	—	6,578
Retention sum receivables	1,065,982	1,605,535
	<b>2,481,798</b>	<b>2,790,977</b>
<b>Other receivables:</b>		
Net proceeds from share offer	7,983,808	—
Advance to staff	250	1,500
Deposits	38,050	29,700
Amounts due from the immediate and ultimate holding company	—	12
	<b>8,022,108</b>	<b>31,212</b>
<b>Total trade and other receivables (current)</b>	<b>10,503,906</b>	<b>2,822,189</b>

Retention sum receivables refer to retention sum which will be partially billed upon the practical completion, and the balance shall be billed upon the final completion. Retention sum receivables are non-interest-bearing and on terms base on the respective contract's retention period.

Trade receivables (excluding retention sum receivables) are non-interest bearing and are generally on terms of 30 to 90 days.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 14. TRADE AND OTHER RECEIVABLES (Continued)

As at 31 December 2013 and 30 June 2013, the Group's trade receivables were not impaired. The ageing analysis of the trade receivables (excluding retention sum receivables) as at the end of each of the respective periods, based on the invoice date, and net of provision for doubtful debts, is as follows:

	31 December 2013 S\$ Unaudited	30 June 2013 S\$ Audited
Less than 30 days	1,162,807	1,161,350
30 to 60 days	46,715	—
More than 61 days	206,294	24,092
	<b>1,415,816</b>	<b>1,185,442</b>

Based on past experience, the Directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancement over these balances.

Amounts due from the jointly-controlled entity, associated companies, the immediate and ultimate holding company are unsecured, non-interest-bearing, repayable upon demand and were settled in cash.

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

	31 December 2013 S\$ Unaudited	30 June 2013 S\$ Audited
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	86,581,000	106,414,009
Less: Progress billings	<b>(83,553,696)</b>	<b>(99,558,606)</b>
	<b>3,027,304</b>	<b>6,855,403</b>
Presented as:		
Gross amount due from customers for contract work	<b>3,027,304</b>	<b>6,855,403</b>

As at 31 December 2013 and 30 June 2013, there were no advances received from customers for contract work in progress.



## 16. CASH AND SHORT-TERM DEPOSITS

	31 December 2013 S\$ Unaudited	30 June 2013 S\$ Audited
Cash at banks and on hand	11,396,175	3,513,730
Short-term deposits	—	3,735,645
	<b>11,396,175</b>	<b>7,249,375</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying period and earn interests at the respective short-term deposits rates.

As at 30 June 2013, the amount of short-term deposits are held in trust on behalf of the Group by the Directors. Such amount were transferred to the bank accounts of the Group on 22 July 2013 and such arrangement had been ceased.

## 17. TRADE AND OTHER PAYABLES

	31 December 2013 S\$ Unaudited	30 June 2013 S\$ Audited
<b>Trade payables:</b>		
Third parties	607,361	574,897
Amounts due to associated companies	—	7,152
Amounts due to the immediate and ultimate holding company	—	26,590
	<b>607,361</b>	<b>608,639</b>
<b>Accrual for project costs</b>	<b>8,811,216</b>	<b>13,794,399</b>
<b>Other payables:</b>		
Amounts due to the immediate and ultimate holding company	2,425,783	—
Sundry payables	—	4,233
Accrued liabilities	467,724	239,970
GST payable	197,107	70,293
	<b>3,090,614</b>	<b>314,496</b>
<b>Total</b>	<b>12,509,191</b>	<b>14,717,534</b>

Amounts due to the immediate and ultimate holding company as at 31 December 2013 refer to the net proceeds amounted to S\$2,425,783 to be received by the selling shareholder, Victrad, for the 32,000,000 sale shares offered pursuant to the Listing.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 17. TRADE AND OTHER PAYABLES (Continued)

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

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

	31 December 2013 S\$ Unaudited	30 June 2013 S\$ Audited
<b>Trade payables:</b>		
Less than 90 days	600,433	607,676
More than 90 days and less than 180 days	6,928	963
	<u>607,361</u>	<u>608,639</u>

Amounts due to associated companies and the immediate and ultimate holding company are unsecured, non-interest-bearing, repayable upon demand and were/will be settled in cash.

### 18. SHARE CAPITAL

	Number of ordinary shares	HK\$
<b>Authorised:</b>		
Upon incorporation (Note a)	300,000	300,000
Subdivision of shares (Note c)	29,700,000	—
Increase during the period (Note d)	4,970,000,000	49,700,000
<b>As at 31 December 2013</b>	<u>5,000,000,000</u>	<u>50,000,000</u>
<b>Issued and fully paid:</b>		
Upon incorporation (Note a)	1	1
Issue of shares on reorganisation (Note b)	299,999	299,999
Subdivision of shares (Note c)	29,700,000	—
Shares issued under the Capitalisation Issue (Note e)	482,000,000	4,820,000
New shares placed and issued under the IPO (Note f)	128,000,000	1,280,000
<b>As at 31 December 2013</b>	<u>640,000,000</u>	<u>6,400,000</u>



### 18. SHARE CAPITAL (Continued)

Notes:

- (a) The authorised share capital of the Company on the date of its incorporation was HK\$300,000 divided into 300,000 shares of HK\$1.00 each. On 19 June 2013, one nil-paid share of the Company was allotted and issued to Sharon Pierson as the initial subscriber, which was transferred to Victrad on the same date.
- (b) On 29 June 2013, pursuant to a sale and purchase agreement entered into between the Company and Victrad, the Company acquired all the issued shares of Strike Electrical Engineering Pte Ltd from Victrad, in consideration of HK\$23,013,833, which was satisfied by (i) the allotment and issue of 299,999 shares of HK\$1.00 each in the share capital of the Company by the Company to Victrad, credited as fully paid; and (ii) the crediting of the one nil-paid share of the Company which was held by Victrad as fully paid.
- (c) On 9 December 2013, each authorised and issued share of a par value of HK\$1.00 in the capital of the Company was sub-divided into 100 shares of a par value of HK\$0.01 each (the "Share Sub-division"). Upon completion of the Share Sub-division, the authorised share capital of the Company was HK\$300,000 divided into 30,000,000 shares of HK\$0.01 each.
- (d) On 9 December 2013, the authorised share capital of the Company was increased from HK\$300,000 divided into 30,000,000 shares of HK\$0.01 each to HK\$50,000,000 divided into 5,000,000,000 shares of HK\$0.01 each by the creation of an additional 4,970,000,000 shares of HK\$0.01 each which rank *pari passu* in all respects with the existing shares.
- (e) Pursuant to the written resolutions passed by the shareholder of the Company on 9 December 2013, conditional on the share premium account of the Company being credited as a result of the issue of the initial public offering ("IPO"), the Directors were authorised to capitalise HK\$4,820,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 482,000,000 shares for allotment and issue to the shareholder whose name appeared on the register of members of the Company at 4:00 p.m. on 9 December 2013 (the "Capitalisation Issue").
- (f) In connection with the IPO, 160,000,000 shares of HK\$0.01 each were issued at a price of HK\$0.5 per share (of which 32,000,000 shares were issued pursuant to the Capitalisation Issue). Dealings in these shares on the Stock Exchange commenced on 30 December 2013.

**19. RELATED PARTY TRANSACTIONS**

- (a) The following are the related party transactions entered into between the Group and its related parties that took place at terms and conditions agreed between the parties during the respective periods:

	Unaudited	
	Six months ended 31 December	
	2013	2012
	S\$	S\$
Management fee charged by		
— immediate and ultimate holding company	—	91,856
— jointly-controlled entity	—	58,394
— associated companies	—	118,196
Sub-contractor fees charged by		
— immediate and ultimate holding company	—	—
— jointly-controlled entity	3,148,597	47,947
— associated companies	3,402,660	860,725
Project costs recharged by/(to)		
— immediate and ultimate holding company	—	33,052
— jointly-controlled entity	—	(34,362)
— associated companies	—	(26,630)
Progress billings raised on behalf by the immediate and ultimate holding company to customers	—	133,000
Operating expenses recharged by the immediate and ultimate holding company	53,754	18,326
Management fee charged to		
— jointly-controlled entity	—	(3,663)
— associated companies	—	(20,842)
Sale of materials to		
— jointly-controlled entity	—	(10,814)
— associated companies	—	(4,196)

The Directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

**19. RELATED PARTY TRANSACTIONS** (Continued)**(b) Outstanding balances with related parties**

Details of the Group's balances with the immediate and ultimate holding company, the jointly-controlled entity and associated companies are disclosed in note 14 and note 17.

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

	<b>Unaudited</b>	
	<b>Six months ended 31 December</b>	
	<b>2013</b>	2012
	<b>S\$</b>	S\$
Salaries and bonuses	303,300	213,300
CPF contributions	24,198	14,872
Other short-term benefits	13,200	10,800
	<b>340,698</b>	<b>238,972</b>
<b>Related parties</b>		
Remuneration paid to close family members of key management personnel	<b>23,432</b>	21,634

**20. CONTINGENT LIABILITIES**

The Group has provided the following guarantees as of:

	<b>31 December</b>	30 June
	<b>2013</b>	2013
	<b>S\$</b>	S\$
	<b>Unaudited</b>	Audited
Security bonds to Singapore government in relation to foreign workers	525,000	550,000
Share of joint indemnity with an associated company given to customers in respect of foreign workers employed by the associated company for a project	6,000	26,000
	<b>531,000</b>	<b>576,000</b>

**21. EVENTS AFTER THE REPORTING PERIOD**

No significant events occurred since the end of the Reporting Period.

**22. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

The unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 26 February 2014.

# Management Discussion and Analysis

## BUSINESS REVIEW

During the Reporting Period, the principal source of revenue of the Group was derived from its business in Singapore. The contract works undertaken by the Group are mainly electrical engineering works for public residential projects in Singapore.

### Geographical information

During the Reporting Period, all of the Group's revenue was derived from Singapore, accounting for 100% of the Group's total revenue.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six months ended 31 December 2013 was approximately S\$13.0 million representing an increase of approximately 88.4% from approximately S\$6.9 million in same period of last financial year. This increase was mainly due to higher revenue of approximately S\$12.3 million recognised for 7 projects which had achieved significant percentage of completion in the six months ended 31 December 2013 as compared to revenue of approximately S\$5.8 million recognised for 4 projects which had achieved significant percentage of completion in the same period of last financial year.

During the six months ended 31 December 2013, there were 11 projects that contributed revenue to the Group for the period as compared with 8 projects in the same period of last financial year.

### Gross profit margin

The gross profit margin was reduced by approximately 12.4% from approximately 41.2% for the six months ended 31 December 2012 to approximately 28.8% for the six months ended 31 December 2013. The reduction was mainly due to the projects which were near to the end recorded higher downward revision of costs of sales for the six months ended 31 December 2012 as compared to that of the six months ended 31 December 2013.

### Other operating income

The other operating income were approximately S\$10,058 and S\$19,329 for the six months ended 31 December in 2013 and 2012 respectively. Other operating income comprises bank interest received and government incentives.

### Administrative and other operating expenses

The Group's administrative and other operating expenses for the six months ended 31 December 2013 were approximately S\$2.1 million (2012: approximately S\$315,155) representing an increase of approximately S\$1.8 million over the corresponding period in last financial year. This was mainly attributed to increase in listing expenses of approximately S\$1.4 million and increase in office rental, travelling expenses and employees' benefit of approximately S\$0.4 million.

### Net profit after tax

For the six months ended 31 December 2013, the Group recorded net profit of approximately S\$1.5 million, a decrease of approximately 37.2% as compared to the net profit of approximately S\$2.4 million for the corresponding period in last financial year. The decrease was mainly due to the increase in administrative and other operating expenses.



### PROSPECTS

Upon the Listing, the Company has obtained the financial resources to increase its operating capacity and to bring value to its shareholders. Details of the intended use of such net proceeds were set out in the section headed "Future plans and use of proceeds" in the Prospectus.

The Directors believe that the Group's business will continue to be prosperous in the coming year and the Company will keep on submitting tenders in Singapore. To cope with the future development, the Company also plans to recruit more staff including those on project sites and back office to meet its growing business.

### LIQUIDITY AND CAPITAL RESOURCES

The Group's business operations depend on the sufficiency of working capital and effective project cost management. The sources of fund for operations mainly come from the cash inflows from operating activities and internal funding. As at 31 December 2013, the Group had cash and bank balances of approximately S\$11.4 million (30 June 2013: approximately S\$7.2 million). The net increase of approximately S\$4.2 million was due to the proceeds received from the Listing and increase in operating cashflows.

The Group did not have any bank borrowings as at 31 December 2013.

During the six months ended 31 December 2013, the Group did not employ any material financial instrument for hedging purposes.

### CHARGES ON ASSETS

As at 31 December 2013 and 30 June 2013, the Group did not have any charges on its assets.

### FOREIGN EXCHANGE RISK

Since the Group mainly operates in Singapore and most of the revenue and transactions arising from its operations were settled in Singapore dollar, and the Group's assets and liabilities are primarily denominated in Singapore dollar, the Directors believe that the Group's risk in foreign exchange is insignificant and the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments during the six months ended 31 December 2013.

### SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, there was no significant investment, material acquisition or disposal of subsidiaries and associated companies by the Company save as disclosed in the Prospectus.

### CAPITAL COMMITMENTS

The Group has no capital commitments as at 31 December 2013 and 30 June 2013.

### CONTINGENT LIABILITIES

Save as disclosed in note 20 of the condensed consolidated financial statements, the Group had no other contingent liabilities as at 31 December 2013 and 30 June 2013.

### EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group had 133 employees (30 June 2013: 129). The remuneration package of the Group's employees are periodically reviewed and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

# Disclosure of Interests

## DIRECTORS

As at the date of the listing of the Company's shares on the Stock Exchange on 30 December 2013 (the "Listing Date"), the interests and short positions of the directors and chief executives in shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) required to be recorded in the register required to be kept 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 (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules"), were as follows:

<b>Name of Director</b>	<b>Capacity/nature of interests</b>	<b>Number of shares/ underlying shares</b>	<b>Percentage of interests in our Company/associated corporation</b>
Mr Yeo Jiew Yew	Interest in a controlled corporation	480,000,000 (note 1)	75%
Mr Sim Yew Heng	Interest in a controlled corporation	480,000,000 (note 1)	75%

Note:

- (1) 480,000,000 shares are registered in the name of Victrad, which is owned as to 50% by Mr Yeo Jiew Yew and as to 50% by Mr Sim Yew Heng. Under the SFO, Mr Yeo Yiew Jew and Mr Sim Yew Heng are deemed to be interested in 480,000,000 shares registered in the name of Victrad, Mr Yeo and Mr Sim are brothers.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2013, the interests and short positions of the person or company in the shares or underlying shares of the Company which would be required to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

<b>Name</b>	<b>Long/short positions</b>	<b>Capacity/nature of interests</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
Victrad	Long Position	Beneficial Interest	480,000,000 (note 1)	75%
Mr Yeo Jiew Yew	Long Position	Interest in a controlled corporation	480,000,000 (note 1)	75%
Mr Sim Yew Heng	Long Position	Interest in a controlled corporation	480,000,000 (note 1)	75%

Note:

- (1) 480,000,000 shares are registered in the name of Victrad, which is owned as to 50% by Mr Yeo Jiew Yew and as to 50% by Mr Sim Yew Heng. Under the SFO, Mr Yeo Yiew Jew and Mr Sim Yew Heng are deemed to be interested in 480,000,000 shares registered in the name of Victrad. Mr Yeo and Mr Sim are brothers.

# Corporate Governance and Other Information



## AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company, namely Ms. Wong Siew Chuan (chairman), Mr. Ng Tiow Swee, and Mr. Chen Jianyuan, Edwin, with written terms of reference in accordance with the requirements of the Listing Rules and reports to the Board. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and the internal control systems of the Group.

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial information for the six months ended 31 December 2013, including the accounting principles adopted by the Group.

## REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") comprises two independent non-executive Directors and one executive Director of the Company, namely Mr. Ng Tiow Swee (chairman), Mr. Chen Jianyuan, Edwin and Mr. Yeo Jiew Yew, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The functions of the Remuneration Committee are to make recommendations to the Board on the remuneration of the Directors and senior management and determine on behalf of the Board regarding specific remuneration packages and conditions of employment for the Directors and senior management.

## NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") comprises two independent non-executive Directors and one executive Director of the Company, namely Mr. Ng Tiow Swee (chairman), Ms. Wong Siew Chuan and Mr. Yeo Jiew Yew, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The duties of the Nomination Committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and senior management.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the Listing Date to 31 December 2013.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the Model Code from the Listing Date to 31 December 2013.

## CORPORATE GOVERNANCE

The Company has adopted and complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules from the Listing Date to 31 December 2013.

### USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 30 December 2013, the Company was successfully listed on the Main Board of the Stock Exchange.

Based on the offer price of HK\$0.50 per share, the net proceeds from the share offer received by the Company, after deduction of underwriting commissions and other estimated expenses payable by the Group in relation to the share offering, are approximately S\$7.9 million.

As stated in the Company's Prospectus, the Company intends to use the proceeds for (i) purchase of materials; (ii) expand our workforce to support our business expansion; (iii) capital contribution to maintain our existing shareholding percentage in our jointly-controlled entity and associated companies; (iv) expand our market share through formation of new companies by capital contribution; and (v) working capital.

### APPRECIATION

On behalf of the Board, I would like to extend our gratitude and sincere appreciation to all management and staff members of the Group for their hard work and dedication and all shareholders of the Company for their support.

### PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The interim report of the Company for the six months ended 31 December 2013 is published on the websites of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and of the Company at [www.kingbostrike.com](http://www.kingbostrike.com) respectively.

On behalf of the Board  
**Yeo Jiew Yew**  
Managing Director

Hong Kong, 26 February 2014

*As at the date of this report, the Board consists of two executive Directors, Mr. Yeo Jiew Yew and Mr. Sim Yew Heng and three independent non-executive Directors, Mr. Ng Tiow Swee, Ms. Wong Siew Chuan and Mr. Chen Jianyuan, Edwin.*